

to trade with Israel, a democratic state friendly to America and closely allied with the free world. This boycott even applies to doing business with American firms here, whose officers or employees are of the Jewish faith.

It has been alleged, from time to time, by State Department officials that we must appease admittedly discriminatory Arab tactics in order to serve diplomatic ends. I fail to see how much has been accomplished by such appeasement, a depressing departure from American dignity and tradition. We need only look at so many of the Arab States' pro-Communist votes in the United Nations. We need only look at the Soviet guns, tanks, jets, and even submarines now forming the basic armed strength of the main Arab armies, especially those of Egypt and Syria, linking those countries logistically with the Soviet munitions factories and Soviet military instructors.

I respectfully submit that the time has come when we must set forth standards of conduct by recipient nations toward U.S. citizens as a qualification for our economic assistance. And this should be spelled out without qualification. Having a declaration of policy is evidently not enough. The executive branch has ignored the sense of Congress as we have solemnly expressed it. We owe it to the self-respect of the American public, as well as to the highest national interest, to now establish a firm position and incorporate mandatory language into the pending Mutual Assistance Act legislation.

Surely, this amendment is consistent with the President's own expressed objective, which he has made clear to Congress, but which regretfully has not been carried out by his own executive branch. He has said on various occasions that he wants foreign aid linked with the promotion of social justice and morality. I might add that the platforms of both our political parties make strong pledges to combat foreign discrimination against Americans, on a basis of religion, especially through travel barriers, boycotts, and blockades.

Well, if these principles are to be realized and not just remain as high-sounding but empty phrases, then Congress should adopt the mandatory provisions of our amendment.

I feel this is the only answer. This is the least we can do, at this late date, to remedy a situation that has persisted too long. It is apparent the compromise of principle has marred our national countenance. The day is gone when we can sit quietly and permit nations soliciting our assistance to discriminate against our citizens with impunity. I might add that either that day is gone or our national dignity, our heritage, are going sadly undefended.

When will we reassert our right to respect in the family of nations? The least we can do is to refuse to finance regimes that dip our flag in the dirt by intolerable demon-

strations of bigotry against millions of our citizens.

Are nations to be permitted to take American aid for granted, regardless of their conduct toward Americans?

Our historic national tradition has charted proud precedents. In 1885, the United States refused to accept protests by Austria-Hungary on the appointment of our Ambassador to that kingdom because the designee's wife happened to be of Jewish faith.

In 1911, the United States abrogated a trade treaty with czarist Russia, in effect since 1832, because of Russian mistreatment of American citizens of Jewish faith.

In 1924, we protested to Switzerland against exclusion of Americans of the Mormon faith.

Our vigorous repeated protests to Fascist Italy and Nazi Germany are also part of that history.

As far back as 1956, the President, then a Senator of the United States, described Egypt's Nasser as "the chief provocateur against the West." Last year, at the United Nations General Assembly, Mr. Nasser voted with the Soviet Union on 53 occasions, but only 4 times with America. Egypt's discrimination against our shipping, and otherwise affecting our citizens, continues unabated. But now we are giving increased assistance to Egypt.

The program for giving these new huge sums to Egypt must be reviewed at all levels and I assure you that I will do my part in Congress toward that end. The voice of Congress, and of the people, will be heard on this issue, you may rest assured. But the action and vital voice and guidance of all friends of Israel are needed at this dangerous moment.

I know you will neither evade the challenge nor minimize the dangers.

The State Department told me—and I quote verbatim—that "should hostilities recur in the region (the Near East), we are convinced the aggrieved party should take full advantage of the United Nations peacekeeping instrumentalities so readily available in the area."

How in heaven's name can Israel take "full advantage of the United Nations peacekeeping instrumentalities"? We just witnessed the tragic and cynical spectacle of April 9 when the United States, for misguided notions of expediency, joined with the Soviet Union, and other big powers on the Security Council, against Israel, a besieged small country that valiantly sought to defend herself.

I wish Mr. Dutton or Mr. Rusk—or yes, the President of the United States, or someone would explain what appears to be a lot of doubletalk. They promise and assure. They preach morality and justice—and then virtually every recent action belies the faith we were led to have. They might as well

admit their decision to woo the Arabs at Israel's expense.

I believe Israel is entitled to more than phony phrases from the State Department. I believe that American citizens would be remiss if they did not challenge, in America's own interest, the tragic tendency now apparent.

America must tell Israel that, despite our recent travesty at the United Nations and despite the disquieting reports about massive handouts to an aggressive Egypt, we will reconsider and alter policies before it is too late.

Let us today renew our determination to stand by our friend and true ally, the State of Israel. We must do this in our own national interest. Let us soberly remember, and remind the State Department, that Israel is the only nation in the world which, menaced by Soviet-equipped forces, turned to America to join our military assistance program, to defend herself against communism and aggression, only to be rejected by us.

The occasion of Israel's recent anniversary will be truly significant if we now take inventory of the entire picture and generate here a new realization of the dangers, and embark on action to insure the healthy future of Israel-American relations. If this is done, I am confident that mistakes will be corrected and new paths found so that we can, in good conscience, anticipate a happy 15th anniversary of Israel.

Zionists know from the depths of their experience that the "watchman of Israel" must not sleep and must not slumber. It is a duty to be a watchman of Israel, it is also an honor.

The crisis of Zionism is also the crisis of Judaism. Zionism fulfilled becomes a chief source of nourishment of Judaism. Zionism through the State of Israel, has revived all aspects of Jewish life.

At the Ideological Conference in Jerusalem, some years ago, Foreign Minister Golda Meir made a paradoxical statement. During a debate about Israel and the diaspora, she said that "When I meet my American friends, women who are my contemporaries, I am sorry for them. They worry about their grandchildren. My grandchildren are in the Negev, but I am absolutely sure about them."

Her confidence is understandable. Grandchildren in the Negev may pose problems concerning health or physical safety. But there are no problems in the matter of the Jewish survival of the grandchildren. Mrs. Meir might have to worry about defense, but not about the strategy of keeping her offspring Jewish.

The Zionist movement revived Israel, and continues to serve. Today, Israel is reviving the Jewish people and Judaism itself. That is the true dimension of our challenge and our reward.

HOUSE OF REPRESENTATIVES

THURSDAY, JUNE 28, 1962

The House met at 11 o'clock a.m.
The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer:

Timothy 2: 19: *Nevertheless the foundation of God standeth sure.*

O Thou who wert the God of the Founding Fathers and all their succeeding generations, may we never become careless of the legacy of faith and the inheritance of inspiration which they have bequeathed unto us.

We earnestly beseech Thee that in these times of consternation and con-

CVIII—755

fusion we may have such a clear and commanding vision of their longings and labors, their prayers and petitions to make this a God-fearing nation, that we shall follow and obey that vision with all the passion and perseverance of our minds and hearts.

Grant that, inspired by our deepest instincts and noblest impulses, we may be brave and courageous in rejecting the creed of a godless adversary and zealously reaffirm our faith in the spiritual values of prayer which are equal to all the dark and dismal moods which are hovering over the souls of many in our day.

Hear us in the name of the Prince of Peace. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

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

H.R. 12154. An act to amend and extend the provisions of the Sugar Act of 1948, as amended.

The message also announced that the Senate insists upon its amendment to

the foregoing bill, requests a conference with the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. WILLIAMS of Delaware, Mr. CARLSON, and Mr. BENNETT to be the conferees on the part of the Senate.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8291) entitled "An act to enable the United States to participate in the assistance rendered to certain migrants and refugees."

The message also announced that, pursuant to 16 U.S.C. 513, the Vice President had appointed the Senator from Wisconsin, Mr. WILEY, to be a member of the National Forest Reservation Commission vice the Senator from South Dakota, Mr. Case, deceased.

COMMITTEE ON PUBLIC WORKS

Mr. FALLON. Mr. Speaker, I ask unanimous consent that the Committee on Public Works have until midnight tonight to file a report on the bill H.R. 12135.

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

There was no objection.

CALL OF THE HOUSE

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

The SPEAKER. The gentleman from Illinois makes the point of order that a quorum is not present. Evidently, a quorum is not present.

Mr. CANNON. 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. 133]

Alford	Hansen	Santangelo
Aspinall	Hoffman, Mich.	Saund
Blatnik	Hollifield	Shelley
Blitch	Horan	Shipley
Celler	Kearns	Smith, Miss.
Curtis, Mass.	McSweeney	Spence
Davis, Tenn.	McVey	Stubblefield
Flood	Norrell	Thompson, La.
Glenn	Powell	Thompson, N.J.
Hagan, Ga.	Rivers, Alaska	Yates
Hall	St. Germain	

The SPEAKER. On this rollcall, 403 Members have answered to their names, a quorum.

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

CONTINUING APPROPRIATIONS FOR FISCAL YEAR 1963

Mr. CANNON. Mr. Speaker, under leave previously granted by the House, I call up the joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The Clerk read the title of the joint resolution.

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

There was no objection.

The Clerk read the joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the following sums are appropriated out of any money in the Treasury not otherwise appropriated, and out of applicable corporate or other revenues, receipts, and funds, for the several departments, agencies, corporations, and other organizational units of the Government, for the fiscal year 1963, namely:

SEC. 101. (a) (1) Such amounts as may be necessary for continuing projects or activities (not otherwise specifically provided for in this joint resolution) which were conducted in the fiscal year 1962 and for which appropriations, funds, or other authority would be available in the following appropriation acts for the fiscal year 1963:

Legislative Branch Appropriation Act; Department of Defense Appropriation Act; District of Columbia Appropriation Act; Departments of Labor, and Health, Education, and Welfare Appropriation Act; Department of the Interior and Related Agencies Appropriation Act; and the Treasury-Post Office Departments and Executive Office Appropriation Act.

(2) Appropriations made by this subsection shall be available to the extent and in the manner which would be provided by the pertinent appropriation Act.

(3) Whenever the amount which would be made available or the authority which would be granted under an Act listed in this subsection as passed by the House is different from that which would be available or granted under such Act as passed by the Senate, the pertinent project or activity shall be continued under the lesser amount or the more restrictive authority.

(4) Whenever an Act listed in this subsection has been passed by only one House or where an item is included in only one version of an Act as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority, granted by the one House, but at a rate for operations not exceeding the current rate or the rate permitted by the action of the one House, whichever is lower: *Provided*, That no provision which is included in any appropriation Act enumerated in this subsection but which was not included in the applicable appropriation Act for the fiscal year 1962, and which by its terms is applicable to more than one appropriation, fund, or authority, shall be applicable to any appropriations, fund, or authority provided in this joint resolution unless such provision shall have been included in identical form in such bill as enacted by both the House and Senate.

(b) Such amounts as may be necessary for continuing projects or activities which were conducted in the fiscal year 1962 and listed in this subsection at a rate for operations not in excess of the current rate or the rate provided for in the budget estimate whichever is lower:

Department of Agriculture and Farm Credit Administration;

Foreign assistance and other activities for which provision was made in the Foreign Assistance and Related Agencies Appropriation Act, 1962;

Agencies for which provision was made in the Independent Offices Appropriation Act, 1962;

Activities for which provision was made in the Public Works Appropriation Act, 1962;

Activities for which provision was made in the Military Construction Appropriation Act, 1962;

Activities for which provision was made in the Departments of State and Justice, the Judiciary and Related Agencies Appropriation Act, 1962;

Department of Commerce; American Battle Monuments Commission; Arms Control and Disarmament Agency; Civil defense and emergency preparedness functions;

Federal Maritime Commission; Foreign Claims Settlement Commission; Small Business Administration; Subversive Activities Control Board; Tariff Commission; The Panama Canal; St. Lawrence Seaway Development Corporation; and

Office of Science and Technology (Executive Office of the President).

(c) Such amounts as may be necessary for continuing projects or activities for which disbursements are made by the Secretary of the Senate, and the Senate items under the Architect of the Capitol, to the extent and in the manner which would be provided for in the budget estimates for the fiscal year 1963.

SEC. 102. Appropriations and funds made available and authority granted pursuant to this joint resolution shall remain available until (a) enactment into law of an appropriation for any project or activity provided for in this joint resolution, or (b) enactment of the applicable appropriation Act by both Houses without any provision for such project or activity, or (c) July 31, 1962, whichever first occurs.

SEC. 103. Appropriations and funds made available and authority granted pursuant to this joint resolution may be used without regard to the time limitations set forth in subsection (d) (2) of section 3679 of the Revised Statutes, as amended, and expenditures therefrom shall be charged to the applicable appropriation, fund, or authorization whenever a bill in which such applicable appropriation, fund, or authorization is contained is enacted into law.

SEC. 104. No appropriation or funds made available or authority granted pursuant to this joint resolution shall be used to initiate or resume any project or activity which was not being conducted during the fiscal year 1962. Appropriations made and authority granted pursuant to this joint resolution shall cover all obligations or expenditures incurred for any project or activity during the period for which funds or authority for such project or activity are available under this joint resolution.

Mr. CANNON. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, this joint resolution makes provision for continuing in operation those functions of the Government for which annual appropriation bills will not have been signed into law prior to July 1. This is the customary type of resolution making interim provision for necessary services of Government and operates for the outside time period of 1 month—to July 31.

The committee was importuned—as in past years—to deviate from the stereotyped pattern so as to permit acceleration of certain programs above the current level in advance of final action by the Congress on the items in the regular bills. But it has not done so.

As the resolution itself specifies, and has done for several years, the emphasis is on the continuation of existing projects and activities at the lowest of one of three rates; that is, first, the cur-

rent fiscal year; second, the budget request, where no action has been taken by either House; or third, the more restrictive amount adopted by either of the two Houses.

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

Mr. CANNON. I yield to the gentleman from Iowa.

Mr. GROSS. Mr. Speaker, by virtue of the fact that an unusually large number of authorization bills have not been passed, this continuing resolution does involve greater expenditures than has been true for many years in the past. Is that not an accurate statement?

Mr. CANNON. In that respect the situation this year, with few exceptions, is essentially the same as that which has obtained for several years. As everyone is aware, it is not in order under the rules of the House to bring in the appropriations for any purpose until such appropriations are authorized by law.

There are at this time, for example, four of the principal appropriation bills which, under the rules, it is not in order to bring to the floor because the authorizing legislation has not been finally cleared and signed.

They are the foreign-aid bill, the military construction bill, the space agency program in the independent offices bill, and the atomic energy program in the public works bill. Continuation of the programs and activities of these agencies including, for example, the nuclear weapons testing program, is of course provided for in the pending resolution.

I will say, in anticipation of this situation which almost always obtains at the close of the fiscal year, I petitioned the leadership of the House at the beginning of this session to arrange expedition of the work on the legislative authorizations so that we would not be delayed in presenting the related appropriation bills. Until the authorizing legislation is passed and signed by the President of the United States, it is not in order to do anything about the appropriations.

Mr. GROSS. The Appropriations Committee as a practical matter can hardly embark upon hearings on appropriations until the authorization bills have been passed. Is that not true?

By reason of the fact that we are much later than usual with authorization bills it causes this delay in the Appropriations Committee activity.

Mr. CANNON. Mr. Speaker, our hearings are well along but we cannot finalize the amounts until we know what is authorized. We have virtually completed hearings on all bills except the usual last supplemental bill.

Mr. TABER. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, this is the annual continuing resolution that we have to pass or there will not be any money for the Government to operate on beginning July 1. The amount contained in the bill has been cut down to as low a figure as it could reasonably be under the pending circumstances.

There are four major appropriation bills where the authorizing legislation has not been passed. For that reason

it has been impossible for the Appropriations Committee to report out those major bills. We hope the fact that this is for only the month of July will inspire the legislative committees and the two Houses to expedite the authorizing bills so that we can wind up this session. I am glad the 30-day provision is in the resolution because it ought to help conclude the work of the session.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND

Mr. CANNON. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the continuing resolution just passed.

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

There was no objection.

ARMED SERVICES SUBCOMMITTEE ON INVESTIGATIONS

Mr. HÉBERT. Mr. Speaker, I ask unanimous consent that the Armed Services Subcommittee on Investigations may have permission to sit during general debate today.

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

There was no objection.

FREE ENTERPRISE TRIUMPHING

Mr. JOELSON. 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 New Jersey?

There was no objection.

Mr. JOELSON. Mr. Speaker, I believe that events in recent months have demonstrated the durability of the free enterprise system and the inherent weakness of communism.

The remarkable prosperity of the West European economy makes apparent the falsehood of the Marxists who predicted the downfall of free enterprise in Western Europe. The fact is that after the devastation of World War II, Western Europe rose from the ashes with the help of the United States, the greatest exponent of a free economy in the world.

Look at the food crises in Soviet Russia and Red China, and remember how fortunate we are that our agriculture problems revolve around food surpluses rather than famines.

The democratic nations are demonstrating to the world that we can have both bread and freedom. We should all be thankful to live under a way of life that provides abundance without fear.

Khrushchev knows this now. That is why he builds walls in Berlin to fence in the people. If communism were the peoples' paradise he claims it to be, no walls would be required.

PROVIDING THAT ALL COURTS OF THE UNITED STATES BE OPENED WITH PRAYER TO ALMIGHTY GOD

Mr. BAKER. 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 Tennessee?

There was no objection.

Mr. BAKER. Mr. Speaker, I have today introduced the following bill, "that each session of all courts of the United States be opened with prayer to Almighty God," which I commend to the attention of the membership of the House of Representatives and of the Supreme Court of the United States.

TRADE EXPANSION ACT OF 1962

Mr. MILLS. 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. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, 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. 11970, with Mr. BOLLING in the chair.

The Clerk read the title of the bill.

Mr. MASON. Mr. Chairman, I yield such time as he may desire to the gentleman from Connecticut [Mr. SEELY-BROWN].

Mr. SEELY-BROWN. Mr. Chairman, I am in favor of expanding trade. I also am sure that few will quarrel with the importance of achieving a gradual, selective, and truly reciprocal lowering of trade barriers among the nations of the free world. I emphasize the words "gradual," "selective," and "truly reciprocal" to indicate their importance and significance.

My quarrel is not necessarily with the end goal, but rather with the best way to achieve it. I do not believe that this bill, H.R. 11970, presently before us under a closed rule which permits no amendments other than committee amendments, will by itself expand American trade. On the contrary, I believe it may result in the tragic loss of jobs for the American worker.

If we pass this bill in the form in which the rule forces us to act upon it, we are throwing away the safeguards to American jobs that have been considered essential throughout the 28 years that the Trade Agreements Act and its several extensions have been in effect.

Here once again we face a package deal and a request for more Presidential power—all under a closed rule. For the first time in history, we have a bill before us, proposed by the administration and with the recommendation of the Ways and Means Committee, to give the President the power to transfer imported articles from the dutiable to the free list.

Always before, Congress lived up to its responsibilities under the Constitution. Even during the whole period of the reciprocal trade programs when Congress enacted no new tariffs and duties were increase only under the peril-point or escape-clause provisions, Congress itself frequently passed laws suspending duties or transferring items to the free list. Now the President wants to take this function away from the Congress, in addition to the renewal of the President's power to lower duties.

We are unfaithful to our trust if we accede to his request to do this.

In spite of language introduced at the last moment by the committee as an amendment purportedly giving Congress a semblance of responsibility, I question both the wisdom and the necessity of handing to any President—regardless of his political affiliation—the final deposit of constitutional power and responsibility remaining with the Congress to regulate imports as directed by article I, section 8, of the Constitution.

When the President, at the opening of this session of the 87th Congress, announced his intention of submitting to Congress the bold grab for Executive power which he called his trade expansion program, I said publicly that I must have the answers to some major questions arising from the President's request for more power.

On February 7, I submitted some of these questions to the administration. In due course, I received from the State Department some answers. I do not consider that they are satisfactory answers.

These were and are my questions:

First. Can increased exports, supposedly the announced goal of the President's proposals, clear up our deficit in the international balance of payments?

Second. Will reductions in tariffs between the United States and the countries of the Common Market increase or decrease the ability of American industry to compete, not only for markets in those countries but in our own domestic market and all over the world?

Third. Will Western Europe accept increased imports from Japan and other low-wage countries which now are completely excluded from these countries?

Fourth. Are the United States and Western Europe presently prepared to press for free trade in agricultural products and in energy resources—coal and oil—which are now being largely excluded?

Fifth. Are Western European countries going to continue to trade with Communist bloc countries while we do not, or are we going to have a uniform policy on this most important question?

Sixth. What, specifically, is going to happen to the workman here at home who, through no fault of his own, loses his job?

I shall not bother you with the answers, which, at best, are inconclusive—all but the last question. The answer to that you can see right here in the bill before you. The help provided in title III—and I support what it tries to do—is at best only a poor substitute for a job, particularly for the worker who has built up seniority in his trade.

The fact that the administration regards the "trade adjustment assistance" provision as one of the most important in the bill emphasizes the futility of the entire program. How can the people of the United States advance or even hold their own in economic progress for ourselves and our friends if the key to "trade expansion" is "trade adjustment assistance"?

I still want the answers to those questions, Mr. Chairman.

The administration has not answered them, because it cannot presently answer them decisively.

The purported opportunity for greatly expanding our trade with the countries which are the members of the Common Market in Europe is supposed to be the compelling reason for pushing the administration's trade expansion program at this time.

However, there are some important questions concerning the Common Market itself which must be answered, some of which are included in my own questions above. One of the most important questions of all is whether or not Britain is to become a member of the Common Market.

Another question pertinent to the high and perhaps exaggerated hopes of the administration concerning the Common Market is the major source of friction between the United States and its allies in NATO—the lack of a unified policy toward trade with the Communist bloc countries. The United States imposes stiffer controls on exports to Communist nations than do our NATO allies. Some of them are shipping increasingly large quantities of goods to these countries, thus strengthening both the military and the industrial potentials of the Communist bloc.

H.R. 11970 permits reductions in American tariffs to zero on commodities in which the Common Market and the United States jointly control 80 percent of the world trade. However, it does nothing to eliminate this source of friction.

On the contrary, it almost certainly would increase that friction, since trade between Western Europe and the Communist bloc would be counted in computing the 80 percent. Therefore, we have the ridiculous situation, in which the more trade our allies can promote with Communist bloc countries, the more they can be effective in reducing our tariffs against their exports to us to zero.

We shall in a better position a year hence to have the answers to basic questions which affect our own economy so vitally.

The solution to our problem today, Mr. Chairman, is to extend the Trade Agreement Act, which expires on June 30, for 1 year. The last extension was for 3 years. Had the extension proposed in 1958 been contained in the bill as passed, the present Trade Agreements Act would have continued until June 30, 1963.

I believe that is what we should do now, so that we may have the opportunity to know better what we are doing when it is proposed to have the Congress surrender the power which could mean unemployment, poverty, and despair for

thousands of American producers and consumers, all in the name of "trade" and "progress."

Mr. MASON. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. CUNNINGHAM].

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

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

There was no objection.

Mr. CUNNINGHAM. Mr. Chairman, I will oppose any effort to withdraw help from the American workers who will lose their jobs as a result of this bill. It is of course admitted that there will be many jobs lost under this bill. There is even a section in the bill which provides aid for these workers.

As for the overall bill, I cannot support it in good conscience.

There are many reasons for my position; three of them are most important to the people of Nebraska:

First. I am not willing to turn over to the executive branch the power and authority which rightly belongs to the Congress. I am not favorable to such a power grab under any administration. The Constitution gives to Congress and only to Congress the power to lay and collect taxes, duties, imposts, and excises.

We have given up too much of our constitutional power already here in the Congress. My people did not send me down here to further the trend. To me this issue is so fundamental so far as constitutional government is concerned that I consider my vote on this bill the most important I will cast in the 6 years I have served in the Congress.

Second. I am convinced that the passage of the bill will cost a minimum of 10,000 jobs in the Second District of Nebraska. Many of these jobs will be lost in the packinghouse industry, for Omaha is the largest meat packing center in the world. Under this legislation I can see the import of millions of pounds of meat and meat products from many countries, including Argentina and Australia. Even under the present program too much foreign meat is allowed to enter this country.

Other jobs will be lost in our steel fabricating plants and in other industries. I cannot possibly see how any new jobs would be created in my district if this bill is passed.

Third. I am convinced that we can never compete favorably with foreign countries, even when all trade and tariff barriers are removed. The cheap labor used in foreign plants mean that their products can be shipped here and sold at less cost than comparable American-made products. Whenever this happens, thousands and perhaps million of workers will be laid off and become unemployed. Furthermore, it will downgrade and undermine our entire economy, which is already showing many weaknesses.

It should be borne in mind also that this matter of foreign trade is of less significance than some people would have us believe. I understand that our trade

with foreign countries represents only 4 percent of our gross national product.

Mr. Chairman, the Madison Avenue approach has been used to try to sell this proposition to the people. International influences have been very active in promoting this legislation and similar plans for closer and closer economic and political links between the United States and certain other countries. From all the special-interest propaganda it sounds as though a wonderful future awaits us all if only this one bill is passed, and perhaps many people have been convinced by this barrage of high-level "sloganeering."

But, after reading the bill and the testimony, I for one believe it is one of the most dangerous pieces of legislation I have seen before the Congress during my service. I am convinced it will not do the things the intellectual hucksters claim. It is a theoretical sell.

Its practical effects will be bad for American workers and American business firms. I am not opposed to a trade program. I voted for the recent Reciprocal Trade Act, but I cannot swallow this bill. I cannot let down the workers and businesses of Nebraska and throughout the rest of our country.

Mr. MILLS. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, the Committee on Ways and Means has reported to the House, and the House is considering in the Committee of the Whole, perhaps the most important piece of legislation that has been reported from our committee to be considered by the House during these short few years that it has been my privilege to be chairman of the committee.

Mr. Chairman, during all of that period of time I know of no legislative proposal on this subject that will have a greater impact upon the welfare of the people of the United States, and I know of no legislative proposal that will have a greater impact upon the peoples of the free world than the legislation before us. This legislation, Mr. Chairman, involves economic considerations; it involves military considerations, indirectly; and it involves political implications in the broad sense of that word, also indirectly.

Primarily, Mr. Chairman, this bill is conceived to provide authority for arrangements under which your committee is thoroughly convinced there can be improvements in the economic situation of U.S. business, agriculture, and labor.

Mr. Chairman, in the process of considering the President's request for a Trade Expansion Act of 1962, the committee laid aside the bill that came to the Congress representing the draft of the proposal from downtown. The committee undertook to draft its own bill which it thought responded to the needs within this area.

Mr. Chairman, we have before us a bill today that is as nonpolitical and as bipartisan, as any major bill that has been reported from the Committee on Ways and Means, certainly, this year, for this bill is not the handiwork of just the Democratic members of the Committee on Ways and Means. Every member of

the committee on the Republican side as well as on the Democratic side can point to some provision in this bill that he or she desired to have written into it.

Mr. Chairman, I repeat, this bill represents the consensus of judgment of the 25 members of the Committee on Ways and Means and was reported to the House by a vote of 20 members of that committee. I am not saying, Mr. Chairman, that the members of the committee, any one of them, including your chairman, is completely satisfied with every word, every line, and every section in this bill. Mr. Chairman, what I am saying is that it is my sincere judgment that when one weighs this bill, the good parts, against what you may consider the weaknesses within it, any person who has ever supported the program of reciprocal trade agreements in the past must reach the fair and unbiased conclusion that the good in this bill far outweighs any weaknesses which may exist in this bill.

I regret, Mr. Chairman, I cannot make that statement about my dear and beloved friend, the gentleman from Illinois [Mr. Mason], who on yesterday pointed to his record of always having been against the reciprocal trade agreements program in the past. Certainly, to some who have not supported the program in the past, they might reach the opposite conclusion, in all probability. But, Mr. Chairman, I want to impress upon my colleagues who sit to my left, and who were here in 1958 when we provided President Eisenhower with an extension of the Reciprocal Trade Agreements program, by action of the House for a period of 5 years, that President Eisenhower himself thinks that the good in this bill outweighs the bad in it, and that he today supports the bill. Today President Eisenhower is for this bill. I respect him not only as a former President of the United States, but as one of our most distinguished generals in time of war. Every person about whom I know anything who has ever represented the Republican Party in leadership as a candidate for President or as a candidate for Vice President, who is living today, or who has ever been President or who has ever been Vice President on your ticket, or on our ticket, feels today that the merits of this bill outweigh any alleged weaknesses that may be in the bill.

Now, why is this true? Because they, like your committee realize the economic implications to the people of the United States involved in this bill.

Mr. Chairman, they see in this bill, I am sure, as your committee sees in it, the development of a very, very strong weapon in trade to be used under our leadership in assisting the lesser developed countries of the world, South America and elsewhere, to gain economic strength, to resist the thrust of Communist infiltration into those areas. There is in this proposal, Mr. Chairman, a specific provision for us to take the commodities of those countries along with our own commodities into the markets of the free world that are more developed, and we will be their partner in engaging in that commerce.

Mr. Chairman, those of us who feel that, perhaps, we use too much of our dollar resources through direct aid in trying to accomplish this objective and to prevent the Communist penetration of these countries, should certainly feel that the action of the committee achieving help to these countries within the confines of this bill is meritorious. As we develop our economic strength through trade, leading them as we will under this program, we then will have to give them fewer and fewer of our dollars in order to sustain their strength.

Mr. Chairman, there are many reasons why these leaders in the United States today who faced the American people in the elections of the past think that this is important to the United States. But let me ask you, Is there any doubt in the minds of a majority of us on either side of this aisle, about the importance of our retaining access to these countries of Western Europe, and particularly the countries that will go behind this common tariff wall known as the European Common Market? Let me talk to those of you who represent agricultural districts and to those of you who represent industrial districts. Do you realize that our annual exports to these six countries last year amounted to \$7 billion, \$1.1 billion of which was agricultural? All of the countries which purchased goods from us for dollars, involved total exports of \$20 billion and imports of \$15 billion.

These figures have been bandied about. Let us break them down and see what they mean. Of the \$15 billion that we import 60 percent or \$9 billion at least is not at all competitive with any article or item that we produce in the United States or that affects production or growth here in the United States. We are talking about a trade bill from a competitive point of view and the creation of economic betterment at home, and jobs at home. There is a difference between \$20 billion that goes across from our shores to the free world markets and \$6 billion that comes into the United States that might, to some varying degree or extent, be competitive with an article made in the United States of similar kind. That is the difference in the competitive situation.

How can we say, under a record such as that, one that was carried on in your administration and carried on in my administration during the thirties, the forties, and the fifties, that we have not used this tool in foreign economic policy to enhance and improve the economy of the United States?

Now, Mr. Chairman, we are faced with a great challenge. We are faced with a challenge to our ability to hold on to a part of this \$20 billion of exports; namely, the \$7 billion to the Common Market. Are we to say today, while this growth is taking place in Europe and while this solidifying process is occurring and a wall is being created, that we think it best for the interests of the United States to sit back and take another year to view it?

Do you know that they do not care much whether we get into the market with our products or not? Does the German over there who has free access to

the Italian market welcome the competition of the American farmer, the American producer, in that same Italian market? If we show a hesitancy in the formation of this program we will pay a much dearer price later. We will pay a much dearer price a year from today or 2 years from today as a result of our hesitancy.

I am talking now to those of you who have seen fit to believe in the past that this program can make some contribution to the economic improvement of the United States. We talk about idle plant capacity. We talk about people who are unemployed. There would be no idle plant capacity, Mr. Chairman; there would be no unemployment in the United States if we in the United States were capable of consuming all that these plants could produce, and all these farms could produce, except for \$20 billion. You know and I know that we cannot consume here the capacity for production of our farms and our plants. Where are we going to sell those excess amounts? Are we going to sell more by delaying a year and running the risk of our exports dropping to \$15 billion or \$13 billion, or lower, or are we going to accept the challenge before us and take advantage of the opportunity that is wrapped up in that challenge and say to the peoples of Western Europe, with whom we have military alliances, that we, too, are interested in the growth and expansion of world trade? We are talking to people, six countries altogether, that engage to the extent of \$60 billion already in world trade compared to our \$35 billion.

Does anyone doubt the capacity and ingenuity of this America of today to capitalize upon opportunities made for it, as it has capitalized in the last 28 years under trades that have been made for it under this program?

Mr. Chairman, in spite of the fact that this was a completely bipartisan measure, in spite of the fact that this is the bill of the Committee on Ways and Means, in spite of the fact that all of us must agree on balance, if we believe in this program, if we have supported this program in the past, that the good outweighs the bad, we have people talking nothing but about some little part of the bill.

What is the important part of this bill? The important part of this bill, Mr. Chairman, is the part of the bill that permits the President of the United States, through the special negotiator provided in the bill, to try to accomplish the elimination of duties and other impediments to the flow of our trade within the free world. That is the most important part of it.

The next most important part of it is the authority we give him to reduce duties on our part to carry out agreements reached in negotiations in these proceedings to meet concessions given to us by countries abroad. Those are the important parts of this bill. But, we all also attach significance to the other side of the coin.

What do you do if we make a mistake in the process of carrying out a paramount policy of government, namely,

the enlargement of markets abroad for the products of the farm and the factory in this country, in return for which we give concessions in our own rates of duty?

Mr. Chairman, we have tried in this bill, we have tried as best we could through the process of legislation, to establish machinery to prevent to the maximum extent possible the making of mistakes. What do we do in this bill? I wish every Member, if he has not done so, would turn to the report on the bill beginning on page 14. Look through the procedures. Begin there. Read the preagreement safeguards. Read the general provisions relating to trade agreements. Read the postagreement safeguards. Read on through that—the Presidential action.

Read on through to the congressional action that will involve a committee amendment which is set forth in the committee report and in the reported bill and which will be adopted at the proper time.

We, I think, and I agree with what my friend, the gentleman from Tennessee [Mr. BAKER], said yesterday, have developed more protection through these safeguards and the opportunity for hearings on the part of industry, agriculture, and labor than those three segments of our economy have had in the past. I believe my friend said that; in any event, in my opinion this is true. Those safeguards are spelled out.

One of the weaknesses, some say about the bill, is that we have given the President more authority than he needs; we have given it to him for a longer period of time than he needs, they claim.

I say, Mr. Chairman, that if we want an agreement with the European Common Market, do we not want the negotiators to have enough authority to make a good agreement from our point of view? Do we not want them to have enough time, Mr. Chairman, so that they will not be rushed into the acceptance of some agreement at the last minute in order to accomplish an agreement that a little longer time might indicate could be improved?

Mr. Chairman, 5 years is not a new departure for this House to extend this authority. We have done it before. Mr. Chairman, the program encompassed in this bill is not an unusual grant of authority. It is limited in the same respect that other similar grants of authority have been limited in the past. There are more safeguards. Certainly, this cannot be considered a weakness in this bill. If you appoint me your agent to buy a \$10,000 house, Mr. Chairman, do not give me \$9,000 with which to buy that house for I may not succeed. Give me \$10,000 and I will do the job you want me to do. If we sincerely desire, Mr. Chairman, that we preserve our access to these markets in the European world, if we sincerely desire that, let us at least provide the effective tools for the accomplishment of that desire.

Mr. Chairman, these safeguards I have talked about are in several parts. First of all, we have very elaborate machinery for people to be heard with respect to the prenegotiation phases of this program. There are full opportunities for

hearings for all interested parties. There is every opportunity after the President makes a decision as to what he might include in the list for negotiation, for interested industries and others to appear before this group and explain why their industry should not be included. There are those who have said in letters to me that this particular industry or that particular industry has been selected for sacrifice. Mr. Chairman, there is nothing further from the truth than that. There is no industry—there is no individual's job that is being selected for sacrifice. Every individual concerned with this legislation will have an opportunity both at the Tariff Commission and before this Interagency Committee appointed by the President to tell why his particular commodity should not be included for a reduction in duty. And if it is as serious as they tell you and me, do you not realize what the Tariff Commission will say? They will describe to the President the economic consequences of any such action. That will have a great weight, of course. Certainly, it will have its weight with this Cabinet-level Interagency Committee, as well. There is no certainty, therefore, Mr. Chairman, that some of these industries that are complaining about their present situation would even be included in such negotiations. But there is, I hope, assurance within this program, Mr. Chairman, that progress can be made through the elimination of those restrictions and barriers to our own trade which even to this day exist throughout the free world to a degree far beyond that which any of us want.

Mr. Chairman, if the Members will read the description of these safeguards, if the members of this committee will bear in mind that any bill that comes before this committee may not and usually cannot fully represent the viewpoint of all the Members, it may not be satisfactory to all the Members, but if the members of this committee stop and think deeply upon this subject I have no doubt about the final decision that will be made here today. I know when it comes to matters of great national purport, as this does, that there is no center line that divides us, and there will not be a center line dividing us today.

I urge, Mr. Chairman, that the committee reject the motion to recommit which my good friend from Illinois has announced that he will offer, that the committee in a bipartisan manner pass the bill like it did in 1958 when, as I recall, there were fewer than 100 Members of this House who voted against the 5-year extension of this program.

Mr. Chairman, I promised to yield to the gentleman from Texas [Mr. ALGER].

Mr. ALGER. I thank the gentleman for recognizing me first; I certainly appreciate it.

Mr. Chairman, I call the gentleman's attention to page 11928 of yesterday's RECORD in order to remind the gentleman that despite what he has just said, that after 2 days of debate I still must ask our chairman when someone is going to tell this House what is in this bill and to describe the new power given to the President. This is the first time I

have seen a bill presented in the House where the House has not been told what is in the bill.

Mr. MILLS. The gentleman from Texas, I think, on yesterday made a rather detailed and lengthy observation on the bill and the powers given to the President in this bill. I listened to him with care though I disagreed with his views, of course. From his point of view he states these powers were excessive and should not be granted.

My friend, the gentleman from Texas, has not taken that position just yesterday or in the last few days. I think the gentleman voted against the act in 1958. If I am wrong I would like to be corrected.

Mr. ALGER. May I put the question once again regardless of what the gentleman from Texas may have done on other occasions—I could be mistaken, I could be wrong—but will the gentleman tell the House what new powers are given the President and how extensive they are?

Mr. MILLS. I will try to if the gentleman will just let me proceed. He wants to know the authority?

Mr. ALGER. Yes, the authority and the new authority given the President.

Mr. MILLS. All right. In this bill we give the President basic authority to reduce duties by 50 percent of the July 1, 1962, rates. But the gentleman knows, since he is a member of the committee that wrote the bill, that by the same token we give the President authority to increase duties by 50 percent of the rates in force way back in 1934. This is not a one-way proposition. That is a 150-percent leeway on what even the Smoot-Hawley Act provided as to increases. That is in the power given to the President. I do not hear the gentleman complaining about that.

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

Mr. MILLS. I yield.

Mr. BOGGS. I am certain if the gentleman from Texas will refer to yesterday's RECORD he will see a detailed explanation of the bill filed by the distinguished chairman of our committee, and in addition to that, as the gentleman knows, the report on this bill was filed on June 12—over 2 weeks ago. It is a most comprehensive report containing both majority and minority views. The gentleman, of course, sat through the committee deliberations on the bill and he is thoroughly familiar with the bill's provisions. So a very complete explanation of the bill has been available and still is to everyone.

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

Mr. MILLS. Let me yield first to the gentleman from Georgia, [Mr. FORRESTER].

Mr. ALGER. The gentleman mentioned my name.

Mr. MILLS. I will get back to the gentleman from Texas.

Mr. FORRESTER. Mr. Chairman, first I would like to say to the distinguished gentleman in the well of the House that I have been here 12 years, and I think the gentleman has given us one of the most logical explanations

I have ever had the opportunity of listening to.

Mr. MILLS. I thank the gentleman from Georgia.

Mr. FORRESTER. The gentleman, I believe, knows that I have a lot of candy manufacturers in my district in the State of Georgia. They are disturbed about the bill. As a matter of fact I hold a telegram dealing with the subject of import duties on foreign candies. The telegram states, in effect, that the bill we are now considering—H.R. 11970—would eliminate the duty on candy with resulting adverse effects on the candy-manufacturing industry.

I cannot find any provision in the bill which reduces duties on candy or any other commodity, and I have studied the bill at length. Is there a provision in the bill which will reduce or eliminate the present 14-percent duty on candy?

Mr. MILLS. Permit me to respond this way to the gentleman from Georgia: This bill does not in and of itself reduce any duty. That should be made very clear. This bill does give the President authority to reduce duties that he, upon advice of the Tariff Commission, feels can be reduced without causing serious economic consequences.

As I understand it, the candy manufacturers and confectioners are concerned because they may fall within the provision which permits the President—if the European Common Market and the United States export more than 80 percent of articles in a given category—to reduce duties by more than 50 percent.

Certainly if what the candy industry says to you and to others who have candy manufacturers within their district, that their situation is very serious, very grave at the moment, those facts would be considered before candy would be included on any list for negotiation, even if the 80-percent authority were not involved. If candy was included on a list, the candy manufacturers could appear before the Tariff Commission and the Interagency Committee appointed by the President and state their case that they cannot survive under any reduction in duty.

Mr. FORRESTER. Do I understand from what the gentleman is telling me that the candy manufacturers have no particular reason now to be apprehensive?

Mr. MILLS. There is nothing in the bill, I will say to the gentleman from Georgia, that reduces the duty as alleged in the telegram the gentleman just read.

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

Mr. MILLS. I yield to the gentleman from Louisiana.

Mr. BOGGS. As an assurance to our good friend from Georgia, in 1961, the gentleman might be interested in knowing, we produced in this country \$1,232 million worth of candy, which was an increase of 14 percent over 1958. We imported something in the area of \$21 million worth of candy—\$21 million as compared with \$1,200 million. The existing duty is only 14 percent. And the increase in imports which has oc-

curred has taken place without any duty change because the duty has been 14 percent since 1948.

Mr. MILLS. The gentleman could also point out that imports, as a percentage of U.S. production in 1961, amounted to 1.7 percent.

Mr. FORRESTER. Is the gentleman acquainted with the fact that the candy manufacturers generally, for some reason, are apprehensive? Can the gentleman give me any idea as to what is the cause of that?

Mr. MILLS. I do not know the reason for it. I do know that I have had a letter from those who work in a shoe plant in my own district telling me if I voted for this bill it would throw them out of employment. No one knows. I do not believe this will happen to my shoe people and I also do not believe it will happen to your candy people.

Let me elaborate on that. I understand there are others, as well as myself, who have received letters of this sort from constituents involving the effect of this bill upon shoes. Here again, there is nothing in the bill that would provide any reduction in duty on shoes. It is important to note that U.S. production of shoes, in dollar amounts, increased in 1961 over 1958 by 8.7 percent. By the same token, the imports of shoes increased by about 331 percent; but in 1961, as the result of the importation of those shoes, many of which are hand-made, many of which are expensive shoes, the imports of shoes as a percentage of U.S. production were still only 2.6 percent.

I believe that most of the people are concerned about the future and are apprehensive. We should, and do, understand. However, I think we have provided in the bill safeguards which will assure that all the facts will be available when decisions have to be made and then we expect the decisions will be sound.

Now, there is no certainty that the President will reach a conclusion that the duties on shoes ought to be reduced, and that he will list them for reductions. The same thing is true with respect to other industries. Every industry which feels it should not have its protection reduced should make its case as to why this is so.

And, certainly, this bill contemplates that consideration will be given to all representations. If this were not the case, we would not have gone to the trouble of establishing the elaborate procedures provided in H.R. 11970.

Mr. FORRESTER. Can the gentleman tell me or is he in a position to tell me how the exports rank with the imports of candy?

Mr. MILLS. Yes. We export candy. In 1961 we exported \$4,643,000 worth. That was an increase in our exports of about 4.3 percent over 1958. Our principal export market is Canada. The principal country exporting candy to us is England.

England is not in the European Common Market at the moment. The candy manufacturers believe that if England becomes a member of the Common Market, then the Common Market and the

United States will control over 80 percent of world exports of candy, and the President might negotiate an elimination in the candy duty with the EEC. There is no certainty that such will be the case or that there will be any reduction in the duty on candy. There will be every opportunity, if a reduction in the candy duty should be considered for the domestic candy industry to present its case and be heard.

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

Mr. MILLS. I yield to the gentleman from Louisiana.

Mr. BOGGS. I think the other significant part of the answer to the question of the gentleman from Georgia is: If this should come to pass, we would expect that the duty would also be removed on U.S. candy going into the Common Market.

Mr. MILLS. It would have to be.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Wisconsin.

Mr. BYRNES of Wisconsin. There is nothing in this legislation that requires bargaining or negotiating with respect to like items. We could enter into negotiations to reduce the duty on candy or on any other item for reduction by the Common Market of their duties on some completely different article and both reductions could be completely different as to amount.

Mr. MILLS. Yes—now that I consider the matter further, the gentleman is correct.

Mr. BYRNES of Wisconsin. I think the gentleman remembers that an amendment was offered; in fact, I believe the gentleman from Wisconsin offered it, which said that that should be the rule, but it was turned down within the committee, and the argument was that they had to have flexibility.

Mr. MILLS. I recall that, but I still think, and I think the gentleman will agree with me, that anything of that sort would not be what we feel would be a trade in the best interests of the United States. This authority is being granted because we want fair trades to be accomplished. If our chief negotiator is going to perform his function in a way that we get the short end of the bargaining all the way through, he will still be accountable to us.

Mr. BYRNES of Wisconsin. I will state to the chairman that I certainly share that hope, but there is nothing to assure it.

Mr. MILLS. There is. There is always the power back here.

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

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

Mr. KEOGH. I think it might be pertinent at this point to say a word on behalf of those who have negotiated in behalf of our Government in previous agreements. Does not the chairman share my impatience with those who somewhat recklessly and unjustifiably contend that our negotiators have consistently been outraded?

Mr. MILLS. Oh, well, now the gentleman knows my own feeling about that. Very frankly, I want my colleagues to know that I have had about as much concern about some of these matters in the past as any of them have had. I do not envision this program as being one in which we want to turn everything over to the Department of State. That is what we have prevented in this bill, I hope. We certainly tried to do it.

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

Mr. MILLS. I yield to the gentleman from Mississippi.

Mr. ABERNETHY. I wish to thank the gentleman, and I appreciate the reference that the gentleman has made to the shoe industry in this country. It so happens that in my district I have several plants, five or six, which manufacture shoes, and they employ a considerable number of people. They are very much disturbed about this bill, and the effects thereof. They state in a publication, or an advertisement which was published in a newspaper in my district, that imports have increased 234 percent since 1957. I believe the gentleman from Arkansas gave that figure also.

Mr. MILLS. Between 1958 and 1961, total shoe imports have increased 331.5 percent.

Mr. ABERNETHY. If the gentleman will yield further, they further state that 37 million pairs were brought in in 1961 alone.

Mr. MILLS. I will say to the gentleman that I do not have the figures here. I do have dollar amounts.

Mr. ABERNETHY. If the gentleman will yield further, they also state that this will reach 73 million pairs by 1965, even under the existing tariff.

I do not know from where those figures came. Could the gentleman advise me further with respect to this question?

Mr. MILLS. Let me tell the gentleman this: This bill is not here, with my name on it, to bring about the sacrifice of any of these industries about which we are talking. This bill has safeguards in it. If this injury occurs under the existing rates of duty, there is opportunity here to correct it. If an entire industry is injured, if the Tariff Commission finds that, and the Tariff Commission says that the rate of duty has to go up to the Smoot-Hawley tariff rate, or that a quota is necessary, or that a combination of an increased duty and a quota is necessary, and the President declines to do it, he is required to notify the Congress of his refusal to do it. Under the committee amendment that we adopted to this bill, sponsored by our good friend, the gentleman from Tennessee [Mr. BAKER], we retain the right to put into effect the Commission's recommendation, whatever it might be. We retain the right to require the President—let me put it that way—to require him to put it into effect by passing a concurrent resolution stating that the President is directed to put this rate of duty into effect. We have never had a provision similar to this in this program prior to 1958. The provision in this bill

differs from the 1958 provision in that it is stronger—it requires only a majority vote to overcome Presidential refusal to take action.

Mr. ABERNETHY. May I ask the gentleman this question?

Mr. MILLS. We are not turning over this power that my friend talks about without doing it within limitations and providing safeguards and retaining here a degree of control over what is done in the case of injury.

Mr. ABERNETHY. Sometimes the verdict of the jury is not always in keeping with the facts.

Mr. MILLS. Well, it always is here.

Mr. ABERNETHY. Suppose the Tariff Commission finds that there was no injury; whereas, there might have been injury? Then what happens?

Mr. MILLS. Oh, well, what other agency are you going to use? My good friend realizes that we cannot increase duties unless the Tariff Commission reaches a conclusion of injury. That has been historical in all of our programs, and we have to rely on this procedure.

Mr. ABERNETHY. I do not want to take too much of the gentleman's time, but if the gentleman will yield further, I have one other question: There is concern in this House, and I am one of those who are concerned, about a provision which provides for the payment of compensation to those who may be ousted or knocked out of jobs. Is this not tantamount to licensing our negotiators to negotiate to the point of eliminating American jobs? Does it not as much as give them such a directive, whereas without such they would feel a conscientious obligation to be most careful to protect the employment of our workers as well as our industries?

Does this provision not encourage our negotiators to go a little further than they would ordinarily go?

Mr. MILLS. The gentleman is entitled to his opinion about what they may do. This provision is not here for that purpose—

Mr. ABERNETHY. I realize it is not here for that purpose.

Mr. MILLS. Let me answer the gentleman. I do not intend, as far as I am concerned, that it be used for any such purpose; and I am sure the Committee, on both sides of the aisle, has no such thought. But let me talk to you about why it is here. Under the provision of existing law the Tariff Commission only finds serious injury and recommends to the President an upward adjustment in the duty when an industry is injured, not when a firm is injured.

There are a lot of these shoe plants in the gentleman's district and in mine; there are many of them scattered all over the United States—in Missouri and in every other State.

Mr. BATES. And in Massachusetts.

Mr. MILLS. Yes, in Massachusetts. It may be found, upon an investigation by the Tariff Commission, that a plant is injured in the gentleman's district or in my district because of some particular imports. But the industry as a whole is not injured. In these circumstances, the

Tariff Commission would not recommend to the President an upward adjustment in duty. On the basis of existing law, those workers and that firm which were put in that position by the exercise of the sovereign power of the Government in knocking a prop out from under the firm and the jobs by the lowering of tariffs, have nothing they can do. We are trying to provide some way to help that firm to get some help. We are trying to provide some way to help those employees.

Oh, I know that these people who run these employment offices in some States have wired in here to a lot of people that they do not like it. I knew that. They talked earlier to the committee and raised the question about it. But we have this question before us. Remember that we are taking this action through the sovereign power of the Government, giving the President authority to do something that for all intents and purposes might knock the props from under a man's job by reducing a duty. Whether it is intended or not it can happen. Will we leave him to his own devices, or are we going to show some degree of interest in the plight of that fellow for a short period and try to get him adjusted to something else?

Let me tell all of you, we have done this before. This is not the first time we have done something of this sort. Look back into the pages of history during the time you and I have been here. You will find that we have provided for allowances of this sort for people for special reasons. We did not have any trouble explaining it or justifying it.

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

Mr. MILLS. I yield to the gentleman.

Mr. BOGGS. Just so the record is complete, I call this to the attention of the gentleman from Mississippi [Mr. ABERNETHY]. The total U.S. production of shoes in 1958 was \$2,091 million. In 1961 the total production was \$2,273 million, or an increase in production during the period of existing law of almost 9 percent. The total imports—and, of course, the impact may be felt differently in different places; it may be more severe in the gentleman's district than in somebody else's district—but the overall imports were less than \$60 million—\$59 million, to be exact—in an industry which produces almost \$2¼ billion in shoes. In addition to that, these imports came from Italy which, of course, buys a very large quantity of cotton, which product is produced in the gentleman's district.

Mr. ABERNETHY. My people are not complaining so much about what is being done now but what may happen in the future.

Mr. MILLS. My people are also concerned that we not run the risk of losing some markets we have today for some of our products.

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

Mr. MILLS. I yield to the gentleman from Oklahoma.

Mr. EDMONDSON. Additionally, I would like to compliment the distin-

guished gentleman from Arkansas and the committee on the very substantial improvements they have written into this program.

The gentleman well knows I have had a number of industries in my own area in Oklahoma which have been severely impacted by imports. I found it impossible to vote for the last extension of the Reciprocal Trade Agreements Act because of that situation. I am of the opinion that this bill, with its additional safeguards, including the amendment offered by the gentleman from Tennessee [Mr. BAKER], and included in H.R. 11970, is a bill which does represent and advance the best interests of the United States, a bill which should be supported by those of us who are genuinely concerned about the welfare of our own domestic industries as well as the future of our international trade.

To me, this is handing to the President a new and valuable and indispensable weapon to win the cold war. Those across the aisle who are genuinely appealing to us to win, to have a victory policy in the cold war, will, in my opinion, do a great disservice to that cause if they refuse to support this measure which provides this powerful new weapon in the cold war.

Mr. MILLS. I thank the gentleman for his comment.

Mr. EDMONDSON. May I ask one question in regard to the Baker amendment. This amendment, if I understand it correctly, makes it possible for Members of the House and the Senate to initiate action by the House and by the Senate to implement the findings of the Tariff Commission where they find adjustments on duty or other import restrictions are necessary to protect domestic industry.

Mr. MILLS. The gentleman is correct.

Mr. EDMONDSON. This is a new device, a new shield, for American industry which has not been provided before. It certainly increases the desirability of this legislation and strengthens the hand of Congress in this vital area.

Mr. MILLS. It has not been provided before. There is now full power for a majority of the Congress to exercise its will and to bring about increased tariffs, or quotas or both, depending on the Commission's finding.

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

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. KEITH. The gentleman has stated that the economic consequences of this act on a particular industry will be explained to the President by the Tariff Commission and that, therefore, these industries have proper protection.

Mr. MILLS. I said that not only would they be explained to the President by the Tariff Commission after a hearing but there would be reported to the President other factors involved by an interagency committee appointed by the President. This committee would also hold hearings.

Mr. KEITH. It has been reported that in 62 instances the Tariff Commis-

sion has recommended with reference to the peril point provision that the President take action to protect a particular industry, and he has declined to go along.

Mr. MILLS. I believe that is the escape clause the gentleman is talking about. There have been a lot of cases heard by the Tariff Commission where the industry thought there was injury and the Tariff Commission said no. Some cases of injury have been found to exist, but the record of the President has been, in the past, of not agreeing to all of these findings.

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

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BATES. I know in the committee report and the bill there are certain items placed on the reserve list.

Mr. MILLS. Yes, that is true. The gentleman from Massachusetts called our attention one day, I think it was during the latter part of our consideration of this bill, to the situation wherein the Congress had acted on tariffs, and suggested that in those cases the items covered by such acts should also be reserved.

Mr. BATES. Like on fish sticks.

Mr. MILLS. We did not include a provision reserving such articles, including the duty on fish sticks. It was an oversight, I think, on the part of the committee. For very clearly, where Congress has taken that action it would be, I think, correct to say that the Congress would feel that the reservation for this same length of time of such particular duties, such as that on fish sticks, was just as important and just as fair for the industries concerned as the reservation where injury had been found by the Tariff Commission.

We did not include such a reservation, frankly, because we ran into considerable difficulty in the development of a provision that would accomplish this objective. But, certainly, I want my friend to know this is a matter which I think must be considered further, certainly, in the other body, for the purposes of putting these folks on the same basis, as a matter of equity.

Mr. BATES. As far as the gentleman is concerned, to all intents and purposes under this act, items that have been approved by the Congress will be on the reserve list?

Mr. MILLS. I certainly want them to be.

Mr. BATES. What is the intention of the gentleman's committee?

Mr. MILLS. The committee did not do it specifically because we did not have the time left to develop a way of doing it.

Mr. BATES. In other words, it was just a question of the language of such a provision?

Mr. MILLS. I have no objection to doing it, and if the other body includes it, I would have no objection to an amendment; does that satisfy the gentleman?

Mr. BATES. No, the gentleman would be more satisfied if it was clear that that was the intention of the committee.

But, you really could not find the language to accomplish it, and I understand that that was the position.

Mr. MILLS. That is true.

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

Mr. MILLS. I yield to the gentleman.

Mr. BONNER. I would like to ask the gentleman what effect this bill would have on the plywood industry?

Mr. MILLS. It has no effect on any industry until some action is suggested by the President.

Mr. BONNER. What has been the history of the plywood industry under the present Reciprocal Trade Agreements Act?

Mr. MILLS. I regret that I have taken entirely too much time, but I will try to answer the gentleman.

The plywood industry has had hearings before the Tariff Commission, as I recall. If any member of the committee wants to add to this colloquy, I wish he would. The plywood industry has complained in the past about imports coming in and injuring that industry. Hearings have been held before the Tariff Commission. There has not been, as I recall, any Commission finding of injury, and accordingly no upward adjustment of those duties. It is my recollection that there were two plywood escape clauses and a negative finding by the Commission in each. Is that a fact, may I ask the gentleman from Louisiana [Mr. Boggs]?

Mr. BOGGS. You are correct, Mr. Chairman. The hardwood plywood industry has applied twice for escape clause relief, and in both instances relief has not been granted because there was no finding of injury.

Mr. MILLS. Then my memory was correct—the Tariff Commission made two negative findings.

Mr. BOGGS. Yes; twice. Did the gentleman from North Carolina ask about fish sticks?

Mr. BONNER. No, I just asked about the plywood industry. I have heard about shoes and I have heard about sugar and I wanted to hear a little something about what effect this bill might have to improve or injure further the plywood industry.

Mr. MILLS. Let me answer the gentleman this way. There is nothing in this bill directing anybody to reduce specifically any duty on plywood.

Mr. BONNER. I understand that.

Mr. MILLS. If the Tariff Commission finds that injury exists in this industry, they can recommend to the President the adjustment of duties up to as high as 50 percent higher than the duties under the Smoot-Hawley Tariff Act. In other words, to the extent of 150 percent of the Smoot-Hawley tariff schedule. Then the President could put any other import restriction into effect, such as a quota, for example.

Mr. BONNER. The only reason I ask this, Mr. Chairman, is that many plywood mills have gone completely out of business due to the importation of plywood from Japan.

Mr. MILLS. Yes, that has been brought to my attention.

Mr. BONNER. And they have appealed to the Tariff Commission for relief. Now I merely ask: Is there any opportunity under this bill for the plywood industry to be helped?

Mr. MILLS. Yes. They still have an opportunity to go to the Tariff Commission for the purpose of escape clause action. And here, I believe, is where they will be greatly assisted by this bill. If the Commission finds that the industry is injured—and this, of course, is basic—but if they do, then we here can, in the event the President does not take the action recommended by the Commission, adopt by a majority vote a resolution which would require upward adjustment in the import restrictions on plywood.

Mr. FISHER. Mr. Chairman, I desire to direct the gentleman's attention to section 212 on page 6 of the bill:

In the case of any trade agreement with the European Economic Community, section 201(b)(1) shall not apply to any article referred to in Agricultural Handbook No. 143, United States Department of Agriculture, as issued in September 1959, if before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of United States exports of the like article.

Can the gentleman explain what that means?

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

Mr. MILLS. Mr. Chairman, I yield myself 3 additional minutes.

Section 201 of this bill, if the gentleman will read it, provides for a 50-percent reduction in rates of duty existing on July 1, 1962.

We say with respect to agricultural commodities that the President shall not be bound by that limitation. Agricultural commodities are those referred to in this handbook I have here. If before entering into such agreement the President determines that such agreement will tend to assure the maintenance or expansion of the U.S. exports of like articles then he can exceed the basic limitation in section 201. Let us say that in the case of apples, it is the determination of the President that if he enters into an agreement with the European Common Market to reduce duties here in return for their reducing duties there, our exports of like articles will tend to be maintained or expanded. He can then reduce or eliminate the duty on apples.

Mr. FISHER. Is it a correct statement interpreting this section to say if that under the treaty he found that an agreement would not tend to assure the maintenance of the U.S. exports of the like article, if he makes that finding he would have the power to place the duty on these agricultural products at a lower rate?

Mr. MILLS. He has to make a positive finding that the agreement in which such action reducing the duty to zero occurs, would tend to maintain or enlarge the exports of that article. That is what this provision means.

Mr. FISHER. As I read that section it does not say he has to make a positive finding.

Mr. MILLS. But he does have to make a positive finding.

Mr. FISHER. What does this language mean which reads, "tend to assure"?

Mr. MILLS. It is a question of judgment, of course; and it is going to be a judgment of the Department of Agriculture, frankly, that if this is done we will maintain or enlarge our exports of that article.

Mr. FISHER. Mr. Chairman, will the gentleman yield for a further question?

Mr. MILLS. I have only 3 minutes.

Mr. FISHER. This refers to articles contained in Agricultural Handbook No. 143 which may under certain findings be put on the free list.

Mr. MILLS. That is right.

Mr. FISHER. What are those articles?

Mr. MILLS. They are set forth in that handbook, which is a publication of the Department of Agriculture which lists all of the articles which the Department believes are in fact agricultural commodities. If we were to specifically set forth all of these articles in the bill, it would have added hundreds of pages.

The CHAIRMAN. The time of the gentleman from Arkansas has again expired. The gentleman from Arkansas has consumed 1 hour.

Mr. FISHER. It refers to agricultural products?

Mr. MILLS. The handbook refers to agricultural products. They are set forth and described in that book and the book was prepared by the Department of Agriculture.

Mr. Chairman, I have never done this before, but in view of the great importance of this bill I ask unanimous consent to proceed for an additional 5 minutes.

Mr. HARRIS. Mr. Chairman, reserving the right to object, I would like to suggest to my colleague, who has done such a magnificent job here this morning and who has I think given the membership much enlightenment—I know that he perhaps is tired, nevertheless he has been working on this for a long time; there are a lot of Members who would like to ask him questions, who would like to get some enlightenment.

I would like to suggest to my colleague from my home State that he not hesitate to take such additional time as will be necessary in order to clear up some of the serious questions that are in the minds of Members. I would like to urge him under the circumstances to not hesitate to do so.

Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. HARRIS]?

Mr. GROSS. Mr. Chairman, reserving the right to object, and I shall not object, if the time will be spent in not gilding this lily that if it is so good does not need gilding, and if it will clear up some of the questions the Members want to ask, it will be time well spent.

The CHAIRMAN. Is there objection to the request of the gentleman from Arkansas [Mr. HARRIS]?

There was no objection.

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

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. CONTE. At the outset I want to compliment the chairman of the Committee on Ways and Means for the outstanding job he has done here today.

In regard to section 211, which was discussed here with reference to the candy business and some 80 other commodities in the United States, if the Common Market and the United States produce 80 percent of that commodity in the world market, then the President has the authority to reduce that tariff to zero; is that right?

Mr. MILLS. That is true.

Mr. CONTE. Would it not have been much sounder if we had had an amendment stating that the United States should produce at least 25 percent of the 80 percent of that commodity, then that commodity would be in a competitive position? Under this bill the Common Market could produce 78 percent.

Mr. MILLS. Yes.

Mr. CONTE. And the United States only 2 percent, which could wipe out a lot of small businesses.

Mr. MILLS. I do not know that any information was submitted along the lines of the example that the gentleman stated—I do know that the record shows that of the categories of articles presently involved, the United States predominates as an exporter in the greater number of such categories. This matter was discussed in the committee—that we provide some such limitation. The committee decided against it.

This matter, I may say to the gentleman, will be studied by the other body. If there is a problem in this area which we did not foresee, I am sure that it will come to light in deliberation on this bill which will follow our consideration here.

Mr. CONTE. The gentleman says it does have merit, then?

Mr. MILLS. There are some who could make an argument for it, of course, it would depend on what the facts showed.

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

Mr. MILLS. I yield to the gentleman from Florida.

Mr. CRAMER. I have listened to the gentleman's discussion concerning this bill for about an hour. Of course, under parliamentary procedure, no amendments may be offered except by the committee.

I would like to ask the gentleman if he would please advise the House as to what, if any, amendments the gentleman, as chairman of the Committee on Ways and Means, intends to offer?

Mr. MILLS. An amendment that we agreed to, changing the method whereby the Congress can require the President to proclaim a higher rate of duty under escape-clause action, is incorporated in the reported bill and will be acted upon by the Committee of the Whole House.

Mr. CRAMER. What is the nature of the amendment?

Mr. MILLS. An amendment that the committee developed at the request and

suggestion of our friend from Tennessee [Mr. BAKER].

Mr. CRAMER. That will provide the House can overrule or examine a decision by the Tariff Commission and the President on a majority vote?

Mr. MILLS. The amendment would provide that a decision of the Tariff Commission can be put into effect, when the President on his own will not do so, by a majority vote of the Congress.

Mr. CRAMER. May I refer to the wording of this bill, on page 27.

Mr. MILLS. The Tariff Commission could find that quotas—duties, quotas, or any combination thereof, are necessary. That should be part of my answer to the other question, and I want to add it so my answer is complete.

Mr. CRAMER. Under title II, the AA provision, page 27, it provides for AA assistance—and I read:

The Tariff Commission shall promptly make an investigation to determine whether, as a result of concessions granted under trade agreements, an article is being imported into the United States in such increased quantities as to cause, or threaten to cause, serious injury to the domestic industry producing an article which is like or directly competitive with the imported article.

Mr. MILLS. That is the type of situation we have always described under the escape clause, where injury has occurred.

Mr. CRAMER. On page 63, referring to the Secretary of Labor's decision as to whether unemployment compensation shall be made available to individuals:

This decision by the Secretary, contrary to the decisions otherwise provided in the bill, shall "be final and conclusive" for all purposes but not subject to review by any court and so forth.

Mr. MILLS. This provision parallels other provisions that Congress has enacted with respect to this kind of program. We do not want the individual going into court to be heard on certain aspects of this.

And, I would like to correct the gentleman's impression: This is not unemployment compensation in this bill. It is not by any stretch of the imagination, unemployment compensation, and it is not to be considered a precedent for any federalization of any unemployment system.

Mr. CRAMER. On that point, pursuant to the ruling of the attorney general of the State of Florida, it was determined that it was unemployment compensation and opposes the bill because this was an effort to inject Federal unemployment compensation.

Mr. MILLS. The man you have talked about I have great respect for. I know him personally. But, he has no right to determine what this is. We are determining that here in the Congress, and I am telling you it is not unemployment compensation. It is an adjustment allowance. In connection with this matter I wish to state that I have received a wire from the chairman of your Florida Industrial Commission, which states that upon the advice of the attorney general of Florida, the answer to the question about its ability to participate

is in the affirmative—Florida can participate in this program.

Mr. CRAMER. Well the attorney general and the development commission oppose the bill.

Mr. MILLS. This is a message from the chairman of the Florida Industrial Commission with respect to what the attorney general told him about Florida participating in it.

Mr. CRAMER. Then, they changed their minds in the last 24 hours.

Mr. MILLS. That is all right. Sometimes I do that, particularly when I find, on reflection, that I was wrong initially.

Mr. BURKE of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MILLS. I yield to the gentleman from Massachusetts.

Mr. BURKE of Massachusetts. First, is it not true, as the result of the concern, the grave concern, expressed by those in the shoe industry, workers and management, and also those in the candy industry, rubber industry and the jewelry industry, that our committee adopted several amendments which will give these industries the protection that they need under this new bill?

Mr. MILLS. They will have every opportunity to be heard—to protect and to safeguard their interests. This is being given them under this bill.

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

Mr. MILLS. I yield to the gentleman from Ohio.

Mr. LATTA. As you know, I am a member of the Committee on Agriculture, and I am particularly interested in agriculture as far as this bill might affect them. Now, we have heard a lot about agriculture, and I am also concerned what it might do to agricultural products, especially those produced in my district in Ohio. On page 10 of your report, next to the last paragraph, I would like to call your attention to that and ask you a question with reference to it. It says:

In future trading with the EEC, there are opportunities and problems. The potential for doing business is increasing markedly for an important number of our farm products. For others, however, the future is open to question because of the nature of the EEC common agricultural policy. On some farm commodities this policy strongly favors internal suppliers over outside suppliers.

Mr. MILLS. What we are concerned about with respect to the European Common Market on agriculture is the development of what we call variable fees that might be materially higher, than some of the duties heretofore imposed and would seriously affect the exportation of American products into those countries. We are on the alert about that. Conferences have already been held. We provide in this bill that this authority is not to be used to bargain down some of these discriminatory restrictions that are placed by these countries if the restrictions are contrary to trade agreement commitments.

Mr. LATTA. I notice in this report, Mr. Chairman, that you mention rice, you mention fruits and vegetables, but you do not mention the effect on wheat and feed grains.

Mr. MILLS. Well, I took special pains to mention wheat and others in this long statement that I put in the Record on yesterday, if you will look into that.

Mr. LATTI. If the gentleman will yield further, my question now is this: Will wheat and feed grains and other commodities about which we have some question be affected under this bill?

Mr. MILLS. No; actually, at least, not adversely. We are trying to get their duty on tobacco adjusted at the moment, the duty on poultry, and a few things like that. In the case of poultry they did try to put up a duty that would make poultry less competitive with red meats.

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

Mr. MILLS. I yield to the gentleman from Iowa.

Mr. KYL. The gentleman just mentioned the fact that under the Common Market these countries do have a common agricultural policy and it is their purpose through compensatory payments to try to make themselves more self-sufficient.

The question which I have often asked, and so far I have not been able to get an answer from the people downtown who are supporting this bill, is this: If agriculture is indeed injured by imports, how will this adjustment assistance be rendered to the segments of agriculture which are injured?

Mr. MILLS. Individual farmers, of course, qualify as a firm under the bill and as such they would be eligible for adjustment assistance provided for firms adversely affected by imports.

The bill recognizes that a farm proprietor, for example, can be a firm, and farm employees could, in certain circumstances, be eligible for workers assistance.

Mr. Chairman, I yield 5 minutes to the gentleman from Louisiana [Mr. Boggs] and anyone desiring to ask questions may direct such questions to either the gentleman from Louisiana, or to me.

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

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

Mr. MEADER. Mr. Chairman, I should like to ask the gentleman from Arkansas if he can point out anywhere in the report or in the hearings where an estimate is made of the probable cost of the adjustment assistance program?

Mr. BOGGS. I will say to the gentleman from Michigan that we have an estimate that over a period of 5 years the amount would be \$185 million, I believe.

Mr. MILLS. If the gentleman will yield—

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. I think it was estimated that the total might approximate \$190 million, the total for the whole 5 years.

Mr. BOGGS. In other words, that would be the total for the entire period.

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

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

Mr. MEADER. Has anyone made an estimate of the increase in personnel that will be required in the Tariff Commission to process these petitions within 60 to 120 days, the increase in personnel in the Department of Commerce for processing petitions, and the increase in personnel in the Office of the President for performing these functions?

Mr. MILLS. Mr. Chairman, will the gentleman from Louisiana yield to me at this point to respond to the question of the gentleman from Michigan?

Mr. BOGGS. I yield to the gentleman from Arkansas.

Mr. MILLS. Yes.

Mr. MEADER. Where can I find such information?

Mr. MILLS. That is not included in the hearings, because we did not have the Tariff Commission before us. They called our attention to the fact several times in executive session that we were imposing upon the Tariff Commission greater duties and responsibilities. Because of this, they might come to us asking for some additional personnel. But if additional personnel are requested, they would be used to assist the Commission to pass on the question of whether or not individuals and industries and firms might be, or are being, injured. Of course, we all want them to do that job promptly.

Mr. MEADER. Has anyone made an estimate of the loss of revenue from customs duties?

Mr. MILLS. If the gentleman from Louisiana will yield further. Yes; there will be that effect. Customs duties were long ago levied primarily for revenue as well as for protection. Any time we reduce duty levels we probably will reduce revenue. But there is no way to estimate under this bill what the reduction in revenue would be, because we do not know what the rate changes will be.

Mr. BOGGS. It is my understanding that the total revenue derived from all duties is less than \$1 billion a year at present. Now, even if we eliminated all duties across the board, we would lose less than \$1 billion in gross revenues per year.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BOGGS. I am glad to yield to the gentleman from Michigan.

Mr. BENNETT of Michigan. I would like to ask the gentleman from Arkansas [Mr. MILLS] a question, and then make a statement.

I would like to compliment the gentleman from Arkansas, the chairman of the Committee on Ways and Means, for his honesty and his sincerity in putting a provision in this bill to take care of people who are going to be hurt; to put industry on welfare and to put employees on welfare, industry that is going to be put out of business and people who are going to lose their jobs. That is all very fine and, as I say, I appreciate the gentleman's position on that. But I ask the gentleman—and I have asked this question of three or four other members of the gentleman's committee—who is going to be helped by this bill? What industries and how many people are going

to be helped, are going to get jobs? We know that there are going to be a lot of people hurt.

Mr. MILLS. Oh, no. There are not a lot of people who will be hurt.

Mr. BENNETT of Michigan. We know that a great many industries are going to be hurt. Now, how many industries are going to be helped; which are they? And how many employees are going to get jobs?

Mr. MILLS. There is no way to answer the gentleman's question, and that is the reason he has not found the answer from anybody up to now.

Mr. BENNETT of Michigan. I did not think so.

Mr. MILLS. There is no way of telling whether anybody is going to be hurt as a result of the enactment of this bill or if some will be hurt, who they will be. There is no way of telling whether or not we are going to be successful in these negotiations so that we can enlarge our exports. We are doing this because we think we need to take the opportunity to try and certainly we hope we will succeed in doing so; that is, that we will enlarge our exports and that we can do so without causing serious injury. I might add that seldom does the Congress know with certainty the consequences of each and every act it passes. We always enact for the future, in the main, and nothing is so uncertain as tomorrow. We make the best judgment we can with the knowledge we have.

Mr. BOGGS. A further answer to the gentleman, Mr. Chairman, is that without authority to negotiate, if we lost the markets we now enjoy, the loss of employment can run into many millions; and the gentleman well knows that.

Mr. BENNETT of Michigan. I know this, that there are many industries today, some of them in my district, many of them in a hundred other districts in the United States, that are presently being hurt. They certainly are not going to be helped by further reductions of the tariff for which this bill provides.

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

Mr. BOGGS. I yield to the gentleman from West Virginia.

Mr. MOORE. Mr. Chairman, I compliment the gentleman and his committee for presenting what he says is his attitude on this bill. But I should like to ask the gentleman from Arkansas [Mr. MILLS] this question. A number of the questions that have been posed him have been from individuals who have industries in their districts which for one reason or another are concerned over the effects of this bill. His answer has been to each one of those that there is a mechanism in this bill that provides a measure of protection before the Tariff Commission under the escape clause.

I think, and does not the gentleman also think, that you have got to see the attitude or to determine the attitude of the people who are going to administer this bill, as to just how they are going to handle these questions?

Mr. MILLS. Absolutely. It is important who is going to administer the bill and work this out. It is for that reason—and I think my friend from

Missouri [Mr. CURTIS], will support me in this—that we took so much time to try to work out in such an elaborate and detailed way the machinery that we have here to try to get it down on a base on which it can be properly administered.

Mr. MOORE. What bothers me is the observation by George Ball, Under Secretary of State, speaking in Europe very recently, who said:

Industries finding difficulties in adjusting to lower tariffs will be given various types of financial and tax aid to enable them to shift to new lines of production; workers will be helped through retraining and by other means. Import restrictions may be resorted to only as an exceptional procedure and then only for a limited period.

Mr. MILLS. The Under Secretary of State was called upon to make a speech and he had to talk about something and he chose this subject. Let us also remember that Mr. Ball, in the April speech he delivered in Bonn, was speaking of H.R. 9900. You have before you H.R. 11970, the bill of the Committee on Ways and Means which, I assure you is a different bill from H.R. 9900, particularly in respect to the provisions which Mr. Ball may have had in mind.

I will tell you this: It is not the intention of your committee, as H.R. 11970 shows, that the State Department run this show. Bear that in mind.

Mr. MOORE. He did not help your bill.

Mr. CURTIS of Missouri. Mr. Chairman, I yield myself 20 minutes.

Mr. Chairman, I rise in support of this bill, and also to give the reasons why I believe it would be inadvisable to recommit the bill with the amendment the gentleman from Illinois [Mr. MASON] has stated he would propose.

I want to compliment the chairman of our committee for having done an excellent job in our public hearings on this bill and in executive session. Let me reiterate what he has said. This is not H.R. 9900, this is not the bill that the administration recommended. It contains certain of the essential features of that bill, which I will try to point out, but certainly the bill that is before the House is the result of Ways and Means Committee action on a bipartisan basis.

Many of the provisions that I have been seeking to get into this law for years are contained in this bill and, in my judgment, strengthen it greatly. Many of the provisions of others on my side of the aisle are in this bill. Indeed, I think those who oppose the bill, some five on our side, were influential in their reasoning and in the study they conducted on this measure in getting across some of these viewpoints.

There is a lot in this bill that in my judgment is not good, but there is no question in my mind about the overriding importance of the bill and the overriding good parts of it exceeding the bad features.

In the process of legislation I had hoped that this would be on the floor under a semiclosed rule, so we could have improved the bill, as I see improvements. I do know this bill has a long way to go. I am very hopeful that some of the bad features that are still in this bill,

as I see it, will be eliminated either in the Senate or possibly in conference.

So let me discuss the bill as I see it. I think it must be done in respect to our history, because this is, as the President has said, in my judgment perhaps the most important bill that has come before the Congress in the past 10 or 12 years, possibly since post-World War II, because we are now at a crossroads in our international economics, in our trade dealing. We, indeed, are at the last stage of carrying out the Smoot-Hawley Tariff Act with the reciprocal trade formula superimposed upon it.

This is not a bold new frontier that we are talking about here in this trade bill. We are talking about carrying out the final, last flickers, if you please, of a policy that has been in effect since 1934. We are just about out of trading material, as a matter of fact.

The reason the Reciprocal Trade Act has operated since 1934 is that it was an amendment of the Smoot-Hawley Tariff Act, which imposed tariff rates so high that there was something to come down from; but underlying the Reciprocal Trade Act was the impact of these high rates that still remain on our books as permanent law. We are now at the point, as I say, of running out of trading material.

The point is that the world has now changed to the extent that we have the European Common Market coming into being. We have nations throughout the world we call underdeveloped, but that are seeking to become developed. Indeed, the entire world is now participating in international trade. We have, in my judgment, to be a leader, not just one who sits on the sidelines and waits to see what the nations in the European Common Market do, and not wait to see just what Great Britain does.

We have to be in this position, as I see it, of leading, and we must lead from strength. How can we handle trade matters? Here is where we get into history. Can the Congress actually be the executive branch of government which enters into trade treaties with nations abroad and does the negotiating with these various give-and-take propositions, on the assumption that there is real reciprocity? I think it is very obvious we cannot. That is why President McKinley as was aptly quoted yesterday was one of the first advocates of the reciprocal trade formula. The theory of reciprocal trade has very little to do with whether you are a free trader or a protectionist. It has to do with the fact that we are going to engage in international trade. Now I want to say this to some of my friends who have delved into some aspects of constitutional law—and I want to suggest not deeply enough—who talk about Congress having the basic power over international trade or over foreign trade. Let me say that the Congress does have some very basic powers in this area and I am very jealous of those powers. But so does the executive branch of Government have basic powers in this area. Indeed, the powers of the executive branch under the Con-

stitution actually are somewhat superior to the powers that we, in the House of Representatives, at any rate, possess; however the Senate, with the right to confirm treaties by a two-thirds vote, does have power.

Essentially, our trade agreements have been by treaty in our history. Then we moved from the treaty formula to the agreement basis. Let me say this. Treaties supersede the laws. We can set our tariff schedules, as we have throughout our history, for revenue purposes, and then our executive enter into a trade treaty with another nation and that supersedes some of those tariff provisions, and if the Senate by a two-thirds vote had voted for it, then that trade treaty comes into existence and so does a trade agreement which is entered into and which requires the majority approval of both Houses as opposed to the two-thirds vote of just the one body.

So throughout our history by the very nature of the two branches of the Government, the executive department has had to have authority to move forward in entering into meaningful reciprocity trade agreements or treaties. That in essence is what we are discussing here in this bill. It is not one that sets tariff rates. It is not one that sets quotas or licenses. It is one that delegates certain authorities to the President to enter into treaties and agreements which we hope are reciprocal and where we would get our quid pro quo. I have been devoting my efforts over the period of years on the Ways and Means Committee to try to get the procedure straightened out so that we, the Congress, do the job that we are supposed to do which is to see that our industry and our labor and our agriculture are not counted out when the executive exercises its powers in the making of trade agreements and trade treaties and that there are procedures whereby their interests are evaluated. I think what is in this bill, inadequate as it is in other ways, is so far superior to what we have had in the past. All I can say is that this can be a great move forward. This can be the beginning of some really new trade policy depending upon how the Executive carries out the powers that have been granted to him and how he regards the procedures that we have set forth in this bill. For the first time, we require the chief negotiator be a person with a face. This person requires Senate confirmation of his appointment.

It requires that this person, if you please, have the authority of an Ambassador Plenipotentiary. Do you realize that our trade negotiations up until now have been conducted by top civil service people? Fine people, but not one who has authority to answer back to the State Department or anybody else. He had no status; and, indeed, that was one reason, I think, we have been sold down the river on many occasions in trade negotiations, because European countries and other countries would send to Geneva their trade teams headed by one of their Cabinet officers, one of the top men in their government. We on the other hand would have very fine men, but Civil Service employees who find it

necessary before they can answer, to get on the telephone with Washington to find out what the State Department wants, a man having no status of his own to answer back. It is most important that this trade negotiator be a person of ambassadorial rank requiring Senate confirmation.

It would spell a tremendous change in our trade policy. So in providing for the establishment of a commission or committee for the first time where our people, not as a matter of privilege but as a matter of right, can present their allegation of unfair trade practices by people abroad where we have given concessions but have gotten nothing in return. If the President of the United States will employ these things we can have a bold new trade policy for our country.

But the issue—I again come back to it—as we face this world of evolving countries, the European Common Market where we have run out of trading material, if the United States is to be a leader we must give to the Executive enough authority, flexible authority. He does not have to use it—certainly we do not want him to tip his hand—we are Yankee traders still, I hope, where we are going to try to get the best we can.

We do have to give the President flexible authority in this area under these guide lines in order to make the best trade treaty and trade deals it is possible to make.

If I wanted to make a speech against the extension of the authority I could point to the record since World War II where in effect there has been little reciprocity as near as I can see in what the nations abroad have given to the United States. The plea of these foreign nations has always been that they have an imbalance in their own payments, and many a trade treaty, agreement, and concession they should have given to us was withheld on the ground that there was a balance of payments problem with that nation.

Actually, as I have pointed out to those who are against this bill, one of their great arguments, that there is trading material available in the hands of our Executive, is the fact that he should be able to pick up right now some of these concessions that have been withheld because of the argument of balance of payments which has now shifted the other way.

I still feel that if we are going to do the job this country must do in this area of trading, he has trading material that he could pick up; and so we come to a basic point, are we going to trust the Executive or are we not? I grant that that lies at the base of a great deal of the problems that face all of us today. I myself say that we must look at the Executive not from the standpoint of the individual or his political party but we must look at it from the standpoint of government by law, if you please: What are the correct procedures, the functions of this grant of executive authority? Where does the Congress fit in? In my judgment there is no question but what we in the Congress must delegate authority to the Executive, and what we should be paying attention to,

as I think this committee has done, is the guide lines that we have put in to restrict or confine the Executive in the exercise of the authority.

I now yield to the gentleman from Pennsylvania.

Mr. DENT. The gentleman gave trade balances as the criterion as to whether or not this Nation had received certain concessions in payment for concessions given. Do you think that any nation in any future agreement with us will not consider the trade balance of its own particular economy before it makes a concession?

Mr. CURTIS of Missouri. I want to say to the gentleman that I said "balance of payments."

Mr. DENT. That is just another name for "trade balance" as we are now arguing it in this particular area.

Mr. CURTIS of Missouri. No. Trade is one element, and probably the most important element, in the balance of payments, but there are other factors that go into that.

Mr. DENT. I understand that. Does the gentleman think they will in any way disregard their balance of payments situation when making concessions?

Mr. CURTIS of Missouri. No, not any more than can we. We are up against the hard realities where balance of payments requires us to do some hard trading, which we have not been doing.

Mr. DENT. The second part of the question is this: If they take into consideration their balance of payments, how can they allow us to sell them more than we buy from them?

Mr. CURTIS of Missouri. Will the gentleman repeat that?

Mr. DENT. If they take into consideration their balance of payments, how can they allow us to sell them more than they sell us?

Mr. CURTIS of Missouri. Balance of payments has benefited. Western Europe is going very well in balance of payments. Therefore, that is an affirmative argument our negotiators should be using to get concessions for our people even if we do not give the Executive any more authority.

Mr. DENT. This is a trade bill, primarily?

Mr. CURTIS of Missouri. Correct.

Mr. DENT. When you deduct from the export business of this Nation and its import business with the Common Market, deduct from that sum the total amount that has gone out or traded under Public Law 480, under the foreign aid commitments, is it not true they are still out of balance, on their final balance at the end of the trade year?

Mr. CURTIS of Missouri. Does the gentleman mean the European countries? That helps their balance?

Mr. DENT. I mean the European countries today, if we were to stop tomorrow the so-called payments under these aid bills and other forms of loans.

Mr. CURTIS of Missouri. The balance would shift.

Mr. DENT. The balance would shift?

Mr. CURTIS of Missouri. The gentleman is correct.

Mr. DENT. If that is the case, how can anyone honestly say this bill will increase exports?

Mr. CURTIS of Missouri. Because it does relate to trade. The only reason we have been able to get by with Public Law 480 and the foreign aid bills is because of the one strength we have, which has been our trade. That is the only strength. The argument can be made—and I am presenting a thesis—we can strengthen our trade all right, but there is no question what we are doing. We strengthen our trade, then we give away, if you please, through the political sector—Public Law 480—that which we have gained from our private sector in trade; and I might say here in the other healthy area, foreign investments.

Mr. DENT. I want to ask one further question.

Can the gentleman tell this House at the present time which year or which series of years or which combination of years there has been a balance of payments in favor of the United States or in favor of the foreign countries, deducting the aid we have given them?

Mr. CURTIS of Missouri. I think the figures are available. We have not had many years with a favorable balance of payments.

Mr. DENT. I would like one.

Mr. CURTIS of Missouri. Maybe there are none.

Mr. DENT. In fairness, I must give one. It was the year 1957, when the Suez Canal was shut down.

Mr. CURTIS of Missouri. The point the gentleman is directing his attention to is not against the healthy sector, the healthy area of our balance-of-payments situation. Our trade is good, our exports have exceeded our imports. That is the thing that has given us this base upon which we have been able to do some of these things.

Mr. ICHORD of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CURTIS of Missouri. I yield to the gentleman from Missouri.

Mr. ICHORD of Missouri. I appreciate the statement of the gentleman as to the constitutional aspects of the problem at hand. Did I understand the gentleman to give his opinion as an attorney that if this Congress were to pass a law levying a certain duty on a certain article and that if the President of the United States entered into a trade agreement by treaty with another nation eliminating that duty, that the treaty provision would prevail over the right of the Congress to regulate foreign commerce?

Mr. CURTIS of Missouri. Yes.

Mr. ICHORD of Missouri. I have one more question concerning section 251, the most-favored-nation principle, which I am deeply concerned about. As I understand, a most favored nation is any nation other than one that is a Communist nation or Communist dominated.

Mr. CURTIS of Missouri. That is correct.

Mr. ICHORD of Missouri. Is it not true that under this bill, if we enter into an agreement with EEC to reduce the tariff or eliminate the tariff on an 80-percent article, for example, completely eliminating the tariff on article A, that the United States also has to eliminate

the tariff on that article with all other countries that are not Communist or Communist dominated?

Mr. CURTIS of Missouri. The gentleman is correct.

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

Mr. CURTIS of Missouri. I yield to the gentleman from Wisconsin.

Mr. LAIRD. Is it not true that under the provisions of this bill the urgency is not as great as the gentleman seems to make it because of the staging amendments in this bill?

Mr. CURTIS of Missouri. The urgency of this is not as extreme as some people make it. Let me further answer that.

Mr. LAIRD. The gentleman issued a report back a few months ago, along with the Senator from Connecticut, urging that we take it slow and extend the Reciprocal Trade Act for 1 more year.

Mr. CURTIS of Missouri. That is correct. Well, you are taking one aspect out of that report. Certainly that was discussed in that report of Senator BUSH and myself.

Mr. LAIRD. That was your recommendation at that time.

Mr. CURTIS of Missouri. This was back in December, yes.

Mr. LAIRD. With the staging amendments in the bill, what is the urgency? I would like to have the gentleman explain that.

Mr. CURTIS of Missouri. I do not like the word "urgency," because it is not of that nature.

Let me read what Governor Landon said. He sent this message:

A vote for the Mason resolution is a vote to kill the working partnership with the European Common Market. This is not a party question; it is an issue involving the economic and business well-being of America. To defer the decision on the trade program for a year puts American trade in a vulnerable position.

Now, I read that simply because I think essentially I agree with Governor Landon. But, I do not think it is as dangerous as he puts it, "in a vulnerable position."

Let me point this out, because it bears directly on the point. It is a matter of degree. I think if America is to exercise leadership, we must have this authority in our Executive. Now, we can let the European Common Market and Britain do what they want, but if we do that, we are not exercising leadership that I think we must exercise. So, that is the context and the basis on which I firmly am urging that the Congress approve this request for authority.

Mr. LAIRD. Even with the motion to recommit, the bill goes to the Senate, and many of the amendments added to this bill that some of us object to could be worked out.

Mr. CURTIS of Missouri. That is very true. That is a course of action that could be taken. I know many very sincere people who are for expanded trade take that point of view, and I respect them for it.

Mr. LAIRD. I could get along with a 3-year extension—

Mr. CURTIS of Missouri. I happen to take the other firmer point, that I think this is very important and so crucial today that we certainly should give our Executive the flexible power that will help him exercise the leadership that I hope he will.

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

Mr. CURTIS of Missouri. I yield to the gentleman from Illinois.

Mr. FINDLEY. Earlier this year this body passed, at the administration's urging, an amendment to section 204 of the Agriculture Act which permitted, ex post facto, the cotton textile agreements to be entered into in January in Geneva.

Mr. CURTIS of Missouri. The gentleman from Illinois is touching upon a very basic point and one to which I direct attention in my supplemental views on this bill. Section 204 of the Agricultural Act in many respects negates all that we are doing in this bill to establish correct procedures so we have government by law and not government by men in our trade agreements. It permits the entering into of international cartel agreements, based upon governmental subsidies, quotas, licenses, embargoes, and all the other regressive trade regulators.

I want to commend the gentleman from Illinois [Mr. FINDLEY] for his deep understanding of the essence of the private enterprise system—that it is dependent upon free markets, domestic and international. He fought valiantly to call attention to the danger of section 204 during debate on the floor and the similar danger inherent—the Sugar Act passed just a few days ago. It is my good fortune to have such an able ally in the fight to preserve the private enterprise system.

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

Mr. KNOX. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, H.R. 11970 would have the effect of removing congressional control and review over our Nation's foreign economic policy for a period of 5 years; it would give the Executive unprecedented authority to slash tariffs while establishing a dole program for our workers whose jobs are destroyed by imports by putting those workers on Government relief; it would provide authority for the Executive to give away the domestic markets for U.S. produced goods and justify such action by a program of adjustment assistance to the injured business while that business desperately casts about for a means of economic survival.

For these and other reasons which I will discuss in the course of these remarks, I am opposed to the enactment of H.R. 11970 as reported to the House by a majority of my colleagues on the Committee on Ways and Means.

Mr. Chairman, at the outset of my remarks I would observe that my opposition to this legislation in no way stems from any unawareness on my part of the need for maximum U.S. participation in world trade. Indeed, I am motivated to oppose the bill now before us because of my conviction that such world trade

can be profitably engaged in by our Nation on an enduring and flourishing basis only if the Congress establishes ground rules for such trade that assure fairness and reciprocity as elements in that trade program. The elements of competitive fairness and trade reciprocity would not be encouraged by this bill.

By the enactment of this bill the executive agencies would be encouraged to make their present unsatisfactory activities in regard to trade administration even more irresponsible and intolerable. Under the bill our domestic markets would be exposed to a rising tide of imports without sufficient safeguards against injury to domestic producers and without sufficient assurance of expanding overseas markets for American produced goods. The bill promises more of the same in one-way reciprocity with America giving and our so-called trading allies taking.

Mr. Chairman, 2 years ago last February the governor of the Bank of Canada became quite concerned about Canada's posture in the financial field, and what the ultimate outcome would be if Canada proceeded on the same merry-go-round that she was on. This article is from the editor of the Montreal Star, by G. V. Ferguson, and it has a caption on it: "Picture of Country Too Big for Its Pants."

What did the governor of the Bank of Canada say? He speaks about foreign currency coming into Canada. He says:

This money corrects the balance of payments, and for several years has kept the Canadian dollar at a premium in New York. But the consequences in the long run are bound to be had.

This is a statement made by the governor of the Bank of Canada, Mr. Chairman:

Mr. Coyne's remedies are couched in general terms. Would it be possible to postpone certain projects until we catch up? Would it be possible to pay-as-you-go? Would it be reasonable to pay for needed development not by loans but out of current revenues [higher taxes]?

If we do not develop discipline, we are in for it, he thinks. Distortions in the economy will increase, and continued borrowing will make our trade deficit still bigger. It thus would be all but impossible to deal with inflation, for the explosive pressures would be too great.

What has happened to Canada? Of course, Canada, by executive decree, has raised its tariffs, and increased its discount rate. I wonder why? I think we all know why. Because Canada is determined to get her house in order. And how does it affect us? Of course, naturally, we trade with Canada and we expect to try to continue to export to Canada. But just the other day an acquaintance of mine from the steel industry informed me that the largest steel company in Canada exports iron ingots into the United States and the duty is about 37 cents per ton. But here is what Canada is confronted with; and, of course, also Canadian industry. When they sell their ingots to the United States they accept U.S. currency based on a ratio of 92 cents of the American dollar. What does it do? This is an 8-percent

discount. So we take a look at the price of steel ingots and here is what we see. They are about \$66 a ton. Eight percent of \$66 amounts to \$5.28.

So, when you deduct the tariff on it, it comes to approximately \$5. We find now that our steel industry has this barrier against its going into the market because of the fact that Canada can sell its ingots to the steel mills in the United States for \$5 a ton less than the market calls for in the United States. That is what is happening. It will happen not only in the steel industry, it will also happen in the pulpwood and lumber industry. Canada is asking that when they put their products on the market they receive the amount established for the Canadian dollar of 92 cents which puts our competitive industry to a disadvantage of 8 percent.

Mr. Chairman, this legislation before this Committee today would give to the Executive a 5-year extension of the authority to enter into trade agreements with significantly liberalized standards under which the authority can be exercised. This is a 25-percent longer period than the Congress was ever willing to grant to President Eisenhower. President Eisenhower asked for a 5-year extension, but the Congress cut back his request and I think the Congress was right in doing so although I would have made an even greater cutback than actually occurred. I know of no valid justification why the congressional abdication of constitutional responsibility proposed in this bill now must be for this period of unprecedented duration.

Mr. Chairman, is the smell of roses again in the air; are we about to be taken for another walk in the garden? Or should we weigh these important considerations involved in a 5-year extension in an objective manner and on a basis of substantive merit? Should we inquire as to whether or not there is a need in fact for this delegation? Why should Congress effectively preclude itself from a participation in a review of foreign trade policy for a period of 5 years? If there is such a need would not that need perhaps be served twice as well by a 10-year extension or thrice as well by a 15-year extension?

Mr. Chairman, the membership of this distinguished Committee should realize that should this legislation pass in its present form granting a 5-year extension, we will have completely legislated away the right of the next two Congresses to participate meaningfully in the development of foreign economic policy. As we stand in this Chamber today more than 130 members of this Committee—over 25 percent of the membership—have never before been able to cast a vote on trade policy because two Congresses ago the legislative branch of our Federal Government delegated its power to the executive branch for a period of 4 years—an extension that I opposed. Now we are called upon to approve an even longer delegation so that the State Department's international economic planners will not have to answer to anyone in the Legislature until—not the 88th Congress, not the 89th Congress—but until the 90th Congress. A

half a decade from now—that is when Congress may again have even a small voice in formulating foreign economic policy and reviewing its impact on our domestic economy if this legislation passes.

Mr. Chairman, during the lengthy public hearings and executive sessions held by the Committee on Ways and Means no one was able to present a valid reason for the unprecedented period of the extension provided for in this bill. No witness established sufficient grounds to justify the Congress in frittering away for 5 years its constitutional responsibility for formulating foreign economic policy. Why does it have to be a 5-year period? Is the Congress not to be trusted with a more frequent review of what we are doing and where we are going in our Nation's vital foreign trade program? Does this Congress have to tie the hands of the next two Congresses? Is our wisdom so great that we can better see the needs of our Nation 2 or 4 years from now than the Congress then sitting?

No, Mr. Chairman, these are not the reasons we are now asked to commit the Congress for 5 years. The reason is that the exponents of free trade who designed the administration's original program wanted to be free of the need to answer to the Congress for their acts for as long a period as they thought they could expect to get away with—and 5 years was the period decided upon.

Remember that when you vote on this legislation later today or tomorrow, you will be voting on whether or not you will have any voice in foreign economic policy for the next 5 years. If you vote "yes" you will be saying to your constituents in the textile business, in the forest products industry, in the extractive resources industry, in the manufacturing field, in agriculture—in all areas of economic endeavor—you will be saying that you are no longer able to represent them in tariff and trade matters. You will be telling them you passed the buck for 5 years; that they should go to the special tariff functionary created under this bill or to the State Department for redress of injury from the tide of imports that will sweep upon us as a result of tariff reduction authority contained in this bill. My friends, as you prepare to vote on this measure remember that 5 years is a long, long time to wait to correct a mistake. I urge you not to make that mistake. If the House will reject the extreme delegation of authority provided in this bill, a more reasonable and responsible alternative can be developed by the Committee on Ways and Means and brought before the House in due time.

Mr. Chairman, it is sincerely argued by some of my colleagues in support of this legislation that the proposal represents an improvement over existing law in regard to the tariff safeguards against import injury—those safeguards including the peril point, the escape clause, and the national security amendment. I submit that these safeguards will be even less effective under the bill than they are now, if such is possible. I will predict—confident that the future will regrettably prove the correctness of my

warning—that these safeguards will waste away through disuse as the program administrators rely exclusively on the producer-dole program to be established under this legislation. Thus, our workers and our other producers that are idled by our foreign economic policy can look to the bleakness of Government bounty as a substitute for opportunity in private enterprise. We will be helping foreign workers to find employment manufacturing goods to be imported into America while we solve the resulting unemployment of our workers by putting our people on relief.

Mr. Chairman, that does not make sense to me; no matter how you look at it, American cannot win under such a scheme. The cost of the new dole program will raise the taxes on our business community with a lessening ability of our surviving producers to compete in world and domestic markets. This declining competitive ability promises rising dole costs, prolonged and expanded unemployment, higher taxes, and a generally weaker domestic economy.

As bad as this proposed adjustment assistance is for the entire Nation in the long run, it will prove absolutely ineffective even in the short run in some areas of the country. An example of such an area is my congressional district. Much of the employment in the 11th District of Michigan, is derived from utilization and development of natural resources present in the area. Hence, the prospects of an effective retraining or retooling are not bright and yet my people will be called upon to pay the costs of such programs elsewhere.

Another aspect of the discriminatory character of this program of assistance or dole is found in the way it will treat people unequally in the same community or geographical area. For example, the factory worker in a community may qualify for help when imports put him out of work but what happens to the hotel clerk or the filling station attendant in this one-industry community? This disparity in treatment is a serious condemnation of the proposed program and in addition poses a grave threat to the integrity of our Federal-State unemployment compensation programs.

Mr. Chairman, it is inescapable that this tariff program, if enacted, will have an adverse impact on our short-run balance-of-payments position. As we lower our tariffs under this requested authority, our imports will rise more quickly and more sharply than will our exports. In addition, the attractiveness of investment in our domestic economy will dwindle so that job opportunities will be impaired rather than strengthened.

Furthermore, Mr. Chairman, the glaring inconsistency between the proposed trade program and the tax program that passed this House a few months ago under the urging of those who now advocate this trade measure leaves unexplained confusion over what our foreign economic objectives are under this administration. The tax record before the Ways and Means Committee established conclusively that U.S. ownership of oversea subsidiaries stimu-

lated U.S. exports and strengthened our balance-of-payments position. Yet, the administration's tax program seeks to injure such overseas investment at the very time our trade policy would have us further open our domestic markets to foreign produced goods.

Mr. Chairman, I do not choose to delegate authority for 5 years to that sort of muddled leadership that apparently advocates programs of lower tariffs on imports, bigger foreign aid to our competitors, and higher taxes on domestic producers.

I do not propose to participate in the debasement or destruction of America's free enterprise system through the support of policies that weaken individual opportunity and increase reliance on Government management and bureaucratic control. I do not want to go further in helping the Executive in his determined power grab.

Mr. Chairman, I believe the Congress has the responsibility to make frequent review of the administration of our Nation's foreign trade and tariff policy in the light of rapidly adjusting world conditions. We must take periodic action to correct shortcomings or abuses in the trade program. We cannot effectively make such review or take such action if we give approval to this 5-year delegation.

Mr. Chairman, I will not take further time of my colleagues to dwell at greater length on the compelling reasons for opposing H.R. 11970. I will close by urging the defeat of this unsound legislation. Even though the proposal now before us is a considerable improvement over the recommendations sent to the Congress by the administration, it still falls considerably short of adequately meeting our national needs and commitments in the area of providing a sound basis for expanding international trade that is in fact truly reciprocal.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to my colleague from Michigan.

Mr. BENNETT of Michigan. Mr. Chairman, I wish to commend my colleague for making a very excellent statement on this difficult subject. What he says about Canada, of course, is true. It is true of every foreign nation on the face of the globe. For example, does the gentleman know of any nation outside this country that would permit duty-free imports into its country that would have the effect of destroying one of its own industries?

Mr. KNOX. I certainly do not know and have not been told by anyone else of any such procedure in any other country.

Mr. BENNETT of Michigan. Of course not. Other countries look at these problems realistically. For years we have tied tariff policies up with our foreign aid policies and with our good neighbor policies, for example.

The Tariff Commission time after time has found that injury has been done. Then the case has gone down to the President, and the Secretary of State has told the President:

In spite of the economic injury that has been done, you cannot do anything in this

case because it would have an adverse effect on friendly relations with this other country.

So our industry suffers and our people are out of work.

This bill envisions that our people are going to be out of work. It has 50 or 60 pages devoted to putting our men on relief. Remember, they are going to lose their jobs because of this bill. You are going to put private enterprise on the dole. That is what this legislation is doing. And what constructive things are you accomplishing? If it is going to accomplish anything, it ought to be in terms of jobs. We measure our prosperity by the number of people that are working in this country. If this bill is not going to increase the number of people that have jobs, what earthly good is it? What are its advantages? We are well aware of its disadvantages.

I know some of my friends on this side of the aisle who are lending their support to this bill, knowing that it is going to destroy industry, knowing it is going to put men out of work, who are advocating that you take the relief provisions out of the bill. At least the chairman of the committee and the administration are honest enough and decent enough to admit that they are going to put people out of business, but are willing to put liquidated industries and unemployed workers on the dole.

Mr. KNOX. May I say to the gentleman at that point, the question was asked here, I believe, of one of the previous speakers on this matter, "Just how much of this is there going to be?" All I can say is, from the testimony that came before our Committee on Ways and Means that the administration admitted that there would be approximately 800 industries injured and it would amount to 90,000 employees that would have to take advantage of the assistance program. We cannot estimate what the cost is going to be, but it seems to me that if 800 industries were going to be injured under this program, there would be a great many more than 90,000 employees that would be injured also because of loss of employment.

Mr. O'KONSKI. Mr. Chairman, will the gentleman yield?

Mr. KNOX. I yield to the gentleman from Wisconsin.

Mr. O'KONSKI. I have listened to this debate for almost 2 days. It seems to me all we are hearing is a lot of words. I think the true description was given by the gentleman from Missouri when he said we need this thing because we have run out of trading material.

The foreign aid program, the mutual assistance program, the reciprocal trade program since 1934, have run out of gas.

Mr. KNOX. May I make an observation. We have just completed the last round of negotiations under the present act. Those negotiations have not been implemented so they do not know what the impact is going to be upon U.S. industry. I think it would be well for this Congress just simply to extend the present act for 1 year, until we find out what this impact is going to be upon our American industry, before we forge ahead and again give to the Executive

the right to negotiate away another 50 percent of what tariffs are left.

Mr. O'KONSKI. I thank the gentleman, but is not the true, honest, and exact description of this bill mainly that, running out of gas, running out of trading material, you are now scraping the bottom of the barrel and asking that American jobs and American business be offered on the trading table?

Mr. KNOX. That is true. I believe in my own mind that the negotiators need a breathing spell, to give the Congress and the American public an opportunity to know just what effect these negotiations will have on the United States.

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

Mr. KNOX. I yield to the gentleman from Iowa.

Mr. HOEVEN. Earlier this afternoon, there was a colloquy between the gentleman from Arkansas [Mr. MILLS], the chairman of the Committee on Ways and Means, and the gentleman from Iowa [Mr. KYL]. As I recall it, the gentleman from Iowa asked the gentleman from Arkansas, how agriculture would be treated if agriculture was injured through the importation of agricultural commodities, and the gentleman from Arkansas replied in substance that this bill did not contemplate any relief for agriculture. Does the gentleman feel that way also?

Mr. KNOX. Yes, and the same applies to the extracting industry of this Nation of ours such as iron ore, copper, timber products, commercial fisheries, in addition to many other small industries.

I ask this question, under the assistance provision of the legislation what could you convert an iron mine into, a copper mine into, a commercial fishing industry or a timber industry into? This would be an impossibility. So instead of this being a temporary injury it would be a permanent one.

I support the motion to recommit in order that we may extend the present act for 1 year so Congress and U.S. industry may have the opportunity to assess the damages that may occur from the last round of negotiations, and which have not been implemented. Another major factor is what the impact may be on the expansion of industry caused by the recent serious drop in the stock market, which will cause many investors to be reluctant to invest money in stocks—a principal factor in providing funds for the expansion of industry.

Mr. BENNETT of Michigan. 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 Michigan?

There was no objection.

Mr. BENNETT of Michigan. Mr. Chairman, this is a bill to bring about the liquidation of an important segment of American business and industry and to destroy the jobs of hundreds of thousands, if not millions, of American workers. I predict, Mr. Chairman, that if it is carried out as its sponsors have predicted it will be administered, it will cause one of the greatest depressions

this country has ever experienced. Obviously, the bill is intended to create jobs and stimulate business and economic activity in European countries at the expense of our own industries and our own workmen. The gentleman from Arkansas [Mr. MILLS], the chairman of the House Ways and Means Committee, and those of his fellow Members who are sponsoring the bill, have candidly admitted that it will cause dislocation and liquidation of industry and jobs of American workmen although all of them have sought to minimize the extent of the damage that the legislation will do in this regard. However, a substantial portion of the pending bill is devoted to various types of welfare programs for both industry and workmen who become innocent victims of this bill.

I have tried repeatedly during the course of the debate on this measure to find out what benefits, if any, will flow from the enactment of the legislation. I have asked repeatedly whether the legislation will provide additional jobs for American workmen and to what extent it will stimulate our industry. I have asked for specific information as to the number of new jobs the sponsors of the bill feel will be created through the enactment of this legislation and from what industries those jobs will come.

In each instance I have received a negative or completely noncommittal response. This conclusion is not surprising to me, Mr. Chairman, because a careful reading of the provisions of the pending bill would cause any reasonable person to conclude that it is geared to help foreign countries at the expense of our own.

No one in his right mind wants this country to quarrel with its allies. On the contrary, we all desire to have friendly dealings and cooperation with those nations who will join with us in the fight against world communism. But friendly cooperation does not, in my judgment, mean that we should sell our own workmen and our own industries down the river to provide employment and economic stability for our allies.

Mr. Chairman, I assert that there is not a single country on the face of the globe—except this one—which would permit duty-free imports to liquidate its own industries and destroy the jobs of its own citizens. This is carrying generosity, good neighbor policy, and friendly cooperation just a bit too far. Yet, those who sponsor the pending bill have been so carried away in their zeal to make friends that they are willing to buy friendship at any price.

Common Market propaganda that has been flooding the country in recent months is 90 percent "myth" as the President charged on another issue in a recent speech. Free trade will never work to our advantage as long as our production costs remain greater than those in other countries. The fact that we are not competitive because of our higher production costs is one of the principal causes of unemployment in the country today. To further throw our markets open to unrestricted imports of cheaply produced commodities from abroad is courting disaster of the worst kind.

Yet, this legislation is premised on the fact that if all trade barriers be removed, this country would profit in the balance of trade. Nothing could be further from the truth.

Mr. Chairman, I regret that this legislation is before the House today under a gag rule with no opportunity whatsoever to offer amendments. For several years, I have had legislation pending in the House Ways and Means Committee to restrict the flow of iron ore imports from abroad. This unrestricted and uncontrolled flow of iron ore from other countries has practically ruined the domestic iron mining industry. If the parliamentary situation had permitted me to do so, I would have offered my bill as an amendment to the pending measure. I would much prefer to have a healthy and thriving domestic iron mining industry than mines which are closed and miners who are receiving unemployment benefits instead of paychecks. Many other industries in the United States are just as adversely affected and if this bill is enacted, there will be many more.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. VAN ZANDT].

Mr. VAN ZANDT. Mr. Chairman, recognizing H.R. 11970 as probably the most important piece of legislation to be considered by the 87th Congress, like others I have spent a lot of time in studying the six volumes of hearings, the House Committee report, as well as a good cross section of the editorial comment throughout the Nation. Up to now I have listened to most of the floor debate, both on the rule as well as the bill itself.

With the information I have acquired, I have considered H.R. 11970 from the standpoint of the national interest as well as the interest of the State of Pennsylvania and my three-county area, which comprises the 20th District of Pennsylvania.

As the record will show, I have as a general rule supported reciprocal trade when it contained safeguards for American industry. These safeguards embraced the so-called peril point and escape clause designed to provide relief for industries affected adversely by reciprocal trade agreements.

Being brutally frank, the peril point clause virtually existed in name only because industries, especially in my district of Pennsylvania, found it meaningless and ineffective in providing any relief.

The following significant statement concerning our foreign trade and the number of exporting firms in the United States is contained in an article with a Washington dateline of June 26, 1962, by columnist James Reston, New York Times News Service:

Very little mail is arriving here about the President's venturesome new trade bill. Of the 200,000 businesses in the country, only about 3,000 are engaged in foreign trade, and many of the rest have some grievance or fear about the dangers of foreign competition to some business in each Congressman's district.

As we all know, the Department of Commerce undertook to furnish each Member of the House with a so-called

export study which also contained export information regarding a Member's own district. According to the information furnished me, 14 business and industrial firms in my congressional district in Pennsylvania exported manufactured goods in 1960 valued at \$5.4 million. These firms employed some 4,500 employees, which is approximately 4 percent of our total labor force in Blair, Centre, and Clearfield Counties.

Since the Department of Commerce has attempted to show benefits accruing from export shipments, I would like to reveal the evil effects of cheaply manufactured foreign products that have adversely affected the economy of the central Pennsylvania area.

To begin with, out of a labor force in excess of 105,000 the 20th Congressional District has had persistent and chronic unemployment for years. This is proved by the fact that my congressional district is among the labor surplus or distressed areas of the Nation and has been certified by the U.S. Secretary of Labor as being among the major depressed areas of the Nation. At the present time there are about 10,000 persons unemployed. Much of this unemployment can be charged to depressed business conditions that are traceable to foreign competition. Industries adversely affected include coal, railroads, shoes, glassware, clay mines, brickyards, tanneries, sporting goods, textiles, meters, copper and brass products, lockwasher valves, ball bearings, candy, canners, electronic products, mine equipment, and so forth.

The fact that H.R. 11970 contains a provision to reimburse manufacturers and employees is an open admission that the trade bill will prove injurious to American industry. Frankly, there is a question in the minds of many of us that the proposal to avert injury will be impractical if not difficult to administer. If this is the case, then relief is possible and such a provision could become meaningless. The result would be that in my congressional district industries and the jobs of wage earners would be destroyed. Frankly, by elimination of protection of American industry from unfair competition abroad, such action would leave us with a no man's land in central Pennsylvania.

As mentioned in the beginning, I have not confined my consideration of H.R. 11970 solely to its effect on my congressional district. In fact, I have viewed the legislation from the standpoint of the national interest. In so doing, it was my hope that when the bill was being read on the floor of the House it would be open for amendments, and thus made acceptable to many of us who would like to support the legislation. However, Mr. Chairman, the bill is being considered under a gag rule barring all amendments. The result is you take the bill as it is or you vote against it. This is nothing short of legislative coercion. It ties my hands as a Representative from the State of Pennsylvania which for years has suffered from grave unemployment.

In addition to the gag rule which I object to, I am greatly concerned about the Common Market and the fact that Great Britain has not yet joined this

European trade group. I am mindful of the cloudy domestic economic situation prevailing in the United States and which was highlighted by the recent stock market revolution. Another concern is over Canada's recent action in raising tariffs to help solve a balance-of-payment problem in that country.

Finally, I cannot overlook the retaliatory action by the Belgian Government on the part of the Common Market to assist the Belgian carpet and glass industries because of President Kennedy's action to increase duties on carpet and glass items to protect our domestic industries. This action alone on the part of Belgium is an indication of what we can expect in the form of mass action by other nations.

Getting a little closer home, in 1957 the United States shipped 16 million tons of coal to West Germany. With the exception of Italy, the Common Market countries have since imposed tariffs or quotas on the importation of coal from the United States.

Despite efforts by our State Department, West Germany announced that it would not change its tariffs or quotas on coal. And believe it or not—France is negotiating with Russia for the importation of coal in preference to coal from the United States even though we can deliver coal to Europe cheaper than it can be mined on the Continent. To top it off, the Common Market proposes to set up a single purchasing agreement for coal; thus permitting greater discrimination against imports from the United States.

Mr. Chairman, under H.R. 11970 the President of the United States for the first time in history would be given absolute power to dictate the terms and conditions of all foreign trade without answering to Congress and the American people. The Chief Executive, whoever he may be, could use the authority primarily as an instrument of foreign policy without regard to the effect on the domestic economy of this country.

To date I have received hundreds of letters from persons in all walks of life asking me to oppose the pending legislation. In fact, 6 months ago I conducted a poll in my congressional district, and of the 2,600 who returned questionnaires nearly 73 percent were opposed to the revision of reciprocal trade agreements as contained in the legislation before us.

Mr. Chairman, it is my sincere opinion that this Nation is not yet ready to adopt such sweeping changes in our foreign trade policy as provided for in H.R. 11970, the Trade Expansion Act of 1962.

Like many, I recognize the problem this Nation faces from the so-called European Common Market. Nothing would please me more than to be able at this time to sanction membership in the Common Market. I am convinced, however, that the situation demands further study, and for that reason it is my intention to support a motion to recommit the bill with instructions that the bill be returned to the House immediately and that it provide for a 1-year extension of the present Reciprocal Trade Act. Meanwhile, it is my hope that the cloudy economic picture in the

Nation may clear and that Great Britain will have reached a decision on joining the Common Market.

In short, I am hopeful that a study of the problem during the next 12 months will enable Congress next year to consider the legislation, richer in experience and with a more complete understanding of the impact of the provisions of H.R. 11970 on the domestic economy.

In the event that the motion to recommit the bill should fail, I shall have no alternative but to vote against H.R. 11970.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. UTT].

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

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

The gentleman from California [Mr. UTT] is recognized.

Mr. UTT. Mr. Chairman, we started out on the discussion of the Trade Extension Act yesterday with a great extravaganza. It is the first time I have ever been here when a major bill has come out of the Committee on Ways and Means that the chairman of the committee did not come down into the well and give a clear, factual and fine explanation of the bill. I do not know why there was a reversal of procedure, but we were treated to a bit of southern oratory yesterday by a man who is brilliant, by a man who is charming, and by a man who is able and persuasive, the gentleman from Louisiana. But he soared into oratorical flights appealing more to your imagination than to your reason. I found little parts of his speech that referred to the bill that was before the House. Not only is the gentleman charming, brilliant, and able, he is very flexible. He is able to give a very persuasive argument for quotas on shrimp coming into New Orleans.

He is able to make a very impressive argument for special tax treatment for foreign-based subsidiaries as he did on H.R. 5 when it was before the House and to oppose this tax treatment the next year as he did on section 219 of 1962 tax bill which tightened up the tax on foreign-based subsidiaries. In baseball we would call such a person a utility player because he can take any part and do a marvelous job in any position to which he is assigned.

He talked about overemployment in the Common Market and said this bill would provide overemployment in America. There is no relationship between any foreign employment and employment in America. They have overemployment in the Common Market countries because they try to make production increases exceed the labor cost and are able to increase consumption and become competitive not only with the United States but also with every other country of the world. So their overemployment is not due to the simple fact that they have a common market.

We must remember that the Common Market is a very closely knit area. They

do free trading among themselves, but then they raise their barriers against any products from the United States and an absolute embargo against the importation of any product from Japan. That means that the United States is going to have to absorb a great deal more of the surpluses that are produced in Japan and other parts of the world.

He also assured you as certainly as you are sitting here, that Great Britain was going to become a member of the Common Market. I say that the chances are less than 50-50 that Great Britain will become a member of the Common Market. Six weeks ago I would have said they would, but Great Britain has taken another long look at the Common Market and now finds it would destroy their Commonwealth trading arrangement and raise barriers against Canada, Australia and New Zealand and all other possessions. But they also are facing the fact that the Common Market is a free enterprise area system and Great Britain has nationalized a great many of its industries and they would have to absorb surpluses from the Common Market and West Germany and other member nations, Belgium and the Netherlands, without any tariff protection whatsoever, and they cannot afford that. After another long look, my prediction is that England will not become a member of the Common Market, nor will Ireland, or any of the outer seven. So you cannot take it for granted they will come in, because they have too many problems.

It has been said that we have no trading margin left, no negotiating power. I disagree with my colleagues on that subject. We have a greater power than you have any idea of in the hands of hard negotiators, if they would sit at the table and say: "Gentlemen, you violated nearly every concession which we have given you, and if you do not correct that violation and grant the concessions you promised us, then we are going to withdraw our concessions." We would see them come into line and we would be able to ship our products into the Common Market, because they would implement the concessions they have already promised us.

I might also remind you that any treaty can be repealed by act of Congress, can be revoked by action of the House and Senate any time the other party violates its part of the agreement. Any breach of contract on the part of our trading countries can be reversed at any time we want to.

We also have another trading power, and that is that the United States of America is the greatest consuming area in the world. It is the target of every producing country in the world wanting to bring its products within our borders and sell to us. If we had a hard-nosed negotiator he would not have any difficulty in taking advantage of that situation by telling them we would not grant them concessions unless they grant us concessions. And if we later become a hard trader instead of a soft-nosed trader we have a lot of trading stock left in the present Reciprocal Trade Agreements Act.

Moreover, I would like to call your attention to a clause that not only is in this bill but also is in the current bill. That is the most-favored-nation clause.

Our smart negotiators went up to Iceland at one time. They had some product they wanted to get into Iceland, and they thought they had made a real smart move. Iceland said, gentlemen, we will let you bring your product into Iceland if you will allow us the free importation of tuna into the United States. They thought that was a good deal. But the minute that that act went into effect, Japan invoked the most-favored-nation clause and nearly destroyed the tuna industry of America until today they control over 50 percent of the consumption of tuna in the United States of America, and our producers are limping along on less than 50 percent of the tuna catch.

Under this bill we simply give the President a hunting license to destroy any industry he happens to choose to destroy. The bill does not say that.

The gentleman from Arkansas [Mr. MILLS] was correct when he said it does not lower tariffs, but it does give to the President the right to lower rates, to lower them below the peril point, and he can pick out any industry he wants to make expendable and it can be destroyed.

The very fact that the bill itself contains 50 percent of its pages on welfare indicates the terrific impact this bill will have. If there were only going to be 18,000 men out of employment, as has been said, we have training programs, we have the Small Business Administration, we have enough departments to take care of that number. But they are looking for an impact that will be so great they will have to set up a very comprehensive program of welfare. You can call it unemployment. That is what I call it. We may give assistance to an unemployed worker for 1 year, we may give it for 2 years, or longer.

The very fact that we can put any industry out of business is not very much of a comfort to a business that is not operating at a profit.

Let me say that unemployment, whether it is for 1 year, 2 years, or 3 years, is not a substitute for a job. What about the man who is 40 or 50 years old? He is thrown out of a job because of imports. He takes a little retraining, maybe for 1 year or 2 years. But who is going to employ that man after he is retrained, because we have cut down our industries and they will not employ a man who is 40 or 50 years old. He is going to be on charity for the rest of his life. You who say you are the great friends of labor are going to have to go home, look your men in the face, and tell them that "I voted to put you on the dole for the rest of your life." That is exactly what will happen.

Let us look at what has happened since we examined this Trade Expansion Act in committee. Some shocking things over the world have occurred, and some in our domestic economy. I call your attention to the stock market crash. There have been \$150 billion lost by owners of stock in this country within the last 60 days. And that is only a small consideration. It is bad enough for those

who owned the stock and who have had to sell it and take the loss. But who knows what the collateral effect of that loss is going to be? How many expansions in industry have been canceled? How many home constructions have been canceled? How many iceboxes have been canceled? How many trips abroad by people who thought they had the money have been canceled? That data will not filter into the Department of Commerce or the Department of Labor for 60 or 90 days. Until we know what the collateral effect is going to be, we should be very careful in guiding this country into a depression in 1963 that could be the worst depression we ever had.

The administration's own labor consultant, Mr. Clague, suggested that there were indications in the air that we could have a very severe depression in 1963. This gentleman has had to reverse his statement on that because of some pressure from within.

We do not know the collateral effect of what Canada is doing. Canada has placed an absolute embargo on the importation of many American products. Canada constitutes our biggest market for exports, and that export to Canada can be cut 50 percent within the next 6 months, and that means a \$2 billion decrease in exports to Canada. And, those were dollar exports. We had dollars coming from Canada. And, when you talk about \$5 billion export surplus, about \$3 billion was given away, and yet we call that a trade export. If we had a \$5 billion export surplus, such as suggested by the gentleman from Louisiana yesterday, we would not have a problem with balance of trade payments; we would have a surplus, and we would be able to negotiate from a position of strength and not a position of weakness. We have not had a chance to determine what the impact is going to be on the 20 percent additional cut in tariffs that becomes effective on the 1st of July.

Now, I have a letter here from the United Steelworkers of America, the president of local 171, in Carnegie, Pa., where they have shut down the Superior Steel Corp. They called a mass meeting. They wanted to know what was happening to them and they wanted to know how it could be prevented from happening again there or happening in other places. Well, I will tell them what is happening to them. The U.S. Government is purchasing its steel from companies abroad where we have built them free steel mills, gave them automation, and now we are buying millions of dollars worth of steel from those foreign countries. In the State of California there is not one reinforcing bar that is made by our domestic producers except those that go into Government contracts because of the Buy America Act.

On top of that we are facing a sagging economy. Those are the things that are facing the steel companies in America. So, we set up adjustment assistance, a real plush, plush, silk stocking deal, where they train these men who are out of a job and where they are able to get 65 percent of the average industrial wage of America and get it for a certain length of time. It is income-tax free. It is too

bad for those families, because when the time of training is over there will be no opening to take care of those people, and they will be on the dole for the rest of their lives. We have to face the facts not with those rose colored glasses, but we have to look at some of the cold facts. Business failures in America are at their highest point in history. Home foreclosures are at the highest point since 1934 and steel production is off from 50 to 60 percent of capacity. With those things in mind, how can we jump into a pool before we know whether there is water in that pool? How can we jump into a pool if there is a little bit of arsenic floating on the top? A very important statement was made by the chairman of our committee. He said there is more good in this bill than there is bad. I can give you 4 ounces of pure water and 1 ounce of arsenic, four times as weak as the pure product, but that 1 ounce will kill you just as quick as the pure dose. That is what we have in this bill. There is one part arsenic to one part of good, and it is going to kill American labor, it is going to kill American industry, it is going to kill American agriculture.

I can say to those Members who represent lumber areas, you are not going to have any lumber business if this legislation is passed. It is bad enough in the Northwest as it is, but this will make it worse.

Mr. Chairman, we will not get agricultural products from California into the Common Market because they have a preference clause to the effect that they have to use up their own agricultural production before they can import it from the United States, and their agricultural production is going up each year. California will be foreclosed from the Common Market insofar as agricultural production is concerned.

Mr. Chairman, there was a great deal made out of the fact not long ago that our unemployment had gone down to the extent of 1 million people. That is quite a record. But of that 1 million people, 100,000 of those people went on the Federal payroll. It takes the income tax from the whole of the 1 million to pay that 100,000 who went onto the Federal payroll.

Mr. Chairman, if we will look back to the 11th day of April, I will say to the Members of the House that within 12 months from that day there will be not 18,000 unemployed steelworkers; there will be 100,000 steelworkers unemployed within the next 10 months. Also, dating back from the time they put the profit squeeze on free enterprise and private industry in the United States, and that ought to give us a lot to look at, we are not going to have prosperity. The gross national product is no indicator of prosperity, because I can do \$1 million worth of business and make \$100,000, or I can do \$2 million worth of business and not make a nickel, so, while the gross national product continues to go up, profit does not. But there is no profit there, and that is what it takes to make the wheels go round.

Mr. Chairman, venture capital has absolutely dried up in the last 60 days. You cannot float the best issue in the

world on venture capital today for expansion of industry. We have to remember that these are problems which we have to face.

What are we going to do about the administration of this so-called unemployment, or aid? Let me give to the Members of the House an example: Corporation A goes out of business because of imports. It has 500 employees. Corporation B, which was the sole supplier of that firm, goes out of business. One of them receives a push, plus unemployment training program. The other one receives nothing. He goes back under the old State-Federal program. They live side by side. Somebody is going to be mad, and they are going to come back and say "Let us all move up to that push, plus, silk-stockinged program, because this is not fair." Then, every man will go before the Tariff Commission and try to prove he is out of a job because of imports. When they do that, these millions of men go before the Tariff Commission, you will have a demand for protection that you have never seen before, and the Smoot-Hawley bill will be small compared with what will be demanded in the next 3 years if this bill goes into effect. That I do not want to see. I want to see international trade, I want to see international trade expanded on a two-way street so that it brings about prosperity, but not at the expense of the American worker who will have to go on dole after his training has expired.

Mr. HARVEY of Indiana. Mr. Chairman, will the gentleman yield?

Mr. UTT. I yield to the gentleman from Indiana.

Mr. HARVEY of Indiana. Mr. Chairman, the gentleman has made an excellent statement. I would like to ask the gentleman to comment briefly upon the actual functioning of the so-called saving provision in the present act, and relate it to what we might expect in the future one.

Mr. UTT. I can see no reason for change. I know that there have been dozens of rulings by the Tariff Commission granting relief to American industry, but less than seven of these cases over the last 10 or 12 years have ever been implemented by the Executive. I assume we would have the same type of administration.

Mr. HARVEY of Indiana. If the gentleman will yield further, as one who tried to help a small industry receive relief under this so-called saving provision during the past administration, I found it almost an impossibility.

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

Mr. UTT. I yield to the gentleman from Illinois.

Mr. PUCINSKI. I understood the gentleman from California [Mr. UTT] to say that the President could wreck—if I understood his statement correctly—any industry that he wanted to under this bill. My impression is that the bill does provide several safeguards through the authority of the Tariff Commission and various other procedures.

Would the gentleman from California be good enough to elaborate on that point? How can the President—assum-

ing he might be the President of the United States under either a Democratic or Republican administration—maliciously and capriciously destroy an American industry, assuming there was this situation? How could he do it under the terms of this act?

Mr. UTT. The act has enough latitude to do that. The administration witnesses said that there would be some 800 industries that were expendable; it might be yours, it might be mine.

Mr. PUCINSKI. Can the gentleman pinpoint the language of the act that would give the President that broad power?

Mr. UTT. It is all through the act. He has absolute, dictatorial, arbitrary, and capricious power.

The CHAIRMAN. The time of the gentleman from California [Mr. UTT] has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield the gentleman from Ohio [Mr. BETTS] 15 minutes.

Mr. BETTS. Mr. Chairman, in connection with the remarks made by the gentleman from Michigan [Mr. Knox] with respect to the Canadian situation, I thought it might be interesting to note some comments in the Bureau of National Affairs of June 28, 1962, which are as follows:

Canada's austerity program will complicate U.S. economic programs, by reducing our exports and aggravating our already acute balance-of-payments deficit. * * *

The effect on the United States will be to reduce our exports \$200 million or so annually and to encourage the flow of U.S. capital north of the border.

Canada is raising duties 5 percent to 15 percent on half of its imports and reducing the duty-free goods that Canadian tourists can bring back to the country. * * *

The moves will have a major impact on U.S. exports to Canada * * * machinery, steel products, plastics, textiles, appliances, furniture, wine, beer, cigars, cameras, jewelry, rugs, paper products, to name only a few. Canada is this country's most important customer, taking nearly \$4 billion of our exports annually.

I mention that in view of the statements made by the gentleman from Michigan.

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

Mr. BETTS. I yield to the gentleman.

Mr. CEDERBERG. Mr. Chairman, I am interested in the comparison between the problems the Canadians face and those that we face. They have a balance-of-payments problem, and so do we. They have been running fiscal deficits and so have we. They have an unemployment problem, and so do we. It seems that the Canadians, in order to solve their problems, are taking just the opposite approach from that which we are taking. In other words, they are raising their duties on imports into Canada. Therefore it would seem to me wise on behalf of the U.S. Government and of the Congress to wait, and for us to vote for the motion to recommit, which will provide that we shall extend the present reciprocal trade agreements for 1 year.

By that time we can find out who is right. Either the Canadians are right and we are wrong, or we are right and

they are wrong. This would give us an opportunity to find out what the reaction will be on their problems which are similar to ours.

Mr. BETTS. I think the gentleman's observations in connection with the Canadian situation are absolutely correct and I agree with him.

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

Mr. BETTS. I yield to the gentleman.

Mr. MEADER. Mr. Chairman, I asked the chairman of the committee what information was contained in the report or in the hearings as to the total cost of this adjustment assistance program. I had in mind additional functions imposed upon the Tariff Commission to process the petitions for a determination that an industry or a firm or a group of workers had been injured by imports; that additional duties were imposed upon the President, and that there must be procedures and personnel in the office of the President for him to make the determinations this act would require of him.

Additional duties are imposed upon the Department of Commerce to determine what assistance may be given to firms either in the form of tax relief or in other forms, such as cash payments or loans. Additional duties are imposed on the Labor Department to provide adjustment assistance to workers whose jobs have been taken away from them due to imports. Are there any figures or estimates of the increase of personnel and the cost thereof which will be necessary because of these new functions imposed on existing agencies, and has anyone made an estimate of the possible benefits which go to firms or employees because of the provisions of the adjustment assistance section of this bill?

Mr. BETTS. I am not sure I have the answer to all the gentleman's questions, but I think Secretary Goldberg, if the gentleman will refer to his testimony in the hearings, estimated that the cost would run about \$30 million for the life of the bill or about \$6 million a year.

Mr. MEADER. In the hearings the figure of \$30.6 million appears for benefits.

Mr. BETTS. That is correct. As I recall, when the bill was originally introduced there was provision in it for a revolving fund of \$100 million, which is an indication, when it was taken out of the bill, that probably the administration felt it was going to cost more than that. I am throwing that out as an indication of the fact that it probably would cost more than the \$30 million estimated.

Mr. MEADER. May I point out that on pages 1006 and 1007 of the hearings there is comment by the Tariff Commission on the increased burden that will be imposed on their staff to make the determinations that are required by the petitions for relief. On page 1019 the Tariff Commission says it would be absolutely impossible for them to make any estimate of the additional personnel and additional cost of this program to be imposed on them. My impression is that the record is very deficient in giving us

any idea of what this program is going to cost, not only in terms of added personnel and the benefits that are provided but also in the reduction of customs duties and the revenue that we will receive when customs duties are reduced.

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

Mr. BETTS. I yield to the gentleman from Illinois.

Mr. FINDLEY. Free trade is a commendable goal in the marketplace system, but I am beginning to wonder whether the administration will actually move toward free trade or simply shift from tariffs as a means of controlling trade to cartels. I invite the gentleman's attention to the recent action in this body at the urging of the administration in the passing of the Cotton Textiles Agreements Act, which is a scheme to rig cotton textile markets; to the administration farm bill, which happily was rejected last week, but which had its own built-in protection devices; and to the Sugar Act, which wraps up tariffs and all sorts of price-fixing mechanisms within itself.

Mr. BETTS. I simply say, as I understand it, that we are in the position of objecting to regulation and control of agriculture within the common market but at the same time we are insisting on having those programs here in our own country.

Mr. FINDLEY. That is very inconsistent.

Mr. BETTS. That would be my opinion.

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

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

Mr. JOHANSEN. Pursuing the question raised by the gentleman from Michigan [Mr. MEADER], I am sure the gentleman from Ohio and the other gentlemen on the committee are familiar with Public Law 801 of the 84th Congress, which requires that where there is set up a new program involving the expenditure of more than \$1 million, it is mandatory that Congress be provided an estimate of the additional personnel required for each of the first 5 years.

I wonder if the gentleman from Arkansas, the distinguished chairman of the committee [Mr. MILLS] can tell us whether the law has been complied with in this respect.

Mr. BETTS. I would be glad to yield to the chairman of the committee, if he cares to comment on that.

Mr. MILLS. I will try to answer the gentleman's question.

Mr. JOHANSEN. My question is—under the provisions of Public Law 801, 84th Congress, it is necessary that there be a projection for 5 years of the estimate of the number of additional personnel required, if an appropriation or a new function is to involve the expenditure of \$1 million-a-year or more. My question is—has the law been complied with?

Mr. MILLS. The law would be complied with in this instance as the departments go before the Committee on Appropriations requesting the appropri-

ation. We are not making any money available here. We are merely providing an authorization. But, if the gentleman will look at the committee hearing on this legislation at page 3800, there was a question of our colleague, the gentleman from Tennessee [Mr. BAKER] as to the overall estimate of the entire cost of this program. For a 5-year period it was estimated that loans to firms would run about \$100 to \$120 million; tax relief to firms about \$10 million; readjustment, training and allowances to workers \$45 million; the portion of the \$45 million above which represents added budget costs, \$31 million; and, technical assistance to firms \$15 million. It is all set forth on the page to which I have referred.

Mr. JOHANSEN. If the gentleman will yield for just a moment further, am I to understand then that Public Law 801 is not to be complied with in connection with the authorization which makes inevitable the increase of personnel, but only when you come around for the money?

Mr. MILLS. We are not authorizing additional personnel as such.

Mr. JOHANSEN. I am afraid the gentleman misses the point. You are authorizing additional functions which make necessary the additional personnel.

Mr. MILLS. The personnel to carry out those additional functions would have to be authorized by other committees. We are not doing it here.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

Mr. BETTS. I am glad to yield briefly.

Mr. BENNETT of Michigan. It is difficult for me, Mr. Chairman, to sympathize with those of my colleagues, for whom I have the greatest admiration and respect—as I say, it is difficult for me to sympathize with them when they get concerned about the cost that this bill is going to involve in taking care of industry that is bankrupted and men who are put out of their jobs. If you are going to vote for a bill that is going to dissipate industry and liquidate and put men out of their jobs, as admittedly this bill is going to do, I would be willing to vote for 50 times the amount of money involved here, at least to take care of them. If you want to prevent this cost, then vote against the bill.

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

Mr. BETTS. I yield to the gentleman briefly.

Mr. BROWN. Does not the gentleman from Ohio, who has had a great deal of legislative experience in our own State of Ohio as well as here, believe it is a rather peculiar situation that the passage of this bill, that is, the administration's bill here today, depends upon the votes of certain Members from certain areas who have been made the beneficiaries of an increase in protective tariff for the cotton textile business of this country in order that they enact a bill which would bring about free trade and which will injure other industries?

Mr. BETTS. That is true. I thank the gentleman for his contribution.

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

Mr. BETTS. I yield to the gentleman.

Mr. CRAMER. Is it not true there is no provision for agricultural adjustment assistance at all under this bill so that all farmers are left out?

Mr. BETTS. That is right. The farmers' tax money will go to help pay the unemployment compensation of workers who are dislocated as a result of this.

Mr. CRAMER. That is right. The second point is under the present peril point escape clause provision, the intent and purpose is to prevent injury to American industry under the present law. Does not this completely shift the whole philosophy of negotiations to encourage the hurting of American industry by free trade and that, if they are hurt, there is going to be adjustment assistance?

Therefore, it is all right for the negotiators to ignore the injury because the injury is going to be paid for. Is not the obvious result of that going to be that more industries will be hurt at a substantial increased cost to the taxpayer?

Mr. BETTS. I thank the gentleman for his contribution. The gentleman will find that covered in my prepared statement.

Mr. Chairman, I hope that the Members of this body on both sides of the aisle have taken the trouble to read the separate views which I and four of my colleagues on the Ways and Means Committee made at the time the committee reported this bill. In contrast with the 69 pages of text which make up the report of the majority, our views are set forth on 2½ pages. No Member can complain that it would be too time-consuming, therefore, to study our reasons for voting against this bill.

Anything as bulky as the 82 pages of the bill as reported by the committee or the 104 pages of the committee's printed report is bound to scare off many Members busy with other legislative responsibilities. It is not likely that many of the Members of this body have actually read the bill page for page, line for line, as I have, or that they have read the committee's report, let alone the minority statement of views at pages 102, 103, and 104. Yet the innards of this bill contain the most far-reaching grant of power ever attempted by the Ways and Means Committee in the tariff and trade field.

If I can have the attention of the Members for a few minutes, I think I can tell you plainly and simply about the main problems in this bill which make it unwise legislation.

First, the amount of authority which the bill would give to the President. If there are Members here who feel that it makes no difference how much of its authority to regulate foreign trade the Congress hands over to the President, they will not be interested in what I have to say. But the rest of you who feel that we have an obligation, first, to know how much authority we are handing over and, second, to place some limits on that grant of authority, should be very interested in what I have to say.

This bill would allow the President to eliminate duties entirely; that is, reduce

them from their present level down to zero. The Congress has never given the President this kind of authority before. Always we have placed a limit on the extent of reduction. At first the President was allowed to reduce duties by 50 percent. Then in later years we limited the reduction by 20 percent and by 15 percent, basically at the rate of 5 percent a year.

There were two reasons for so limiting the President. First, the constitutional reason, that Congress may delegate legislative power only under specific guidelines and limits. By using the percent limitation on reductions, Congress exercised its own judgment as to the basic amount of tariff change which was wise for the country; and by the other standards in the legislation, the Congress directed the President how to determine which tariffs would be reduced by that amount.

The second reason for the limitation was one of natural prudence. The history of Executive use of delegated power is that authority once granted is rapidly used up. The technique which has been used again and again by the State Department in the trade agreements program is quickly to expend all of the tariff-reducing power granted by the Congress, and then to come back clamoring for more to deal with a new or fancied emergency in trade relations. In past years a Congress properly jealous of its constitutional prerogatives was reluctant to give the State Department—for it is that Department which actually uses the President's authority—the power to eliminate duties, for the Congress knew that such power, once granted, would be quickly used and then the United States would be left with no bargaining power to use in coping with foreign trade developments of the future.

These two reasons, a proper regard for our constitutional responsibilities and prerogatives, and a proper regard for natural prudence, were rejected by the majority members of the Ways and Means Committee in reporting this bill. I hardly need to add that these basic policy considerations were also rejected by this administration in drafting the unprecedented claim for power represented by H.R. 9900, the original version of the bill before you today.

It must be said to the credit of Chairman MILLS and the other members of the Ways and Means Committee that many constructive changes were made in the bill by the committee. H.R. 9900 was such a hopeless text that regardless of the liberal or conservative persuasion of the committee members, a decent regard for their own sense of craftsmanship compelled them all to join in a virtual complete rewrite of the bill from a technical point of view.

But this rewriting job was carried out under the votes of the majority party so as to leave intact the unprecedented grants of power desired by the administration.

Thus, we still find four separate sections of the bill authorizing a complete elimination of duties. It is hard to know which of these in practice will turn out to be the most far-reaching.

Section 211 of the bill is designed so that the President can fashion a system of broad categories of imported articles in which the United States and the Common Market countries may have supplied 80 percent of the value of the world's exports during shifting representative periods. When the Republican members of the committee insisted that the administration identify the categories of imported articles which would be subject to elimination of duty under this provision, we were supplied with the listing which has been reproduced at pages 279 to 307 of volume 1 of the committee's printed hearings. We have no way of knowing whether that is an accurate listing or how much this list will be or could be expanded under the change in language which the committee adopted to section 211. Members can peruse that listing at their leisure.

I have attempted to condense the hundreds of commodity classifications listed by the administration into broad general categories of articles so that we could have some idea during this debate of the industries which would be subject to total elimination of duties now applying to products competitive with their production. These are as follows: Organic chemicals; other industrial chemicals, including insecticides; plastics, resins, and starches; pigments and paints; perfumery, cosmetics, and soaps; rubber articles, natural and synthetic; glass products; leather manufactures; power generating machinery; farm machinery; office machinery; industrial machinery; electrical machinery; motor vehicles; railway vehicles; nonmotorized wheeled equipment, including bicycles; photographic and cinematographic supplies; musical instruments; record playing equipment; confectionery and sugar; margarine and shortenings; nonalcoholic beverages; tobacco manufactures; coal, coke, and briquettes.

The second duty-elimination provision in the bill, section 212, covers agricultural commodities. Originally in H.R. 9900, this authority applied to agricultural commodities and the products thereof. The committee did not know how extensive this authority would be because the products of agricultural commodities obviously make up a very large list. In executive session the administration disclaimed any intention of going beyond the basic commodities themselves, and it was suggested that this meaning could be tied down by referring in the bill to Agricultural Handbook No. 143 of the Department of Agriculture.

This handbook has been reproduced in the printed hearings of the committee at pages 329 to 478. When you study that handbook you will find that for many categories of agricultural commodities, products are also listed. Therefore, the object which the committee had in mind of limiting section 212 to the basic commodities themselves has not been accomplished by referring in the bill to this handbook. Obviously, we do not have the time here on the floor of the House to go over a listing that takes up 149 pages of the printed hearings. I have attempted to condense that listing of agricultural commodities and products

which can be transferred to the free list under the authority of section 212 of the committee's bill so that its scope could be easily comprehended. The categories of items subject to duty-free treatment appear to me to be as follows: Sugar; molasses and sugar sirups; unmanufactured tobacco; live animals; meat products, including fresh, chilled or frozen beef, mutton, lamb, and pork, bacon, hams and shoulders, pork sausage, canned beef and meats; poultry, live or dressed, fresh, chilled or frozen; eggs, fresh, frozen, or dried; dairy products, including milk and cream, fresh or sour, dried, condensed or evaporated, butter, oleomargarine, and cheese of all types; miscellaneous animal products, including gelatin, glue, casein, meat extract, bristles, edible oils, tallow, and lard; animal and fish oils, inedible; vegetable oils and fats; essential or distilled oils; oil-seeds, including cottonseed, soybeans and the like; grains and preparations, including flour and meal, cereal breakfast foods, biscuits, wafers, cakes, and bread; fodders and feeds; fruits and preparations, including all fruits in the natural state, green or ripe, in brine, dried, or prepared or preserved, or frozen; jellies, jams, marmalades, and fruit butter; fruit paste and pulp; fruit juices; beverages, including still wines, vermouth, champagne, beer, ale, malt extract and non-alcoholic beverages; vegetables and preparations, green or ripe, dried, or prepared or preserved; nuts and preparations, shelled or unshelled, blanched, roasted or otherwise prepared or preserved; seeds; nursery and greenhouse stock; raw cotton and cotton waste; other vegetable textile fibers and silk, unmanufactured; wool and other animal hair, unmanufactured; hides and skins, raw; drugs, herbs, and the like, including those advanced in condition, and fish oils; miscellaneous vegetable products, including monosodium glutamate, yeast, flavoring extracts, vinegars, sauces, soups, pastes, coffee essence, cocoa, chocolate, chewing gum, and other edible preparations.

Thus far I think that the Members of this body can see that the authority which would be given to the President under section 211 pertains to a great part of our industrial economy, while the authority which he would receive under section 212 covers virtually the entire agricultural economy of the Nation. Before any Member reaches the conclusion that the free-trade planners in the State Department have neglected our minerals or fishing industries, I hasten on to section 202 of the bill. This provision would permit the executive department to eliminate all duties which amount to 5 percent ad valorem or less.

Before I describe the many categories of products which would be affected by section 202, a word or two about its origin is in order. Whereas the administration attempted to justify sections 211 and 212 of the bill as being necessary for negotiations with the Common Market, the only justification offered for the power to eliminate all duties which are 5 percent or less was the statement that these rates "have little or no economic significance" so that they could be

eliminated "as a matter of convenience of administration." This appears in the administration's explanation of H.R. 9900 printed at page 32 of the committee's hearings.

Of course, this is an absurd proposition and the committee as a whole were not taken in by it. The majority report states that it is not the committee's intention in recommending the grant of authority to eliminate duties in this category to minimize the significance of rates of duty at this level. You will find that at page 16 of the committee's report. The thing which mystifies me is, since the committee rejected the reason offered by the administration for asking for this power, why did the committee nevertheless include this provision in the bill which it reported? I hope that we are still living in times when we have a reason for the actions we take.

Now what is the reason for permitting the administration to eliminate duties 5 percent or less? The answer is that there is no reason. The administration wants total power for the elimination of duties. The presence of a provision like section 202 completes the arsenal of duty-eliminating weapons desired by the administration.

The reason offered by the administration in justification was patently ridiculous. Therefore, the committee grants the power for no reason at all, an even more absurd position.

At the request of members of the minority, administration spokesmen submitted to the committee an identification of imported articles which would be subject to elimination of duties under section 202. This list appears at pages 312 to 327 of the printed hearings. Because of the great many categories of imported articles concerned, it would not be practicable to discuss each one of them in this debate. I offer, therefore, the following summary of the categories of items which would fall within this grant of power: lumber of all types, rough or sawed; fish and products, fresh or frozen, filleted, and prepared or preserved in any manner; fruits; meat and poultry products; minerals and ores, such as feldspar, clays and earths, mica, lead, zinc, residual oil, amorphous graphite, aluminum hydroxide, gypsum, sandstone, limestone, crude silica, cement, and calcined bauxite; metals, such as babbit metal and solder, sponge iron, cast iron castings, pig iron, iron and steel rails, antimony, nuts and washers, nickel in pigs, structural steel, nails and spikes, iron and steel sheets and shapes, lead alloys, zinc sheets, wire rods, bar iron, chains, bolts, and malleable iron plates.

Thus, the comprehensive plan of the State Department free-trade strategists is clear. The great large categories of industrial, mineral, agricultural, and fishery production in this country are subject to elimination of duties at the outset in negotiations with the Common Market under the power granted in sections 202, 211, and 212. Then, any item of domestic production which is left with protection after the use of that authority is subject to a reduction in duty of 50 percent.

The fourth grant of power in this bill to eliminate duties entirely, which I

have not yet referred to, applies to something called tropical agricultural and forestry commodities. This is section 213 of the bill. By this section it is hoped that the United States can benefit the less developed countries of the world by persuading the Common Market to grant duty-free treatment on the commodities of those countries in exchange for our commitment to do likewise. There is considerable discrimination in Europe against coffee, cocoa, and other commodities produced in Latin America. Anything we can do to open up European markets for those Latin American products so that they can compete on fair and equal terms with the nations of Africa, formerly colonies of the European countries, is all to the good. There is, therefore, no quarrel with the purpose of section 213. It does not follow, however, as the section assumes, that because more than half the world production of a commodity occurs in the tropical latitudes, it is not competitive with the production of similar commodities in the temperate latitudes.

When you get down to the problem of comparing the commercial uses and competitive relationships of particular species of fiber, lumber, tree nuts, and vegetable oils produced in tropical climates with other species of such commodities produced in temperate climates, it becomes a difficult matter to determine what the effect will be upon our domestic agricultural, forestry, and oilseed industries.

Mr. Chairman, thus far I have been attempting to describe to the Members of this body the variety and extensiveness of powers contained in this bill for the elimination of duties entirely. It needs to be said that the general authority contained in the bill to reduce all duties by 50 percent is greatly in excess of the power entrusted to the Eisenhower administration in 1955 to reduce duties by 15 percent, or in 1958 to reduce duties by 20 percent.

Mr. Chairman, I consider this whole matter of the combination of grants of power to eliminate duties as one basic problem in the bill. I now wish to call the attention of the Members to the second basic problem of this bill; namely, the absence of effective safeguards.

As repeated extensions of the Trade Agreements Act and the use of the authority thereunder subjected our duties to deep and frequent cuts, there soon arose a widely recognized necessity for safeguards to insure that the power being given to the President would not be used so as to cause, even though inadvertently, a loss of domestic employment or serious injury to domestic industries, agriculture, and mining. A few words of history might be appropriate. It was the late and great Senator Vandenberg who persuaded President Truman that as a bipartisan matter the application of definite safeguards to the use of trade agreements authority should be insured by a specific procedure. This led President Truman to establish by Executive order the escape clause procedure geared to the concept of avoiding serious injury to domestic industries.

In 1951, the Congress, wishing to make assurance doubly sure, enacted into law the peril point and escape clause provi-

sions of the Trade Agreements Act. This was joined to a firm statement of policy set forth in section 6 of the 1951 Extension Act that no reduction in duty should be made which would cause or threaten serious injury to domestic industries or their employees.

As time went on we improved these remedies by amendments and added additional remedies such as the national security provision to insure that the expansion of exports assisted by tariff negotiations would not be secured at the expense of a weakening of any significant part of our domestic economy or a loss of employment for any group of workers caused by excessive import competition. This process has called for a very careful balancing of the various national interests concerned, both on the domestic industry and on the export-import side. Many of us are not happy with the caliber of administration which these remedies have received. Yet, on the whole these provisions of law are soundly conceived and there is hope that, given proper congressional attention, they can be brought to a state of greater effectiveness as time goes on.

At this juncture the importance of these remedies is underscored by the significance of the duties which remain after the extensive and repeated reductions of the past decade. However, as the Members know, the ad valorem equivalent of our duties has been reduced from approximately 50 percent at the time the trade agreements law was enacted, to 12 percent last year. The Dillon round will undoubtedly bring this level to 10 percent. A reduction from the level of 50 percent to the level of 10 percent is drastic by any test. Since the reductions have been carried out to a greater or lesser extent under a statute which calls for selectivity and the avoidance of serious injury, it necessarily follows that the duties which remain are those which could not be changed further without threatening the workers and industries concerned with injury. This is not merely a protectionist evaluation of the matter. The Research and Policy Committee of the Committee for Economic Development, a free-trade group, in a study released in April of this year stated:

U.S. tariffs are now 70 percent lower than they were 30 years ago and, on the average, are among the lowest in the world. The rates that now remain after a generation of reciprocal reductions are the hard cases, the rates that have been difficult to reduce because they protect industries that are sensitive to import competition. ("A New Trade Policy for the United States," April 1962 p. 6.)

These facts, objectively considered, would seem to be enough to instill caution in the heart of the most hardened bureaucrat. Yet, we find this administration going far beyond any previous administration in the amount of duty-changing power requested and, at the same time, jettisoning the safeguards which have been found a necessary counterpart of more modest grants of authority.

One of the main reasons I voted against the committee's bill was because it dilutes, weakens, and emasculates the

peril point and escape clause procedures at a time when, above all, effective safeguards are more urgently needed than ever before.

The administration bill, H.R. 9900, was impossible in its approach to remedies. It offered a form of procedure in which the Tariff Commission would participate. But it directed the Tariff Commission to speak only when it found that duty reductions or eliminations caused increases in imports which produced on a widespread basis in the industry a significant idling of plants, persistent and prolonged inability of firms to operate at a profit, and unemployment. The administration bill expunged from the trade agreements vocabulary the words "serious injury." In short, it provided for an inquiry by the Tariff Commission under ground rules which determined in advance that the Commission's voice would seldom, if ever, be raised in protest against changes in duty.

The administration's approach was so extreme that even the majority of the committee felt that some changes in language had to be made. Unfortunately, the committee changes fall very short of the present peril point and escape clause remedies.

In the peril point procedure of the present law, the Tariff Commission is required to determine the extent to which duties can be reduced without causing or threatening serious injury to domestic industries and workers. In the past the peril point findings of the Commission have served to prevent the President's agents from cutting the duties which would cause economic hardship. In this bill, the serious injury test is eliminated entirely from the prenegotiation procedure. The Commission is simply directed to advise the President of the economic effect of eliminations or reductions in duty. The committee's report tells the Commission that it should concern itself primarily with reporting to the President whether changes in duty would lead to idling of plants, inability to operate at a profit, and unemployment. I feel, and my colleagues of the committee who joined with me in voting against this bill feel, that the line ought to be drawn against reductions in duty long before these conditions of disaster would occur.

To the committee's credit, it must be said that they restored the words "serious injury" to that part of the bill which substitutes for the escape clause. This is section 301(b). But the committee has given these words "serious injury" a new meaning by repealing those provisions of the present law which spell out the factors that will be considered by the Commission in determining serious injury.

The whole approach of the remedy is changed, also, by the committee's action in discarding the definition of domestic industry now contained in the law. Instead of having the Commission determine the effect of excessive imports of a product on those portions of the operations of the firms in the domestic industry producing the like product, the committee's bill would require the Commission in the future to weigh the effect of the increased imports against the en-

tire operations of the domestic industry in which the production of the offending articles is a part. These changes are joined by the specific language used in section 301(b) (2) directing the Commission's attention to the idling of productive facilities, inability to operate at a profit, and unemployment, as the benchmark for its action.

These new procedures which would take the place of the peril point and escape clause are purely and simply window dressing. They will not lead to any helpful findings of actual or threatened serious injury from increased imports. The administration has made it clear that it wishes to be free of the restraint previously imposed by the Tariff Commission's peril point findings. This desire will be served by the committee's bill, but the needs of our economy and the cardinal principle of selective negotiations so as to avoid injury, which has characterized our trade agreements program in the past, will be done a disservice by the bill. Make no mistake about it: we are breaking with that tradition.

These remedies will not lead to findings of injury after the fact so that unwise reductions can be corrected. Not only has the committee mangled and distorted the escape clause concepts in the language of the bill and the language of its report, it has gone further and required that any economic distress and displacement of workers which might, peradventure, be found by the Commission must be due solely to the trade agreement concession granted.

The present law and the practice of the Tariff Commission is to make a finding of injury when, as a result of a concession, in whole or part, imports have increased so as to injure workers or industries. In its report on the 1958 extension, the committee specifically approved this practice of the Commission of treating any damaging increase in imports which occurs after a concession is granted as being due, in part at least, to the concession. Having done this so clearly in its 1958 report, the committee now, by repealing the language that allows a finding to be made when due in part to the concession and requiring in the future that injurious imports be found to be due solely to a concession, has destroyed the possibility of escape clause action in the future.

Since the Commission has found in its experience that it is impossible to isolate all of the economic circumstances involved in an import case so as to find that the bad consequences are due solely to a concession, this action of the committee plainly says that it does not intend for the Commission to be able to recommend escape action in the future.

Mr. Chairman, in summary on this point I wish to emphasize to my colleagues that the second major problem in this bill is the practical elimination of effective safeguards by the administration and the Ways and Means Committee on reporting the bill. Let the Members realize that if this bill is enacted, we are placing unprecedented power in the hands of the President while freeing him of any limitation designed to protect our domestic employment and industries from damage by

imports. The state of our economy and the level of our unemployment is such that I, for one, have no confidence at all that a scheme of power such as represented by the bill before this House can lead to any benefits to the United States which will outweigh the widespread distress which is certain to occur to our domestic industries and their employees.

The third major problem in this bill is the most-favored-nation provision. This means there is a requirement that the full benefit of the eliminations and reductions in duty granted to the Common Market under the special authorities contained in this bill be granted freely to Japan, India, and the other low-wage nations of the world without any action or concessions on their part in payment.

The difficulty here is that Japan, India, and, indeed, virtually all other nations of the world consider themselves to be perfectly free to restrict the application of the most-favored-nation principle by the use of quotas, exchange controls, import licensing, internal tax, and regulations which make tariff changes meaningless. Other nations of the world feel free whenever their internal situation warrants, to raise duties and otherwise act contrary to the commitments previously made in trade agreements.

In June, 1961, Japan took such action. This week Canada applied increased tariff duties on more than half of the articles imported into that nation. The United States alone insists upon unrestricted most-favored-nation treatment under circumstances which make a mockery of trade negotiations.

Our trade negotiators act as though the reductions made today affect only the patterns of trade which exist today. They fail to realize that tariff changes are for the future as well as the present. Looking to the future we can be certain that the rate of growth of the Japanese economy, which is three times ours, and of the European economy, which is twice ours, will increasingly subject our domestic market to invasion and disruption in manufactured, agricultural, and mineral products of every kind and description. It is immaterial that these articles are not imported from a particular country today. It is only a question of time until they will be reaching our shores from every industrialized nation and every emerging nation turning to industry as a natural means of improving their standard of living.

The vice of H.R. 11970 is that it rejects any and all regulations of imports. It throws the U.S. market open to unlimited importation of goods from every nation of every kind and description, without the possibility for adjustment in the future.

Our experience with the Common Market in the case of the carpet and glass tariff changes should warn us as to the consequences in the future, should we belatedly attempt a reasonable regulation of our imports following the use of the duty elimination and reduction authority in this bill. In less than two dozen instances in more than a dozen years the United States has adjusted

duties in the face of tens of thousands of reductions of duties. Two of these, carpets and glass, affected one country, Belgium. Yet all of the nations of the Common Market retaliated against that adjustment in duty, affecting only Belgium, by an increase in duties on a group of U.S. products when imported into any of the Common Market countries.

We have learned that it is inordinately difficult to secure an adjustment of duties. Yet we propose under this bill to accelerate the total destruction of our tariff structure and to make available our market without exception to all nations when we know with certainty that economic distress will be caused to sections of our economy and that mistakes once made are virtually impossible of correction.

The fourth basic problem with this bill, Mr. Chairman, is the policy made clear by the adjustment provisions of causing serious injury on a widespread basis to the American economy. Unless this were the case, there would be no justification for such an elaborate system of payments to workers and subsidies to industries as are called for in title III of this bill. The shift from the policy adhered to up until this day of using trade agreement authority selectively so as to avoid injury to the new policy of using trade agreement authority indiscriminately so as to cause injury, is, indeed, dramatic.

We have been offered no rational explanation for the necessity of such a shift. We are greeted over and over again with the statement that the authority in the bill is necessary to enable the United States to protect its markets in Europe. Yet, it has not been demonstrated why selective negotiations accompanied by safeguards will not accomplish this purpose.

Common Market tariffs have been reduced internally by 40 percent and yet the exports from the United States to the Common Market continue to increase, as reported by the Department of Commerce. We lead the rest of the world in the expansion of our exports to the Common Market after the external discrimination against U.S. exports has been placed into effect within the market. The fact of the matter is that as the prosperity of the residents of Western Europe increases and her standard of living rises, the products of the United States will always be in demand because of their unavailability in Europe, because we can deliver them under shorter leadtimes, because our products are superior, or because the demand in Europe is increasing at a pace which exceeds the capacity of her own industries to supply.

Let the Members of this body be aware that if they approve this bill, they are turning their backs without cause on the traditions which they themselves have established in earlier trade agreements legislation. Let them understand that they are approving a basic change in our policy from one of expanding exports while protecting the strength of the domestic economy, to one of experimenting with export increases at the expense of intended injury to our domestic economy.

Let them, finally, be aware that they are subscribing to the notion that it surpasses the capacity of American ingenuity and intelligence to conduct a trade program which will benefit our entire economy; that this administration has given up before tackling the job on the possibility of carrying forward our trade agreements tradition; that this administration announces in advance that it does not believe that the successes of prior administrations can be repeated; namely of negotiating to benefit our foreign trade while, at the same time, preserving the strength of our domestic economy.

These are the choices, Mr. Chairman. They have led me and my colleagues who voted against the bill in committee to decide that this bill is not in the best interests of the United States. We are confident that other Members of this body who think calmly and fairly about the issues in this bill will join us in our position and support a motion to recommit this bill with instructions to the committee to report an extension of the present law.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. GOODELL].

Mr. GOODELL. Mr. Chairman, this is a painful and distressing moment for me. I am in favor, basically, of the President's trade bill, expanding our trade, accommodating to the Common Market, and the other arguments that have gone with it. I hope those of you who have not read the letter which I sent to each Member this morning will do so. I put extra copies on each of the desks here.

Basically, the training section, the trade readjustment assistance section for workers in this bill I am afraid, after analyzing it carefully, is going to create a mess. It is going to create a pretty horrible mess.

As all of you know, I had some part in the manpower training bill. What we are doing here in this trade bill is setting up a new class of privileged unemployed workers. We are telling a man without a job that he is less unemployed than another man who is out of a job. We are giving this man, who is affected by imports, increased benefits, and we are making it easier for him to qualify for those benefits.

Let us take as an example, the State of West Virginia. The manpower bill, as you know, requires that a man to qualify must be the head of a family. There is no such requirement in the trade bill. It requires that he has worked 3 years in the work force, that he has had this work experience, and that he be at least 22 years old. There are no such requirements in the trade bill. There is a requirement as to length of time in the work force, but it is of a lesser degree in the trade bill.

The man in West Virginia who used to make \$100 per week and qualifies for training under all the restrictions that we put in the manpower bill can receive at most \$32 a week in benefits, the maximum unemployment compensation benefit. Under the trade bill, if a man was employed in an industry that is adversely affected, and it goes through the agen-

cies, and he is determined to get aid and qualifies for aid, if he makes \$100 a week he can get \$63.18. His neighbor beside him made \$100 a week in his previous job, and he gets \$32 a week under the Manpower Act. In addition, the man affected by the trade bill does not have to take training in order to qualify for this aid. He gets it automatically.

Mr. BENNETT of Michigan. Mr. Chairman, will the gentleman yield?

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

Mr. BENNETT of Michigan. The best way to get rid of the evil the gentleman is talking about is to vote against the bill, because this is a bill that is bad.

Mr. GOODELL. I am reluctant to accept that solution. I think my colleagues should know what is involved here in terms of conflicts and contradictions as between the training and the assistance we are giving to people affected by trade and those who are unemployed for other reasons in this country.

Under the trade bill a man is defined as being unemployed if he makes less than 75 percent of what he made previously, his average weekly wage. This means a man who made \$100 a week can work part time and earn up to \$75 a week and still qualify for assistance under this bill. This is just not fair; it is wrong; it is an injustice to the great bulk of our unemployed who will not qualify for this kind of benefit. It is going to throw our manpower bill into a chaotic situation. It is going to put pressure on us, if not this year, in future years, to raise all of these benefits in the manpower bill to the same level and to cut out the restrictions against abuse that we so carefully wrote into the Manpower Act.

There is another item in this bill. When the manpower bill was first sent up, it was proposed that the Federal Government pay 50 percent of the cost of relocating workers. The distressed areas rose up in arms and said, "You are going to make ghost towns out of our communities. You are shipping all the workers away."

There was such a hue and cry that they dropped this provision. In the trade bill there is not the 50 percent contribution made by the Federal Government but a 100 percent payment by the Federal Government to move these people, plus a lump sum of two and a half times his average weekly wage.

I have asked a question of the authorities downtown and they tell me this is what they contemplate: They are going to make retroactive payments to the unemployed. What is normally going to happen is that a man when he loses his job, is going to start through this procedure for a decision as to whether his unemployment is due to trade and imports, and 3 months later they may have a final decision, "Yes, it was due to foreign competition."

Now, for this 3-month period he may have been collecting unemployment insurance at the rate of \$30 a week. If he is eligible under the Trade Act, \$62 or \$63 a week, they are going to pay him the difference retroactively in this bill for 2 or 3 or 4 months that he has been

going on unemployment insurance. This is another thing that is not true in the manpower bill. There is no way to do this in the manpower retraining bill.

Now, we also wrote some very careful provisions in the manpower bill for matching, to require State responsibility to get into this picture after 2 years. There is no matching of any benefits in this trade bill for these workers, none whatsoever. These are going to be paid by the Federal Government exclusively. In addition, the Federal Government, presumably, is going to reimburse your State unemployment compensation fund. At the very last moment when the manpower bill was in conference, we almost foundered on this issue; that when the Federal Government pays the State unemployment fund back, there was no requirement in the manpower bill at that stage to insist that the employers, who had been taxed for this increased tax for these unemployed workers, would be credited. They themselves would be credited. Again, in the trade bill this has been ignored completely; no provision for crediting those employers who have paid the taxes to pay the benefits of unemployment insurance. It will go back into the State fund but not necessarily to the employers.

Now, there is another factor. You can talk theoretically about how this adjustment assistance for workers will proceed, but it is not going to be a black and white situation. You and I have plants in our areas. The Government is going to send investigators in there to determine whether that plant, a glass plant in my particular area, for example, has been affected adversely by foreign imports. Now, they are going to come in there and find that this given plant perhaps has poor management; that they have not been doing too well for this reason; that they are too far from their source of supply or that they are too far removed from their markets or that they have competition domestically, which is causing them a great deal of trouble. They are going to have all these factors combined; not a single factor of foreign competition. And, when they get through evaluating it they will perhaps say to this industry, "We think, judging all these things proportionately, you do qualify for aid."

Now, when I talked to the people who apparently are going to administer this, I said, "How long are you going to qualify these people for aid?" They said, "Normally 2 years, subject to review at the instance of the President." All right. So, in a glass plant in Jamestown, N.Y., for instance, we qualify for assistance for 2 years. Every worker, therefore, who loses his job from that plant thereafter gets that extra big fat benefit, while the rest of the workers laid off in the other plants do not get this benefit. It goes on for 2 years unless the President—as busy as he is and with the administrative machinery set up here—there is nobody, apparently, in charge of reviewing these things—unless the President decides to have a review of that determination. So, as a practical matter, what we are coming to is that this section is unworkable; that it is going to do more harm than good; that it is

merely trying to pass out some extra privileges to a very small segment of our workers in this country in hopes that they can get the votes to pass the bill.

Mr. Chairman, I would support this bill if we could adjust it properly. I do not want to vote for the creation of second-class citizens among our unemployed—and that is just what this trade bill does. I shall vote for recommitment in hopes the Senate will clean the messy features out of this legislation.

Mr. MacGREGOR. 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 Minnesota?

There was no objection.

Mr. MacGREGOR. Mr. Chairman, many of us strongly favor the principle of reciprocal tariff reduction. We believe strongly that when each country of the free world can channel the efforts of its workers, the know-how of management, and its capital investment into the production of those goods and products which it can produce most efficiently, the standard of living of all free peoples is bound to rise. Many of us do not quarrel seriously with titles 1 and 2 of the Trade Expansion Act of 1962; it is these portions of the act which represent the best work of the Committee on Ways and Means.

Title 3, and specifically chapters 2 and 3 under that title, give us cause for serious concern. In the words of two of the majority members of the Committee on Ways and Means, these chapters add nothing to the Trade Expansion Act, are unnecessary, and create unjustified expense and discriminations. To be more specific, the provisions relating to the weekly amount of trade readjustment allowances would serve to create two classes of unemployed. If this bill, as presently drawn, were to be enacted into law, we would be making second class citizens of all of our unemployed workers who could not directly prove that their joblessness resulted from foreign imports.

Late yesterday afternoon, the debate established the unwise inequities to result from this bill in two specific situations. Let us take the case of a company with 100 workers engaged in making products sensitive to foreign import competition; the company also does some defense business under contract with Uncle Sam. The company becomes damaged by an influx of foreign goods due to lower tariffs, finds it cannot compete, and lays off 10 men. The following week it is notified by Washington that part of its defense business is being allocated elsewhere. This results in the layoff of another 10 men. Does it make any sense that the second 10 unemployed are to be treated less favorably than the first 10? We are here asked to believe that this discrimination is perfectly proper, because the layoff of the first 10 men results from the exercise of the sovereign power of government while the second 10 have suffered from the exercise of the contract power of government. Do you suppose this legalistic distinction without a difference will prove satisfactory to the second 10 men who see the

first 10 unemployed receiving benefits half again as great as theirs?

Take the case of two similar small businesses, each engaged in the manufacture of a product sensitive to foreign competition. Tariffs are lowered and each company begins to feel the pinch. Company A is blessed with progressive management, whereas company B adopts an attitude of "let the Government take care of us." Company A, through the exercise of initiative, enterprise, and hustle, manages to raise the necessary capital to conduct a thorough retooling of its plant so as to produce a new product which it hopes will be competitive. It must lay off its employees at the start of this retooling process.

Company B does nothing to help itself or its workers. It waits until the foreign imports boom is lowered and it must lay off its people. Under title 3 of the Trade Expansion Act as it now stands, the employees of company B would be treated much more favorably during their unemployment period than would the employees of company A. By giving a better break to the employees of lackadaisical company B than we give to the employees of progressive company A, we would be clearly legislating to discourage a company from using its own initiative to solve its own problems for itself and its workers. Do we really want to discourage private enterprise and to create added incentive for more dependency on Government?

Under title 3 as presently drawn, those who lose their jobs by reason of foreign imports will receive substantially higher weekly benefits in the form of trade adjustment allowances than the unemployment compensation paid to those jobless by reason of automation, natural resource depletion, or other domestic causes. In some States, the privileged unemployed would receive almost twice as much as the unprivileged. This bill would pay the privileged unemployed the full cost of moving to a new area, while the unprivileged unemployed would get nothing. The privileged unemployed could receive training benefits for a period of up to a year and a half, while the unprivileged domestic jobless are limited to a maximum of 1 year under the Manpower Retraining Act.

Mr. Chairman, it is my understanding that the Committee on Ways and Means was divided 13 to 12 on the issue of whether those unemployed by reason of imports should be treated more favorably than the vast number unemployed for all other reasons. I think it highly unfortunate that we are today operating under a Rules Committee action which prevents the entire membership of the House from working its will on this aspect of the Trade Expansion Act. However, the Committee on Ways and Means can still give to all of us in this body the opportunity to eliminate this proposed discrimination between classes of unemployed by offering a committee amendment to chapter 3 of title 3. It was widely reported in the press yesterday that such a move was being contemplated. I earnestly request the chairman and the members of the Committee on Ways and Means to give

each of us the opportunity to improve the Trade Expansion Act by voting for equal treatment to every American so unfortunate as to be out of a job.

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

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

There was no objection.

Mr. RIEHLMAN. Mr. Chairman, I am disappointed in the state of affairs existing here today. I have been a consistent supporter of reciprocal trade legislation in the past because I have always felt expanded trade to be vital to our national strength. I feel that my position has been valid through the years and that it is still valid, and I had hoped that I would be able to support a trade bill here today in which I had complete confidence. I regret that I am unable to express such confidence in the measure before us. There are several questionable features in this bill. The gentleman from New York [Mr. GOODELL] has just put his finger on a major provision which truly worries me. I am concerned about the adjustment assistance provision because of its inconsistency with the manpower retraining bill which the House passed earlier in the year and because of the adverse effect it would have on the unemployment compensation laws in the various States. I am also concerned that this provision will give our tariff negotiators a virtual license to reach agreements which will bring substantial injury to, if not elimination of, some of our industries.

I realize, as I am sure most of us do, that it is important for us to find a place in the great markets of the European Economic Community and I think our trade laws must be liberalized with this in mind. But I think it is unfortunate that the bill before us today has been so widely represented as the only vehicle for attainment of this trade affiliation with the Common Market. I do not feel that this is necessarily so and I think we would be wise to extend the present reciprocal trade program for another year to more thoroughly explore some of the controversial aspects of the approach embodied in this bill.

We do not know what will happen to the makeup of the EEC in the next year, nor do we know what will happen to its attitudes. We cannot state with any degree of certainty what our own economic situation will be in the coming year. As I have mentioned, I think we need to give more consideration to the adjustment assistance provisions. For these and other reasons I intend to vote to recommit the bill with the instruction that the present reciprocal trade program be extended for 1 year. Although I think the President needs more bargaining power than he has under the existing program, I would prefer to move ahead with caution.

If the recommittal motion fails, however, I will vote for the bill on final passage. I regret the bad features of this bill and will work in the future to have them eliminated, but I feel that, in the absence of any other alternative, the need to place the United States in a

stronger bargaining position on world trade outweighs these other considerations. I consider it in the national interest to undertake this trade program rather than none at all.

If this bill is enacted, I consider it imperative that the President undertake immediately to give American industry a chance to be more competitive on the world market. By this I mean a reduction in the heavy burden of Federal spending, a reduction in the corporate income tax, and an overhaul of the tax structure to give industry greater incentives for the modernization of plant and equipment. We cannot undertake this trade program in good faith without giving American industry this consideration.

Mr. FRELINGHUYSEN. Mr. Chairman, I would like to commend the statement just made by the gentleman from New York [Mr. GOODELL]. His views deserve the most serious consideration. I truly regret that he did not have a more adequate opportunity to explain his well-provided reservations regarding the adjustment assistance provisions of this bill.

At the outset, Mr. Chairman, I should like to make it plain that I personally believe that the President must be given adequate tools, and reasonable freedom, to negotiate trade agreements with these nations. Having said this, I must add that I deeply regret that the House is being given so little freedom in developing sound legislation in this area.

As the gentleman from New York has just stated, the House Education and Labor Committee has considered in some depth this problem of what might be called adjustment assistance for those who are unemployed. This discussion occurred as a result of specific recommendations made by the President. As a result we developed the provisions of the Manpower Development and Training Act. I personally can see no reason why the guidelines laid down in that legislation, so recently signed by the President, should have been ignored during the consideration of what now appears as title III of this bill.

Unjustified differences in benefits to be provided to our unemployed, especially when these differences are major in character, cannot help but have undesirable results. I am not saying that adjustment assistance may not be needed if unemployment occurs because of foreign competition. However, I fail to understand why this unemployment should be considered of a different kind, necessitating greater benefits than other forms of unemployment.

These differences could easily be adjusted, Mr. Chairman, if only the opportunity were to be presented. The Committee on Ways and Means is to be congratulated for the improvements which they made in the bill as it was originally introduced. I can only say that I regret that somewhat closer consideration was not given in that distinguished committee to the specific program of adjustment assistance proposed.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself 30 seconds.

Mr. Chairman, I take this time for the purpose of suggesting that this House

could very well pay great heed to the remarks that we have just heard made by the gentleman from New York [Mr. GOODELL], who is one of the authors of the Manpower Retraining Act. The gentleman from New York knows what he is talking about. He has made this comparison here, and he has pointed out the flagrant discrepancies being created by this bill in the fact that if this provision remains in the bill, we also place in jeopardy the Manpower Retraining Act, which this Congress passed earlier this year.

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

Mr. LINDSAY. Mr. Chairman, in my view this bill, the Trade Expansion Act of 1962, is the most important legislation before the 87th Congress. Indeed, I believe that it is the most important bill that I have seen on the floor of the House since I have been a Member. This bill marks the place at the crossroads where we in this country must choose between an inadequate status quo, and a new challenge put to us by a moving, changing, and advancing world. In my view, we have no choice. We must put this bill through as the very least that we must do to build a stronger America both at home and abroad.

This is not a partisan matter. Republicans and Democrats alike support it. General Eisenhower would have recommended the same were he President today. I commend the distinguished chairman of the Ways and Means Committee [Mr. MILLS] on his handling of the bill. And I commend the distinguished gentleman from Tennessee [Mr. BAKER] and the gentleman from Missouri [Mr. CURTIS], as ranking minority members of the Ways and Means Committee for their vigorous and courageous support of the bill. They do this in the public interest and in the interest of the free Western community.

Mr. Chairman, this country has prided itself on its ability to compete. We have always considered ourselves the best producers and the best salesmen in the world. The Yankee trader is the best trader in the world. Why should we doubt our powers now? Why should we lose our confidence in our ability to compete?

We in this Chamber who represent 435 constituencies should realize that this bill is a consumer bill. It is a bill in the best interests of that all-important but too often neglected group—the consumers of America. The consumers of this country represent no special pressure group. They cut across the board. They are labor and management, white collar and blue collar alike. The consumers of America are probably the least organized people in America. But they still represent the vast majority of Americans. And this bill, Mr. Chairman, will be for the aid and relief of consumers.

I receive mail all the time, Mr. Chairman, from my people back home—asking, pleading what can be done to stop the spiral of the cost of living—the big, big squeeze. Not an easy question. But one thing we can do is pass this bill. We should understand that one possible effect of this bill will be to force us to

produce better and cheaper goods. And we must learn to do this or we will not survive in this changing world. We have no fixed position as the world's leading producer, seller, and exporter. Our position is always subject to challenge. And it is being challenged right now by the European Common Market. Europe is doing this, I would remind my colleagues, by and through the free enterprise system. We should welcome this challenge and be glad for it. And by the same token, Mr. Chairman, we must not allow our own people to go under because of circumstances that are beyond their control. That is why the bill has important safeguards and adjustment features.

Mr. Chairman, I have been one of the congressional delegates to the NATO Parliamentarians' Conference. I have spent some time in Europe and with Europeans, particularly with our parliamentary counterparts. Recently, our chief point of discussion has been the desirability—the necessity—of creating a viable Atlantic Community based upon trade and economic ties. I have heard it said by some that Europe and the Common Market countries do not really want the United States to share in the new European prosperity. Now, I question this statement. Europe is constantly under the gun of military aggression—it has been run over before and conceivably the attempt could be made again. And Europe knows that its strongest defense is an alliance based upon durable economic ties between the countries of the Atlantic Community. This, my friends, is a far stronger and more lasting alliance than any military alliance can possibly be. NATO is one of our most effective instruments. But it needs the underpinning of an alliance based upon economic, social, and cultural ties. Responsible leaders in Europe know this, and they know that concepts of economic isolationism do no one any good this day and age.

Finally, Mr. Chairman, I cannot accept the argument that this bill has insufficient safeguards for American industry and American workers. The bill, in my judgment, has ample safeguards. In fact, in some respects, these safeguards are more liberal than the safeguards contained in the present law. The Executive is not free to enter into any agreement with another country until the matter has in effect lain on the table for 6 months. The gentleman from Tennessee [Mr. BAKER] saw to it that ultimate and effective and responsible congressional control is retained in the Ways and Means Committee and in the Congress. In this he was joined by our distinguished colleague from Missouri [Mr. CURTIS].

Then there are the adjustment features—technical assistance, loans, and tax relief to firms and cash allowances and retraining for workers. These features are essential, Mr. Chairman. I do not agree with all of them. A couple of them I think are loosely drawn. But they will perform a necessary function. It is one thing to pass a liberal reciprocal trade bill. It is another thing to let it work. It seems clear to me that in the absence of alternative relief measures the Executive will not be able to

withstand the pressures to grant tariff relief. These pressures will come from management and labor and from the Congress itself. Here then is an alternative, under which tariff relief can be avoided, but relief granted. This is not only fair, but absolutely necessary if the program is going to be permitted to work.

There is a safeguard, also, in the provision for a single trade negotiator, who will be subject to confirmation by the Senate. This pinpoints responsibility, which in the past has been scattered. Further, two Members of the House and two Members of the Senate will be accredited members of the U.S. trade agreement delegations.

Now, Mr. Chairman, allow me to review in greater detail some of the reasons that lead me to the conclusion that the motion to recommit this bill to the Ways and Means Committee should be defeated.

Congress has renewed its commitment to reduction of tariffs 11 times since 1934, the year of passage of the Reciprocal Trade Agreements Act. The temporary authority granted to the President in the most recent Trade Act, passed in 1958, nears termination. Today that authority is no longer capable of advancing American economic and political interests in a revolutionary world. I strongly support adoption of a broader tariff-negotiating power as envisioned in H.R. 11970.

The Congress and the public should recognize that those who favor the status quo with regard to trade policy pursue an illusory goal. Conditions in the 20th century change overnight. Involvement with the status quo quickly becomes a commitment to the past. I urge those who look to the past in search for a viable national trade policy to redirect their view to effectively meet the challenges of the present and future.

Two developments within the last decade demand liberalization of our trade policy: the first is the increasing emphasis of the Soviet Union upon the economic front of the cold war; the second is the spectacular success of the Common Market.

Premier Khrushchev declared economic war on the West with this statement:

We declare war upon the United States in the peaceful field of trade. The threat to the United States is not the intercontinental ballistic missile, but in the field of peaceful production.

This declaration has been implemented by a buildup of Soviet markets in underdeveloped countries at the expense of the Western nations. In 1953 the Soviet Union had signed trade pacts with only three underdeveloped countries. By 1961 the Communist bloc had signed 206 bilateral trade agreements with 32 countries. The fact that the Communist economy is subordinate to political aims allows expedient manipulation of economic forces. Such flexibility enables the bloc to buy surpluses of primary commodities from troubled countries in the unstable world market. This strategy has given the Soviet Union a foothold in permanent trade relations with Iceland, Egypt, Burma, and Ceylon.

The outcome of the cold war will be largely determined by the ultimate acceptance or rejection of communism by the underdeveloped nations of the world. This choice will be strongly influenced by the nature of the trade relations between the underdeveloped countries and the United States and Western Europe. Our national security demands that our trade policy provide for increased trading between the United States and the underdeveloped countries. Without such liberalization of policy, our ability to win the cold war is doubtful.

The second development which our national trade policy must reflect is the growth and success of the Common Market. Since the year of its organization in 1957, the Common Market has moved well ahead of schedule toward its dual purposes of elimination of internal tariffs and adjustment of external tariffs to a common level. From the standpoint of the United States, increasing integration with the Common Market is both politically and economically desirable. Increasing economic integration of free nations will have a significant effect on the world balance of power as Russia's repeated denunciations of the Common Market suggest. The economic stakes are equally high. When Europe's economic union is more fully realized, the Common Market and the United States will concentrate 90 percent of the free world's industrial output within their two markets. Unless the United States can place American industry inside the external tariff wall of the Common Market, 40 percent of American exports of manufactured goods to Europe will be lost, with smaller losses of exports of agricultural commodities and raw materials. American manufacturers cannot compete within the Common Market with the duty-free products of the member countries. When one considers that about 1 out of every 5 or 6 factory workers in the United States owes his job directly to producing for the world market, and that approximately half of our manufactured exports go to Europe, the loss of 40 percent of the European market for manufactures would be a staggering blow to our economy. A lowering of trade restrictions on goods moving between the United States and the Common Market is the only insurance against the loss of Europe as a market for American exports.

The national welfare, therefore, demands that our new trade policy include provisions which would open up trade between the United States and the underdeveloped countries of the world and would lower or eliminate restrictions on goods moving between America and Europe.

H.R. 11970 includes provisions which satisfy both demands. This bill gives the President authority, for a 5-year period—a necessary length—to reduce or eliminate tariffs on any item of which the United States and the Common Market produce 80 percent of the world supply, if the Common Market agreed to lower its tariffs on the item. Unlike existing law, H.R. 11970 would allow the President to negotiate by categories of items rather than on an item-by-item basis. This is a most important feature.

It has the added advantage of spreading the risk among domestic producers. But more important, the bill provides the mechanism by which the United States and the Common Market can, through negotiation, substantially liberalize their trade relations. I am confident that these negotiations will be fruitful. They can result in an unprecedented growth of trade with proportionate benefits to the economies of the countries involved. The political benefits of such cooperation would be, as I have suggested, at least as significant as the economic benefits. Economic alliances are intrinsically stronger than military alliances.

For example, possibilities offered by trade policy in waging the cold war in underdeveloped countries are recognized in the authority given the President to reduce or eliminate duties on any tropical agricultural or forestry commodities which are not produced in significant quantities within the United States. A condition of this authority is comparable reductions or eliminations of duties by the Common Market without differential treatment of underdeveloped countries. These commodities are defined as tropical if their principal production occurs between the 20-degree latitude lines.

A glance at a world map reveals the critical area which lies between these two latitudes. Included are about 100 countries and islands in Latin America, Africa, and Asia which are the major world sources for tropical agricultural commodities and primary products. Liberal trade relations between these countries and the United States would be necessary even if one could ignore the Communist threat. Key agricultural exports from this zone include rubber, cotton, wool, timber, cocoa, sugar, coffee, and tea. Indispensable exports of raw materials or crude minerals include oil, tin, copper, lead, zinc, iron ore, manganese, nickel, aluminum, and diamonds. Economic need for these raw materials justifies a liberal commercial policy in our trade relations with the tropical countries. But we dare not forget that the Soviet bloc is steadily increasing its trade with many of the countries of this vital zone and that the pattern of our age underlines the connection between economic and political dependence. I cannot understand criticism of a liberal trade program between the United States and the underdeveloped countries of the tropical belt. Either Soviet activity or our need for their products warrants an opening of trade barriers. The two taken together constitute an unassailable argument for leveling trade barriers.

Expansion of international trade and multilateral trading will benefit this country in the long run. I am amazed that after 28 years of Federal commitment to a liberal trade policy the economic advantages of this kind of policy are not universally recognized. Increased production abroad will cause an increase, not a reduction, of American exports abroad. Manufacturing countries provide a far greater market for exports of manufactures than non-industrial countries. In 1955, although trade restrictions existed, exports of

manufactures from industrial to other industrial areas amounted to about \$53 per capita; to nonindustrial areas, about \$11 per capita. Industrialization of underdeveloped countries will boom the U.S. export market. Data from countries in the early stages of industrialization indicates that imports of manufactures have increased faster than has production of manufactures. The point is that industrialization in newer countries represents an opportunity for expansion, not a threat, to the manufacturing industries of the older industrialized countries. This opportunity depends upon the existence of three essential economic conditions in the industrial country.

First. The economy of the country must be healthy and expanding.

Second. Liberal commercial policies must prevail so that underdeveloped countries can industrialize.

Third. Industry in the developed countries must be able to adjust in order to profit by the economic growth of underdeveloped countries.

The third point is indispensable to economic expansion. The industrialization of underdeveloped countries need threaten America only if her political and industrial leaders react defensively out of fear and hostility.

The adjustment assistance provisions of H.R. 11970 will allow American industry to accept the opportunity of expansion without some of the severe immediate problems of adjustment. Our liberal trade policy has been hampered in the past by peril-point and escape-clause provisions which have overly protected American industry from the need for adjustment in the face of import competition. H.R. 11970 includes a fair and reasonable escape-clause provision, but the attitude of the Administration indicates that this will be used sparingly. Tariff increases will no longer be the only remedy for import injury. While the overall effect of this trade policy on the American economy will be good, adjustment will involve some immediate hardship. That this hardship should be alleviated is consistent with the objectives of freer trade. We cannot expect those injured by import competition, as a result of governmental action, to pay the full price for the benefits of trade expansion.

Adjustment assistance is offered in the form of technical assistance, loans, and tax relief to firms and cash allowances and retraining for workers. Firms and workers will not be sheltered from competition; they will be helped toward greater efficiency and productivity. We should not expect our State compensation systems to accept the burden of import unemployment caused by a national trade policy. We must accept a national responsibility for dealing with adjustment injuries. And we must be realistic about this bill.

The adjustment assistance program will necessarily contribute toward a more determined effort to open channels of trade. The program will increase our competitive ability by providing more security for our workers. It will lessen the pressures to invoke escape-clause provisions which will result in higher

tariffs. The individual who suffers because his legitimate interest has been overridden by his country should not be expected to adjust to these problems entirely on his own. The adjustment features, therefore, are not only desirable from the point of view of the overall objectives of the bill, they are fair and necessary.

The combination of a liberal trade policy and adjustment assistance offered in H.R. 11970 elicit my strong support. The direction of our present tariff policy, the growth of the Common Market, and our role as political and economic leaders of the free world all dictate that this bill must pass.

Mr. Chairman, in my judgment the United States is at the crossroads in this bill, and there is only one direction that it can go. It must not retreat into the past. It must stay with the times and look to the future.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from New Jersey [Mr. FRELINGHUYSEN].

Mr. FRELINGHUYSEN. Mr. Chairman, I should like to commend the gentleman from New York [Mr. GOODELL] for his statement and ask unanimous consent to extend my remarks at the conclusion of his statement.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I thank the gentleman for the 3 minutes he has yielded me. It is what is left of the 10 minutes promised me when this debate started.

Mr. Chairman, I have never seen that rose garden at the White House they talk about so much, but I would like to see it today. I would like to see how much traffic went through the rose garden last night and this morning in connection with the pending bill. Yesterday I heard the gentleman from Louisiana [Mr. BOGGS] deliver a long speech in support of this free trade bill. Less than a year ago, Mr. Boggs appeared before the Ways and Means Committee seeking protection against the importation of foreign shrimp. Last year he was a protectionist; today he is a free trader. It is hard to understand how individuals can shift positions with such ease, but I guess it can be done.

Last week we had a farm bill before the House and all Republican Members but one, as I remember the voting record, opposed the bill. One of the prime reasons why they voted against the Kennedy-Freeman farm bill was because of delegated and dictatorial power to the Secretary of Agriculture. I wonder what will happen this afternoon when we come to a vote on this bill. I wonder if the Republicans will give to the President of the United States, under this bill, the untrammelled and unconscionable power that it delegates to him. It is going to be interesting to watch how this vote goes, as compared with last week.

I would like to ask the gentleman from Arkansas [Mr. MILLS], a question. In

1959, there was imported 1,300 million pounds of beef which displaced 433 million bushels of corn that was in surplus that should have been used for feed. In 1960, there was imported live or the carcass equivalent of 1,504,000 head of beef, 1,341,000 head of hogs, and 1,105,000 head of sheep and lambs.

This means that we displaced in 1960 alone 30 million acres of production in this country. How will the farmers of America figure in the plush payoff set up in this bill for damaged industries?

Mr. MILLS. As the gentleman says, we imported about 4.8 percent in 1958 and 5.4 percent in 1961. At the same time our exports increased better than 40 percent.

Mr. GROSS. Let me interrupt the gentleman for a quick comment. The gentleman conjures up the old story that the imports of foreign agricultural products are only a small part of our production in this country. Let me quote a statement by Candidate Kennedy. In a speech in New York on October 12, 1960, Candidate Kennedy said this:

Frequently imports may be only a relatively small percentage of our domestic market, 2 or 3 percent, but it breaks the price of the other 97 percent.

The gentleman does not quarrel with President Kennedy's statement in 1960, does he, as to the relative importance of a small amount of imports?

Mr. MILLS. What I am trying to point out to the gentleman is that this thing works two ways. We are exporting beef, hides, and things like that, as well as importing some beef and veal. For example, we exported in 1961 in the neighborhood of \$90 million in hides. I might say to the gentleman the loss of our exports can really break prices.

Mr. GROSS. There is very little true barter and sale of the agricultural products that we send overseas, and the gentleman well knows that, too. He knows that a very substantial amount of our agricultural exports are given away as grants in aid or are paid for in currencies of the receiving nation with the agreement that the currency must remain in the country and be spent there with nothing returned to the U.S. Treasury. So-called loans are also made to foreign countries which will never be repaid but which are used to purchase agricultural and other commodities. The claim that billions of dollars of our exports are on the basis of true barter and sale is as phony as a \$3 bill.

Mr. Chairman, I regret there is not more time available to explode more of the myths of some of the arguments that have been advanced. Let me say in conclusion that you cannot put American industry, labor, and agriculture on a world price level and I warn those of you who vote for this bill that you will live to see the day when you regret your vote.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. LAIRD].

Mr. LAIRD. Mr. Chairman, this morning I received an analysis of the manpower sections of this bill from the gentleman from New York [Mr. GOOD-ELL]. I listened to his remarks today

and understand he is inserting his letter in today's RECORD. The amendments outlined by him are necessary.

I am constrained to oppose the trade bill as reported out by the Committee on Ways and Means—not because I do not believe that we and the other nations of the free world will benefit from a greater exchange of goods and services. I have serious doubts whether this bill will accomplish this purpose and I know the manpower and industry subsidies in this bill will do serious harm to our economy.

I also feel strongly that there is no need for haste in adopting this new trade legislation. We are putting the cart before the horse. We should first find out the direction which the Common Market will take. If that economic union does pose a problem for the United States, our action should be directed specifically to the solution of that problem. If the actions in Canada this past week pose a problem, our action should be directed to a solution for that problem. We are being asked to enact legislation to liberalize our tariffs while at the same time the Common Market, Canada, and other parts of the world show every indication of moving in the opposite direction.

The United States has given billions of dollars in foreign aid to the European Economic Community. American forces are their first line of defense. The European Economic Community shares equally with us the benefits of our superior nuclear striking capacity, maintained at a tremendous cost to the American taxpayer. This is no time for us to be calling on them with our hats in our hands.

Through widespread propaganda, the Kennedy administration has sought to create the impression that this trade bill must be enacted forthwith or the doors of the Common Market and world trade will be forever closed to American industry and agriculture. If that were correct, we should be prepared to take retaliatory measures. Factually this is not correct. It is ironic that after 15 years of granting economic assistance to Europe and the rest of the world, we are told that the American taxpayer, American industry, and American labor must be prepared to make further sacrifices, or our goods will no longer be welcome in Europe or in other parts of the free world.

Similarly, the administration propagandists would like to paint a very simple picture of the issue. Either you are for the trade bill, or you are a "protectionist"—and the term "protectionist" is used by the liberal press as the epitome of opprobrium. That is a gross falsification of the issue. I strongly favor reciprocal trade.

I am not prepared to grant to the Kennedy administration authority to decide that some American industry or the jobs of any group of workers are "expendable" because a Government bureaucrat in the State Department—not the Congress and not the American people—decides that it is in the "national interest" to sacrifice that industry, or the jobs of that group of workers in order to obtain some trade concessions—not for the

United States—but for some other nation, such as Japan, the British Commonwealth, or the Latin Americas.

It might be all right to say that we should be prepared to make some sacrifice in the national interest, but who is to determine what is in the national interest? The Congress and the American people should be a party to that decision after having been apprised of all the facts. Instead, we have closed-door meetings abroad at which decisions are reached, which we do not even know about. After the fact, the Congress is no longer in a position to take remedial action.

I agree that the President should be granted authority to negotiate for reciprocal trade concessions. I am not even convinced that such authority should be restricted—as the committee bill does—by the limitation that tariffs cannot be reduced below 50 percent of the existing rate of duty. In some cases, it may be very dangerous to reduce tariffs to 50 percent of the existing rate. In other cases, it may be that tariffs could be completely eliminated without harmful effects to American industry and labor. I would support a broader grant of authority to the President, with the overriding limitation that duties would not be reduced to a point where an American industry or the jobs of a group of American workers would be jeopardized. If this does not leave us any leeway for further negotiations—as some administration spokesmen claim—then we should not have any trade bill.

In opposing the provisions for adjustment assistance, I am not opposed to the thought that we should help those industries and those workers who might be injured. I am opposed to the concept that we should deliberately bring about such injury as a part of our trade policy in order to obtain concessions—not necessarily for the benefit of other American industries or American workers—but possibly for the benefit of the industry and workers of Japan, the British Commonwealth, Latin America and any other free nation not a member of the Common Market. If that is the definition of "national interest"—which the administration intends to use as its guide in administering this law—I am opposed to the grant of authority.

I fully recognize that in any trade negotiations there may be errors of judgment. Irrespective of a policy to the contrary, our negotiators may inadvertently reduce tariffs below the danger point. I am not opposed to the granting of assistance to such firms or workers as are injured thereby. There are already provisions under existing laws to provide such assistance, including, the Manpower Development and Training Act, the Small Business Act, the Small Business Investment Act, the Area Redevelopment Act.

The Manpower Development and Training Act, which we just passed, was specifically intended in part for the retraining of workers displaced by foreign competition. If the act is inadequate, it should be amended.

The Small Business Administration is in being, ready and able to take care of the financial needs of any firms which

may be injured by foreign competition—and believe me, any firm which could qualify under the committee bill would be more than likely to qualify under the definition of a small business. The test for qualification implicit in the committee bill would serve to rule out any large diversified company.

As evidence of the Federal activities in this area I refer you to the Federal budget for fiscal 1963. The activities of the Departments of Commerce, Health, Education, and Welfare, Labor, and several independent agencies, devoted to the assistance of firms and workers, are scheduled for appropriations totaling \$1.7 billion. I would like permission to insert a schedule showing a breakdown of this amount at the conclusion of my remarks. Certainly, with such a varied scope of Federal authorizations, the problem of displaced workers and the financial need of firms inadvertently injured as a result of our trade negotiations will be provided for. The committee bill merely superimposes another additional program on a special basis, which largely duplicates existing activities of the Federal Government. There is no justifiable basis for treating the economic problems resulting from import competition any different than the other economic causes of chronic unemployment.

Mr. Chairman, I wish to insert at this point a table on "New Obligational Authority and Expenditures for Assistance to Workers and Industry."

New obligational authority and expenditures for assistance to workers and industry, fiscal 1963 (estimates)

[Dollars in millions]

	Expenditures	New obligational authority
Department of Commerce: Area Redevelopment Administration.....	122	64
Department of Health, Education, and Welfare:		
Office of Education:		
Salaries and expenses.....	12	13
Promotion and further development of vocational education.....	34	35
Area vocational education (National Defense Education Act).....	14	15
Promotion of vocational education, act of Feb. 23, 1917 (Smith-Hughes).....	7	7
Total, Office of Education.....	67	70
Office of Vocational Rehabilitation.....	107	112
Total, Department of Health, Education, and Welfare.....	174	182
Department of Labor:		
Office of the Secretary:		
Salaries and expenses.....	2	2
Area redevelopment activities.....	15	15
Manpower development and training.....	60	100
Youth employment opportunities.....	60	75
Total, Office of the Secretary.....	137	192
Office of Automation and Manpower (new).....	855	900
Bureau of Veterans' Reemployment Rights.....	1	1
Bureau of Employment Security (employment service and unemployment compensation).....	129	133
Total, Department of Labor.....	1,122	1,226

See footnote at end of table.

New obligational authority and expenditures for assistance to workers and industry, fiscal 1963 (estimates)—Continued

[Dollars in millions]

	Expenditures	New obligational authority
House and Home Finance Agency:		
Urban planning grants (Housing Act of 1961 and the Area Redevelopment Act).....	10	20
Veterans' Administration: Veterans' readjustment (education and training).....	84	84
Small Business Administration.....	222	306
Grand total.....	1,734	1,882

From the 1963 budget, submitted Jan. 18, 1962.

Mr. Chairman I would like to insert in the RECORD at this point two letters from the Wisconsin State Industrial Commission opposing features of this bill, H.R. 11970:

INDUSTRIAL COMMISSION OF THE STATE OF WISCONSIN, June 18, 1962.

To Each Wisconsin Congressman:

You should be concerned, as a Representative from Wisconsin, as to how the pending Trade Expansion Act of 1962, will—or, rather, will not—apply in Wisconsin.

The attached industrial commission letter of April 4, as to the unemployment benefit features of H.R. 9900, applies equally to the currently pending version of the trade bill, H.R. 11970. We urge you to reread the attached letter.

Wisconsin will not be able to pay the proposed Federal "trade readjustment allowances" (for workers unemployed because of the act), in view of these direct conflicts with Wisconsin's State unemployment compensation law:

(a) The proposed Federal benefit formula would require a weekly Federal supplement, on top of any State unemployment compensation benefit check the worker might otherwise draw; and

(b) H.R. 11970, in section 331(c), specifies that each State agreement "shall provide that unemployment insurance otherwise payable to any adversely affected worker will not be denied or reduced for any week by reason of any right to allowances under this chapter."

Wisconsin cannot sign such an agreement. Our State law expressly forbids, on principle, any such double payment (under two laws) for the same week. Compare the attached letter.

Several dozen other State laws have roughly similar prohibitions. So the proposed Federal benefit program would apparently violate a majority of State laws, including Wisconsin's.

Should the Congress enact a weekly benefit formula—and an "agreement" clause—which are directly contrary to the relevant provisions of a majority of State laws?

We do not think so. And we believe you'd want us to call this pending issue to your immediate attention.

Sincerely,

PAUL A. RAUSHENBUSH, Director.

INDUSTRIAL COMMISSION OF THE STATE OF WISCONSIN, April 4, 1962.

Hon. WILBUR D. MILLS, Chairman, Committee on Ways and Means, House Office Building, Washington, D.C.:

The proposed trade readjustment allowances—for jobless workers—are really unem-

ployment compensation benefits. They should, therefore, be considered and appraised as unemployment compensation benefits—in relation to the benefits now being paid (a) under State unemployment compensation laws, and (b) under various Federal unemployment compensation laws.

In effect, H.R. 9900 proposes a new—and rather complicated, and remarkably different—Federal unemployment compensation system, with more weekly dollars, and many more weeks, for a rather small group of workers. Why?

Those workers who could qualify for the proposed trade allowances would have substantial jobless benefit rights under their own State unemployment compensation laws—even if H.R. 9900 made no provision for special unemployment compensation benefits. Such workers could then draw the same amount and duration of State jobless benefits as will apply to their neighbors, when laid off (for any reason) with a like record of work and wages.

Why give preference to those laid off for a selected reason, by paying them higher and longer benefits? That would sharply discriminate against the great majority of jobless workers—laid off for other reasons, such as automation, or termination of defense contracts, or U.S. tax or credit policies, or interproduct competition, or intercompany competition, or even foreign competition. (There's no superior virtue in federally caused unemployment. Even trade expansion layoffs may be partly due to out-of-date methods, location, etc.)

State benefit levels can properly apply to federally caused layoffs. They now do—in clearer cases than H.R. 9900 may produce. State benefit levels apply to laid-off Federal employees, by Federal law. So too with recent ex-servicemen, by Federal law. The same principle should apply here.

Yet H.R. 9900 proposes a new higher Federal level of weekly jobless pay, for its chosen few—65 percent of the individual's gross average weekly wage, figured by Federal formula, up to a national maximum of 65 percent of the national average weekly wage of production workers in factories. That formula would require a weekly Federal supplement, on top of any State unemployment compensation benefit check the worker might otherwise draw.

Wisconsin's law expressly forbids any such double payment, or Federal (federalizing) supplement. So Wisconsin could not sign the administrative agreement intended by H.R. 9900. The State's unemployment compensation statute plainly specifies:

"108.04(12)(b) Similarly, any individual who receives, through the commission, any other type of unemployment benefit or allowance for a given week shall be ineligible for benefits paid or payable for that same week under this chapter.

"(c) Any individual who receives unemployment compensation for a given week under any Federal law through any Federal agency shall be ineligible for benefits paid or payable for that same week under this chapter."

As to the total number of weeks for which the proposed new Federal trade readjustment allowances might be paid, that total tops all previous figures. The Temporary Extended Unemployment Compensation Act of 1961 permits a combined (State and Federal) maximum total of 39 weeks. H.R. 9900 proposes 52 weeks; but even that isn't all. For those over 60, it's 65 weeks. For those in long retraining courses, the total could be 78 weeks—1½ years.

Any new Federal unemployment compensation system of that sort, even for a small group, would surely be used as a springboard for "federalizing" all State unemployment compensation laws—in the same general direction. Is that what Congress wants? Is

it a better answer than could be developed along retraining lines?

MATHIAS F. SCHIMENZ,
Chairman.

R. G. KNUTSON,
Commissioner.

CARL E. LAURI,
Commissioner.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. PELLY].

Mr. PELLY. Mr. Chairman, tariff policy and the extension of foreign trade assuredly is one of the most important issues of our time. I have always advocated policies to promote and encourage exchange of goods between nations. Even before President Kennedy made his recommendations to the Congress I was wrestling with this problem, trying to determine in my own mind what course the Nation should take in connection with the European Common Market.

Frankly, Mr. Chairman, when H.R. 9900 was introduced I was very unhappy with certain of its provisions. While I share the President's viewpoint as to objectives I had grave misgivings especially as to his request for additional powers and also as to his plan for establishing a program of allowing American labor standards to be undercut and industry to be injured under a system of compensatory government compensation.

Mr. Chairman, I was especially conscious of the problem of injury to industry in view of the Pacific Northwest lumber situation. There we have been suffering from Canadian lumber imports and have seen our soft wood lumber industry lose its markets to low cost foreign competition; so much so that American capital is investing in Canadian timber and United States mills are being dismantled and being sold for operation in Canada. The American lumber workers are increasingly unemployed and the outlook is indeed dismal.

My testimony on the lumber situation is in the record of the hearings and likewise I tried to give the Committee on Ways and Means something of the problem of our Pacific Northwest fishermen and fishing industry due to foreign competition.

Yet, Mr. Chairman, as I said at the start, I am a firm believer in exchange of goods between nations and had hoped that any legislation reported to this House would improve on the present reciprocal trade program without removing protection against unemployment and bankruptcy of industries. The policy of the Republican Party which I have espoused calls for the expansion of free world trade to all nations but with the achievement of this objective being realized in the context of sound policies that will keep American products competitive.

In reporting out H.R. 11970, which the House is considering today, the Ways and Means Committee in several respects improved on the President's original proposal, although much of the deficiency of H.R. 9900 remains. H.R. 9900 was a complete surrender of the Congress to the Executive of its constitutional authority over trade matters without an

opportunity for those adversely affected to be heard except at the discretion of the Executive. H.R. 11970 is somewhat more nearly in conformity with existing law and is improved in part in that it provided for retaliatory power to the Executive where other nations discriminate against U.S. imports.

However, as I said, H.R. 11970 includes so-called adjustment assistance to injured industries and employees; that to me could be an ill-advised adventure into Government boondoggling and handouts.

Also, Mr. Chairman, the bill as reported by the committee is almost a complete surrender of congressional authority and responsibility to the Chief Executive. Unfortunately the House will have no chance to offer amendments and the question is simply a matter of taking the bill as it is or not.

Mention has been made that there will be a recomittal motion which in effect would continue the present Reciprocal Trade Act for 1 year in place of accepting the provision of this bill.

The President in his press conference yesterday indicated that extending the expiring law for 1 year would defeat the purpose because we have exhausted power given under the present law and used up all its bargaining power which is needed in connection with the Common Market.

This argument, Mr. Chairman, it seems to me, is not in accordance with the facts. At the last meeting of GATT in Geneva, arrangements were made for certain tariff reductions which have not gone into effect. On July 1 of this year most U.S. duties will be reduced—20 percent in two yearly stages, 10 percent in each stage. So that under the proposal to extend the present law for 1 year there would continue to be tariff reductions.

The idea of taking a good look at the effect of these new tariff reductions plus studying new developments of the Common Market and other developments appeals to me. The Congress could act next year on the basis of these developments and more intelligently could determine what is best in the national interest.

Reference has been made earlier in this debate as to the fact that our neighbor to the north, Canada, has just increased tariffs, and this on top of her having devaluated her dollar to 92½ cents. Canada has increased her rate of interest and in view of the close connection of the respective economies of Canada and the United States it seems to me it would be prudent to delay action on our tariff act for this 1 year. Also, it seems advisable to wait and see what Great Britain does with regard to joining the Common Market and what she does with regard to her empire preference. Altogether I am persuaded that we should not be hasty.

Frankly, Mr. Chairman, I am greatly perplexed with regard to my own vote in the event that a 1-year extension of the Reciprocal Trade Act fails.

There is the matter of giving power to the Executive. The ever-growing concentration of power in the Chief Executive and the corresponding loss of power

in the legislative branch worries me greatly. I have thought about this a great deal and recognize that at times it is necessary to delegate our authority but I would hope that the House could establish a rule under which no such delegation of power could be extended for a period of more than 2 years.

This bears on the power of the people. The people delegate authority to Members of the House as their Representatives for 2 years. If the people wish to revoke that power they can do so at the end of this period by replacing their Representatives with others of differing views. I would think that by the same token the Representatives properly should not delegate their authority to the President for any longer term than their own, namely 2 years. Thus, any new Members, with differing views, could revoke that authority after they had replaced the Members who had voted to delegate that authority.

So I say, Mr. Chairman, this provision to give the President 5-year authority bothers me and I only regret there is no opportunity given the House to amend the bill.

I repeat that I wholeheartedly support the objective of expanded worldwide trade and recognize that special circumstances exist with regard to the European Common Market. Nevertheless I am conscious of my responsibility to view the effect of any trade extension bill on the people I represent. I mentioned the lumber industry where it is apparent that adequate recognition has not been given to its problems in H.R. 11970, as presently written. I am informed by the National Lumber Manufacturers Association that their industry believes that a realistic system for handling their problems is not in this bill. It is the view of the lumber industry that an effective escape clause should be provided.

Other businesses in my district have written me that they oppose H.R. 11970 because it repeals existing safeguards from destructive import competition. Here again the present peril-point provision would be replaced under the new legislation so that it becomes virtually meaningless; the Tariff Commission's role would become almost a study group. Congressional action would only occur after an agreement had been made and injury sustained. As one constituent described it, Congress would hold an autopsy to the corpse rather than a diagnosis of a living body.

Title III of the new bill worries me greatly. Unemployed persons because of increased imports would receive 65 percent of gross weekly earnings and benefits would continue for 52 weeks. The difference between this and unemployment benefits worries me.

My perplexity comes with how the closure of a plant and the laying off of workers would be determined as far as imports are concerned. If imports affected a few workers in turn the effect might be far reaching and I think that the administration of title III would be very difficult.

One plant might be closed by imports and its competitor be shut down for some other reason. There would be great

confusion as to retraining of employees of the two plants. Altogether I would hope more study could be made of title III and this in turn leads me to think it advisable to extend the present act for 1 year.

A policy of allocating Federal funds to phase out an industry as an alternative to tariff relief to maintain an industry injured by imports is certainly far reaching. For the first time in our history we would have a policy of considering jobs and employees as expendable. This is a new principle with many ramifications of utmost gravity and utmost danger to our economy.

I suggest we should move slowly.

I have in mind that Congress devoted more than 14 years to the development of so-called peril-point and escape-clause provisions to protect our high American wage standards. These admittedly are not perfect provisions but they would be virtually destroyed if H.R. 11970 is passed.

Mr. Chairman, after struggling with this issue with its many pros and cons I believe it best to withhold any radical change for 1 year. Therefore I shall support the motion to continue the Reciprocal Trade Act, and if that motion fails I see no alternative but for me to vote against passage of this bill. I cannot vote for Government doles and bureaucracy coupled with long-term surrender of congressional authority and responsibility to the Chief Executive. It is very difficult and distressing in this instance not to be able to vote for a proposal to extend world trade. If the House could have had a chance to vote on a few amendments which have been discussed I think I would be voting otherwise. Indeed I do hope next year to be in support of a new program designed to meet changed world trade conditions as they develop. Until then I urge a 1-year delay.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. SIKES].

Mr. BYRNES of Wisconsin. Mr. Chairman, under previous agreement, I yield 5 minutes to the gentleman from Florida.

Mr. SIKES. Mr. Chairman, I have the highest regard, the greatest admiration for the distinguished gentleman from Arkansas, the chairman of the great Committee on Ways and Means. He is brilliant, sincere, and persuasive. I have followed his leadership many times on many difficult bills. May I say, they are not getting any less difficult, and on this one I must part company with him.

At the present time the Congress cannot know what the facts are in regard to many matters which have been advanced as reasons why the trade bill should be enacted. The Congress cannot know what the effect on our exports will be by the erection of the Common Market's tariff wall. The Congress cannot know what new countries will become members of the Common Market. Particularly, we cannot know whether the United Kingdom will join the Common Market and, if so, what disposition the United Kingdom will make of Commonwealth preferences.

The Congress has no basis for believing that the elimination of duties or even a 50-percent reduction in duties, as proposed by the pending bill, would accomplish the administration's objective of doubling our export surplus while maintaining our imports at a constant level. In fact, the Congress can know from the import trends of recent years that our imports will increase at a faster rate than our exports. For it is true that the United States, with its low duties and high internal costs, is largely an open market now for the products of the rest of the world.

The Joint Economic Committee of Congress found U.S. industrial tariffs average 11 percent, among the lowest of the nations of the world. As reported in the June-July 1962 publication of the Chase Manhattan Bank, "Report on Western Europe," the U.S. competitive position, though strong, has weakened since the early postwar years. Our share of total world exports has been declining, and our share of manufactured exports has been declining faster.

The National Industrial Conference Board in 1960 asked 91 U.S. companies with operations in Western Europe to compare their European costs of operation with our domestic costs. The conference board found from this survey that operating costs in the Common Market and in Britain run below operating costs in the United States. Taking into account higher U.S. productivity, the conference board found that the labor component of production in the Common Market still costs little more than half as much as in the United States.

These facts are known to the administration. Under Secretary Fowler in his Atlanta speech stated that—

It is well known that Western European producers have been modernizing more rapidly than have producers in the United States, and that their productivity has been increasing as a result. This allows them, through improved quality and lower unit costs, to be more competitive than ever in world markets.

As a result, U.S. exports of finished manufactures declined slightly from 1957 to 1961—from \$11.8 to \$11.7 billion, while U.S. imports increased by more than 40 percent—\$3.5 to \$5.1 billion.

Now here is a point to consider. Although the average rate of duty imposed by the United States on dutiable imports is low—12.2 percent in 1960—the total duties collected are an important component of our balance of payments. In 1960, we collected \$1.078 billion in duties. With the increase in imports since that time, the total duty collections can be expected to be somewhat larger than the \$1 billion figure reported for 1960.

The Treasury Department estimates that this year the deficit in our balance of payments will be about \$1.5 billion. If we were to eliminate all duties and indulge in the assumption that the volume of imports would remain constant, the balance-of-payments deficit would be increased by 86 $\frac{2}{3}$ percent. The duties that we are currently collecting, therefore, contribute importantly to

reducing our balance-of-payments deficit. This fact was acknowledged rather forcefully by the Assistant Secretary of the Treasury, John M. Leddy, in testifying before the Senate Finance Committee on June 20 concerning the sugar bill. Assistant Secretary Leddy was advocating the imposition of an import fee on sugar. He stated that—

The balance-of-payments savings of \$130 to \$160 million which could be realized through the import fee would be a significant benefit. It is essential that we adopt all practicable measures to solve our balance-of-payments problem and strengthen the international monetary system which is centered on the dollar. I, accordingly, urge that this committee accept the proposals of the administration for sugar legislation which would provide for the application of import fees.

Mr. Chairman, I am willing to take the administration's advice that we look to import fees as an important and significant measure to solve our balance-of-payments problem.

The Congress would be acting blindly and in direct contradiction of the facts if it were to accept the proposition advanced by proponents of this bill that giving the President the power to eliminate entirely our import duties or, in any event, to cut them by 50 percent, would contribute to a solution of our balance-of-payments problem.

We do have a balance-of-payments problem, as we have been reminded many times. Our neighbor Canada has just embarked upon a more simple solution of this problem than is proposed here. She is raising tariffs.

There are other important facts which the Congress cannot know at this time which are essential to our consideration of any tariff and trade bill. One of these is what effect the recent 20-percent reduction in our duties, agreed to at Geneva under the "Dillon round" of tariff agreement negotiations, will have on our exports, our imports, and our domestic industries and workers. According to a State Department announcement June 7, 1962, these reductions in duty take effect in two stages—the first stage on July 1, 1962, and the second stage 1 year later.

We are already experiencing an increase in imports at the rates of duty which existed before this 20-percent reduction. The 20-percent reduction can be expected to stimulate a further increase in imports. It is not known whether the concessions which we received in return for these reductions will benefit our exports. A great many of these concessions were in the form of agreements by other countries to keep their duties at the existing level. In other words, they did not reduce their duties; they simply said they would not increase them. Whether a concession of this kind will lead to an increase in our exports is doubtful.

The Congress also has no way of knowing whether the quotas, exchange restrictions, import licensing regulations, and internal taxes used by foreign countries to restrict exports from the United States, will be eased to any significant extent during the next 2 years. It may

be that, as so often in the past, the tariff concessions promised to us by other countries will be effectively neutralized by nontariff actions taken or continued in effect by them.

Certainly, Mr. Chairman, it would make no sense for this body to approve further trade agreement negotiations by the President before it can be known to what extent, if any, this most recent set of trade agreement negotiations has benefited the commerce of the United States. If, as may be the case, the reductions in duty which we granted stimulate imports far more than any growth in exports which we realize, then our trade agreement actions will have served only to aggravate the balance-of-payments deficit which is so troublesome to this country at this time. Let us, therefore, defer any grant of new and enlarged trade agreement powers until we know exactly what the effect has been of use of existing authority. This is one more important fact which we must give time the opportunity to develop before we undertake such important legislation as the bill now pending before this body.

Mr. Chairman, thus far I have been developing the reasons why I believe the Members of this body should postpone action on H.R. 11970 until the basic facts are known concerning the Common Market, its membership, its impact on international trade, and the consequences to our economy of the 20-percent reduction in duties which takes effect during the 2-year period commencing July 1, 1962.

It may be that when these facts are known, we will decide that the administration should be given some or all of the power which it is asking for in H.R. 11970. I do not know. No one can know whether it would be wise for us to take such action until the record is made and we can study the facts. It was brought out a little while ago for the first time that there are sections of the bill which would give the President the right to eliminate entirely duties on manufactured, agricultural, and fishery products. This takes in a great deal of territory. My study of these sections 211, 212, and 202 convinces me that very few important categories of industrial, agricultural, or fishery products would escape total elimination of duties under this bill. Supposedly these items were taken out of the bill—now we find them right back in it. I cannot see how that would serve any purpose other than the widespread dislocation of businesses, workers, communities, and property values throughout the United States to the detriment of our own security and that of the free world to whom our strength should be of paramount importance.

I am particularly concerned by the approach taken in this bill of eliminating by repeal the existing peril point and escape clause safeguards of the present law. I know there is considerable dissatisfaction with the poor administration of these remedies. It is no answer to bad administration to change the stronger language of the present law into the weaker language of the remedy provisions of this bill.

The keystone of the present peril point and escape clause is the policy

laid down by the Congress in the 1951 Extension Act that the trade agreement authority entrusted to the President should not be used so as to cause or threaten serious injury to domestic industries and workers. The procedural portions of the peril point and escape clauses were simply designed to provide in an orderly way for a thorough investigation before and after the negotiation of trade agreements, to prevent the reduction of duties which would have that effect, or when mistakes were made, to correct such mistakes by a restoration of the duty which was unwisely reduced.

It is shocking to me that the Congress of the United States, after an 11-year effort to get the executive department faithfully and well to administer the peril point and escape clause with but limited success, is asked to decide now that Executive determination to frustrate those remedies should be rewarded by a weak substitute for these remedies.

Every country in the world with whom we have trade relations acts in the interest of safeguarding her home industries against injury from excessive imports. Under article 28 of GATT which permits nations at 3-year intervals to withdraw tariff concessions, under the escape clause of GATT, and at times without regard to the provisions of GATT, the other nations of the world have taken action to increase duties, impose quotas or licenses, or to follow other measures designed to protect their home industries and employment.

Yet we are all painfully aware of the uproar which greeted the action of President Kennedy in adjusting the duty on carpets and glass. To his credit, he stood fast in the face of this opposition. But to our regret, the Under Secretary of State, George Ball, found it necessary to speak in Bonn, Germany, in April of 1962 to reassure Europeans that the great reluctance on the part of the United States to act, which has resulted in only 17 tariff adjustments in the entire history of the escape clause, would, if the bill now before this House were enacted, in the future be settled by unemployment compensation benefits to workers and subsidies and other nontariff relief to industries. We are not happy about the record of inaction under the escape clause; we are distressed that a high official of this administration would take pride in that record, and distressed that he would promise that the hands of the President would not be lifted in the future in behalf of domestic industries should this legislation be passed.

Each of us here must consider the larger interests of the Nation as a whole, as well as the specific and immediate interests of our State and district. I have been supplied with an analysis of Bureau of the Census data which shows that industries which supply about 17 percent of the manufacturing employment in my State of Florida suffered a loss of employment in the Nation while experiencing sharply adverse trends in the balance of foreign trade in their products.

This analysis shows that in the industries producing meat products, candy, beverages, textiles, lumber and

wood products, petroleum and coal products, costume jewelry and notions, and miscellaneous manufacturing products, employment in the Nation dropped 226,103 jobs from 1954 to 1960. At the same time, U.S. exports of the products of these industries declined by \$211.5 million, while imports increased \$1,435.9 million. In other words, while these industries suffered an adverse shift in the balance of trade in their products of more than \$1.6 billion, the Nation lost 226,103 jobs in these industries from 1954 to 1960.

Because these industries supply an important part of the manufacturing employment in Florida, I must be concerned with basic forces which adversely affect these industries nationally.

It is true that the service industries and the wholesale and retail trade have developed strongly in recent years in comparison with manufacturing employment. But it is also true that America, as a great industrial nation, has at the core of its economic strength the manufacturing activity of her home industries. If we are careless about the strength of this vital core, our manufacturing industries, we can weaken America to the point where she will be unequal to safeguarding the security of Americans, let alone discharging her free world tasks.

A policy approach to trade agreements legislation which throws safeguards out of the window in blind reliance upon the inherent strength of our domestic industries to compete with one or both hands tied behind their backs, is a policy of folly. Throughout the years in which the trade agreements authority was sought and used by Presidents Roosevelt, Truman, and Eisenhower, safeguards to insure selectivity in the negotiations and the avoidance and correction of serious injury to domestic industries and workers, have been essential parts of the program. Nothing has changed, and certainly no facts have been adduced to demonstrate the necessity for a change from this tradition.

It is evident to me that our duties have been brought so low that our imports will continue to increase at a rapid rate so long as the economy of the United States has any strength at all. I am unwilling to countenance a removal of safeguards on the assumption that the State Department and its personnel today have any greater ability to use this authority with caution and discretion than the representatives of that Department have possessed in the past. The United States alone of the countries of the world commits the dismantling of its tariff structure to people whose selection virtually insures that they have little or no experience in practical business affairs. To continue such a tradition without the safeguards of a strengthened peril point and escape clause will be hazardous in the extreme.

Under the pending bill, instead of the positive act required by the present law of determining the extent to which duties can be reduced without causing or threatening serious injury, the Tariff Commission would simply "advise" the President of the "economic effect" of reduction or elimination of duties. In so doing, the Commission is directed by the

committee's report to consider primarily the idling of plants, inability to operate at a profit, and unemployment. I feel, and I am sure that many of my colleagues in this body feel that the line ought to be drawn against reductions in duty long before those conditions of disaster are met. And it ought to be drawn in a way which is unmistakably clear to the President, so that mistakes will not be made in the negotiations by involving such duties in concessions.

Similarly, under this bill, even if an industry is so badly off that its plants are idle, its firms unable to operate at a profit, and its workers unemployed, the President is given the option of letting the industry go under rather than adjust the duties to accomplish some reasonable regulation of the destructive imports. I do not infer that any President would willingly abuse such power but why convey it? I do not consider the extended form of dole and the superunemployed status which this bill would confer on workers displaced by imports as sound or acceptable public policy. I do not consider loans, grants, or tax concessions to business organizations any more acceptable. I do not want to embody in our law a principle that foreign producers can be accommodated in our market at the expense of relocating our industries, transferring our workers, uprooting our communities, and making ghost towns of the many factory and mill towns scattered throughout the length and breadth of the United States.

Nor do I want to crowd Americans into congested cities to work in the mass production complexes called sophisticated industries. I prefer to let Americans determine where they will live and how they will work.

Finally—and this disturbs me greatly—we could under the pending bill embark upon a gigantic welfare program for industry and for industrial workers. This could be a blank check for an undetermined amount. These things the American people do not yet comprehend.

Historically we have depended upon tariffs to protect American industry from cheap foreign goods. Customs collections now add to the Treasury about a billion dollars a year. If we depart even in part from customs collections and substitute a program of aid for industry, to be paid from the Treasury, it should be obvious that the American taxpayer and not the foreign manufacturer will make up the deficit. Where will we get the money? By borrowing? By going further into debt? Will it necessitate further increases in the national debt limit? Will this not further weaken our already weakened fiscal status?

Have you thought of the redtape, the endless procrastination which can surround this program at every level? How many industries and how many workers can afford to wait out the normal delays of governmental procedure?

Now, I may be mistaken, but I think that Federal controls will follow pretty closely after Federal contributions to industry. Once America's industry is dependent on payments from the Treasury for existence, I consider it inevitable that ambitious, enterprising bureaucrats will

embark upon a program to dominate and control American industry and industrial policies. And it makes not one whit of difference what administration is in power. The result will be the same.

Mr. Chairman, H.R. 11970 is a proposal for the wholesale delegation to the administration of power vested in the Congress; power which should be retained by the Congress. Enactment of H.R. 11970 is not a life-or-death matter. Mr. Kennedy will still be President next year. If H.R. 11970 is needed, it can be enacted next year. Whether or not it is needed will be more clearly known next year. The chances are we would have a better bill next year.

That is why I support the motion for recommittal and for extension of the present law.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from New York [Mr. BECKER].

Mr. BECKER. Mr. Chairman, unable to get time on the floor, I am extending my remarks in opposition to this legislation. In the first place, it is not essential that this be passed at the present time. All the haste and pressure is unnecessary. To rush a bill through Congress in this manner when a simple extension of the present law, for another year, could be passed now. Then, without pressure and propaganda, work out legislation for action at the next session and delete several very objectionable features that have been indicated in debate, as well as in committee discussion.

In the first place, I cannot permit myself in violation of my oath of office, to vote powers of the Congress, clearly specified in the Constitution, to the executive branch of the Government. I do believe that accommodation in tariffs must be considered in light of the expanding European Common Market, but England has not as yet voted joining the Common Market. Should England do so, it will be 3 to 4 years at least before England will enter. Therefore, we have considerable time to work on this matter. There is no urgency, as indicated by the executive branch. Again the title of the bill dealing with assistance to business adversely affected is certainly most loose and placing unemployed because of affects of imports on an entirely different and higher plane than other unemployed is entirely unfair. However, the fact that these two provisions are written into the bill, indicates clearly that tens of thousands of American workers will find themselves unemployed. For just these few reasons and many more that have been offered in debate, I shall vote for the motion to recommit and extend the present trade agreements for 1 year. If this is carried, the Ways and Means Committee will have ample time to work out, with the help of both parties in the Congress, business elements and labor, a much better piece of legislation. To prove my good faith, I have voted for the reciprocal agreements in the past, I cannot be tagged with isolationism and am as desirous as other Members of the House and the executive branch of Government to try to arrive at a sound trade policy.

Mr. MILLS. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. DENT].

Mr. BYRNES of Wisconsin. Mr. Chairman, under previous agreement, I yield the gentleman an additional 5 minutes.

Mr. DENT. Mr. Chairman, I had anticipated that sometime during the debate I would be given a little more time so that I might bring to the attention of the Members of the House some of the factual information that we gained not only in a year and a half of hearings but in 5 years of intensive study of the effects of trade as it is now carried on between the nations that have agreements with the United States.

The question of trades, tariffs, and restrictions goes back to the early days of the Grecian States when the very discussion we are having here today probably was the basis for the breakup of those states.

However, in 1776 Adam Smith, a professor of moral philosophy at the University of Glasgow, Scotland, published a revolutionary book which seems to be the "Bible" for most of those who over the years have promoted the philosophy of free trade. Prior to that time, of course, the economic thinking had been dominated by a theory of mercantilism.

U.S. TARIFFS AND CHANGING CONDITIONS

Adam Smith in his "Wealth of Nations," developed a new concept. He declared that wealth comes from goods and services freely exchanged rather than from the money supply. His book introduced the idea of competition as the effective regulatory force in free economic society. Complete freedom of trade between different areas and different countries was a natural extension of his ideas of division of labor and competition.

The "Wealth of Nations" had a great influence upon the young patriots struggling to build a new nation out of the Thirteen American Colonies. Alexander Hamilton was one of the first Americans to obtain a copy. Thomas Jefferson and James Madison refer to it frequently in their letters. Its ideas are constantly reflected in "The Federalist Papers."

By the close of the Revolution the prevailing opinion in America was in favor of free trade. This was a logical part of the general determination to promote freedom—freedom of speech, religious worship, assembly, and the other principles of personal freedom established by the Constitution and the Bill of Rights. Many of the principles set forth by Adam Smith were incorporated in those documents and in the constitutions of the individual States. They committed this country to the system of free, private competitive enterprise.

But it is important to realize that many of the staunchest supporters of free trade, including Hamilton, appreciated the practical limitations of the theory. They saw that free trade can succeed only when applied within the boundaries of a community ruled by substantially the same laws. In his famous "Report of Manufactures," presented to Congress in 1790, Hamilton strongly urged protective tariffs on manufactured products in contrast to his endorsement

of free trade at home. He was apparently convinced that the free-trade area set up within the United States could develop its full potential only if protective tariffs were used to defend it against economic exploitation by other nations. Thus, he proposed tariffs to defend free trade within our own free markets. Hamilton argued that the United States could attain a better balanced, more stable, more sustaining economy, better balanced for defense and national security, under a system of protective tariffs. He was concerned with the fact that the United States might remain a raw material supply area for Great Britain, as the Colonies had been, making them fully dependent upon the mother country for all manufactured goods. He wanted diversification for the Nation, just as many private enterprises today seek stability through diversification.

TARIFFS FOR REVENUE

The colonies, however, had long been exposed to galling commercial restrictions imposed by Great Britain in her pursuit of the old mercantile theory, so that the newly established states had determined to keep government to an absolute minimum. They looked with disfavor upon the idea of import duties as unnecessary government interference. Hamilton's very able arguments were not sufficient to change the national thinking about protective tariffs. Nevertheless, almost the first act passed by Congress was a tariff law. It established duties on indigo, iron, wood, paper, leather, and even on tobacco and cotton. This tariff act was established as a revenue measure. In fact, up until the income tax law in 1913, import duties were the chief source of Federal revenue. In the 25 years from 1791 through the end of the War of 1812, Congress passed 24 different tariff acts. These merely modified rates, changed administrative procedures, or developed new classifications. Rates were, in general, fairly uniform on all commodities and it is estimated that less than 5 percent of all imports were on the free list. Collected duties appear to have been about 12.6 percent of the value of imports.

PROTECTIVE TARIFFS

The War of 1812 taught the new country many costly and bitter lessons. The war was the culmination of an attempt by Great Britain to drive American shipping from the seas and make the young Republic entirely dependent upon Europe for manufactured products in exchange for raw materials. Because trade was interrupted during the war, it was necessary to establish manufacturing essential to the war effort and to civilian needs. This convinced the majority of the American people of the soundness of Hamilton's tariff principles which stimulated domestic growth of industry. Even Jefferson, who earlier had dreamed of worldwide reform in the name of free trade, changed his views. At the end of the war the new administration under James Monroe, a loyal follower of Jefferson, completely revised the tariff laws, stressing protection as the primary objective since many new industries, established during the war,

could not compete at home with large European manufacturers.

Daniel Webster—who had, in 1824, thundered against the "obsolete and exploded notion of protection"—carried the day for high tariffs in 1828. Between 1812 and 1832 successive laws raised the general level of duties to some 45 percent of the value of all imports.

This move toward high tariffs was not uniformly applauded. The southern section of the country was much concerned since its economy depended largely on the export of tobacco and cotton in exchange for manufactured products from England and Europe. There were threats of nullification and secession in some of the Southern States.

This conflict of interest resulted in a policy of compromise sponsored by Henry Clay. His bill, passed in 1833, called for gradual reduction of all duties exceeding 20 percent, to be accomplished within 10 years. The experiment in compromise failed. By 1837 tariffs had been reduced to an average rate on dutiable goods of about 30 percent; and, of course, the average rate on all imports was much lower since many items had been put on the free list. As a result of the program of tariff reduction, the revenues collected were no longer sufficient to meet Government expenses. Moreover, the Nation's first great depression began in 1837. As a result of these circumstances, there was considerable agitation to increase tariff rates. Congress passed a new law in 1842 returning substantially to the tariff levels of 1832. Under the new act, revenues increased so that by 1846 they were in excess of Government requirements. Moreover, the country had entirely recovered from the depression.

The influence of southern politicians, however, was still potent. They forced many reductions in 1846, succeeded by sweeping reductions in 1857. Six months after this a financial panic swept the country, depressing agriculture, trade and manufacturing alike. Most of the tariff rates had been reduced to 24 percent; and including items on the free list, duties on all commodities during the period 1857 to 1861 averaged about 20 percent. This was the lowest average rate of duties for the 100 years from 1812 to 1912.

Once again the Government was running at a deficit and the new Republican Party, although trying to avoid an open split with the South, passed the Morrill Tariff Act in 1861 which substantially restored the rates of 1846. To meet increased Government costs resulting from the Civil War, the tariff acts of 1867 and 1870 further increased tariff duties.

TARIFF COMMISSION

In the period following the Civil War, large immigration, rapid expansion into the western part of the country, extensive railroad building, and the growth of other industries brought a new era of prosperity. Government receipts from customs duties were large. Once again agitation for tariff reductions developed and the Tariff Act of 1872 reduced the average rate on dutiable items to about 39 percent. Tariff rates remained a live

issue and the Congress appointed the first Tariff Commission. In 1883 Congress passed a new tariff law based on the Commission's recommendations.

From 1789 until the income tax was introduced in 1913, tariffs were the principal source of revenue for the Federal Government, but there were always standard arguments against it. One argument was that tariffs would diminish imports and thus, regardless of the rates, dry up this source of income. However, the volume of imports was actually greater, and the Treasury fared better when the rates were relatively high. Indeed, in 1857 the main argument for reducing rates was that the Government was making too much money.

The experience of the country during the War of 1812 and the Civil War seems to have demolished the idea of international free trade as an end in itself. Changing political winds, and changing economic conditions, inevitably produced hundreds of changes in specific rates. The general level of rates tended to shift up when the Republicans were in power and down when the Democrats won. But the basic principle of protection consistently prevailed.

From about 1900 to 1932, minor changes were made from time to time. During the election campaign of 1908, the Republicans announced for the first time that the difference between the cost of production at home and a lower cost abroad was a basis for setting tariff rates. Nevertheless, it was not feasible to lower tariff rates significantly because import duties still remained the chief source of revenue for the Federal Government.

Under the Democrats in 1913, however, the new Federal income tax law was passed. For the first time, tariff rate considerations were divorced from the compelling requirement of meeting the fiscal budget. The Democrats then passed the Underwood Tariff Act in which they made full use of the competitive principle enunciated in 1908. They acknowledged that foreign producers enjoyed a powerful advantage in low wages. Their purpose was to find rates which just offset this and other similar unnatural advantages. In theory, while exposing the domestic manufacturer to foreign competition, these rates would shield him and his workers against the effect of cheap labor abroad. The result was the most sweeping reduction since 1857.

Trade was so completely disrupted by World War I that the consequences of this radical 1913 change were not immediately felt. Promptly after the war, however, imports flooded in. The Germans actually proposed, as a means of paying off their indemnities, to sell \$20 million worth of dyes per month in this country. In the face of the flood of imports, Congress passed an emergency act in May 1921. They then set to work preparing a new law.

A brief summary like this may leave the impression that drafting a tariff law is a fairly simple process, largely a choice between doctrines. Nothing could be more misleading. The rate on pistachio nuts, for instance, is vital to the man who

has invested his life's savings in pistachio trees. He will bring to bear on his Representative in Congress all the pressure he and his workers can contrive. The importer of pistachio nuts, and the farmer who fears discrimination against American wheat by foreign pistachio growers, will bring equally strong counterpressures to bear. The State Department, trying to negotiate an alliance with a pistachio growing foreign country and the War Department, trying to build a military stockpile of pistachio nuts, will have much to say. Trade has become so complicated and so tangled that any item on the list can have endless domestic and international ramifications. It was because the problem had become so complicated that Congress established the Tariff Commission to serve as a group of experts to give assistance in drafting sound tariff legislation.

In working out the Fordney-McCumber Tariff Act of 1922, Congress and the Tariff Commission had to sift thousands of these conflicting claims and find a practical compromise between extreme positions. The result was to raise the average tariff rate slightly. Another general revision in 1930, embodied in the Smoot-Hawley Act, was again worked out on a product-by-product basis. Rates on many products were adjusted, some up and some down, and various provisions designed to protect the commerce of the United States against unfair competition were strengthened. The major depression of the early thirties, however, so distorted the economy of the United States—and the world—that it is impossible to isolate the effects of this tariff.

RECIPROCAL TRADE AGREEMENTS ACT

Immediately after the election of Franklin D. Roosevelt in 1932, plans were made for a new tariff revision. Instead of carrying the revision through Congress and the Tariff Commission, the Reciprocal Trade Agreements Act was enacted, in 1934, as an amendment to the Smoot-Hawley Tariff Act. Under this amendment the President was authorized for a period of 3 years to enter into trade agreements with other countries without congressional approval.

His authority to reduce tariffs was limited to 50 percent of the then existing rates of duty and reductions were to be made only in exchange for reciprocal reductions from other countries. The President, operating through the State Department, began at once to negotiate trade agreements which mutually reduced rates between the two countries negotiating. Of course, as soon as we reduced the tariff rate to one country, we made the reduction available to all because of the application of our traditional most-favored-nation policy.

The consequences of this policy, initiated by the reciprocal trade agreements program, have been confused by the effect of other factors at work at the same time—first continued depression, then the demands and devastation of World War II, followed by postwar dislocations, the Korean war, and the unremitting tensions of the cold war. Two facts, however, are clear. First, by any measure, U.S. tariffs are now among the

lowest in the world. Second, the main objective of the program—a similar reduction of barriers throughout the rest of the world—has not been accomplished.

The first—that U.S. tariffs are now among the lowest in the world—may come as a surprise. This is a fact which has not been made clear to the American public. The studies giving relative tariff levels for different countries are reported in chapter VIII.

As to the second point—the failure of the reciprocal trade agreements program to accomplish a similar reduction in the barriers imposed by other countries—the evidence is abundant. Tariffs are the mildest of trade barriers. Import licenses, embargoes, quotas, exchange controls, cartels, and state trading are conspicuously more restrictive. The way they operate and the extent to which they negate the principles of free trade will be discussed later.

While efforts have been made to persuade other countries to relax their non-tariff barriers—mainly by way of negotiations set in motion by the General Agreement on Tariffs and Trade, an international project launched in 1947—the result to date is not encouraging. In the opinion of many persons engaged in both domestic and foreign trade our negotiators, in their enthusiasm for expansion of world trade, have often surrendered more than they gained.

It has become customary for foreign nations to negotiate reductions of our tariffs in exchange for their tariff reductions and then to establish quotas on exchange controls which are even more restrictive than was the higher tariff so that in the end we have reduced our import restrictions but other nations have actually increased their trade barriers. Many of the most restricted foreign trade barriers—import quotas and exchange controls—reflect deep-seated internal problems. They become an integral part of national inflationary money policies and socialistic national economic controls. Such quantitative restrictions can be removed only when sounder governmental policies are re-established. No amount of negotiation on our part can change the internal situations which require these policies.

Under the pressures of the cold war we have felt the need to retain allies and have offered economic assistance as one inducement. To this end we have offered both direct dollar aid and lowering of tariffs to assist in foreign trade. In the case of direct foreign aid we know the cost—if not to the exact penny, at least to the billion—\$50 billion. On the other hand, when we set about helping other countries by lowering our tariffs and promising to buy more of their goods, the effect on the Nation's economy is often obscured. We cannot even estimate the cost. Industry, directly affected, of course, recognizes the effect soon enough. It takes longer however, for the secondary effects in terms of lost jobs and lost savings in related industries, and progressively throughout the economy, to become apparent. The butcher, the baker, and the candlestick maker do not realize the impact for years.

No attempt has ever been made to estimate the pyramiding effect which results when raw material suppliers, transportation and communications, factories and lost taxes are added in to the loss of production on a finished item.

Since World War II most of the other nations of the world have been busy, with our help, restoring, enlarging, and modernizing their production facilities. Only now, except for a few special products, are they beginning to turn out goods in sufficient volume for general export. Thanks to the purchasing power by mass production—and mass production could have evolved only in a protected area like the United States—the American market is the most attractive in the world.

Not having readymade markets at home, largely because of internal restrictions and low wages, foreign producers are eager for access here. They have not yet had time to realize fully on the reductions granted to date. Yet we have already been obliged, in the interest of defense, to raise the duty on, among other articles, watches. Imports from Switzerland were forcing our own watchmakers, whose skill with precision instruments is vital in time of war, out of their jobs.

Proposals for further extending and enlarging the scope of the reciprocal trade agreements program are now before Congress. Many changes have occurred throughout the country since that program was originally debated. Areas which were formerly agricultural are now rapidly industrializing. We have learned much about the nature and effect of foreign barriers other than tariffs. After 20 years of tariff reduction, and 20 years of depression, war, and postwar adjustment, the Nation has again an opportunity to debate the question. It is hoped that, by a second look at the basic issues involved, we will change our approach to the tariff problem and build our foreign trade program on a sound economic basis.

SOME OLD MYTHS

Many present-day sponsors of lower tariffs describe themselves as advocates of freer trade, not absolute free trade. Yet, they bring forth many of the myths spun years ago by free trade theorists. Let us now examine some of the more persistent and superficially persuasive of these myths.

TARIFFS ARE NOT A CONSUMER TAX

One of them is that tariffs are a direct tax on the consumer. Such a concept fails to take account of several aspects of the problem.

One assumption is that if the tariffs were reduced, the foreign producer would immediately reduce his U.S. selling price by the amount of the tariff reduction. However, if he can now sell his product in this country with present tariff levels, it means that he is either equaling or bettering the sales price of competing domestic goods. If the tariff is reduced, he is not compelled to reduce his selling price; he is in a position to make more profit by not having to pay a tariff. In other words, if the tariff is paid at all, it is paid by the foreign producer and not

by the American consumer. The revenue from tariffs goes into the Federal Treasury. Any reduction in tariff revenues must be made up by additional taxes directly on the people, either by income tax or business taxes, so that even if the consumer could buy an imported item at a lower selling price with the elimination of tariffs, he would probably still have to pay just as much in taxes as the reduction in tariff had eliminated on the selling price. Any one consumer would gain an advantage only if he bought more imported goods than the average consumer so that the tax burden was differently distributed.

Part of the assumption that tariffs make the consumer pay higher prices is that the American producer has no competition other than the foreign imports. In any major industry in the United States the large companies offer each other the most intense competition. This drives the selling price to the lowest point which still permits sound return on invested capital. If, in the face of inadequate tariffs, foreign competitors further reduce the selling price, they will in the end take over the market and drive out the American competitor. When the American producer is driven out of business, the jobs which his company furnished are lost. The consumer argument overlooks the fact that the consumer is also a producer. On the whole, the consumer stands to lose in pay any amount he may save in lower import prices. The low price argument has so much appeal because a given consumer supposes or hopes that he personally can buy cheaper, while it will be some other individual who will lose his job or have his weekly pay reduced. It is the simple assumption that the individual can profit at someone else's expense. It is truly amazing what economic nonsense can be made to seem plausible by the simple semantic trick of speaking of the consumer as one person and the producer or worker as a separate and different person. On the average, and except for children and a few drones, the consumer and the producer are one and the same person.

IMPORT COMPETITION AND TECHNOLOGICAL ADVANCE

At this point, perhaps we should digress for a moment to take a quick look at an example which the free traders are fond of using. They say, "but competition brings progress." Protective tariffs eliminate foreign competition and so stifle technological advance. To stifle competition by tariffs is the same as if we had placed a tax on the new auto industry to protect the buggy industry from competition. What they overlook is that the buggy industry did not lose its market to autos because the automobile industry paid low wages. What happened was that workers moved from the buggy industry to the automobile industry for higher wages.

We had here a true technological advance. Because it was an advance, the auto industry could take over the market from buggies and pay higher wages while doing it. The free traders are quite right on one thing, however. When the

automobile industry won the market from buggies, the jobs in the buggy industry disappeared—the jobs went to the successful competitor. In the same way, to the extent that imports made with low cost labor take over the market, the jobs move to the low wage country.

One other point about tariffs, competition and the American consumer. We have had relatively high protective tariffs throughout most of our history up to the last decade or so. Under such conditions the real wage of the American workers, or, if you prefer, the American consumers' standard of living, has been for many years the envy of the whole world. This fact clearly demonstrates first of all that the tariffs have not been a burdensome tax on the consumer and, second, that competition between domestic producers has been adequate to keep prices in step with wages and productivity. True, the mere fact that we have gained a high standard of living at the same time we had protective tariffs does not prove that tariffs caused the high standard of living. It is true, however, that tariffs have not prevented our reaching a high living standard. Moreover, this puts the burden of proof on the free traders, since they then must prove that absence of tariffs would have been even as good, let alone better. Here are the facts, not just theory.

A simple illustration will demonstrate that the purchase of a foreign product at lower than the American producers are first to lower their prices, either their profits or wages or both suffer. But if the profits drop, then the firm pays less Federal income tax—the corporate income tax is currently more than 50 percent and appears likely to remain at this level. Thus, for every dollar that business profits decrease, the consumer will have at least 50 cents of Federal tax that he will have to pay directly. To this one must add reduced State and local taxes from ailing business and less generous gifts to charity. All in all, most of the apparent saving is merely shifted to other products or persons.

Some statistics regarding bids for a large generator for the Chief Joseph Dam will illustrate the importance of tax revenue from American business. As the following calculations show, the lower selling price offered by the foreign bidder, plus the import duties which would have been collected, represented a net loss of \$111,000 to the Federal Treasury when the loss of taxes is considered:

Federal, State, and local taxes paid by American company.....	\$117,000
Federal, State, and local taxes paid by their suppliers (approximately).....	54,000
Wages paid to their employees would total \$833,032, and if each employee pays income tax at the average rate.....	166,000
Wages paid to employees of suppliers would total \$435,000 (estimated) and if each of these employees would pay income tax at the average rate.....	86,000
Stockholders would receive \$45,780, and if stockholders would pay income tax at the average rate.....	9,000
Tax loss.....	432,000

Government saving by foreign purchase.....	\$204,000
Import duty paid by foreign firm.....	117,000
Total.....	321,000
Net loss to Government.....	111,000

Another one of the myths about foreign trade is that foreign trade must continually increase if the economy is to expand and prosper.

Foreign trade is an ancient custom, and most people take foreign commerce pretty much as a matter of course, but there is always the question of how much foreign trade is desirable. It is customary for those engaged in shipping and for merchants who buy and sell in foreign markets to look favorably on extensive foreign trade; while those engaged in developing and pursuing industry within the country are apt to consider foreign trade less favorably.

It is well known that logic can be used to prove almost anything, if one is permitted to choose the proper major premise or assumption. The tariff abolitionists, otherwise known as the free traders, or freer traders as they like to call themselves today, start with the assumption that more foreign trade is, of itself, necessarily desirable. They do not say how much more foreign trade would be desirable. The inference is simply more—without limit. In the United States, they start with the assumption that since more exports are desirable, more imports must be had to balance these exports.

Let us probe this position a little. If more foreign trade is desirable, how much more? Current commercial U.S. exports and imports are each running more than \$10 billion a year. If more trade is desirable, would it be better if it were \$20 billion a year, or perhaps it should be \$50 billion a year, or why not \$500 billion a year? This way we could get to the point where we make nothing for ourselves and export everything we make in exchange for things other people make. It is immediately obvious that the assumption of just more foreign trade is not valid basis in which to start a discussion of the problem.

Well, then, is there any real basis on which we can agree as to how much world trade we should have? Yes. One may look at the economic reasons why nations may desire or need to have foreign trade. World trade beyond that required to satisfy these economic needs would remind one of the sentiments expressed by James Russell Lowell in "The Bigelow Papers":

Changes jes' for change,
is like them big hotels
Where they shift plates
an let ye live on smells.

ECONOMIC REASONS FOR FOREIGN TRADE

There are, in all, four economic reasons why nations may want or need international trade:

First, if a nation is lacking in certain essential raw materials, it will need to import them. In fact, if the nation's sources yield essential raw materials of low grade, it may also wish to import them more cheaply from nations with sources of high-grade raw material.

The value of raw materials consists essentially of the use which human society can obtain from them. The amount of human effort required to mine the minerals, recover and refine them, is largely determined by the quality and type of natural deposit and its accessibility. Included is the question of whether or not the proper combination of raw materials is available and conveniently located, as for example, the proximity of iron ore and coal for making steel.

Some nations are more favored than others; but few, if any, find themselves with adequate supplies and quality of all desirable raw materials. Hence, all nations will probably need some foreign trade to obtain a full variety of desirable raw materials.

Second. A second reason why nations may want foreign trade is that it is unable to grow certain animal or plant life which it needs. Conversely, if a nation has an overabundance of suitable soil and climate for growing certain desirable products, it can profitably sell these in the world market. Such nations would find foreign trade desirable. Prime examples of this are tropical products, such as, fruits, rubber, spices, and so forth, which would be too expensive to grow elsewhere. In the days before the industrial revolution, much of the foreign commerce was in products of this kind.

Third. Another reason why a nation might wish trade with its neighbors is to obtain a mass market. Whenever production can be mechanized, unit costs are much less from large scale production units. Prime examples of this are the efficient production-line automobile plants and the highly mechanized and automatically controlled petroleum and chemical plants. But large-scale production is not possible unless there is a mass market. Wherever a country is too small to represent, by itself, a market sufficiently large to permit low-cost production.

Fourth. Conversely, a nation may profit by foreign trade if its technology, ingenuity, and inventiveness lag behind. By trading services and products that are essentially handmade with neighboring nations for mass-produced items, the backward nation can obtain manufactured products not otherwise available to it.

Let us examine these four economic reasons for international trade. On which basis would the United States in its own self-interest seek world trade? Certainly, the first and second would apply. We need to import raw materials not found in abundance in this country. We regularly import nickel, tin, platinum, bauxite for aluminum, manganese, tungsten, and cobalt ores, and many other basic materials. We also are interested in foreign trade to obtain coffee, cocoa, tea, bananas, spices, nuts, and many other items which are not economically grown here. Incidentally, most of these raw materials and food imports are on the free duty list and come in without tariff restrictions.

On the other hand, there is little reason why the United States would wish to

expand foreign trade for the third and fourth reasons. Our size—more than 160 million—coupled with our relatively high personal incomes, represents the largest mass market ever known. As a matter of fact, the chief reason foreigners are so anxious to sell their products in the United States is that we have a large mass market already conditioned by American merchandising and advertising programs to want to buy a wide variety of manufactured products. Moreover, because of our high wage rates, there is ability to buy on a broad scale in this country.

The U.S. producer does not need to look beyond our boundaries to find his mass market. Take the case of the automobile industry. While it might be very enticing for the automobile producer to sell additional cars in world markets whenever demand slumps at home and he is not running his factories at capacity, the fact remains that at least the big three in automobile production have each attained sufficient size by supplying the American market so that they have reached substantially minimum production costs and, in fact, probably have approached the size at which inefficiency inherent in increased size largely offsets any possible gain in unit cost reduction from further growth. If these corporations have more money and talent than is required to supply cars for the American markets, they can profitably enter new fields and produce new products for the American public. In fact they began to do this many years ago by making refrigerators, air-conditioning units, automatic washers and dryers, and many other products.

As for ingenuity and inventiveness, it is evident that we need not look elsewhere. We need only to be sure that our national policies help to retain our economic vigor so that research and enterprise receive sufficient reward to flourish and continue our technological development.

We have been considering U.S. foreign trade from the point of view of what is good for us. Do we not need to trade to accommodate the needs of other nations for foreign trade? Belgium, for example, does not constitute a mass market; should we not trade with Belgium to accommodate its need? It does not follow, however, that the only way for the Belgians to obtain a mass market is to sell in the United States. As a matter of fact, each of the European countries could claim lack of a mass market for some of their production. By trading with each other, however, they could readily obtain a mass market the equal of the total U.S. market. In addition, there are many other nations in the world, many of them essential exporters of raw materials and importers of finished products, which can be approached as a partial market to get the sales required for mass production. The point is that other nations do not have to trade with us to get a mass market; and in fact, their trade with us or any other nation will not be sound unless it is based on a mutual advantage. Mutual advantage involves trade between complementary

economies—and not between equally industrialized, competitive economies. This does not mean that we should not have reasonable and normal trade with all countries who have something to offer in fair competition in our market. The point is that many seem to be approaching this point with the attitude that we, and we alone, must solve everyone else's trade-balance problems by lowering our tariffs.

Another avenue of market expansion available for foreign nations is the further development of their own market. Most foreign nations could profit by following the example of the United States in the field of merchandising and marketing.

The strength of our mass market lies in the income distribution which puts a large part of the income in the hands of individual consumers. The advantage of having many buyers with substantial purchasing power is obvious. This idea has been summarized by the quip, "A million men, each with \$1 represents a sounder market than one man with a million dollars."

The matter of purchasing power in the hands of consumers goes beyond the mere matter of distribution between wages and other forms of income, however. For example, the high percentage of homeownership in the United States is, in part, due to the fact that we have methods of making mortgage financing available to workingmen so that they might buy a house with a small down-payment. In many European countries, extensive consumer credit is unknown, and much could be done to stimulate their home market by a suitable consumer finance service. Such reforms can only come from the countries themselves. The idea involved here was nicely summarized by William Graham Sumner in 1889, when he said:

We are told what fine things would happen if every one of us would go and do something for the welfare of somebody else; but why not contemplate also the immense gain which would ensue if everybody would do something for himself?

This thought is as applicable now as then.

NORMAL TRADE IS BETWEEN COMPLEMENTARY ECONOMIES

In discussing reasons why nations want foreign trade, it would be well to remind ourselves of the basic concept about trade itself. Trade in the free market is predicated on the assumption that exchange takes place to the mutual advantage of each party. Each gets something which he prizes more highly than that which he gave up. In this case, their economies supplement each other—the one country furnishing an abundance of raw materials while the other country, being equipped with capital facilities, furnishes industrial production.

There are no compelling economic reasons why two highly industrialized nations should have extensive balanced trade. Their economies are competitive, not complementary. To propose that the United States greatly increase its trade with industrial countries like Eng-

land, France, and Germany is like suggesting that Gimbels and Macy's increase their sales volume by selling more to each other. In other words, international trade, based on economic needs can and rightly should be balanced through multilateral trade-balance payments.

Trade experts are quick to point out that the large volume trade is between the highly industrialized countries. This, of course, is not too surprising, because the total value of goods and services produced in countries like Germany, England, Canada, and the United States is so much greater than for the less developed countries that even a small percent of trade between the industrial nations represents large dollar amounts. Much of the trade between industrial countries is due to very temporary imbalances and shortages. In the process of industrial expansion and manufacturing changes, shortages in particular commodities develop.

If any country anywhere in the world has surplus capacity to supply the given item, it will, of course, be imported by the fastest transportation available. This will continue until the user or some other company can design and build facilities to meet its requirements. Because there is such a large number of special materials, intermediate products and assemblies and parts required in the total economy, there are at any one time always some imbalances; hence, a rather constant need for this sort of exchange of products. This sort of trade is highly desirable, but it does not indicate a long term, fundamental policy for industrial countries to depend extensively on imports for parts, components, intermediate products, and so forth. Trade to meet temporary shortages will continue because of changing needs rather than long-term plans to depend on component imports.

It is argued that England and the European countries must export to pay for the things they need, and hence we must make it easier for them to export to the United States. It is obvious that they must export enough to somebody to maintain a trade balance, but there are many ways they can improve their position without our having to bring down tariffs. They can obtain increased dollars through multilateral trade balances and they can improve their internal economies.

In a recent English book, "We Too Can Prosper," by Graham Hutton, a distinguished British econometric writer and administrator, the author states that without new capital expenditure a "15-percent raise in productivity can still be achieved by reorganization of work." He suggests that this increase would "solve Britain's chief social and economic problems." The London Economist, in an article, "The Riddle of Prosperity," also suggests that Britain could do much to improve efficiency and put herself in a better competitive position in world markets. It stressed that the desire to do so was one of the essential ingredients for successful improvement. Increase in productivity and efficiency would mean

that fewer exports would be required to pay for necessary imports.

One way to judge the amount of world trade which is desirable is to consider the relation between technological advances and international commerce. History shows that as countries industrialize, they have relatively less and less need for trade. In an industrialized society, commerce consists largely of the exchange of natural products and the products of handicraft. When the world consisted of sovereign nations with that type of economy, a great deal of foreign trade was required. Countries which could grow wheat and corn were not suited to the growing of cotton. Some regions of the world could effectively grow sheep and supply wool, but not wheat or bananas. As a consequence, individual items of food, fiber, building materials, or ores for primitive metallurgy, were shipped from a country having an abundance in exchange for other natural items of food, fiber, or the like.

In the United States, for example, the record shows that our foreign trade has been gradually increasing dollarwise, but at the same time has been progressively decreasing percentage-wise. In 1800, our foreign trade represented more than 12 percent of our gross national product. By 1875, it had decreased to about 6 percent; and in the 1950's it has been less than 3 percent. Figure 1 shows how our foreign trade has declined as our total economy grew and industrialized. The data for the graph are obtained by dividing the dollar value of total imports by the dollar value of gross national product, which is just another way of saying that the graph relates total imports to total value of goods and services produced in the United States.

We have been looking at import data on a dollar basis. However, quantities of imported goods will have changed too. According to the Commerce Department—and I read:

The level of imports in relation to domestic production during recent years compares much less favorably with the prewar level in real terms than in terms of current values. From 1951 through 1953, the volume of imports (that is value adjusted for price value) was only about half again as large as from 1936 through 1938, while the Nation's real import was more than twice as great. This is accounted for in part by the relatively larger price rises on many national products.

According to Professor Riemer, of the University of Michigan, Brazil's foreign trade position is four times as favorable now as in prewar days.

This is due to changes in prices of exported products relative to imported items. A recent example will indicate this change. Last year U.S. coffee imports rose by \$150 million, although the volume actually declined. Cocoa imports showed a \$30 million increase with a large drop in quantity. Generally we discuss foreign trade solely in terms of dollars. It is natural that we do so. Nevertheless, when we consider the quantity relations, it appears that our foreign trade is even smaller percentage-wise than the dollar values indicate.

It is not surprising that our foreign commerce is becoming less important. At first most of the products of commerce in this country were natural products, such as tobacco, cotton, corn, grains, furs, and timber. These were exchanged for natural products from other parts of the world and some manufactured products from England and Europe. After the War of 1812, our Government saw the importance of industry to national defense and began a program to foster industrial growth. Through the years, mills were built to weave our cotton here, and we no longer had to send it to England to be woven. Steel mills were built, the nonferrous metal industry was established, the machine tool industry developed, and in the course of time our chemical industry began. Coupled with our industrialization came rapid technological advance. Synthetic dyes replaced natural products, medicinals were synthesized in chemical plants, nylon replaced silk, synthetic replaced imported natural rubber. As a result, our domestic commerce grew much more rapidly than our foreign commerce, and our need for imports and exports decreased in relative importance.

Is this decrease in the importance of foreign trade a peculiarity of our economy or is it a general experience? A look at the world situation indicates that the experience is rather general. In all the industrial countries in the world, foreign trade has been decreasing in importance as the industrial economies grew. It is evident that the gap between international trade has been widening in recent years.

The results of modern research and industrialization free man from some of his former dependence on natural products. Plastics, for example, can substitute for many metal or wood products and can be made from a variety of base materials. If wood is plentiful and coal is not, plastics are made from cellulosic materials. If neither coal nor wood is available, plastics can be made from oil or, for that matter, from oat hulls.

We see then that whereas the "freer traders" are calling for more and more U.S. world trade, neither theory nor fact supports them. Economic theory would require for us imports of raw materials which we do not have in abundance and exports sufficient to balance our imports; but the facts show that as we and the European nations have been industrializing, foreign trade has become a smaller and smaller percentage of our total trade.

When we view this in light of the fact that we have never had any problems of paying for our imports—a perennial problem with some nations who want the United States to remove its tariff but are maintaining higher tariffs than we are—we find little cause for concern. If, however, we were to remove our tariffs, industry could begin an exodus to the low-wage countries and our trade balance would shift to one of excess imports. We would then find ourselves in the same position from which other countries are now trying to extricate

themselves. Then indeed we would have cause for concern.

WORLD TRADE AND PEACE

Many pacifists have joined in the clamor for world free trade. They have convinced themselves that the application of free trade would eliminate what seems to them the most important cause of war. They visualize, first of all, that maximum world division of labor would make each country so dependent upon other countries that the successful waging of war would be impossible. Secondly, they think that through maximum freedom for commercial trade and exchange of ideas, an increased understanding and mutual respect would gradually advance the cause of world brotherhood and eliminate the frictions which lead to war. This, of course, all sounds very desirable but unfortunately history does not substantiate this very nice theory. Of course, if all nations were so dependent on others that none could wage war, the peace would be maintained as long as this condition existed. Unfortunately, however, some one nation might, and in fact, in the past invariably has, through stockpiling and developing of substitutes and by negotiating alliances, assured itself of adequate resources to sustain a war. At this point, unless the defending nation can overcome the weaknesses due to lack of self-sufficiency through alliances or by other means, it becomes helpless before the power or combination of powers which have military self-sufficiency. So long as the world is composed of sovereign nations, war cannot be ruled out by developing national interdependencies through trade.

Likewise, those who propose free trade as a step toward a world government are getting the cart before the horse—way ahead of the horse. Neither history nor logic supports this idea.

To propose free trade before establishing a world government is like saying, "Come on, let's play ball; and after we have played together for a while, we'll make the rules." It certainly is true that after playing for a while without rules or umpire, there will be good insight into the need for rules. Without any agreement beforehand and with no umpire, there will be numerous fights and the outcome is likely to indicate which side has the toughest fighters, not which is the most skilled ball team.

Let us examine history. Have there been any examples where free trade has led to union? Was, for example, the formation of the United States the result of free trade? No. Free trade did not even come with the federation. The course of development was not from free trade toward a feeling of mutual interest and good will and then to union. Union came first and was followed by free interstate trade. A national government had to create the necessary conditions in order for free trade to work.

It is equally misleading to suppose that free trade is the royal road to world peace. Prior to World War I, trade and travel in Europe were almost as free of barriers as between the States in this country. One could travel from one end of Europe to the other without a pass-

port and without a currency conversion problem. Products were bought from the best source, from whatsoever country. England was on free trade. Did this freedom to trade prevent war? No, it did not. But history does record that the national defense potential of many of the countries was impaired by their trade policies. A study of military history shows that national and international politics overshadow trade restrictions as a cause of war.

FOREIGN TRADE AND STANDARD OF LIVING

Another point which has confused many people involves the relationship between trade and living standards. One frequently hears the assertion that we must trade with foreign nations to keep them from going communistic. The implication is, that by trading with them we can raise their living standard and thus reduce the chances that they will turn to communism. This concept grows from a lack of understanding of how a living standard is achieved.

If by standard of living one means all the goods and services which people in a given country have, then the standard of living is just the sum total of all goods and services which they produce. Trade is merely the means by which in a division-of-labor society the production is distributed between the various individuals. There are only two ways in which the standard of living may be increased. One is to produce more, the other is for one group to get a bigger share of production at the expense of some other group. This economic law is frequently illustrated with the pie example. There are two ways in which Jack may get more pie—Mother might bake a bigger pie and Jack get his usual sixth, or Jack might get more than his usual sixth of the same size pie. In this latter case, Jack gets more pie but someone else will get less.

If our international neighbors want a higher standard of living, either they must produce more or, through gifts or unequal trading, receive from some other people a part of their production. Increased United States trade with Europeans will not directly increase their standard of living unless, in their trade with us, they get more from us than they trade to us.

There is, of course, an indirect way in which world trade may increase the living standard of a country, namely, through greater efficiency by more international division of labor. This is the basic conclusion of the free trade theory.

When this point arrives, the problems of trade as such will have been resolved because the nations of the world for all practical purposes, will have become one nation.

We believe we are preaching the free trade theory of Adam Smith, and yet we are basing our free trade agreements upon the very economic theory that he denies in his book. The only question I asked during this entire debate related to that proposition of the money supply. All of the proposals that we have heard today are based upon the fact that this Nation, every nation, is attempting to put itself into a position of having a favorable balance of currency. Now,

this favorable balance cannot be achieved if there is such a thing as an unrestricted trade allowance between a low-cost area and a high-cost area. Low wages and low income do not make up a market. The only thing that makes up a market is high income. Low prices do not make a market. Low prices break the market. This very situation we are talking about here, concerns trade between unequal economies. It cannot be done in this century or in our generation any more than it was accomplished through the entire history since man first invented the wheel and attempted to hire someone to push it.

Mr. Chairman, I am sorry we do not have the time to give you the actual facts and figures. I heard someone ask the question this afternoon relative to exactly what the trade balance was in the United States, and for the past year and 4 months the American people have been told that we have a \$5 billion trade balance in our favor. This is as fictitious as a \$3 bill. The only trade balance we have is what we have purchased ourselves. We find that we are told that 15 percent of the agricultural products are exported, and therefore we ought to expand trade in order to help the export of agricultural products. We are in a position with American exports that the more we export the less money we will have in the United States. We are in the same position as the individual who was selling shoestrings at three pairs for a dime when his competitor said to him, "How can you afford to sell three for a dime when I buy from the same supplier and pay 5 cents a pair?" He said, "It is easy. Volume takes care of it." That is exactly what has happened to us in the agricultural picture.

I heard a man ask about beef exports and beef imports. The balance for 1959 shows this: The difference between beef and beef product exports of the United States and imports of beef and beef products represents a displacement of 42 million acres of feed grain land in the United States. We have no protection for that bulk of agricultural products which are being invaded by low priced and low-cost exports.

One particular community alone, Nyland, Calif., showed by testimony and facts and figures that where they had 15,000 workers in the tomato fields 5 years ago they are now down to less than 500, including the owners of the tomato fields. This is all caused by the importation of tomatoes from Mexico at 80 cents a day labor against \$1 an hour minimum in California.

Now, Mr. Chairman, the question that we are resolving may properly be a diplomatic one. I do not have any quarrel with that. But at this point let us understand one thing: I do not bow to any Member of this Congress in my opposition and in my contributions against communism. I do not believe that any effort that I am making to save the depressed economy of a proud State that once stood second from the top and now stands second from the bottom, that I am in any way contributing to a softness toward communism. That kind of an argument is only used when sound arguments fail and cannot be used.

Mr. Chairman, I have heard it said on this floor that the so-called relief clauses will benefit all of those injured by imports. How do we measure that? I will say this, though: Knowing this bill will pass, it would be suicide for my State if we took that relief clause out, because we are flat on our backs right now, and something must be done. However, let us take a look and see just who will determine or who can determine who will be paid these relief payments. I want this clear so the Record will show that I am bringing to your attention exactly what is happening and what will happen.

We have—and I think the same condition obtains in the congressional district represented by the gentleman from Pennsylvania [Mr. GAVIN], because it is an allied plant—the closing down of an electric motor division of the Elliott company. It is something like 80-some-odd years old. It is the Crocker-Wheeler Division which manufactures motors from 5 to 500 kilowatts. When they announced its closing the day before election day, they said they could not stay in business because of the price deterioration caused by imports. When I met with them I said "Show me where you are injured. I have so many arguments with people who say that that is not true." They said "Yes; these people probably have an argument because we cannot point to a specific item that is sold in competition with us in any particular area."

But, Mr. Chairman, let us see how they are injured. In the United States of America there are 37 manufacturers of this type of motor. Amongst this 37 are three—Allis-Chalmers, Westinghouse, and General Electric. Now, in all of these years of operation, you will find if you get into the economy of American production that there has always been room for a high-cost smaller manufacturer to operate within our economy. That has always been true, because the large, monopolistic type of producer has always recognized the need in our economy for the diversification of industry and the dispersment of industry to the local communities of the United States rather than the concentration of our production within a given area.

Mr. Chairman, before I go any further, let me say this, without fear of contradiction: If this bill is passed and put into effect it will damage the job economy. And I make that point very, very clear, because 4 years ago I stood in this very Chamber and I said that President Eisenhower would not take the 20-percent-cut advantage granted in the 1958 passage of the Reciprocal Trade Agreements Act, because then he faced the realities of life. Theory must fly out the window. So, I say in this respect, I have the greatest trust in the President of the United States when it comes to this, because I have read his speeches both in the House of Representatives and before the Tariff Commission, and I know how he feels about injured industry. I know that the relief clause contained in this legislation was introduced by the President when he was a Senator in the Senate of the United States. The remarks he made upon its introduction

show he knew the problem. He knows full well that you cannot buy a job or the dignity that comes from a job. There are men in this room who say that this is an insignificant thing—this situation in the Crocker-Wheeler Division. Is it? Let me tell you something. It means 450 jobs of men who have up to 22 years of service in that particular company. I cannot lose my job by any of the details contained in this bill. I can lose my job only by the action of my people back home. But I am protected by another device. I am protected by an immigration law.

Let me say again to you, free trade can never bring peaceful relations between nations standing alone. Free trade must be accompanied by the free movement of people which is the second book in the series of the boys who promote the so-called free trade theory, written by Henry George. You must have the free movement of peoples and what proves this beyond anything else is the fact that the Common Market was stalemated, it could not get anywhere and had become stagnant in all of its operations until they decided that they must have the free movement of peoples, the same, identical, basic principle involved in the declaration of freedom of trade and movement of peoples by the early Colonies as they declared themselves States.

All of us must recognize that for 150 years we were not isolationists as some profess we were. We were friendly with every nation on the face of the earth.

At no time in the 150 years of our so-called protectionism did we have any kind of an argument with any country on the face of the earth based upon trade relations. The history of trade is this—and I could prove it right now if I had the time. Year after year from 1900 to 1961 there has never been more than 1½ percent difference in the import-export ratio of the United States as against its gross national product. At any time during those years, except in the years of temporary dislocation in the Great Depression all over the world and the war years that this country has been in, that has been true. It is not a question here of saving the big people. This is a big industry bill. I predicted 4 years ago that those who opposed the 4-year extension would soon change. Why? Because they moved their productivity overseas.

Mr. Chairman, I believe in trade, but not trade for trade's sake. I see no value in trade that destroys or in any way depreciates a nation's economic sovereignty, or its ability to meet its commitments, both domestic and foreign.

I believe sincerely in foreign trade that is equitable. No trade is worth having that hurts or injures, in any way, any party to the trade agreement.

In our present plan, now before us, we are buying the proverbial pig in a poke in title I. We agree to cut tariffs to the zero point in any trade item where the United States and the Common Market hold an 80 percent of the total trade between them.

Let me point out three serious conditions that arise if this legislation passes as now presented:

First. No person or group of persons, especially this Congress as a unit, can at this time say what the makeup of the Common Market will be. Will it be the present six-nation, Rome compact? Will it be seven nations, including Great Britain? Will it count the partnership nations alone, or will it include Greece, Turkey, and the Outer Seven, even if they are only limited partners in the trade pact? Will the 80 percent of world trade be based upon that trade that flows in and out of the free world exclusively, or will the Common Market's share count their trade with the Red bloc? These questions should be answered before any decision can be made intelligently on this phase of any trade program which commits this country for a minimum of 5 years.

Second. Will Great Britain drop its Commonwealth preference agreements, and then, under our favored-nations clause, the British Commonwealth countries get the same zero tariff agreement given to the Common Market by the United States even if Great Britain closes the door upon their former associates' trade concessions? If this bill passes with this title as now written, the U.S. negotiators will be in a position of being mandated to cut tariffs to zero, even if the United States is responsible for only 10 percent of the 80-percent total trade controlled by the United States and the Common Market countries.

Third. With the across-the-board privileges given under this bill, it can well mean that almost every trade item in the consumer field, office equipment, farm machinery, construction equipment, machine tools, all nonsubsidy-supported farm products, all wearing apparel, leather goods, all automobiles and trucks, plus other items too numerous to mention, but especially sugar-based products such as candy, sirups, and jams and jellies will be on the free list.

At this point I doubt if any great number of Members can testify as to the effect of this legislation upon their respective districts to the point of gambling their future politically upon their analysis. This I am prepared to do. The bill I introduced yesterday (H.R. 12300) for the House to consider is, of course, precluded from consideration by the rule handed down from up above in the Rules Committee. In the main, it calls for three safeguards, two of which are demanded by labor as essentials if their support is to be given to the legislation. The three changes from the bill under discussion, contained in H.R. 12300, which I have sponsored, are as follows:

First. Customhouse parity: Under this amendment the President of the United States would be granted the power and the authority he is asking for to reduce tariffs 50 percent, or to eliminate tariffs when they reach 5 percent. However, certain procedures and conditions must be met before the President's recommendations can be put into effect.

No recommendation for the lowering or the elimination of any tariff rate, or other restrictive covenant on trade, shall be put into effect by the President until a parity has been reached with the country or area, or group of countries,

that are part of the agreement. This means that any charges, in whatever form, that may be against American imports into these nations, shall not be greater than charges made against imports into the United States from these nations.

This puts equality into the tariff structure, and will eliminate all forms of restrictive covenants which, all too often, have been used to replace tariffs when such tariffs have been reduced through bilateral agreements. It will eliminate quotas, licensing, restrictions, currency manipulations, export controls, and customhouse compensating taxes, except when the compensating tax is used under the provisions of recommendation No. 3, which will follow.

Second. Peril point: After the President has announced a new tariff regulation, there shall be a period of 60 days for appeals before the Tariff Commission by affected domestic interests. If the Tariff Commission finds that there is no reason to believe such rates to be disadvantageous to the domestic interest, they shall go into effect within the 60-day period.

When the Tariff Commission finds there is reason to believe such rates to be disadvantageous, they shall not go into effect. The Tariff Commission's decision is only appealable by the President, to Congress. Congress, if in session, must make a decision within 30 days after the appeal is made, and when the Congress is not in session, the power and authority to make this decision shall be placed in the House Ways and Means Committee. The decision of the Congress, or the Ways and Means Committee, goes into effect within 30 days after the appeal is made.

Third. Escape clause action: After a tariff rate has been in effect for 6 months any American interest that deems itself to be at a disadvantage because of an adverse impact by tariff rates, may appeal for escape clause action to the Tariff Commission. Escape clause action must be restricted to the cost of production of the product or products involved in the appeal.

The consideration of the cost of production shall cover taxes, labor costs, raw materials, services, and research. The cost of production shall be based upon the f.o.b. platform cost and point of production, as compared to customhouse price of an import. Where the Tariff Commission finds that the disparagement between the cost of production and customhouse price disadvantageous to American interests, a compensating factor shall be applied to the import, bringing the customhouse price equal to, but not above, the cost of production of the American product.

All funds collected by the customs bureau, after deducting cost of operation of the customs bureau, shall be put into an international common development fund, by agreement with other trading nations, using the same principle of free trade embodied in the compensating factor formula. Said funds to be used for the advancement and development of the underdeveloped countries and emerging nations. Said fund to be administered by representatives of all par-

ticipating countries. Under this formula, the market places of all trading nations in agreement will be opened to the product of other nations on a truly fair trade basis, based upon quality and demand, rather than incremental pricing or dumping.

This program is truly in the interest of the free movement of goods on an equitable basis. This will tend to decrease the incentive to trade based upon the exploitation of low paid workers and subsidized industries, Government trading cartels, world wide trusts, and monopolies—and will, in fact, tend to increase the ability of each industrial nation to consume more of their own production.

It will protect the high economy against the dumping of goods produced in low economies and will protect the low economy against the dumping of goods made in mass production industries. Trade, as such, is only mutually profitable when it is equitable.

In the main, these are the changes and recommendations that would make H.R. 11970 a forward looking legislative act that will build a firm foundation, economically, politically, and diplomatically, in the free world.

No nation can afford to have unemployment when such unemployment is beyond its control and outside factors create a climate in which domestic investment cannot be rewarded with a reasonable profit and where domestic labor is subject to the pressures of wages paid in foreign countries and where domestic taxes contribute more to the cost of the production of a product than they do in a competing industry.

Trade, without the compensating factors to equalize these fixed cost and ingredients of production, will tend to destroy a nation that ignores the exact science of economic history as shown both here in our Nation, as well as in international production, that production will flow to the low cost producing area and trade will flow to the high income markets.

Mr. Chairman, the time is here when we must make a decision on the program this Nation will follow in its international trade relations.

I say "program" because I find little difference of opinion or purpose with a proposal for an expanded trade program. I do, however, find a great deal of difference of opinion in the plan advocated for the advancement of this goal.

Inasmuch as our study on the impact of imports and exports on American employment was based upon the job economies of trade, I shall, in the main, refrain from more than passing observations on the phases of the trade proposal, H.R. 9900—now known as H.R. 11970—that affect the political or diplomatic phase of the proposal before us.

I may cover some facts already known to all of you. I shall, however, try to give you the information and conclusions as they developed in our hearings.

Is nationalism bad and outmoded in today's world? This question must be answered before we can really establish our position in the problems presented by this new trade proposal. No one can live alone we are told. This may be as

true as life, but it is equally true that one must first be able to live for his own well-being, before one can live for the well-being of others.

If a man cannot swim, can he save the life of a drowning man by simply jumping into the water?

I believe in nationalism because, without it, there is no sound base for internationalism. If we fail to take pride in our own achievements, our ability to survive and maintain our independence, how can we appreciate the independence and well-being of others. If nationalism is bad for one nation, is it not equally as bad for a combination of nations, no matter what you call the combine?

One of the prime examples of nationalism is the country of Switzerland, where poverty is as scarce as extensive wealth. Public servants from the top to the bottom are public servants.

While in Switzerland, I made it my business to talk to persons in every walk of life at every occasion. I found an astonishing singleness of purpose, an amazing unanimity of opinion on such controversial subjects as trade and aid, Russian expansion, U.S. world leadership, the whole gamut of the world's everyday problems.

One thing that is sure, every Swiss is for Switzerland first, last, and always.

If you think that any Swiss would promote or advocate any legislation or government proposal that would—under any conditions and for any consideration—give an advantage to any other nation, developed, underdeveloped, emerging, or full-grown, over the Swiss nation, its industries, its commerce, its trade, its job opportunities or its financial institutions, you would be 100 percent wrong.

They take most things in their stride just about like we did in America for 125 years from the Declaration of Independence to the Spanish-American War.

They are realistic in their approach to their own, as well as to others' problems. They are not panicking over someone wanting their gold and believe me, they have more of it per capita than any other nation on earth.

Although we have been ridiculed out of the belief that we are a free and independent country, the Swiss still maintain Fortress Switzerland.

They have to import about every raw material they need. They pay wages from two to four times as much as any other European nation and—all things considered—come closer to our standards than any nation except perhaps our neighbor to the north, Canada.

In spite of needing the world's products, no group in Switzerland would dream of promoting trade legislation granting concessions on the grounds that they must buy their way into world markets or into the good graces of peoples and nations. To them, trade is a commercial venture and is treated as such.

Certainly they bargain, certainly they give and take, but strictly on the commercial merits of the deal or treaty. Never do they let the will of the wisp of foreign trade cloud their visions to the realities of life.

Diplomacy and political consideration must be separated from the economics

of world trade when it comes to the dollars and cents, the production and pay-rolls of the American peoples.

This is a far cry from a program which has as its main arguments and logic, the catch phrases once reserved for selling soap and cigarettes.

We are being led into a self-sacrificing international trade policy based upon slogans, posters and cartoons.

We are told we must trade or fade.

We must buy so we can sell.

If we do not trade, we will not have coffee, tea, or nuts.

We cannot have autos, radios, TV's, ornaments, unless we trade—at a loss.

If we do not pass a free trade bill, the Communists will take over.

Our friends will leave us unless we give certain trade agreements; unless we give them concessions.

Free trade will solve our economic problems.

We export more than we import, so why should we not be for free trade?

Free trade is the answer to the world's problems.

We need friends to help protect us; we can only get them through trade agreements in favor of other countries.

These are just a few of the many arguments tossed about by the proponents of free trade with about as much regard for the facts as a horse better who picks a horse to win because of its name, or a number player who believes in dreams.

I believe the best analysis of the Swiss attitude toward our policies can best be described by the following interview between an able American newsman and a Swiss citizen:

I have yet to find a single Swiss banker or businessman who does not have a warm feeling for the United States. But at the same time they more realistically appraise our future than most of our own economists or partisan politicians. And their estimates present a gloomy outlook for the future. A director of one of the greatest banking institutions in this country set forth his misgivings on America's future financial structure:

"You are still the richest country in the world," he said, "not only in raw materials but in inventive genius, know-how, and daring. But at the rate of your expenditures for domestic progress, defense, and particularly your indiscriminate desire to help the rest of the world—regardless of its deserts—you will not be able to continue to discharge this self-imposed obligation without serious consequences. The gold outflow should be a real warning.

"Your rate of taxation—direct, indirect, and invisible—has not yet reached the saturation point, but you are not far from it. Since it is obvious that all your political men are pledged to the continuation of this role of the world's good Samaritan, I cannot see the end of these expenditures. Even in the highly problematic circumstances that there may be a lessening of the arms race, you will be compelled by drastic economic necessities to divert the billions you are spending on defense to social works. This means the burdens of taxation will continue.

"The outflow of gold is continuing at a more alarming pace than the average American citizen and even your lawmakers realize. In order to provide the huge amounts needed for social engineering and increased help to the underdeveloped countries which would follow the highly unlikely slowing down of the arms race, you will have to increase the taxation of every American—from factory

worker to the man living on modest retirement and the coupon clipper.

"Despite your present efforts, it will be difficult for you to regain your position in the world markets because of the high and increasing cost of production. You will continue, of course, your democratic form of government, but don't forget history. There have been many instances when the tax collector has become more of an oppressor of the people than the secret police in a dictatorship. In order to gather the necessary funds to continue your gigantic self-imposed task from cradle to grave the income tax collector will become more arbitrary and increasingly consider the taxpayer as a lemon which must be squeezed to the last drop. And in the long run, this will cause you serious trouble."

The one thing that should cause alarm in this country is the apparent cold-blooded attitude toward workers and their families, their homes, their communities and neighborhoods.

When we promote legislation that spells out the destruction of our industry to help another industry and its workers to profit and prosper, we seem to forget completely that none of us has a right to say that one man's job is to be sacrificed to benefit another.

We talk of aid to industry as if we are in possession of some secret process or product that we can start to produce exclusively and thereby guarantee the new industry and the newly trained worker permanency of position.

Even if we had something like this up one sleeve, we still have not the right to say to a glass worker, "Your job is to be sacrificed so that a cotton worker can prosper."

I have watched coal towns die; I have watched my glass workers out of work more days than they worked because of imports. It is no secret that I started to work in a glass plant as a carryover boy at the age of 11. I am sitting in on the killing of the tool steel industry, the housewares industries, American ceramic tile and tableware, chinaware and sporting goods are being pushed off the American shelves just as fast as foreign countries can meet our enormous demands.

Without restraint by some Americans who believe in being American, buying American-made goods, and the inability of the foreign sources to provide our needs, we would have been swamped long ago.

Tariffs are not the answer. In a sense that is true. However, what are tariffs? We Americans think of free trade as a tariff-less commerce between nations. We consider tariffs to be the charges made at customs but tariffs take many forms. Reasonable tariffs are nothing but compensating factors, equalizing economic conditions.

Even in sporting events, handicapping is essential to the success of the sport. Horses may all be thoroughbreds, but weight allowances and handicapping make the race possible. You never hear of a \$5,000 horse racing against a \$15,000 horse—in the same race—without compensating factors, so why should a \$3.85-an-hour U.S. workman be pitted against a 35-cents-an-hour foreign worker in the same marketplace without compensating factors?

Call the factors what you will, but in the end results, they are all tariffs.

For instance, recently, the Canadians devaluated their dollar. It was worth \$1.04 against our U.S. dollar. Why? Its no secret, the Canadians publicly stated that they devaluated their dollar to increase exports and to decrease imports.

Here is how it works. A Canadian exporter sells an American a \$10 item. The American buys it for \$9.25 (U.S.)—a bargain in dollars and cents. An American sells a \$10 item to a Canadian and the Canadian has to pay \$10.75—no bargain for the Canadians.

By simply changing their currency value of exchange, they put a tariff on U.S. goods and create a subsidy on Canadian goods. Before the currency manipulation it would have cost the Canadian only \$9.60 for a \$10 item from the United States, and the United States would have had to pay \$10.40 for a Canadian \$10 item. The American people are not told these things.

Again, let us take the tariff picture on shoes. We buy shoes from France. We pay \$10 a pair for French shoes, send them to the United States and pay an average tariff of 16.7 percent, or \$1.67, making the total price for French shoes \$11.67. In the U.S. Customs Office you pay the \$11.67, and take the shoes.

We sell a pair of \$10 shoes to a French customer. At the French customs office the French put on the transportation from the United States, plus the shipping insurance, or about 25 percent of the sales price for an additional \$2.50, making the U.S. shoes cost \$12.50, before tariff is added.

At this point the French add on an average tariff of 24 percent or \$3, making the customhouse price \$15.50, for the U.S. \$10 shoes.

Now comes the tariff bite that does not enter into our calculations in our tariff negotiations. The French then apply a compensating factor to make up for French costs of production based upon domestic taxes for Government operations. This adds another 23 percent on top of the cost, insurance, and transportation, plus tariff, or an additional \$3.56—raising the price to \$19.06 for U.S. shoes as against \$11.67 for French shoes. This is true in one form or another in most trading countries. Especially so, when the products imported are in competition with domestic goods.

We seem to have a completely different view of trade than the rest of the world. We do not seem to understand the difference between trade and diplomacy, economic stability and political expediency.

The basis for free trade or any other trade has to be equity. That is why I have proposed and will continue to fight for equity and parity at the customhouse. I believe in equity in all things. Free trade, like free enterprise, must be equitable. If we applied the principles advocated by the free traders to our production economy, we would end up with a few monopolies running the whole country.

This Nation cannot survive in a competitive trade war with either friends or enemies unless we insist upon parity

for our goods exported, equal to the charges against foreign goods imported.

My plan would not hamper free trade, it would promote it. It would remove the most dangerous elements contained in the proposal before Congress since it would curtail profiteering in trade at the expense of exploited foreign labor and displaced U.S. labor.

Unless all Nations protect their built-in costs of production in their own domestic market places, we will start the greatest trade war in history, involving run-away investments, exploitation of workers, tax dodging, arbitrarily fixed currencies, quotas, licensing of exports and imports, and finally a demand for the free movement of peoples as well as goods.

We found this out early in our history and of recent date, the European Common Market found it out also. It means the end of immigration laws as we now know them. Ultimately, peace will come from the free movement of peoples, as well as goods. Both must come by evolution, not revolution. This may or may not be desirable, but at least we should know that it is inevitable.

Another argument advanced by the importers and foreign exporters is that it gives competition to U.S.-made goods and provides our U.S. consumers with bargain prices. It depends upon where you are sitting.

If you are sitting in a political executive position or a civil service position, your chances of losing your job to imports are nil. Insofar as you are concerned personally, it is a bargain to get a foreign car for 60 percent of the cost of the American-made car, or shirts from Hong Kong, china from Poland, and silverware from Japan.

However, what kind of bargain will it be for the U.S. autoworker if he buys a foreign-made car, or an American shirtmaker, chinaware worker, or a silversmith when he saves money buying cheap-labored foreign goods while his products stack up in the warehouses?

Of course, we only preach this philosophy for manufactured goods. We do not allow the flour mills in the United States to buy foreign wheat for 60 cents less a bushel; we do not allow our textile mills to buy cotton at world cartel prices of \$42.50 less a bale than our Government-fixed price.

If this is sound policy, why do we exempt certain products, certain industries and certain areas from the much-heralded benefits of this new trade bill.

If the automobile industry wants free trade, give it to them, but why force others to take it?

One result of our past policies has been a competitive price war that has caused two very severe impacts upon our economy. We have been forced to automate and to cut quality to meet cheap labor prices. Both cost jobs.

Automation is only good when the production is needed. It adds nothing but misery, unemployment, reduced investor dividends, monopolies, and trusts when we automate to produce goods already in oversupply in the consumer market.

The best illustration of this is our mounting farm surplus. We pay farm-

ers for not producing on 36 million acres through our soil bank program; at the same time in beef import-export balances alone, we displace production of 42 million acres by imports over exports.

We do sell more wheat than we buy simply because we have import restrictions. At the same time, we sell our wheat in the world wheat cartel for 60 cents a bushel less than it costs us to produce it. I understand this has been reduced to 48 cents as of March 12, this year, because of a cartel agreement entered into with wheat surplus nations.

According to the Wall Street Journal, we talked the wheat cartel into raising the price of wheat 12 cents a bushel, cutting our subsidy by about \$80 million. We seemed to have forgotten about the added costs to the world wheat consumers and the added profit of 12 cents a bushel to lower cost nations.

I leave it up to you to figure what will happen if H.R. 11970 passed and was put into effect. We would cut out all tariffs on most of the world trade consumer goods manufactured. We would put a \$2.86 an hour worker in the United States in direct competition with a 35-cent-an-hour Japanese and an 85-cent-an-hour Common Market worker, fringes included—Department of Commerce and U.N. figures, U.S. News & World Report.

Without compensating factors at the customhouse, based upon costs or production, we will have to set up world trade price fixing, in every competitive line or watch our economy wither and die in the next decade.

I have searched everywhere and have racked my brain trying to find a reasonable interpretation of our Constitution and my concept of our way of life for an excuse to vote for legislation that would deny an American investor or an American worker his day in court when his life's earnings and his means of earning a livelihood were being threatened. The history of the peril point and escape clause actions of the present law, let alone the new proposals, certainly cannot be considered as a day in court, an equitable court.

The peril point must not only be retained, but it must be strengthened if it is to be of any value.

For this reason, my amendment to the peril point section gives at least a limited time for appeal and decision, without in any way impairing the powers of the President to negotiate and propose tariff cuts.

This, added to the escape clause section, is necessary if we are to really promote free and equitable trade between nations.

As each nation becomes more industrialized and more productive, in both manufacturing and agriculture, these safeguards will become increasingly more important.

Without restrictive covenants and with unworkable executive powers we abandon the area of legislative restraint; we put more lock, stock, and barrel profiteering into the operation of our trade economy by exporters and importers.

With all due respect to our present Chief Executive, and I have the greatest

respect for the President and his profound knowledge of this problem, I realize that some unyielding and ambitious person might well cause irrevocable harm to our economy before relief could be obtained through congressional action if we allow this legislation to pass without amendment.

Unless we write into the law specific steps and restraints, we may well be compounding injuries already sustained by many industries. Here are two examples of the weakness of the present and proposed peril point and escape clause sections.

Last year hearings were held by the Tariff Commission on raising the quotas on blue mold cheese. After deliberation and factfinding, the Tariff Commission voted not to increase cheese quotas.

Recently, without further hearings or new evidence called for, the President—by Executive order—raised the quota by 840,000 pounds per year. This was done in spite of testimony last year by the Agriculture Department showing the far-reaching damage to the dairy industry, the feed grain program, and the American cheese industry.

The second case in point is flat glass. After years of bitter complaint by the industry, the Tariff Commission in the face of overwhelming proof of serious injury, advised tariff increases wiping out practically all the tariff cuts of the last 20 years under reciprocal trade legislation.

The President turned the recommendations down by asking for a review of the facts. After months of delay, the Commission again recommended increases.

Exporters, particularly Belgian, have protested by going so far as to threaten reprisals. In this, they are joined in a combined effort by the Common Market. Out of London comes a story that again shows the nationalism and commercialism of trade. The English protest our tariff increase because of the fear of flooding their own markets by the surplus Belgian glass.

The President finally approved the tariff increases. Before they could go into effect, the President ordered a delay of 60 days. Now we read in public print that the drive by the exporters is mounting and there is a possibility that the increases will not be granted.

The Tariff Commission's recommendations were based upon the cold facts of economics. The Executive decision appears to be influenced by the demands of diplomacy.

From hearings and evidence, it was developed by our committee, that we imported twice as much window glass in 1960 as we used in the whole Nation. The flat-glass industry on its own has no reason for existence if the criteria for competitive trade under H.R. 11970 is to become the law.

We have a reasonable and understanding President. The pressures built up in commercial trade channels are beyond the solution by diplomatic or political equations. How many Members of the Congress would vote for this legislation if the last word and all the power contained therein, were turned over to George Ball, Charlie Taft, Secretary

Dillon, or any of many proponents of unrestricted free trade?

Does this not point up the need for covenants in the law that will keep our three branches of Government each within its own sphere of constitutional duties?

Theory is necessary and reform is inevitable. Both, however, must be based upon the ability to perform and to comply with the new order. History has accorded the greatest honors to those who fought for the rights, freedoms and privileges of the little peoples. Property rights are necessary to a civilized society, but even so, they must necessarily be second to the rights of man.

Are we moving forward in the new world ahead of us, or are we moving backward in our concept of world economics? Throughout this proposal, H.R. 11970, we find that the ability to compete internationally is the criteria for the right to work or to produce for world and domestic consumption.

This was the Old World concept for economic action, up until the bold breakthrough of demand for labor justice, when Cardinal Manning joined a picket line in England. This Catholic prelate found a hard-hitting, courageous ally in the United States in the person of a leading Methodist, John P. Aldeld, later to become Governor of Illinois.

The concept of economic action at that time was a naturalist one that denied any relation between economic activity and morality.

At this period in history, the encyclical of Pope Leo 13th appeared on the scene. It spelled out the needs and rights of the little peoples, the workers, as well as the rights and responsibilities of property. In part, the *Rerum Novarum* contained the following observations and pronouncements, equally true today as they were then, and I quote:

We approach the subject with confidence and in the exercise of the rights which belong to us. * * *

To you, are well known those basic principles. * * *

According to which the economic-social sector of human society should be reconstituted.

They first and foremost concern work, which ought to be valued and treated not just as a commodity, but as an expression of the human person. For the great majority of mankind, work is the only source from which they draw means of livelihoods and so its remuneration cannot be left to the mechanical play of market forces.

Instead, it should be determined by justice and equity, which otherwise would be profoundly harmed even if the contract of work should have been freely entered into by both parties.

This is why we find poverty in the midst of progress in our day and age.

We judge it, therefore, to be our duty to reaffirm once again that the remuneration of work, just as it cannot be left entirely to the laws of the market, so neither can it be fixed arbitrarily. It must rather be determined according to justice and equity.

This requires that the workers should be paid a wage which allows them to live a truly human life and to face up with dignity to their family responsibilities, but it requires, too that in the assessment of their remuneration regard be had to their effective contribution to the production and to

the economic state of the enterprise and to the requirement of the common good of the respective political communities, especially with regard to the repercussions on the overall employment of the labor force in the entire country.

An American worker actually contributes more of his wage to the community than a foreign worker earns.

It is clear that the standards of judgment set forth above are binding always and everywhere, but the degree according to which concrete cases are to be applied cannot be established without reference to the available wealth which can vary in both quantity and quality which can, and in fact does, vary from country to country and within the same country from time to time.

Secretary Goldberg said it in different words when he said wage levels could not be the same since not all employers started with the same ability to earn profits.

There are also demands for the common good on the world level: to avoid all forms of unfair competition between the economies of different countries, to encourage with fruitful understanding collaboration among these national economies, to cooperate in the economic development of communities economically less advanced.

Again I call your attention to the warning against trying to achieve social-economic equality in an atmosphere of trade based upon unfair competition between different economies.

The essence of the amendments I have offered is aimed at promoting the economic uplift of the areas where the inequalities of the social-economic order have created enormous wealth at the expense of the exploited workers and their families.

When a nation exports products denied its own peoples because of their low incomes, foreign trade is a blight upon the body politic in the exporting country and a deterrent to further gains in the importing country.

To show that the whole premise of the amendments offered to H.R. 11970 are aimed at protecting and promoting the well-being of each individual nation, I have recommended that all revenues collected at the customhouse, as compensating factors equalizing costs of production from country to country, be put into an international development fund for the underdeveloped nations.

Only by having the survival covenants contained in these amendments will the high-cost, high-economy nations be protected against the dumping of goods produced by low-paid, exploited workers, while at the same time give protection to the domestic production of the emerging underdeveloped nations which for too long have been used by the exporting nation as the dumping grounds for consumer goods produced by automation and mass production.

True equitable and expanded trade would be based upon the free exchange of needed and noncompetitive goods and upon protected costs of production in competition goods.

In order to arrive at an economic level that preserves a harmonious balance in all sections of the production facilities, the economy of trade requires a political economy that considers taxation, labor

costs, selling price protection and market requirements.

This is the only sound basis for consideration of international relations in the field of trade.

It has been pointed out that the great campaign for the passage of this act as written has allowed figures and so-called facts to be implanted in the minds of the people that have little or no relationship to the economic statistics which can be misquoted and misrepresented but cannot be denied or hidden forever from view.

The first balloon we must break is the much publicized trade balance. It has been said time and again that our export balance is \$5 billion in our favor.

This sounds good and can be put in the same category as the TV advertisement that promotes the universal acceptance of a particular drug because it has been endorsed by five New York doctors.

The truth of the trade balance is this: We exported \$20 billion, we imported \$15 billion. We actually gave away 30 percent of our exports, or \$6 billion worth, leaving a balance of \$14 billion. Out of this amount we aided by loans, barter, and other export deals in providing the incentive and wherewithal for roughly \$4 billion of actual sales in exports against a total of \$14 billion. The \$5 billion figure of surplus exports is as fictitious as a three dollar bill insofar as its relationship to foreign produced U.S. jobs.

The gold balance was a net loss of \$3.5 billion in spite of almost a \$1 billion repayment of overdue loans by West Germany and Japan.

If this Nation falls for this set of figures, it will be repeating the same mistake made in 1958 when Congress passed the 4-year extension of the trade bill based upon the 1957 export figure of \$21 billion. We never came near that figure before or since until it was necessary to get a favorable trade balance in 1961 in the interest of passing H.R. 11970.

It may interest this Congress to know that the percentage of trade to our gross national product have never varied more than 1 or 2 percent except in years of emergency and unusual temporary conditions.

This will be true again unless we have our front doors open and our rear doors unguarded.

The real danger lies not so much in the total of exports and imports, but in the change in character of the products traded.

We have made almost a complete shift in our export-import products. For years up until 1958 this Nation imported roughly 65 percent of raw materials and about 35 percent manufactures and semimanufactures.

This has changed and we now import consumer goods and other manufactures and component parts at about a 2-to-1 ratio.

This means a loss of U.S. jobs and an export business of raw materials, lumber, cotton, farm cereals and grains, coal, specialized ores and manufacturing machinery, airplanes and other items not yet produced by competing countries in

sufficient supply for their own uses as well as export trade. Our greatest export has been in machine tools.

Soon this field of machine tools and agricultural products will be lost to our Nation and unless we recapture our own market we are headed for economic disaster measured in loss of human dignity in the rank of the displaced workers.

So much for the trade balance. Let us look at the public release on the employment figures:

The Labor Department claims 4 million jobs for U.S. workers from exports.

The Commerce Department claims 6 million jobs in U.S. industry from exports.

The Import Council claims 12 million jobs in U.S. industries from exports.

All sources and authorities claim a loss of jobs running from a mere 200,000 to 400,000 from the impact of imports.

Facts do not substantiate these figures. There are less than 17 million workers in all U.S. industrial production. There are 67 million income earners in all walks of life in our economy. Our own Department of Commerce claims only 4 percent of all our business entities engage in exporting.

There are less than 17 million workers in the manufacturing industry. Even if we give credit to exports for \$10.5 billion we only show 6 percent of our gross manufactured product as exports. Six percent of total employment in industry would give credit to exports for 1,020,000 jobs. Using the chamber of commerce ratio of 176 jobs created in other industries and services for 100 jobs in manufacturing, we find that a total of 2,754,000 could be credited to exports.

By the same token, our imports of manufactured goods and semimanufactured goods total approximately \$9.5 billion or a job loss using the same ratios and percentages of roughly 10 percent less than jobs gained, or 275,000 jobs.

This equation disregards the job displacement on a basis of labor content, although for every dollar of labor content from Europe, we lose \$3 in American wages and for every dollar of Japanese import labor content we lose \$7 of American payroll dollars.

Looking at it from another angle, if we give full credit to the 4 percent of gross national product to exports and 3.2 percent of gross national product to imports, we find that exports create eight-tenths of 1 percent more total jobs in the gross national product than imports.

This means that eight-tenths of 1 percent of the 67 million income earners, if they all had a stake in exports, would show 476,000 jobs created by exports. This includes all workers in all jobs all salaried, commissioned, Governments, farm, public officeholders and all income earners from whatever source their income can be traced.

This is a far cry from the 4 million jobs claimed by the Labor Department, 6 million jobs claimed by the Commerce Department, and the 12 million jobs claimed by the Importers Council.

Again these figures are heavily weighted in favor of exports since the relationship of our low labor content exports as against high labor content im-

ports makes job ratio comparisons, measured on a dollar volume, a little ridiculous.

In fact, if you find time to read the report of the Committee on the Impact of Imports and Exports on Employment, you will find the job lag in the United States traceable directly to job displacement by imports and indirectly to imports because of the acceleration of the program of industrial automation caused by the demand for cheaper produced U.S. goods to combat low-priced imports.

We must realize that in dollars it looks like jobs are created by exports over and above import losses. However, when you measure the volumes of import goods as against export volume, you get a different concept of job equations.

Imports from the Common Market contain labor at one-third American labor costs. Imports from Japan contain labor at one-seventh our labor costs.

We export high-cost, low-labor-content goods, and import low-cost, high-labor-content goods.

Study shows that about 50 percent of manufactured products is production labor.

Using this as a base, for every billion dollars of labor content imported from Europe, we displace \$3 billion of U.S. paychecks.

From Japan, the ratio is \$7 billion lost wages for every billion dollars of import labor content.

In plain words, this means a displacement of paychecks, the seed money in our economy, that creates the high incomes, taxes and purchasing power beyond the world economic level.

Our own Government recognizes these facts in the matter of Scotch Whiskey imports. Although Scotch is an exclusive noncompetitive product since we do not produce Scotch, the U.S. Government charges a compensating factor at the customhouse equal to the distilled spirits tax on U.S.-produced liquor.

If this is necessary to protect Government revenues, why is it not sound and equitable to protect worker's payrolls and investor's incomes?

This Wall Street Journal has this to say on the tariff cut threat:

TOOL TACTICS—MAKERS EXPAND ABROAD TO MEET RISING DEMAND, U.S. TARIFF CUT THREAT—MORE MAY SHIP TO UNITED STATES FROM FOREIGN PLANTS; OPERATIONS CURBED HERE AS ORDERS FALL—TRECKER SEES MANY FAILURES

(By David C. Smith)

CLEVELAND.—Some of the Nation's machine tool builders are curtailing and expanding operations simultaneously.

Significantly, the curtailments are at their plants in this country, where business has been lagging, and the expansions are at their plants abroad, where it is strong. The tool makers' moves are largely to gear production capacity to demand. But they also reflect increasing pressure, partly supplied by the Nation's move toward freer trade, on U.S. companies that operate abroad to do more of their manufacturing there, even of products to be sold in the United States.

Machine tools, used to cut and form metal into products, sell best when big metalworking industries, such as automobiles, are expanding. U.S. machine tool companies were pushed heavily towards overseas expansion in 1957 and 1958 by the collapse of their domestic business. Shipments of cutting tools

(on which statistics are more accurate than on forming tools) plummeted to \$455 million in 1958 from \$879 million in 1957. The main reasons were that the U.S. auto industry had largely completed its big postwar modernization and decentralization drive, military emphasis was shifting away from mass-produced items, and the use of plastics and other nonmachined materials was rising.

HALF NOW HAVE TIES ABROAD

Recognition that Europe, Japan, and some other lands still were in the midst of big metalworking expansions, and also fearing Common Market trade barriers, U.S. tool companies hurried to set up shop abroad. Many acquired or built plants, bought interest in oversea firms, or signed licensee agreements. The National Machine Tool Builders Association (NMTBA) estimates that companies representing 50 percent of U.S. machine tool dollar volume now have oversea ties.

The oversea demand was heavy enough that the companies were not only able to operate their foreign plants at capacity but also received a much-needed increase in foreign orders at their American plants. Last year, the value of foreign orders comprised 31 percent of the total received by plants in the United States compared with 10.8 percent in 1957.

But after hitting a record \$21 million last September, foreign orders have begun to decline as oversea plants have cut waits for deliveries. In February, foreign orders fell to \$7.6 million. While they climbed to \$9.7 million in April, a poll of 300 industry executives at a National Machine Tool Builders Association meeting in Chicago recently turned up none that expect monthly foreign orders to rise much above the \$9 million level during the rest of this year. Many oversea plants now can make deliveries in a year or less, compared with 2 years in 1960; this gives plants in the United States, which can deliver in 4 to 6 months, less of an advantage.

Moreover, foreign producers now are out searching for business. Japanese builders have set up a Japan Machine Tool Trade Association with offices in Chicago and Düsseldorf, Germany. Japanese tools were displayed at a recent Cleveland trade show sponsored by the American Society of Tool & Manufacturing Engineers. Their makers were Mitsui & Co. and Hitachi Seiki. A Mitsui representative says his company is shooting for \$1.5 million in U.S. sales this year and \$6 million by 1963.

EUROPEANS SEEK U.S. OUTLETS

"More and more European machine tool builders have been on the prowl for U.S. distributors in the past few months," says Thomas Rudel, a New York City tool distributor. James C. Kelley, executive vice president of the American Machine Tool Distributors Association in Washington, says the 200 members of his organization have reported an upsurge in European builders seeking outlets in the last 4 months.

U.S.-made tools have enjoyed a quality advantage over foreign makes but some U.S. executives say that is being narrowed. "We've lost the technical edge to some degree already," says E. M. Hicks, vice president and general manager of Norton Co., a Worcester, Mass., producer. National Acme Co., a major U.S. tool producer based in Cleveland, recently bought an \$80,000 Swiss-made boring machine for its own plant because it was thought to be superior to U.S. models.

So far, imported tools have made no serious inroads into the U.S. markets. For several years imports have held fairly steady at about 5 percent of U.S. sales. But some producers fear that President Kennedy's proposed trade bill, now before Congress, will raise the level. The proposed bill would cut the present 15-percent tariff on machine tools to 12 percent initially and eventually to zero.

HEAVY FAILURES SEEN

One who foresees a rise in imports is Francis J. Trecker, who is president of both Kearney & Trecker Corp. in Milwaukee and the National Machine Tool Builders Association. "I may be pessimistic," he says, "but it seems to me that half of the existing machine tool companies in this country are likely to go under." These companies represent about 10 to 15 percent of industry volume, he estimates.

Kearney & Trecker has been approached by a dozen smaller companies that are seeking an alliance with bigger firms, says Mr. Trecker. "Most of them are manufacturers of standard machine tools, though, and we have been trimming our line of these products." The standard tools, such as drills, lathes, and milling machines, are simpler in design than some of the automated equipment American firms produce and are less protected from import competition by technological superiority.

In competing with imported tools, American producers say their U.S. plants are handicapped by wage rates that often are three times as high as foreign rates. Labor usually represents about half the cost of a machine tool, they estimate. Despite this handicap, some argue that their efficient production methods, high-level technology and proximity to the market would protect their U.S. market if they could maintain an efficient level of production.

But unfortunately, they say, the decline in foreign orders placed in the United States and the continued low level of domestic business is preventing such efficiency. U.S. producers are operating at only about half of their capacity here compared with 100 percent at their overseas plants. Thus, many find themselves expanding abroad and facing the prospect that rising volume and efficiency overseas, coupled with expected tariff cuts, will further widen the cost advantages of their foreign plants over domestic facilities. As that happens, it's feared the pressure to ship foreign-built products back to U.S. customers will rise, with detriment to the jobs of workers in their U.S. plants and the U.S. balance of trade.

So far there has been little of this backshipping. For one thing, the overseas plants have had all they could do to supply demand abroad. Their product lines usually are more limited than those the U.S. plants can offer and the U.S. plants can provide better service. But there already are sizeable cost differences on certain tools. Kearney & Trecker reports that it can ship one machine from England to the United States, pay the tariff and install it in the customer's plant for a price of \$41,000 compared with \$75,000 for the same tool built in Milwaukee.

Jones & Lamson Machine Co., of Springfield, Vt., last year, along with other interests, set up a plant to make turret lathes in Belgium. It already had an English licensee. A company spokesman says, "If things get too tight to compete here, we could ship from Europe and even pay the tariff. It's more likely, though, that we would build some machines overseas and assemble them here."

"If it means survival of our business, you're darned right we'll ship to the United States from our French plant," says Julian Pease, president and chairman of New Britain Machine Co., of New Britain, Conn. Asserts Norton's Mr. Hicks: "We wouldn't voluntarily produce abroad for shipment here. But if we're pushed into it, it might be an entirely different story."

Regardless of the outcome, there is no doubt that expansion overseas is proceeding apace. The English subsidiary of Cincinnati Milling Machine Co., the biggest U.S. machine tool producer, recently acquired a 150,000-square-foot plant at Biggleswade, England, where it will make grinders and

broaching machines. It also let contracts for construction of a new foundry at Tamworth. Norton Co. this year acquired a 75-percent interest in R. Woodvine & Sons, Ltd., a Shrewsbury, England, subsidiary of Asquith Machine Tool Corp., and plans to produce Norton grinding and lapping machines at the plant. Brown & Sharpe Manufacturing Co., of Providence, R.I., is adding 25 percent to its production capacity in Plymouth, England.

The French subsidiary in which Sundstrand Corp. of Rockford, Ill., owns a majority interest plans to move soon into a new plant near Paris, along with a separate, wholly owned subsidiary that makes perishable cutters for machine tools. The company says the new plant will bolster efficiency, reduce overhead, and slightly increase capacity. American Machinist, a trade publication, reports that at least two American companies are considering setting up plants in Japan, which has just raised its tariffs on imported machines to 25 percent from 15 percent.

U.S. OPERATIONS TRIMMED

At the same time, some of the U.S. companies are trying to trim down their U.S. operations so as to reduce overhead and attain efficiency at the present levels of production. Kearney & Trecker is completing a \$3 million 280,000-square-foot addition to its special machinery plant in Milwaukee. It will then close two older plants, reducing its total plant space to 450,000 square feet from 725,000, its inventories by about one-third and overhead costs by an estimated \$700,000 a year. It hopes to let its employment fall to 1,600 from 1,700 through normal attrition.

Sundstrand last year shut down a machine tool plant at Ann Arbor, Mich., pulling operations back to its Rockford, Ill., headquarters. American Tool Works, of Cincinnati, is spending \$1,250,000 for new equipment and has cut overhead costs "to make ourselves tough, wiry, and strong to meet the expected onslaught of competition and also to work within the limits of available business," in the words of John Hussey, vice president, marketing.

A National Machine Tool Builders Association survey shows that U.S. builders boosted spending on research and development to \$12 million last year from \$10 million in 1960. "If we can continue to make better tools that in some way help our customers reduce their costs, we can compete," says T. A. Strimple, president of National Acme. As an example, he points to a new machine developed by his company which performs 70 different machining operations on a typewriter part.

SOME HOPEFUL ABOUT ORDERS

Some companies are hopeful that domestic business will pick up after it becomes clear what special incentives to capital spending the Government might provide industry. The Treasury Department is readying new tax depreciation schedules on some 5,000 items (including machine tools) which may enable companies to set aside larger untaxed amounts from earnings to buy new equipment. The administration's tax bill proposes an 8-percent tax credit on equipment investments made this year. The provision has passed the House, which cut the credit to 7 percent and is in the Senate.

Some tool executives doubt that these measures will sharply stimulate buying. "This is only a drop in the bucket," says Rodney H. Stebbins, sales manager of Gisholt Machine Co., in Madison, Wis. But they do observe that a lot of inquiries are coming in and predict that these may be translated to orders if the tax benefits are passed.

Mr. Chairman, some of us are often times called reactionary, isolationist, or protectionist.

It all depends upon whose ox is being gored. Almost every Member of Congress from an area affected by imports has at one time or another protested against imports.

They cannot seem to see the outcome or the seriousness of this type of legislation.

One by one all industries will come under the hammer by this process of greasing the gate that squeaks the loudest. Sooner or later we will awaken to find that we are all in the same boat.

The textile industry is the outstanding example of this type of concession in this trade fight. Public statements to this effect have appeared in much of the U.S. press.

Because of certain concessions the industry appears to be pleased and content to go along no matter what happens to the rest of us in other industries. This appearance may be deceiving since my mail is filled with worried questions from the textile industry.

The trouble that they are in for will come when their customers in my district are forced to buy cheaper textiles or none at all because their jobs have been taken by imports.

We cannot buy retail and sell wholesale and remain solvent.

This economy is based upon five pillars—investment, production, payrolls, consumption, and profit. All five are interdependent; one needs the other and each is equally important.

No better illustration of this simple economic fact can be found than this recent story contained in the Pittsburgh Post-Gazette and in private correspondence to my office:

ROCKWELL MANUFACTURING Co.,

Pittsburgh, Pa., June 9, 1962.

FINANCIAL EDITOR,
Pittsburgh Post-Gazette,
Pittsburgh, Pa.

DEAR SIR: In the financial news columns of the Pittsburgh Post-Gazette, it was reported on June 7 that the U.S. Navy had purchased 3,500 tons of steel in West Germany "at 30 percent below similar bids from our domestic steel companies," with a resultant saving to the Government of \$153,000. From the description of the steel, the bids by U.S. companies must have been around \$700,000, while the 30 percent lower German bid was around \$490,000, so there must have been some other costs not included in the Navy statement that \$153,000 had been saved to the Government.

If a \$700,000 shipment had been added to our gross national product, 35 percent of that sum (or \$245,000) would have been used to pay our local, State, and Federal taxes, which sum would have been collected from the steel company which received the order, its employees, its sources of supply, such as the coal mines, iron ore mines, etc., and the services, such as the domestic utilities and the railroads. The workers employed by the suppliers and services (including all Government services), would also receive several hundred thousand dollars in wages, part of which would have been applied for their social security funds, pensions, etc., while any domestic unemployment resulting from placing this order abroad will decrease the income of the social security and pension funds. The loss of the order to domestic mills and the placing of the order in West Germany will increase very substantially the unfavorable international balance of payments which our Government is trying to avoid, to pare our losses of gold.

The chairman of the United States Steel Corp. has said that 75 percent of all his corporation's income is returned to workers in the corporation and the suppliers of material and services which are furnished to the corporation, part of which goes for local, State and Federal taxes. In view of these obvious losses to the Government and to the wage earners of this country, it would be most interesting to learn how the Navy has decided that \$153,000 has been saved by the U.S. Government, not to mention the loss of national prestige.

Sincerely yours,

WILLARD F. ROCKWELL,
Chairman of the Board.

Mr. Chairman, recently, in the Pittsburgh Press, the following statement appeared:

Our city depends on labor for its economic existence. The bulk of the breadwinners in this district tend blast furnaces, mine coal, mold glass, participate in occupations which are dependent on these industries.

We are not an area of white-collar workers. We do not have the broad harbors of the coastal cities, nor do tourists flock to see the sights of our town.

Without industry, Pittsburgh as a bustling metropolis would cease to exist.

But we are in the precarious position where most of those employed derive their income from industries that today are threatened with increased competition and higher costs.

This pretty well sums up the national problem we face when we discuss jobs and trade. As Members of this Congress you can understand why I am so disturbed over the publicly announced statements by officials of our Government that certain industries are expendable and must be sacrificed to what President Roosevelt called "the will-o'-the-wisp of foreign trade."

Let me assure all of you of my keen interest in the problems of the world as well as my country, and my congressional district. I am not now, nor have I ever been, an opponent of free trade as such. I am for as much free trade as we can afford.

I have found that when you scratch a freetrader, he bleeds like a protectionist.

The dying flat-glass industry was given a new lease on life when the President raised protective tariffs. Incidentally, this puts the rate somewhere in the neighborhood of the rates prior to reciprocal trade agreements. For this, the President has been commended by the glass industries, but the Belgians and other exporters condemn and threaten our Government with embargoes and reprisals. In trying to save our glass industry we may well lose all the so-called diplomatic gains for which we sacrificed our industry.

Correspondence from Labor Union Council, AFL-CIO, Greensburg, Pa., Mr. James J. Chinnici, said:

Walworth Co. supplied the first atomic submarine, the *Nautilus*, with fittings and products. Now they are going out of malleable fitting business. By the end of June, 500 people will be left jobless. Cite this as only one example of what is happening all over this State as well as the United States. We believe that foreign competition is responsible for a great many of the citizens of

this great Nation being jobless today. Jobless numbers are increasing and the economic level of our Nation is rapidly declining. This has to stop and stop soon. I beg you to look into this situation. Do what you can to correct it. I believe that the tariff on imports to this country should be raised to meet foreign competition. The die is cast. We place in your hands the responsibility of correcting this situation.

You can see why some of us are put in the position of being the Devil's advocate on any proposal that would, in the opinion of these citizens, further depreciate their job opportunities.

I am also in receipt of a wire from R. A. Hardy, president of the Greater Greensburg Chamber of Commerce, Greensburg, Pa., and I quote:

Westinghouse atomic reactor plant in Waltz Mills, closes March 25. One hundred and seventy most highly skilled in this type of work to be let out.

Many of these workers have a generation and a half of steady employment. Highly skilled nuclear plant workers ask what they will be retrained for under the Trade Adjustment Act. I do not feel that aid in the future will do any more good than closing the barn door after the cows get out. These matters are very serious to those of us in close contact with our people.

Approximately 600 primary jobs are at stake. According to the chamber of commerce statistics, 600 jobs lost to this community means the loss of income sufficient to maintain 24 retail establishments; loss of \$2,160,000 in retail sales; loss of the use of 642 automobiles; 1,044 additional workers will lose their jobs; the loss of \$3,540,000 in personal income; bank deposits will lose an additional net account of \$1,940,000; and the sustaining revenue for 1,776 persons will be taken from the community. These figures are statistical data provided by the chamber of commerce on the effect of a job loss in any community.

My district is a distressed area. We have gone through the economic depreciation of our coal industry because of imports of residual oil. Our aluminum houseware goods have been carrying the brunt of reduced employment because of imports. Our tool steel industry is challenged by unfair competition from abroad. The handmade glass industry has been told that it is expendable. The relief being given by the President to the flat-glass industry will require the passage of time to regain the markets lost because of the imports of glass.

In every field, in every effort, in every area, the unrestricted, unbalanced application of our foreign trade policy has caused unemployment, depreciated investments, curtailment of production and increased relief rolls. All of us want free trade, and we should have it just as soon as we can afford it.

Any trade that benefits one group, and injures another, is not equitable and cannot be justified either from the base of economics, diplomacy, or political expediency.

I stand ready to vote as I have in the past for all remedial legislation to help

our economy, but I see little purpose in continuing to vote for injuries that are self-inflicted.

I do not know what we can do for these displaced workers. We want to help—this I am sure of.

Many are too old, and will end up on relief rolls. This condition cannot be tolerated. It is not the exception, it is becoming the rule in our economy, to have production facilities closed because of unfair competition over which they have no control.

Facts and testimony presented before our Committee on Imports show that hundreds of industries and individual plants are in the same precarious economic position.

Alone there is not much I can do. With your reevaluation of the trade position, hope can be given to these discouraged workers that their Government considers their welfare paramount and that no injustices will be done by legislation to create further injury.

COMMON MARKET

Adlai Stevenson, in a speech in Bloomington, Ill., January 23, 1962, said the Common Market is our only choice if the U.S. economy is to continue to grow. He called it a moral duty, or words to that effect. Morals in international trade are like friendships in a poker game. They only count if you have the winning hand.

Many important Americans, in and out of Government, have called the Common Market a threat and have predicted the doom of the U.S. economy unless we court and marry the European countries, without delay. In my opinion, such a union would be a shotgun wedding.

I feel that if the American people lose their sense of balance in this instance, it will be the most tragic mistake in our entire history. After a proper time spent courting, the day may come when a marriage between our economies may have a chance of fruitful union.

I disagree with the proponents of H.R. 11970, when they use the Common Market as the "bogeyman" for scaring the American people into a move that can well destroy our basic concept of a free enterprise government. It do not consider the Common Market a "bogeyman," a Frankenstein, or a commercial threat. It was conceived and brought into being by our own State Department as a buffer area—economically, militarily and diplomatically—as a tool in the cold war strategy. In these areas, it fulfills its promise.

One of its chief architects is now an official of our Government and the chief promoter of the present plans for a new trade program and the Common Market. We would be derelict in our duties if we failed to properly consider the grave consequences of basing our action on H.R. 9900 without dispelling the distorted picture of the Common Market presented to Congress and the American people. There are some Americans who—for reasons best known to themselves—are sincere freetraders.

At this point, I would like to present a partial list of the participants in the U.S. Trade Policy Conference. Even a casual examination will verify my statement as to the interests of the main proponents of this legislation.

CONFERENCES FOR CORPORATION EXECUTIVES, U.S. FOREIGN TRADE POLICY (SPONSORED BY THE SCHOOL OF ADVANCED INTERNATIONAL STUDIES, JOHNS HOPKINS UNIVERSITY), MARCH 6 AND 7, 1962, HOTEL STATLER, WASHINGTON, D.C.

Participants: Arabian American Oil Co.; Asiatic Petroleum Corp.; Chamber of Commerce of the United States; the Chase Manhattan Bank; Committee for a National Trade Policy; E. I. du Pont de Nemours & Co.; the European Community; Federal Reserve Bank of New York; the First National Bank of Boston; Ford Motor Co.; the Gillette Co.; IBM World Trade Corp.; individuals: Christian Herter and several others; Institute for International Development; International Business Machines; International Federation of Petroleum Workers; International General Electric Co.; International Minerals & Chemical Corp.; International Nickel Co., Inc.; New York Life Insurance Co.; Owens-Corning Fiberglass International, S.A.; Pan American World Airways; Pfizer International Inc.; Phelps-Stokes Fund; Republic Steel Corp.; Société D'Information Financière et Industrielle, Inc.; Sverdrup & Parcel and Associates, Inc.; Underwood Corp.; United Nations Economic Commission for Latin America; United States-Japan Trade Council; Washington Board of Trade;

U.S. Government: Department of Agriculture; Department of the Army; Department of Commerce; Council of Economic Advisers; Department of Defense; Federal Reserve Board; Foreign Service Institute; Industrial College of the Armed Forces; Department of Labor; Library of Congress; National War College; Department of State; Department of the Treasury; and the U.S. Information Agency.

I sincerely believe that this generation of Americans is faced with the most serious economic decision of our history since the historic session of Congress in 1828. History tells us that it was during this session that our young Nation faced the momentous decision between carrying on the protective tariff policy borne out of the War of 1812, or going back to the free trade policies of Adam Smith and his "Wealth of Nations."

History also records that the great Americans of that day led by Daniel Webster, the archenemy of protectionism, shifted their votes and voices from free trade and carried the day for the future greatness of America. We are told that this was "yesteryear," and we now live in a new world.

Every generation has been compelled to face a "new world." It is our turn, and looking forward requires quite a bit of looking backward to see where we are heading. As the Pennsylvania Dutch put it, "We have to back up straight ahead." You can plan the future, but you cannot change the past.

TELL THE WHOLE STORY ON TRADE

In the past months we have been bombarded with statements on why we must lower or eliminate all tariffs on imports and why we must accept the fact that some American industries will be sacrificed to permit imports from foreign countries. In support of this plea for unlimited and unrestricted power, the advocates contend that our exports exceed our imports by over \$5 billion and we must import more if we wish to continue to export. If we were selling more than we are buying, why would

we have a deficit of over \$3½ billion in our balance of payments for 1961?

The whole story is not told by this statement of \$5 billion of excess exports as you are not informed that this excess consists of over \$1 billion in military supplies, over \$1¼ billion in agricultural products exchanged for soft currencies, \$200 million of ICA purchases, another \$1 billion of subsidized agricultural exports and additional sums for subsidies on cotton, and so forth. In addition, there is the additional one-half billion dollars it costs our Treasury to subsidize the agricultural exports. Adding all of these figures together it is quite clear that we have no excess of exports over actual dollar imports. Therefore, we do not need to import more in order to maintain the balance of trade. We might consider cutting out subsidized and giveaway exports.

Another untold story is that the import figures are given in foreign origin value and do not represent equal purchases at prices which would be required by American producers. We therefore export at one value, and import at another value. In this process we export fewer items and receive tremendous quantities in return.

A third untold fact is the statement relative to the number of people directly or indirectly affected by foreign trade. You have not been told that among those directly affected are workers who work the greater percentage of their time in producing domestic products, and you are also not told that included in those indirectly affected is your grocer, your banker, your lawyer, and even social service workers, all of whom would hold their positions and do their work even if there were no imports. How little this group is affected can be illustrated by asking your grocer the question of whether he would close down if he had to stop selling coffee.

The question which is avoided and unanswered in this propaganda is how many American workers have been affected and how many may be affected in the future. There is no pat answer simply because no money is available for an item-by-item, industry-by-industry, job-for-job, payroll-by-payroll study. Nothing less will tell the whole story. I ought to know, I have been working, holding hearings, reading hundreds of briefs, trying to come up with answers on how many jobs are displaced by imports. One point stands out clear, clear enough for all to see: For every \$1 spent to find out how many jobs are lost, \$1,000 is spent to show how many jobs we gain.

One of the serious problems facing the American Congress and, in turn, the American people, is the lack of press, radio, and TV coverage of the other side of the free trade versus protection policies for American jobs and industry. One thing I can say without fear of contradiction, is that for every word given to the so-called protection group, whole pages are being given to the free trade group. Local newspapers, commonly known as hometown papers, are doing the only good job of reporting this issue up to date.

In 1958, I made a public prediction. I said then and repeat now, "Every industry that expands overseas will become profree trade as soon as the foreign profits start rolling in." I have searched every scrap of writing I can find; I have visited as many countries as physically possible; I have tried to give American industries and workers an opportunity to give their story to my committee. I have talked to every person interested in the subject of trade and I have not found one nation in the whole world that does not protect its payrolls, its industries, its minerals, and its agriculture.

While we are talking more free trade, reducing our already low tariffs, we find that every other nation either individually or collectively—Common Market—is reducing internal barriers, but increasing external barriers. How else can the Common Market succeed? Can the member countries allow goods to come in below their cost of production and still prosper? They cannot, any more than we can.

We found this out in the earliest days of our history and because we learned our lesson in trade economics, early and well, we created in this country what is now being heralded as a miracle in the Common Market; we created the largest, most profitable market in the world. Every time in our history, when tariffs went below 20 percent on imports, we ran into serious trouble. Our first depression followed the tariff cutting program of 1832. Although the Congress proposed a cut in tariff rates from 45 percent to 20 percent we never made it. By the time we reached 30 percent we were in the grips of a recession that forced a revision of plans and upped the tariffs again to the 1832 level.

Maybe tariffs are not the answer, but it is historical that every time we cut tariffs we had a "recession." We are told that "protectionism" is a bad word and, worse, a bad national policy. If this is so, why do we have immigration laws? Why do we bar peoples, and yet we do not bar the products they make? How much difference is there between a foreigner coming to the United States and taking your job, or staying home and sending to America the products you produce? In either case, you lose your job.

It is a peculiar twist of mental maneuvering by some persons that see logic in restricting the importation of teachers, newspapermen, lawyers, doctors, professionals, and other peoples of all nations. The same persons see no harm in flooding the market with the foreign products of steelworkers, automakers, and other production workers.

The Members of Congress from the South, the West, and other areas that enjoy protective tariffs and quotas on wheat, corn, cotton, tobacco, and/or Federal subsidies to protect their costs of production, join in the "anvil chorus" against Members who have plants shut down, workers displaced by imports of low-priced foreign articles. Let us see what our friends and neighbors are doing and then decide whether "protectionism"

is a bad word, or a bad policy for a nation and its people.

Canada has a "Made in Canada" rule for customs that openly espouses the protectionist policy. "When any item is produced in Canada and reaches a production of at least 10 percent of the consumption of that product in Canada, the customs office raises the tariffs on imports for the practical and simple purpose of protecting its industry." They have recently manipulated their currency to help exports and to reduce imports.

They thus allow it to grow without competition from imports that can undersell the local product and it does not matter where the products come from, the United States, Hong Kong, Japan, or the Common Market.

In this past year—1961—57 such rulings increasing tariffs were quietly put into effect. The latest increased tariffs were put on tires, electric home dishwashers, powerboat controls, surgical-room lights, lighter flints, drycleaning equipment, and dozens of other items.

Contrast this with a few examples of our own disregard of the facts of our economic life. In 1947, we imported 480,000 lighters; in 1959 we imported 46½ million. In 1961, we imported 409,000 dozen tennis balls in the first 5 months—no figures available yet for the full year—against a total 12-month consumption in the United States of 1 million dozen. Five years ago southern California planted 35,000 acres of tomatoes; this year less than 2,000 acres were planted. For every 2 tons of steel we sold in 1961 we imported 3 tons. Iron ore imports have made Minnesota mining fields a depressed area.

No item produced in Mexico can be imported except in restricted quantities and with exorbitant tariffs. Mexico protests import duties by United States on minerals, yet it imposes an export duty on these same minerals.

The Common Market countries tariff all items imported which can be produced within the market. They will only buy what they need, and will tariff everything else. No sugar or coffee growing country imports sugar or coffee. In fact, all the workers in industry ask for is the same protection for their cost of living as we give to the wheat, cotton, and tobacco growers. Sugar countries, while receiving U.S. subsidies over the world price, impose export duties on their own sugar.

Imagine what would happen if the United States joined the Common Market. Following the regulations and tariffs in force would we have to follow suit and put the 75 cents a pound tariff on coffee that West Germany has on coffee? What, then, would our program of Alliance for Progress with our Latin neighbors accomplish? In fact, our West German friends have a \$5.06-a-ton tariff on American coal "to protect their costs of production of domestic coal and the jobs of their coal miners."

At this time it might be good to review the editorial that appeared in a leading West German newspaper of recent date. Maybe they have in mind giving jobs to our unemployed coal miners, tool steel makers, turbine and generator workers, radio, electronics and

consumer goods workers who—because of their protective tariffs, and our open markets—are out of work.

I quote verbatim the editorial from Bonn, Germany:

WEST GERMANY JOB OPENINGS

BONN, GERMANY, December 3.—A leading newspaper suggested today that West Germany import jobless Americans to meet an acute labor shortage.

Handelsblatt said in an editorial the U.S. Government might cooperate in the scheme—by paying the transportation costs or offering a subsidy to make up the difference in wages in the two countries.

"As for the willingness of many Americans to work in Germany," the newspaper commented, "this can hardly be doubted."

The United States has close to 4 million unemployed; West Germany has a half million jobs to be filled.

I do not know how you all feel about shipping your neighbors overseas, chasing after the jobs Congress and the trade policies of our country have deported in the last decade. Usually deportation procedures are a long, hard fought battle with the intended deportee fighting for all he is worth to stay here in the land of the free and home of the brave.

I can just hear my immigrant father—God rest his soul—reading these statements and blasting loose with his famous remark about "free schools, dumb people." I do not want to leave, and I am not going to be part of any plan that intends to send my friends, neighbors, and even some of my family, to Europe, Japan, Hong Kong, or anywhere else because their country, with my vote, has made it impossible to earn a living.

It may work—I am not qualified to express a positive opinion. This much I do know—I want to live and die, work and raise my family in this, my own native land. A well-known importer has gone even further, and suggested exportation—lock, stock, and barrel—of our American unemployed. I wonder if they would, at the same time, expect Congress to pass an appropriation to turn the Statute of Liberty around to face the other way?

In other words, we will add our greatest national asset: manpower—skilled, trained, and intelligent—to the money; know-how; sales promotion, and domestic market already given to our competitors overseas.

I can remember not so long ago, when we were going all out to create jobs for the Japanese and the West Germans. How can any American legislator vote for trade legislation and how can any administration continue a trade policy that allows this kind of a situation to exist and, in fact, grow. The Japanese said something along the same line when they suggested "now that you admit we can make things cheaper and better than you, you should stop making these items."

It is bad enough for foreign producers, interested in their own welfare and profits, to take this attitude—but how much worse can we get when our own State Department suggests we abandon certain industries, eliminate certain trades and jobs, subsidize injured industry and retrain workers for jobs not yet taken by the Japanese, Germans, and so forth, all over the world.

Let us make one point and make it clear, without restrictions. I favor a common market with any country, any group of countries or any area, just as soon as they gain our economic standing, our wage levels, our costs of living, our way of life. We can help them, and we have. We cannot help them or ourselves, unless we have full employment.

The truth is that we will have more serious trouble taking our market back after we give it away. Proof of this is the classical case of window glass.

This points up the seriousness of granting uneconomic concessions to nations which build up their economy on a false foundation. The Belgian Government is already protesting vigorously and bitterly. They claim that the loss of that part of our market effected by the new tariff rates on flat glass alone will cost the Belgian economy 5,000 jobs. Does not this mean that the 5,000 Belgians have displaced 5,000 American jobs, and considering the effect upon our economy, measures up to a fantastic impact upon employment in our own economy.

This tariff increase alone, according to the Belgian figures, and using the U.S. Chamber of Commerce job evaluation impact, comes to the following totals of impacts in various economic areas in the United States: 5,000 jobs for glass industry; 8,700 additional full-time jobs in the community; 14,800 people sustained in the community; 5,350 more cars put into use; \$29,500,000 will be added to personal income; \$14,500,000 will be added to net bank deposits; and \$18 million will be added to retail sales, enough to open 200 new retail outlets.

This is the impact on our economy when the seed money of production wages is planted in the fertile fields of our own economy. You can understand now why the Common Market countries are prosperous.

We are considered the world's greatest exporting Nation. Are we? No, not by a long shot. If we measure dollar volumes, yes. If we measure imports as against gross national products, the answer is "No."

The United States has a gross national product of \$546 billion, and exports \$20 billion out of which about \$14 billion represents dollar sales. West Germany has a GNP of \$60 billion with exports of \$11 billion.

If we carry out the provisions of H.R. 11970, as now written, our diplomatic problems will mount even faster than our economic depreciation. Only two restraints can save the American consumer goods industries under the full and free trade impact of H.R. 11970, if administered by a Chief Executive who may not use the judgment and restraint shown by the President in the glass and carpet wool cases.

These restraints will only be temporary, and in time disaster will strike our free enterprise system. The first and most important safeguard we have is the natural inclination and determination of large numbers of Americans to buy American and to buy union made goods, and others who realize that they destroy job opportunities, profits and investment incentives when they buy

foreign made goods that displace American goods on our market shelves. Some of the proponents of H.R. 11970 are doing their best to discourage this group by propaganda, false and misleading statistics, and above all—the threat of physical destruction of nuclear warfare.

The second restraint will be overcome sooner than our theorists imagine. This is the lack of production facilities to provide the enormous amount of goods and equipment our economy consumes. Any person hiding behind the thought that our productivity and know-how will protect us is living in a fool's economic paradise.

On March 9, H. S. Geneen, president, International Telephone & Telegraph, had this to say:

Labor will have to face the fact that European workers are as skilled as our own. The United States has no monopoly on production know-how and the plain fact is that Europeans' labor rates are lower than U.S. rates.

This combination of low labor costs and high productivity means that U.S. labor and management will have to work as a team to raise productivity to maintain our ability to compete effectively, as the only valid basis for granting either labor or capital a greater share of the common output.

Geneen recommended "increased exports through U.S.-owned foreign companies."

It means simply and plainly that the passage of H.R. 11970 as written will increase the foreign participants who will sit in on labor-management negotiations, and will establish a new criteria for profits based upon foreign values forcing more and more American run-aways who, following Mr. Geneen's advice, will become foreign export agencies, as well as manufacturers.

After studying the Commerce figures, I have satisfied myself that the figures as they pertain to Pennsylvania are shaded to benefit the passage of H.R. 11970. Let me give you the figures from the very same Department of Commerce.

Secretary of Commerce announces Pennsylvania exports of manufactured products to be \$1,189,500,000. A survey of all manufacturers with 100 or more employees doing \$25,000 or more business shows total exports to be \$921,500,000. The markup of \$268 million is what the Commerce Department has added for what they call the estimated f.o.b. port side.

By this same method of unrealistic, uneconomic, unsound statistical reporting, Congress, and the people, are being led to believe that 6 million workers owe their jobs to export activities in the United States. Let us examine this for a minute.

The total amount of exports valued at the manufacturer's cost, which determines the jobs and wages is \$9,792,400,000. The added value markup by the Department of Commerce is \$7,105,600,000, making a total of \$16,898 million.

This is the figure used by our Government officials, the importer groups, the National Manufacturers' Association, chamber of commerce, and other proponents of H.R. 11970, in calculating the jobs created by exports.

It is not a true figure, nor can any stretch of the statistics prove that the

jobs created are anywhere near the number stated by any of the following testimony, and public statements on job totals:

Labor Department.....	3,100,000
Secretary of Labor.....	4,000,000
Secretary Hodges.....	6,000,000
Importers' Council.....	12,000,000

Charles Percy, of Bell & Howell, tops all the job estimates by claiming up to 15 million jobs for export workers.

All of the above say that imports only displace between 200,000 and 500,000 jobs. We must first realize that in all the United States of America there are only 16,800,000 jobs in manufacturing with a payroll of \$90 billion a year.

Incidentally, this \$90 billion payroll is the seed money for a \$92 billion budget. Actually, the jobs ought to be related to the manufactured products wage contents. Recently, the Japanese Trade Council put out a very interesting piece of propaganda purporting to show the number of jobs created in every State by exports to Japan.

I challenged the figures for my State, and a few other States. In answer to my speech for the RECORD, I received the following explanation from this foreign interest group:

DEAR MR. DENT: I read with interest your comments on tariff and trade appearing at page 999 of the CONGRESSIONAL RECORD for January 25. In those remarks you were critical of the report of the United States-Japan Trade Council showing the jobs created in the United States by exports to Japan. In your view, the figures on exports and jobs created in the States of Pennsylvania and Mississippi are inconsistent. I am writing you to clarify the record on this.

Upon superficial examination, your exceptions to our report would appear to be well taken, but they are nevertheless unsound. What you have overlooked is the productivity of Pennsylvania workers (of which you may well be proud) as compared to the productivity of workers in Mississippi, who are mainly engaged in the production of cotton, insofar as exports to Japan are concerned. These productivity statistics were obtained from the 1958 Census of Manufactures with respect to industrial products and from the Department of Agriculture with respect to agricultural products. They show that the average annual value of industrial shipments from Pennsylvania per employee was over \$25,000; the average value of shipments per worker in Mississippi, on the other hand, was about \$5,500. We are now speaking of employees engaged in direct production, which figure was doubled in our report to account for indirect employment created in service and supplying industries, as explained in the sources and methodology of the study. Our figures for direct production employees in 1960 were 2,426 for Pennsylvania and 5,809 for Mississippi.

For Pennsylvania, the average value of annual shipments per direct production employee was high because of the predominance of the following export industries: petroleum products, with an average annual value of shipments of over \$70,000 per worker; iron and steel scrap, with an average annual value of shipments of over \$42,000 per worker; chemical specialties, with an average value of about \$34,000 per worker; steel mill products, with an average value of about \$28,500 per worker; power generating machinery, with an average value of over \$21,000 per worker; and other industries with a high value of annual shipments per productive worker.

For Mississippi, the production of cotton for export to Japan predominates (Japan is

far and away the best customer for U.S. cotton). According to the Department of Agriculture, the average worker in the cotton-fields produces an annual value of cotton shipments of \$4,300, a far cry from the value of production of the industrial workers of Pennsylvania. Including all workers in Mississippi engaged in producing commodities for export to Japan, Mississippi only averages an annual \$5,500 in value of shipments per worker. Obviously, despite the fact that total 1960 Pennsylvania shipments to Japan in dollar value were more than double the shipments of Mississippi, more Mississippian workers are employed because of the very low average productivity of cotton farmers and cottonfield workers. This, of course, is one of the main reasons for our agricultural cotton price support programs.

The foregoing explanation accounts for the much higher employment in exports to Japan of agricultural States in the South (such as Mississippi, Arkansas, and Alabama) as compared with the industrial Northern States of Illinois, Ohio, New York, and Pennsylvania. I can assure you that our report was the result of long, careful and objective study and that the figures contained therein have not been manipulated to prove any preconceived thesis. We would be very happy to confer with you regarding our methods in pursuing this study and are confident that we will be able to persuade you of their reasonable accuracy.

We would appreciate your inserting this letter in the CONGRESSIONAL RECORD in order to correct any misapprehensions that might have resulted from your comments of January 25.

Respectfully,

NELSON A. STITT,
Director.

I would like to call your attention to the unusual arithmetic of the American agent for the Japanese Trade Council, Mr. Nelson A. Stitt.

In classifying Mississippi, Arkansas, and Alabama—as like States and using his own figures—we find the very unusual situation in these States where two jobs are created by a gross production of \$4,300 for a full year's work.

Mr. Stitt states that Pennsylvania's \$60 million yearly gross business with Japan creates 4,852 jobs for Pennsylvania, while \$32 million gross yearly business with Arkansas creates 11,618 jobs. He arrived at these figures in about the same way that Attorney Barnhart, representing the importer's council, arrived at his figures.

It seems that Stitt took the mean averages, arrived at by dividing the gross product with the number of workers actually working and just doubled the numbers. In Pennsylvania he claims the creation of 2,426 direct jobs, doubled to 4,852. In Mississippi he claims creation of 5,809 direct jobs doubled to 11,618. Barnhart takes the figures of 6 million that Secretary Hodges arrived at by doubling the Labor Department's 3 million figure, doubled it, and comes up with 12 million jobs. Double, double, that is the trouble with these statistics.

They all seem to forget that only one part of any set of figures, whether they be sales, cost or production figures, matters in developing the job impact of trade. In studying job impact, the only figure to be considered is the money received by the worker as wages.

If \$4,300 in Mississippi creates two jobs with wages set, a Federal minimum requirement of \$1 an hour, the purchase

of \$4,300 worth of goods from Japan, with wages set at a maximum 35 cents an hour—including all fringes—will create at least six jobs in Japan.

Maybe that is why there is a labor shortage in Japan and as I have shown in this testimony, some of our economists and proponents are suggesting we export our unemployed. One wonders how many of our workers are willing to accept this solution.

Europe has an average wage of 85 cents an hour, including fringes. Japan has an average wage of 35 cents an hour, including fringes. The United States tabs an average wage of \$2.96 an hour, including fringe benefits. It follows, then, that for every 85 cents worth of labor content in an imported article from the Common Market an American worker loses \$2.96 an hour, and for every 35 cents worth of Japanese labor content, he loses \$2.96 an hour.

This fact you can accept and test it any way you want, and you will find that simple arithmetic spells out why our job economy is dying while foreign countries, exporting to the United States, are growing by leaps and bounds.

Do not be kidded into believing that foreign productivity is lower than ours because that argument is as outdated as most of the free trade arguments are. To show how silly this argument is let us examine an article from the New York Times, Sunday, March 11, which attempts to laugh off foreign wage differentials with this illustration. Quote:

The single most important factor is productivity, output per man-hour—a study showed that the average Japanese worker earning 22 cents an hour only produced 30 cents worth of product while an American worker counterpart earning \$1.95 an hour produced \$3.19 an hour worth of product.

If this were true, then, an item costing \$3.19 in Japan would cost \$2.33 in labor as against U.S. costs of \$1.95. One wonders why the Japanese can sell lighters for 30 cents as against \$1.25 for United States. Also, why we can only sell raw materials, fuel, machine tools, and production facilities in any quantities to Japan. In return we buy manufactured goods and products we produce in surplus in our own country.

If we could produce cheaper than our competitors instead of Japan selling the United States 85 percent consumer goods and buying only 15 percent consumer goods, these figures would be reversed.

In a recent nationwide article we find that in talking about foreign production, the article says:

American-owned foreign plants produce four-fifths as much as their American plants.

Allowing this 20-percent drop in productivity, how can we explain the difference between wages paid here and abroad and why the American plant has been moved overseas if they can produce cheaper here than they can in foreign countries?

Like most other statistics and arguments, I have read in this debate, I am convinced that if the American people believe all they are being told by the proponents of this legislation, they will be the biggest suckers since the Indians sold Manhattan for \$24.

Let me quote from an eyewitness account of wages and productivity in the same Japan we have been talking about:

THEORY VERSUS FACT

For over 4 years a Harvard liberal in the labor movement has given me the well-known bird every time I talked about foreign imports injuring U.S. industry and destroying U.S. job opportunities. Recently he came into my office after returning from Japan.

While there, my visitor stepped down in the valley of realities and came back with a new view of free trade between unequal economies. This is his story: "I've disagreed with you over the years. I was wrong. I'll support your position in this fight all the way. What I saw in the manufacturing plants in Japan convinced me that we cannot compete in a free world market, no matter how much we automate."

In one instance I watched a production line in an electronics plant. They had the new machines we have in our own domestic plants where we have a contract. The only difference was that our machines were 9 years old while theirs were only 2 years old. The rate of production per unit was timed at the same productivity per machine as our machines.

The difference, however, was that in the United States one worker operated one machine at a pay scale of around \$2.60 an hour, while in Japan, one female worker operated two machines at 15 cents an hour. An inspector earned about 20 cents an hour as against over \$3 an hour in the United States.

Unless we are content to fix our present rate of wages, income, and way of life as the peak of our progress, we must fight any further depreciation of our job opportunities. Much will be said about the number of jobs created by exports as against job losses from imports. Anybody can use any set of figures that best suits the side of the question being sponsored.

However, anybody who kides himself into the fake economic equation of "profits from exports offsetting losses of jobs from imports" will find out he has been badly misinformed.

We sell \$14 billion and we add \$6 billion as exports, while we buy and pay for \$15 billion worth of imports. The fact that we export more than we import does not mean we sell more than we buy. According to Blough, of United States Steel, we shipped—not necessarily sold—2 million tons of steel, but we imported—purchased—3 million tons of steel in 1961.

The impact of imports must be studied from both the payroll, the profit, and above all, the selling price before we move into any program of further depreciating our domestic market. Since 1950, the U.S. position in world steel production dropped by over 50 percent. We used to produce 46 percent of world steel; we now produce 26 percent. In the same 10 years our exports dropped from 15 percent of world totals to 7 percent while our imports jumped from 1½ percent to 5 percent. Remember that the volume by tonnage had a much greater effect upon payrolls, profits, and unemployment than the dollar value of trade.

It is important to note that the production percentage increases in our most bothersome competitive countries is higher than in the United States. We cannot discuss trade from the dollar vol-

ume point of view because ever since our industrial revolution started, there has been no real comparison between our wage and foreign wage levels. In fact, the rise in foreign wages is basically the cause of their recent economic well-being. Our high wages here are the only reason for the fight by foreign countries to dump their manufactures into our market.

Markets are created by high income, not low selling prices. Lower prices create more production only when higher income creates more consumption.

The bugaboo being dreamed up by the academicians who are driving Great Britain into the Common Market and are pushing the United States to the same ending is a figment of the imagination. Calling the Common Market a threat to our economic well-being is the worst kind of propaganda.

If the Common Market is to succeed it must protect its own production against cheap foreign imports whether they come from the United States, Japan, or South America. If their nations do not protect themselves, the Market will dissolve in less time than it took the State Department to put it together. We seem to forget that the Common Market is made up of sovereign nations, and not states with a common set of laws and a federal or central government.

For instance, when we protect cotton imports, subsidize cotton exports to help the economy of the cotton States, while at the same time we reduce tariffs and drive States producing bicycles, glass, and consumer goods into depressed economic conditions, there is nothing much the injured State can do about it. However, if France's auto, glass and textile industry is sacrificed so that Germany can export its machinery to Japan, how long do you think France will stay in the Common Market?

One of our problems stems from a national inferiority complex. This complex has been created deliberately and objectively by some organized groups lofty ideals sometimes hide the practical and deliberate plans of greed and profiteering.

The simplest proposition is clothed in the most complicated phraseology. Thus, the clearest facts are beclouded. Most of us mistake such talk for super-intelligence and therefore beyond our commonsense and ordinary comprehension. We get to the point where we sit openmouthed, listening to a formula of planned deceit which we believe to be exclusive knowledge beyond the grasp of just simple folks.

If you take time to analyze the attitude of some of the so-called freetraders, you will note the similarity in their attitude toward those of us who are sincerely and militantly fighting for our economic well-being, and that expressed by Dr. Seymour Harris Howard, economics professor, when he said:

The problems are intricate and cannot be fully understood even by the intelligent minority.

This much I do know and so should every other American: Production will

go to the low-cost, low-wage areas, and sales will go to the high-profit, open-market areas. An open market coupled to a nonprotective tariff policy is an open invitation to economic as well as military disaster. This Nation in two world wars and the Korean conflict demonstrated that our protective policy had created and preserved the industrial ability and trained workers necessary to win all three conflicts.

I suggest, before committing our Nation to this new unrealistic trade policy, we need to consider the cost and the risks involved. The tariff cuts under the Reciprocal Trade Acts had not had a serious effect up until 1958 except in certain hard-hit industries. The overall impact of imports is just beginning to be felt in our marketplace. If Congress pushes through any further tariff cuts without allowing the past 4 years of experience to be measured, it will commit this Nation to a policy that may very well destroy for many years to come any betterment in our way of life.

If we tie up to the Common Market we would be honorbound to give each State veto power over rates of tariffs the same as each country in the Common Market exercises a veto over external tariff rates as well as external policies. Otherwise, we will find ourselves with 1 vote for 50 States against 1 vote for each country on every tariff to be set. Although we find ourselves putting more power into the administrative branch, which, in turn, will stop even the small voice the States have through their elected Representatives in Congress, we do not seem to worry about the ganging up that will take place in any grouping of trading nations. For example, GATT, under whose free trade policy we have cut tariffs on over 50,000 American-made items up until 1958. We have cut from 46.7 percent to a 12-percent average tariff.

Our experience with GATT ought to be reviewed by Congress. Congress will find that we gave away trade advantages on almost every deal we made under GATT. Without being funny, you can safely say that we made trade deals with the GATT pointed right at our economic belly.

It would be suicide to become dependent upon the Common Market production for either our revenue or our defense. It can only be considered a threat if the Common Market refuses to sell us materials, products or services we cannot do without, and refuses to buy from us the same essentials for their own well-being. This is, of course, contrary to all trade history except in the case of war or political and economic sanctions. If this happens, all the compacts, treaties, or gentleman's agreements, would not amount to a fiddler's damn and we had better have exactly what we are fighting for, domestic production, domestic labor, domestic capital, and, above all, domestic know-how. This is not isolationism, it is survivalism.

Trade is the exchange of something of value for something else of value, trading what you do not need for the

thing you do need. Nations must have employment, and production creates employment. The use of trade for the sake of trade profits never creates a mutually successful economy for trading nations.

Even if we discount the job loss, how much has been lost by our economy because we have promoted both private and public investments in overseas competitive production without safeguarding our domestic production against the imports from these same facilities.

Here is a 6-year score on foreign investments by private American investors:

	Amount of investment	Profits returned to U.S. companies
	Millions	Millions
Investments in Western Europe, 1956-61 (6-year total).....	\$5,141	\$2,261
Investments in underdeveloped areas (6-year total).....	5,582	1,879
Investments in Latin America (6-year total).....	3,087	1,439
Grand total.....	13,750	15,394

¹ This does not count money left overseas for reinvestment, expansion, automation, and cash reserves. The less restrictions we put on imports, the more profits for our American investors overseas and their stockholders but the less wages for American workers.

It appears to be the policy of the proponents of this legislation to base their claims for the necessity for the passage of H.R. 11970 upon the so-called agriculture trade balance. There are claims made by various groups and it is noteworthy at this time to call to your attention the claims of the National Council of American Importers in public document entitled "How Imports Create U.S. Jobs." This pamphlet purports to show the following U.S. agriculture exports, fiscal 1961.

U.S. agricultural exports, fiscal 1961

	As percent of U.S. production	As percent of world trade
Wheat.....	49	44
Cotton.....	49	41
Soybeans.....	26	75
Soybean and cottonseed oil.....	20	75
Rice.....	56	15
Feed grains.....	16	48
Tobacco.....	29	33
Lard.....	20	69
Tallow and greases.....	40	74
Hides and skins.....	30	n.a.
Fruits and preparations.....	18	n.a.
Vegetables and preparations.....	7	n.a.

Calendar 1960.

Source: U.S. Department of Agriculture.

Now you can see why I led the fight against H.R. 5 which would have given even more concessions and profit opportunities to our American investors overseas. I note that many of the advocates of H.R. 5 are now advocates of the present tariff-cutting legislation; the only difference being that now they are against foreign investments.

In time they will be against the free trade concept of tariff cuts if it is not too late. Remember that in the main this is the same group who conceived, delivered and wet-nursed the Common Market baby which they now see as a full-grown menace to the U.S. economy.

I am sorry I cannot see the Common Market as a menace. I see it as a blessing for the workers of the market area. It will raise standards and living conditions, but until its economic level of wages and individual purchasing power reaches our own, it is economic suicide to talk of a marriage between our two economies.

At best, it would be a shotgun wedding with nothing but bickering, fighting, misunderstanding, distrust, and eventually ending in divorce, leaving behind a lot of children in the form of bankruptcies, unemployment, and a handful of rich scavengers who represent either or both sides in the proceedings.

I see nothing but economic depreciation, with greater unemployment, more distressed areas, and heavier personal taxloads if this bill passes without changes.

It is interesting to note at this time that the major exports as listed are wheat and cotton, both of which are approximately 50 percent of total American production exported. Let us examine this for just a minute. Since we export 50 percent of our wheat, then it follows that we are paying 60 cents a bushel subsidy to American exporters to make up the difference between the U.S. domestic price support of \$2 and the \$1.40 world market price. According to the Secretary of Agriculture—quoted in the Wall Street Journal, Tuesday, March 13—this amounts to \$400 million a year out of taxpayers' pockets.

Let us move to cotton and we find that in cotton the same condition obtains. Cotton is exported at a price of \$139.50 per 500-pound bale. However, it is price supported to \$172 for the same amount of cotton. This means the American textile mills to pay \$42.50 per bale while the American taxpayers pay out \$42.50 as a subsidy to our foreign competitors who buy American cotton. Since the American consumption of cotton according to American textile and apparel industries is 8,268,000 bales and, using the 49 percent figure, we export over 8 million bales of cotton. Here again we find approximately \$340 million of subsidies paid by taxpayers in order to export cotton. The cost to the United States under various agriculture programs is estimated to reach \$1,700 million this year.

I make this point to show that we cannot sustain the American economy on the exportation of agricultural products. Testimony before the subcommittee on the impact of imports and exports on American employment tends to show that we have become in fact an exporter of foods and raw materials and an importer of manufactured goods.

The combined employment of textile and apparel industries is 2,500,000 men and women—one-eighth of the total of over 16 million engaged in all manufacturing enterprises in the United States. The extent of the damage already done to the textile industry is shown by the following figures. This excludes 1,213,000 employees in the apparel and related industries.

	1947	1957	1961	Decrease, percent
Number of employees.....	1,335,000	1,000,000	892,200	34
Cotton system spindles.....	28,800,000	21,200,000	19,600,000	32
Profits on sales.....percent..	8.2	1.9	1.9	77
Profits on net worth.....do.	18.0	4.2	4.0	78

I also would like to call your attention to the fact that the U.S. consumption of cotton dropped from over 26 percent of the world to 18 percent. Only a small part in the decrease in the United States can be explained by the production of manmade fiber products. Also the cotton content in the last 7 years after the passage of Public Law 480 shows an increase of 42 percent in imports and against a decrease of 20 percent of exports.

Since 1954 under Public Law 480 we have shipped 6-million-plus bales of cotton valued at \$837 million which is supposed to be in excess of their traditional consumption of cotton. These 6 million bales of cotton valued at \$837 million were paid for in local currency which could be only spent in the local economy, whereas the goods manufactured from this cotton are available to be sold to us for American dollars which under the Bretton-Woods and other agreements are readily exchangeable for gold at a fixed gold price. It is a well recognized fact that many textiles are sold at very close prices; a difference of one-eighth cent a yard or approximately 1 percent of value is often a controlling factor as to whether a mill can continue to operate.

Before getting away from a general picture of agriculture, allow me to quote from testimony before our subcommittee from the Western Growers Association:

It would also be helpful if agriculture handbook No. 132 of the U.S. Department of Agriculture, a 141-page booklet which reviews agricultural trade policy throughout the world, should be read as proof that reciprocal trade does not exist and that various protective devices are used.

The president of the Western Growers Association, representing the vegetable and melon industries of California and Arizona, had this to say, "Incidentally, these agricultural products are nonsubsidized and apparently because of this fact and that the U.S. Government has no financial stake directly in these products, they have become the whipping boys for agricultural imports."

STATISTICAL "HOCUS-POCUS" ON AGRICULTURAL EXPORTS

The contention that agricultural exports during the past fiscal year 1960-61 reached record proportions at \$4.9 billion, and that 78 percent of this was sent to countries with which we made trade agreements, while imports of competitive agricultural products amounted to \$1.8 billion, needs some reexamination. The \$4.9 billion export figure is official and need not be questioned. However, in a publication of the U.S. Department of Agriculture, "The Demand and Price Situation" for August 1961, page 9, stated that about 60 percent of these exports received some form of Government assistance. This consisted of outright subsidies such as those that apply to our exports of wheat and cotton of which we exported over \$2 billion in 1960, outright grants (gifts), etc. Only 40 percent of the total was sold for dollars with no governmental assistance. This part of our agricultural exports was slightly below the previous year.

To attribute our agricultural exports and specifically their expansion to the benefits of the trade agreements program is, of course, wholly unjustified in view of the pertinent factors as above stated. Actually, the need for subsidization in order to export is proof that the trade agreements have not opened foreign markets to our farm productions; we do not have reciprocal trade on agriculture; quite the contrary. Only our subsidies have succeeded in doing that.

Our imports of agricultural commodities are classified by the U.S. Department of Agriculture as supplementary or complementary. The complementary imports are those that do not compete with domestic farm products—examples: coffee, tea, crude rubber, cocoa, etc. These are all free of duty. Nevertheless, importation of these products gives the foreign countries dollars with which to buy our products. Once again, the trade agreements program has nothing to do with these products because we have no tariff on these imports.

RECIPROCAL TRADE IN AGRICULTURE AND SUBSIDIES

The above stated that in fiscal year 1961 there were duty-free imports of \$1.8 billion, which should give rise to exports of a like volume by supplying other industries with the necessary dollars. This should therefore be deducted from the \$4.9 billion of exports for fiscal year 1961, if we seek to determine the influence of our trade-agreements program. The export figure then would come to \$3.1 billion.

It further stands to reason that this surplus of exports would not have occurred without the subsidization to which we have resorted. The cost of the wheat and cotton subsidies between them come to more than \$550 million in 1960. Before we subsidized the exports of raw cotton our foreign market was fading rapidly. Our average exports of cotton from 1950 to 1952 was 5 million bales per year. In 1955 these exports dropped to 2,214,000 bales. Then we began to subsidize the rate of 6 cents per pound in 1957. Exports jumped to 7,598,000 bales. This was followed by another drop in 1958-59 to 3,129,000 bales. On August 1, 1959, we increased the subsidy from 6 cents per pound to 8½ cents. Exports again responded. In 1960 our exports leaped back to the 7-million-bale level.

What did our trade agreements have to do with this? Nothing. Our record agricultural exports are the result purely and simply of our subsidization and governmental assistance. As recently as fiscal year 1958-59 our agricultural imports exceeded exports by \$300 million. Imports were \$4 billion; exports \$3.7 billion. It is safe to say that the increase in exports has been the direct result of heavier subsidies and other governmental assistance. Witness the U.S. Department of Agriculture report, already quoted, namely, "The proportion of unassisted dollar sales was slightly below the previous year" (referring to fiscal year 1961 over fiscal year 1960).

ESCAPE-CLAUSE RELIEF

The statement that any concession granted in negotiations is subject to the further safeguarding procedures of the escape clause under section 7 of the Trade Agreements Act, when it can be shown that economic injury from imports to domestic producers has resulted from the negotiated tariff reduction ignores the record under the escape clause of the Trade Agreements Act, regardless of

which political administration has been in power. Since its inception in 1947, the record shows that the odds are almost 10 to 1 against getting relief under this procedure. The Tariff Commission itself has failed to find serious injury in 70 cases out of 110. The White House turned down 27 of the remaining cases coming to it from the Tariff Commission with a recommendation for a higher duty. This left 13 cases on which some affirmative action was taken.

In 1961, the cantaloup and watermelon growers, assisted by the California Department of Agriculture, presented two very strong cases before the U.S. Tariff Commission for relief from these excessive imports. Although, beyond any reasonable doubt, serious injury was proved, the Commission, consistent with policy, granted no relief and denied the petitions as stated above.

EXPORT VALUES AND FOREIGN VALUES

In October 1961, a report by the Nationwide Committee on Export and Import Policy covering the subject of "import competition employment" covered this subject very well by stating, "In weighing these trade statistics we should keep before us the fact that the import values are foreign values, i.e., the sales choice to our importers exclusive of duty, ocean freight, marine insurance, etc." This fact tends to shrink the impact of imports in terms of man-hours required to produce them. For example, in 1960, our imports of shirts were valued at \$14 million. What did this mean? What are \$14 million worth of shirts? How many shirts? In this country, it would mean 7-9 million shirts at factory prices. How many employees would be needed to make that many shirts? But wait. The imports were not 7 million or 9 million shirts, but 24 million. At our value, they would have represented \$36 to \$48 million. Innumerable other examples could be given. In terms of man-hours required to produce the 1960 imports of \$14.6 billion, exports of perhaps triple that value would be required to balance the account.

All farmers recognize that they must compete with other producing areas of the United States for today's consumer markets. That constant factor is good healthy competition and is a parcel with our balance of our supply and demand. This type of domestic competition assures our consuming public of getting the very best that is available for the least amount of money and over a period of time, results in a fair return for both labor and industry. In this respect, I would like to state that the American agricultural industry is paying the highest agricultural wages in the world and cannot fairly compete with foreign producing areas having the advantage of low tariffs and wages often 10 to 20 times less than our farmers are paying. This type of competition poses a real serious problem and one which has been created—whereby these foreign imports result in oversupply and destroy the marketplace. This is not only a serious economic problem for agriculture, but is one with which labor certainly has a self-interest in as well. We cannot argue that our labor costs are too high. In preference to this, let's say that it is the extremely low wages in the foreign producing areas which have advanced this problem.

Mr. Chairman, it can be argued that regardless of who pays for exports, the jobs created benefit the total economy.

This is only true in part. When taxes are collected from workers, it cuts down the purchasing power in the marketplace which in turn cuts down employment.

In addition to present loss of employment in the textile and apparel industries, the entire future of our cotton farmers, ginners, compressors, and warehousemen—not included in manufactur-

ing industry figures—is threatened. If the domestic mills, which pay the Government support price, or higher, for the greater portion of U.S. cotton consumed, are destroyed, then it follows that raw cotton interests must live on the world price plus such additional subsidy that the Government may wish to pay them.

We are familiar with the depressed conditions in the coal mining areas of West Virginia and Pennsylvania. Those same conditions will probably arise within a few years in the many areas in many States where a large proportion of all manufacturing industry employees are those engaged in producing textile products and apparel. In many places this proportion is 50 percent or more of the total number of employees in the manufacturing industry in the State.

It will be impossible to retrain or to move a large number of the employees, many of whom have made the textile industry their life's work, are skilled employees in the industry, and have established their homes, their families, and their expected future, based on the stability of the textile industry. The liquidation of this industry, employing a large number of people and so necessary in time of peace or war, will bring social unrest, family disruption, and heartaches to a great number of people in wide areas of the country where the industry is located.

The suggestion that these people be retrained and possibly moved to other localities is not realistic when we consider that we have not retrained and taken care of some 4 million employees who are now unemployed, and yet it is proposed that we begin to add to this number an additional 2 million employees. If this program were put into effect today, our unemployment could rise from 6 to 9 percent. I predict that when the chips are down, if H.R. 11970 passes, as it is now written, it will not be used for a few years. No matter how unrealistic the proposed relief for workers may be, common decency demands that we include this section in the bill if the bill is passed.

It seems quite clear that our import policy has largely caused this decrease in American jobs. The textile industry is hurt by our cotton-pricing controls. But it probably can survive if we get an equalization fee to offset the 8½-cent-per-pound subsidy on cotton exported to foreign countries, plus protection in the form of fair tariff rates and quotas against excessive importation of fabrics and apparel from low-wage countries. However, as proof that the phase of free trade creates other restrictions, witness the passage of legislation by this House which will bar imports from underdeveloped nations not part of the agreement.

Foreign countries have no just basis to object to any of these procedures. Practically all of them have restrictions which prevent or limit our shipping many items into their borders. There is little reciprocity in practice.

For many years a small group of Members of Congress have tried to make the point that the Reciprocal Trade Agreements had not accomplished its purpose and, in fact, in the many agreements be-

tween other nations, the United States gave up more than it gained. Four years ago, the very same results that are being promised now, were promised if we would extend the Reciprocal Trade Agreements for a longer period of time than the normal 1 year. We were told that it was impossible to negotiate under a 1-year extension and that a 4-year extension would give the executive branch of the Government the tools with which to negotiate on a more permanent and a more reciprocal base. We were told that this would curtail so-called runaway industries and runaway investments, and that agreements could be made that would create export markets without injury to our own domestic employment. Why then was it necessary to wait until the 4 years were up—all but 3 months—before putting into effect the lifesaving tariff cuts demanded years ago.

It is my humble opinion that the failure of the 4-year plan has been proven. Particularly in the switch of the character of imports and exports by reversing the field percentagewise and shifting from manufactured goods in exports and nonmanufactured goods in imports to exports of nonmanufactured goods and imports of manufactured goods.

In the pamphlet I referred to earlier, a case is attempted to be proven that the United States sells \$5 billion more than it buys, showing \$20 billion sales and \$15 billion of purchases. This is a deliberate misrepresentation of facts and an obvious attempt to establish in the minds of the Congress and the American people a false set of values insofar as American imports and exports are concerned. It has been acknowledged by all authorities that a minimum of 30 percent of our exports are not sales but are, in fact, gifts and other considerations under foreign aid, as well as another 30 percent in agricultural products for soft credit and other nonreturnable credits.

Throughout the year of hearings before our subcommittee, we made every effort to get testimony from persons who, from their public statements, appear to have information relative to the study we had undertaken. It is regrettable that for reasons beyond our control, the only information that we were able to obtain—from what appears to be authoritative sources—has been some public releases, testimony before other committees and through the media of TV, radio, pamphlets and illustrated sales booklets given to Members of Congress by departments of Government, importers and others interested in the proponent side of this problem.

It might be good to note that, according to the Wall Street Journal, the Secretary of Agriculture is proposing that the international wheat agricultural group increase the world market price of wheat in order to cut down the supports for exported U.S. wheat. On the weekend of March 10, an agreement was reached that the world price of wheat would be increased 12½ percent a bushel subject to member nations' ratification. This was done, according to this story, in order to cut \$80 million a year off our U.S. subsidy costs. I would like to ask at this time how any Amer-

ican legislator can justify this action in the face of the proposal that this Congress has agreed to in the creation of a food-for-peace program? How can we, on one hand, justify to our conscience—if not to our constituents—increasing the world wheat price to our consumers all over the world while at the same time holding out the promise to the underfed people of the earth that this country's food program is for their benefit and relief? We were told that agricultural exports have to be maintained in order to sustain our agricultural economy.

Is there any difference, gentlemen, in protectionism for one phase of our economy by way of subsidies and for another part of our economy by way of tariffs? Does not this wheat deal show that world free trade will be a series of cartel agreements, fixed prices, international quotas, all contrary to our American concept of trade and free enterprise?

It has often been said that if you scratch a free trader, you will find a protectionist; it has also been said that protectionism has two faces, one of which wears the mask of free trade.

When a nation restricts its imports—by tariff, quota, multiple exchange rates, or whatever—it openly acknowledges its protectionism. But when it subsidizes its exports—a practice no less protectionist in principle—it often proclaims such policy a contribution to freer trade. Yet, of the two faces of protectionism, subsidies to exports and foreign investments often prove more offensive to a nation's trading partners than do moderate restrictions on imports.

There are many pages of testimony containing—in the reports of our subcommittee hearings—testimony to the great damage inflicted on the agriculture of the United States. Particularly, I would recommend the testimony of the Western Growers Association and the hard, cold facts showing the practical demise of the tomato industry in Nyland, Calif.

It would be extremely difficult to review all of the affected industries before this committee and I would recommend the reading of the hearings to those among us who appreciate the dangers involved in embarking upon the course of free trade embodied in H.R. 11970. At this point, let us make it very clear that, personally, I am an advocate of liberal, free—but equitable—trade relations. Let me assure you of my keen interest in the problems of the world and the relationship between these problems and the welfare of my country and my congressional district. However, I do not subscribe to the bogeyman tactics contained in one of the many pamphlets issued by the State Department which purports to show that unless we pass this legislation, all world trade will stop, the American people will no longer have any of the following items: automobiles, radios, TV, telephones, cocoa, tea, coffee, brazil and cashew nuts, olives and olive oil and many other items that Americans are accustomed to having. I feel sure we will not have any shortages of any of these, and especially not an insufficient supply of nuts, of all kinds.

Now, this problem can be discussed from its economic implications without

getting into the realm of fancy, half-truths, misleading—and in many instances, misrepresentative statistics. Never in the history of this country—aside from national war emergencies—has this Nation been denied any of the trade items named in these pamphlets. Nations do not refuse to sell that which they have in surplus.

The very essence of free trade is the unrestricted selling and buying of goods between the peoples, States, and nations, based upon need and the availability of supply. It is only because of the industrial revolution taking place, most of it with aid from these United States, that the third element—price—has entered into the trade problem and which must be equalized before any enduring trade policy can be established between competing nations.

This dangerous third element is the sales price, based upon cost of production in which a low-cost producer invades the market of a high-cost producer who, because of conditions beyond his control, cannot compete. The U.S. Government recognizes this very simple economic fact when it pays subsidies for the successful exportation of certain commodities. Other countries recognize this simple fact by resorting to one of the many forms of protectionism.

No one seriously questions the desirability of promoting world trade if it works to the mutual advantage of the countries participating in it. In the hope of expanding foreign markets for the products of the United States, Congress enacted the Trade Agreements Act of 1934 empowering the President to reduce our tariffs on foreign products in exchange for like concessions of foreign countries with respect to our products. It was the hope that such a program would stimulate and strengthen our domestic economy.

For the past decade, however, the United States has carried on this program with the primary objective of building the economies of other nations of the world and winning or retaining their good will without regard to the damaging effects upon our own industries and our own labor.

Our foreign-aid programs of the past two decades have provided foreign countries with American know-how, equipment, supplies, and materials at either no cost or at far less than the cost to American producers of like items. We have shipped modern machinery and equipment valued at \$25 billion to these countries and have thus created abroad industrial plants as efficient as many of our own. The productivity of foreign labor has notably increased, yet foreign wages and foreign standards of living remain far, far below our own. Our own industries suffer a growing competitive disadvantage not only in foreign markets but in our own home markets. There is no section of the United States and very few communities where the adverse effect of foreign competition is not felt.

There may be some industries and some communities that will not be adversely affected by imports even if our economy is subjected to the further drastic dose of trade concession medicine now being recommended in Wash-

ington. But we doubt it. In any event, the important fact on which every American should focus is to recognize that the trade program pursued by our Government during the past 28 years has failed signally to promote the economic well-being and growth of our economy. The fact is that in recent years the rate of economic growth in the United States has been significantly lower than that of other industrialized nations. There are more distressed areas today than any time in our modern history except when the whole world was depressed.

Our strength and the strength of the entire free world require a vigorous, growing domestic economy. Our trade policy must be devoted first and foremost to that end. We cannot let industries wither and die and waste our substance and energies in relocating and retraining workers whose job opportunities have been handed to low-paid foreign labor as a result of ill-considered trade concessions.

I believe in giving the unemployed worker every bit of help we can in retraining for new jobs such as the Holland bill spells out.

However, how can any person in good conscience prescribe a remedy for an economy suffering from self-inflicted injuries? Would it not be better to try another prescription instead of doubling the doses of the old medicine?

We need American jobs first and job-taking imports last.

I have very firm convictions and sincerely believe that this approach will promote free trade on an equitable base.

No nation can be exploited during its growth years by low production cost industries in other nations. The economic levels of all nations will grow with their own economic growth and nations giving aid to underdeveloped areas will be free from competition, exploitation and profiteering of their own and foreign nationals.

Free trade can only fulfill its promise of better understanding when price does not make trade inequitable between trading nations.

No trade deal is a good deal if it is unprofitable or unequitable to the parties to the deal.

In winding up this presentation, I would like to give you a few things to think about that have a direct bearing on the issue: U.S. industrial wages, \$2.96 per hour, including fringes; Common Market, 85 cents per hour, including fringes; and Japanese, 37 cents per hour, including fringes.

It stands to reason that when imports containing \$1 billion worth of Common Market labor, enter the United States, they displace well over \$3 billion worth of payrolls and seed money for our economy. One billion dollars worth of labor content imports from Japan displaces better than \$7 billion worth of labor wages.

This is a loss in wages alone. The selling price of the imports does not alter this fact. Again, when we discuss taxes, let us remember that with 70 million people, Japan has a total budget of \$6 billion, while the United States has a budget of \$92½ billion for 184 million people.

How can we fail to adjust these basic costs? With proper safeguards we can, and should, pass new trade legislation.

Outside of certain Government officials and a few who are representatives of foreign exporters or American corporations, operating abroad, every major supporter of the new trade bill wants certain restrictive covenants for their own protection. All of us have something to protect.

I want to vote for a new trade bill because I have been critical of the performance of the present trades legislation. I know we must have a trade pact, but I also know that it must give more than passing notice and lipservice to the American economy.

I have watched the press report of our own and other hearings. I have read most of the pamphlets and releases from all sources. I find that many of the proponents and endorsers of this legislation want exactly what I would like to have: a new trade bill, free from restraints that are artificial insofar as the real need for restraints is concerned.

I note that labor supports H.R. 11970, but wants protection against undue injuries to affected American workers. The Farm Bureau supports free trade for all but farm products affected adversely. The chamber of commerce supports free trade, but is opposed to job retraining programs for workers. The national manufacturers want free trade, but wants tax breaks both here and abroad. The textile association supports the legislation, but wants textile quotas and compensating tariff for differentials in raw-materials cost. The oil industry wants trade, but wants quotas and other restrictive covenants.

If you go through the House and Senate you will find that most of us are free traders, but we want certain protective covenants on glass, cotton, wheat, carpets, shrimp, fish fillets, lumber, sporting goods, fishing tackle, cheese and on into almost every line of production in the United States.

It is this complex demand of our economy and the realities of world trade that makes it imperative that we have new legislation. At this point, let me make it very clear and known to all as to just what I learned after many months of hearings and study of this many-faceted problem.

I learned that unless we work out a long-range, controlled program of international trade, this and other high-cost nations, will suffer very severe shock in their economy. There is no longer any real deterrent to universal production of manufactured consumer goods. All industry is dependent upon the activity of the consumer.

There can be no production without consumption. If you find that I repeat this statement, it is because I have had it drummed into me time after time for these many months.

Consumption does not restrict itself to consumer goods. It covers all sales for use either as food, housing, clothing, transportation, utilities, conveniences, appliances; in fact, every product changed from its natural or raw state, enters into the economy of consumption.

We, therefore, have before us a responsibility that cannot be set aside by propaganda, editorials, TV, or radio coverage or even the blanket or restricted endorsements from the whole populace outside the Congress.

It may be termed the Ball bill, the Hodges bill, or the President's bill, but in the cold facts of recorded history, it reflects—good or bad—upon the Congress that passes it. It is Congress bill, and the full responsibility is our own.

I can say to you at this point that unless we get away from piecemeal concessions and write a bill universally fair, we should pass H.R. 11970 without any amendments whatsoever, except to make it cover all American industry, farming and mining.

Only in this way can we get an honest appraisal of its real values. If it is as good as the proponents say it is, it will be the greatest move we can make. If it is as bad as the opponents say it is, it will prove itself and changes will come very rapidly.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. DENT] has expired.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield such time as he may require to the gentleman from Pennsylvania [Mr. SAYLOR].

Mr. SAYLOR. 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 Pennsylvania?

There was no objection.

Mr. SAYLOR. Mr. Chairman, for at least 6 months, scarcely a day has gone by in which newspapers have failed to carry a story about the administration's liberal trade program. The barrage of speeches and news releases from every Department of the Government got underway long before H.R. 9900 was introduced, long before this session of Congress convened. Apparently the administration leaders decided that the most effective strategy would be to overwhelm the American people and their representatives with so much talk about opening our markets to a greater volume of foreign products that we would be willing to accept this legislation without providing for the protection of our own industry and labor.

The freetraders have been using every conceivable tactic. They have resorted to promises, entreaty, cajolery, and threats. The campaign for easier entry of foreign goods into U.S. markets has been skillfully waged by a veritable host of top Government officials and sycophantic internationalists. The White House has provided the leading voice to the chorus, though obviously the State Department is the conductor. Cabinet members and their prize underlings have joined in harmony. Forums on any given subjects have been transformed into medicine shows promoting the elixir of free trade.

Meanwhile, back on our districts, we have been exposed to the tragedy of chronic unemployment resulting from irresponsible trade policies that permit a growing variety of commodities from foreign countries to displace the prod-

ucts of the American worker. Many of the foreign-made products are on the shelves of our business houses—cameras, tape recorders, ornaments, typewriters, tableware and countless other consumer items.

I recently was shown a novel cigarette lighter that plays "Dixie" when it is opened. On the box is the name of the manufacturer, General Beauregard Co., of Tennessee. My friends from the South will want to know that, on the bottom of the lighter in scarcely legible printing, are the words "Made in Japan."

Nor do we have any difficulty recognizing the foreign made motor car, each of which represents employment for foreign automobile workers making only a fraction of what their counterparts here are paid. We should not overlook the fact, however, that the thousands of these imports also represent great quantities of steel not produced in our own mills and large volumes of coal—used to create the steel—not mined in this country.

Contrariwise, in many of the materials we use it is not possible to recognize if they emanated in a foreign country—such as some leather goods, textiles, building items and other unfinished materials. Prior to 1959 the United States had not been a net importer of steel for 55 years. Since then this country has consistently imported more steel than it was able to export. The estimates for 1961 are 3 million tons imported against about 1,800,000 tons exported.

Few Members of Congress represent constituencies that have escaped the economic horrors of unrealistic international trade policies, but in some cases we find our business and industry hit from just about every corner of the earth. The growing disparity between steel exports and imports has a disastrous effect in central and western Pennsylvania. We also are exposed to serious injury from foreign glassware, machine tools, electric equipment, and an assortment of other products. Residual oil shipped in from Venezuela and the Dutch West Indies continues to take its toll of employment in our State. In 1961 approximately 230 million barrels—equivalent to 55 million tons of coal—invasion our shores to take away jobs of coal miners and railroaders.

On December 22, just 3 days before Christmas, the Berwind-White Coal Mining Co. announced that its Maryland shaft 2 mine was ceasing operations at once. Result: another 146 men out of work. The company had no alternative. Its decision was forced because of the lack of demand for coal. The shutdown follows a pattern that has persisted since foreign residual oil first began to encroach upon coal markets shortly after the close of World War II.

One of the companies operating in my district has lost about 400,000 tons of annual production in the past year because an east coast electric utility has converted from coal to foreign residual oil. The case is not unique, because this pillaging of our traditional markets has been pursued since the end of World War II, but I point out the incident because it accounts for the displacement of approximately 150 coal miners and almost

as many railroaders in the past 12 months. Of course we were promised protection against too much foreign residual oil under the White House mandatory control program, but the levels have been manipulated to accommodate the desires of international shippers and have actually offered little protection for the domestic coal industry.

My colleagues have produced evidence of destruction by foreign-produced commodities in other fields, so I shall not attempt to insert into this discussion a product-by-product box score of market casualties that have been suffered by manufacturers in the district I represent. One statistic which should be understood, however, is that foreign competition has destroyed 41 percent of the jobs in America's hand tool industries since 1947. How long are Americans willing to stand by and see a growing number of our fellow countrymen thrown out of work by the policies that are responsible for these conditions? Oh, I am well aware of the fact that the proposed legislation includes a subsidy for the industry that cannot meet certain types of foreign competition, and I recognize that the displaced worker will get a kind of Government compensation. The people I represent are not looking for subsidies. They want protection from the unfair competition that comes out of countries where wages are only a small percentage of those paid here. Our manufacturers and processors have made substantial investments in the machinery that produces efficiently enough to make it possible to meet the country's wage scales, but they cannot compete in an open market with countries which have been given the same machines—given by the American Government in its oversea aid program—and operated by men and women who make only a fourth or fifth of what their counterparts in this country receive for a day's wages.

Members of Congress are experiencing extreme pressure on this bill. What we must remember is that this influence originates in the State Department, whose interest lies exclusively in this country's diplomatic relations and is devoid of any consideration whatsoever for the plight of our own industry and labor. My own feeling is that Congress has for too many years deferred to the executive branch. The responsibility entrusted to the House and Senate by the Constitution has been largely surrendered to the very Department that has written a glaring record of failure in the field of international relations. To permit the State Department to continue to hold persuasion over foreign trade matters would invite further economic distress.

Congress today is faced with the job of repairing the crazy quiltwork of trade policy that has been shaped to the design of foreign demands. We must enact whatever legislation is necessary to protect American jobs from further effacement by mounting tidal waves of foreign-produced commodities on our markets. Our first responsibility is to the American people, and no amount of insistence by the globalists should be permitted to interfere with that responsibility.

In its present form H.R. 11970, the so-called trade expansion bill, retains the provisions for "adjustment assistance" for workers who are thrown out of their job by imports.

Mr. Chairman, I think Members of this body would be greatly interested in what the labor organizations that would be the most likely "beneficiaries" of "adjustment assistance" really think of it.

If we take a look at the debate during the AFL-CIO convention in Miami Beach last December we will get the flavor of labor's attitude. It will be noted that the heads of the labor organizations that would be most affected by "adjustment assistance" are anything but charmed by the prospects. They expressed themselves in no uncertain terms. They are not in favor of having workers thrown out of jobs by imports and then being treated to retraining, possibly to shipment out of their home community and other such pleasant prospects as the enactment of the bill would bring.

Under leave to extend my remarks at this point in the RECORD, I include excerpts from the AFL-CIO debate in Miami Beach, Fla., on December 11, 1961, centering around "adjustment assistance":

EXCERPTS FROM AFL-CIO DEBATE ON FOREIGN TRADE RELATIONS, DECEMBER 11, 1961, BIENNIAL CONVENTION AT MIAMI BEACH, FLA., PROCEEDINGS, PAGES 51-67, THIRD DAY

Mr. E. L. Wheatley, president, International Brotherhood of Operative Potters:

"We are not anti to any foreign nation. We are anti to having the rights of Congress turned over to the State Department.

"You can talk of giving money to help distressed people and train them to come into new industries. * * * We do not think that program will get there in time to do any good in the way of offering relief for our people.

"But you people remember how long it takes the American labor movement to even raise the minimum rate here, and that is too long * * * to assume that the pottery workers and the other thousands and millions of workers who are being deprived of their job opportunities are going to sit and wait on the relief lines while some labor organization in these other nations brings up a decent minimum."

Mr. George Baldanzi, president, United Textile Workers:

"We are not for isolation. We believe in reciprocal trade. But our definition of reciprocity is that we will supply nations with products that they do not have, and we will buy from them products which we need and we do not have.

"We do not interpret reciprocal trade to be a concept under which we will permit low-wage areas or no-wage areas to destroy the economy of entire industries in this country, merely for the purpose of having friends.

"With due respect to President Kennedy, who I firmly believe has a feeling and a grasp of the problems of the world, I do not believe in the principle that we should give to any President the right as an individual to wipe out any kind of tariff or controls as an individual administrative act, because who may be President today made be one type of personality. Who may be President tomorrow or 5 years from now may be a completely different personality.

"When there are corporate interests * * * investing millions of dollars in the Common

Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that 5 years from now these same automated factories that are being built in many parts of the world * * * will not curtail operations in this country and dump all the cheap goods right back here in the United States."

Mr. Enoch Rust, vice president, United Glass & Ceramic Workers:

"Well, I went to Washington and I didn't have to stay long until I found that we did not have a trade program based on the law as written, the reciprocal trade program of 1934 and amended several times thereafter.

"Why are we excited? There was enough window glass imported in 1959 and 1960 to furnish over 4 million 6-room dwellings. * * * In that period of time (1959 and 1960) over a million automobiles were imported into this country carrying 30 million square feet of glass and carrying 5 million rubber tires replacing thousands of rubber workers, thousands of glassworkers, thousands of textile workers and thousands of automobile workers.

"We were told by Khrushchev that he was going to bury us economically. What did we do to help him do it? We gave him a spade to dig the hole with and to throw the dirt in our face."

Mr. George Burdon, president, United Rubber, Cork, Linoleum and Plastic Workers:

"In the rubber industry we are experiencing a serious challenge from the growing imports of rubber footwear. * * * Imports totaled 50 million pairs in 1959 and doubled to 100 million pairs in 1960.

"We have an average of \$2.50 an hour versus an average in some other countries of 23 cents an hour. We cannot compete with that kind of competition."

Mr. George Fecteau, president, United Shoe Workers of America:

"In 1949 we imported 3 million pairs of shoes. * * * We exported 6 million pairs.

"Last year, 1960, we imported 30 million pairs * * * and our exports had dropped to 3 million pairs to all countries, so that the balance we have been speaking about certainly is not in favor of the shoe industry.

"Many of our companies in the shoe industry—the large companies, those who can afford to move—have moved to Japan. They have moved to Italy. They have moved to other foreign countries. Many of them have closed shoe factories here in the United States. * * * These companies are moving for profit reasons.

"We have estimated that unless some protection * * * comes about * * * the shoe industry here will become extinct as the dodo bird within 8 years.

"It is suggested that the people employed in those industries can go to other industries. As one who has been in the field and has seen factory after factory close down, and has seen the efforts of our union and these workers to place themselves in industry, I know that such talk is a lot of damned foolishness. It is not practical or just."

Mr. William Pollock, president, Textile Workers of America:

"Since 1934 we have been for reciprocal trade; but we feel as an industry and as representatives of the workers in that industry that we should not be offered up as a sacrifice on the altar of international trade.

"You know, it is all very well to be for international trade, but we represent workers * * * and they are told that in the in-

terest of international trade we must accept the imports from other nations, and 'to protect you we will retrain you and prepare you to go into some other industry.' Well, I think this is fine, it is as it should be.

"But when you get an individual that has spent 20 or 30 years learning a skill * * * only to find his job shipped to some other nation and he is to be trained to go, maybe the electronic industry, where they are barely paying a minimum wage, it is pretty hard to convince him that this is a sacrifice he must make in the interest of world peace.

"I know that in 1962 when we have to elect a full Congress, if the representatives of our unions go to a Congressman in that congressional district and find that he is going to vote for a liberal trade program that will export their job to Europe, that he cannot count on their votes to send him back to Washington."

Mr. George Meany, president, AFL-CIO:

"If you read this resolution carefully, you will see that we are setting forth stipulations that we feel should go in this legislation.

"We call for retention of the escape clause provision in the new legislation, and then I would like to point to section 4 of the proposed resolution, that 'the new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption.'

"To all these organizations, I can say to you that when the legislation comes up * * * that our legislative department, our research department, our economists, and everybody concerned will cooperate with these organizations and try to get in the legislative safeguard to protect them to the maximum extent that is possible.

"But we cannot * * * depart from the idea of a reciprocal trade pact with the other nations of the world."

Mr. George Harrison, chairman of the resolutions committee:

"This resolution goes further than any other trade policy resolution adopted by this federation, in the direction of protecting our industries against undue hardship because of reciprocal trade agreements.

"If you will look at paragraph 6 you will find that it says 'In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant industries.'

"Now that means only one thing. Certainly imports shall not be permitted to the point where it causes serious injury to any of our historic industries."

The resolution was carried.

Mr. Chairman and members of the Committee of the Whole House, with due deference to those Members who will vote for this bill, in my opinion this bill will give away not only American jobs but also the last vestige of our self-respect.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BARRY].

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

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

Mr. GOODLING. 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 Pennsylvania?

There was no objection.

Mr. GOODLING. Mr. Chairman, the bill we are considering today is one of the more difficult ones so far as reaching

a just and honest decision is concerned. Proponents and opponents have valid and logical reasons for their stands.

The European Common Market has been responsible for a great deal of discussion and has been used as an argument in support of this legislation. Unfortunately, that market could not, by any stretch of the imagination, be considered a stable one. What will England do and what impact will her decision have? Hasty action on our part now might well rise up to haunt us later.

I would like to address my brief remarks today to an industry very vital to the economy of my area; namely, the manufacture of shoes.

A report from the Pennsylvania Department of Labor and Industry, states that employment has reached a peak for 1962, but then adds this significant figure which could conceivably be raised by the passage of this bill: Seven and three-tenths percent of our labor force is unemployed.

The congressional district comprises three counties, all of which manufacture footwear. The figures of the smaller county are significant and revealing. Forty-one percent of the total employed in industry are employed in some phase of footwear manufacturing.

Nationally it is significant to note for the first 4 months of this year, 19.5 million pair of all types of shoes were imported. This compares with 9.8 million pair for the same period in 1961.

The same comparison for leather footwear only is 10.6 million in 1962, and 6.9 million in 1961. While imports have been increasing at this alarming rate, exports have dropped from 4.4 million in 1957 to 3 million pair in 1961.

The U.S. shoemaker is paid more than any other in the world. He receives two to five times more wages than his foreign competitors.

We hear of retraining and the question arises: retraining for what? In my area, there appears to be a sufficient supply of labor for available jobs.

We also propose to subsidize industry injured by imports. If there is a way to administer this proposal, I have not heard of it. This entire phase of the program might well become a glorified unemployment compensation deal. My people want jobs, rather than unemployment pay.

This bill, if enacted, might well be the beginning of the end of a great deal of our shoe industry. Some way must be found to avoid this.

Mr. BARRY. Mr. Chairman, more often than not, at this point in the second day of a debate of 8 hours, it is difficult to see the forest for the trees.

We have heard so much about this bill that it is good to look at exactly what this bill is and why it has come about.

We, first of all, are the creators of the need for this legislation, because this bill is basically to prepare this Nation to compete with the Common Market. But the Common Market is our creation. The Common Market is the extension of the American dream. It is the extension of the trade system which we developed in this country when we did away with the trade barriers and the employment barriers between the States. Therefore,

where does this place us in point of time insofar as history is concerned?

Let me read to you the words of John Morley, who 80 years ago said:

Great economic and social forces flow with a tidal sweep over communities that are only half conscious of that which is befalling them. Wise statesmen are those who foresee what time is thus bringing, and endeavor to shape institutions and to mold men's thought and purpose in accordance with the change that is silently surrounding them.

I submit that is exactly where we are today.

There has been some talk about postponing the action we are about to take today. I submit to you that there is a basic weakness in this proposal. We did not take action a year or two ago to meet the challenge which we have been setting up in Europe when we first recognized that the only way Europe could survive was through the Common Market. The only way they were able to compete with communism was to unite and become stronger economically and militarily than the Communists. Therefore, having made that decision several years ago, we certainly should have created the machinery several years ago to compete in every way with such market when once it was created.

It has been said, "Let us not jump into an empty pool of water." I submit we have been dropping pebbles into this water through our reciprocal trade for many years. We have seen the ripples from this pebble grow, we have seen our exports climb from \$2 billion to \$20 billion. This is not a small amount of dollars, and this does not mean a small number of jobs have been created in this Nation. On the contrary this means that there have been several million men and women employed to produce the products that have been the beneficiaries of our policy with regard to reciprocal trade.

What about the major difficulty of the bill so eloquently brought out by my distinguished colleague from New York [Mr. GOODSELL], who really knows the subject of retraining and adjustment assistance? I would say to you that we are not the sole body that is acting on this bill. I would say to you that there will be two other opportunities to correct what the gentleman from New York has so definitely brought to our attention. But in the meantime we should act responsibly on this and separate the important from the unimportant, and take action today and not postpone action into the future.

It is my honor to represent in Westchester and Putnam Counties, N.Y., I suppose, the leadership of every major industry that has a New York office. If I do not have the president I have the executive vice president or the chairman of the board or someone in substantial authority who lives in this area. Let me tell you what the people of Westchester think about the action we are about to take today.

I asked them, Should the United States protect exports through mutual tariff and quota reductions which would lead to growth in certain industries but contraction in others?

In reply, 67 percent went on record in favor and 13 percent were opposed, and we heard from 35,000 voters.

I strongly urge passage of this bill today.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, I am grateful to the gentleman from Arkansas [Mr. MILLS] for his brilliant leadership in the production of this important bill and, more immediately, for yielding me 5 minutes so that I can make a small contribution to the debate.

Once to every man and nation, so the old verse goes, comes the moment to decide. The United States is that nation. This is that moment and the decision basically is whether we are going to fall back into isolation or whether we are going to go forward in the mainstream of history. I think the decision is important both for ourselves and for the free world. As a member of the Joint Economic Committee, one of my jobs is to worry about full employment and maximum growth and our balance of payments. The situation that confronts us is this. We have 5.5 percent unemployment in this country while in the Common Market there is over full employment, and the danger is rather one of inflation. In this country our growth rate has been an alarmingly slow one, around 3 percent a year, and in the Common Market countries it has been an effervescent rate of almost twice that.

Our balance of payments still remains a problem. And it is ironical that the Common Market's problem is one of annual surpluses of about the size of our recent yearly deficits.

Just the other day I had the opportunity of greeting a group of about 200 German housewives who were here visiting in one of the Senate rooms. In the course of greeting them, I asked the ladies how many of them had a dishwasher appliance in their homes. Three hands were raised. Then I asked how many wanted a dishwasher, and 200 hands went up in the air. This suggests there is a tremendous range of American goods, products of our farms, products of the factories, machinery, chemicals, paper products, appliances, which if we have but the wit to do it, we could get into that European market. By selling our goods to Europe we could at the same time do something for our jobless, do something for our lagging growth rate, and do something important about our balance of payments.

From the standpoint of the free world, here is a tremendous opportunity for us to come to the rescue of Canada, Australia, New Zealand, the countries of Latin America, the unaffiliated countries of Africa, and Asia, the old countries of Europe like Switzerland, Sweden, and Austria that would cheer our leadership in bringing down Common Market tariffs for the benefit of the whole free world. We need this bill desperately and when it passes, as I fervently hope it will, we need vigorous action by the administration to put it into effect.

I have heard distinguished Members here today state their opinions on what is going to happen in the negotiations

between the United Kingdom and the Common Market. One is sure that the United Kingdom's entry is imminent. One is sure that the United Kingdom is not going to enter the market. I cannot guess what the result is going to be, but in one respect, the outcome of these negotiations is of vital importance to the bill before us. If there is one imperfection in an otherwise superb bill—if there is one wart on an otherwise perfect image—it lies in the wording of section 211, the 80 percent clause permitting us to bargain the Common Market tariffs down to zero, because that clause has little or no meaning unless and until the United Kingdom does join the Common Market. I hope they do. But I would very much hate to see our whole trade liberalization program hinge on the timing of Britain's entry into the Common Market. So I hope that at a later legislative stage, it may be possible to improve section 211 so as to not make our tariff bargaining powers dependent upon the vagaries of European politics.

I hope, too, that the administration, if this bill comes law, will move very vigorously to put it into effect. The President at his press conference yesterday said:

If we cannot make new trade agreements with the Common Market in the coming year, our export surplus will decline, more plants will move to Europe, and the flow of gold away from these shores will become more intensified.

Action is what we need, and action is what the President proposes to get.

In a few minutes, we shall be voting. Let our decision be one that looks, not inward to our own problems, but outward to the free world.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield 5 minutes to the gentleman from West Virginia [Mr. MOORE].

Mr. MOORE. Mr. Chairman, at the outset I want to commend the chairman of the Ways and Means Committee for his presentation here today. He has given a tremendous performance and has spoken sincerely his thoughts about H.R. 11970. I respectfully, of course, disagree with him and disagree with those who talk in a general way about the necessity of enacting H.R. 11970.

I asked the chairman of the Ways and Means Committee a question earlier with respect to the manner in which this bill would be administered in the event it was enacted into law. He indicated, and there was some applause following his answer, that this bill was not brought to the floor simply on the basis that it would be administered by the State Department of the United States. I suggest to the House that if you look at the title of the bill you will find it is a bill to promote the general welfare and the foreign policy of the United States. Anybody in his right mind certainly knows, as has been the case through a long number of years, that the reciprocal trade program, is administered by the State Department. It is necessary then to look at the statements of those who will administer this program to realize how it will affect our domestic industries.

There are a number of Members on the floor who have asked questions about domestic industries in their States and

districts and how they will fare under this bill. The answer has been a broad one and to the effect that within H.R. 11970 there are mechanics to protect these domestic industries from the great amount of additional foreign goods that this bill will permit to come into the United States. The discussion pointed out the retention of the escape clause.

However, the individual who is going to be primarily responsible for the administration of this bill recently stated before a European meeting that he was apologizing for the action taken by this administration in relationship to the flat glass case and to the carpet case, saying that the President of the United States had no other course left open to him under present law than to take the recommendations of the Tariff Commission in these instances and implement them. This is what Mr. George Ball the Under Secretary of State said to these European nations in apologizing for the action of the President in these tariff cases. He stated that no other administrative relief was available to the President but that after the enactment of the new trade bill things would be different, that the President would have different administrative relief that would be available to him, and that when an American industry suffered injury in the future the Tariff Commission recommendations would not have to be followed for under the new law he could give financial assistance to the American industry destroyed and as for those who lost their jobs they could be retrained.

In the debate today I have heard so much about retraining programs that we are going to get to the point where we will have to have a program to retrain the people who are retraining the workers. Mr. Ball said further that industries finding themselves not adjusting to lower tariffs will be given various types of financial assistance to enable them to shift to new lines of production and workers will be helped by retraining them. As to whether or not American industries could get relief from the Tariff Commission, listen to this observation by Mr. Ball:

Import restrictions may be resorted to only as an exceptional procedure and only for a limited period of time.

This should be the answer to those who are worried about their local industries. No attempt will be made to help them.

We have heard a lot of talk about consumers. A colleague of mine on our side of the aisle said he has the presidents of all the big corporations in his district and he is for the bill. Well, I have the workers in my district and they are not for the bill. I have 1,200 toy workers in my district who are presently being told that in the next 5 months the toy manufacturing facility will be closed down unless the employees will take a severe cut in wages. This is the largest manufacturer of toys in the United States; the president of that company may be for the bill but the 1,200 people have a lot of questions they would like to ask.

If this bill goes into effect, there is no question that that toy manufacturing facility is going to close. It may even do so even if we do not pass this bill be-

cause of the effects of past trade legislation on their business.

Mr. Chairman, I am opposed to this bill, and I will vote for the motion to recommit to extend the present act 1 year and I do that with grave misgivings.

Mr. ALGER. Mr. Chairman, I yield such time as he may desire to the gentleman from Wisconsin [Mr. SCHADEBERG].

Mr. SCHADEBERG. Mr. Chairman, I am opposed to H.R. 11970 for the following reasons:

First. It is a bill which begins on the false premise that this Government has the right to enact legislation that will deny its citizens employment opportunities. It is true that the bill makes some provisions to place the worker under a Federal welfare program when he is denied his job and it provides for Federal aid to businesses for rehabilitation after they are destroyed by unrestricted imports arising out of "deals" made at the trade bargaining table, but it is not sound legislation, in my estimation, that makes the role of government one of dictator over the life and death of industries and jobs.

Second. It is a bill which begins on the false premise that it will result in the close-down of industries and denying of jobs and does not and cannot offer any assurance—conjecture yes, but not assurances—that it can or will provide new industries and new jobs.

Third. It places far too much power into the hands of the executive branch of this Government. The potentiality for misuse of public funds in the offering of financial aids to business and labor alike is tremendous. I do not question the integrity of those who would administer the program but I suggest that Paul gave sound advice when he said men should not place stumbling blocks—temptation—in their brother's way.

Fourth. It denies equal treatment to various segments of our economic and industrial society. On what basis do we legislate to give anyone the dictatorial power to favor one group over another and we do just this when we provide the machinery with which one industry is "traded" for another at the discretion of the President or anyone he may designate to act for him.

Fifth. It places no limit on the ultimate cost of the program since it cannot now even be estimated.

Sixth. It has all the earmarks of the beginning of Federal control over industry even as such control was denied by this body over the farmer.

Mr. ALGER. Mr. Chairman, I yield 1 minute to the gentleman from Indiana [Mr. BRAY].

Mr. BRAY. Mr. Chairman, this debate on the President's trade bill has been most confusing. The proponents of this legislation, the press and innumerable speakers throughout the country have been pointing out the advantages of expanded trade particularly as it concerns the serious situation of our credit relations with foreign countries and the stabilization of our gold outflow. No one can deny that trade is important. The proponents this trade bill claim that we must give the President greater authority to lower our tariffs in order to

expand foreign trade. While the Constitution in article I, section 8 says "the Congress shall have power to lay and collect duties, regulate commerce with foreign nations," yet through the Trade Agreements Act our Presidents have had this authority for some years.

Under the guidance of our State Department, our Presidents have made many treaties pursuant to the Trade Agreements Act. The trend for a number of years has been to lower our tariffs so that today we have lower tariffs than almost any nation in the world. Apparently for some years our so-called reciprocal trade agreements have lowered our tariffs but at the same time had little effect in getting other countries to lower theirs.

In making these reciprocal trade treaties our State Department apparently has acted on the theory that our standing in industry, business, and labor was so completely and indestructibly established that it would continue to flourish regardless of outside competition or influences. So in order to assist other countries they have permitted our tariffs to be lowered but have not insisted on receiving similar benefits from the other countries, which is in complete disregard of American business, labor, and farmers. There is no trade act that Congress can pass that will assist America in our trade problem today unless the parties who negotiate those treaties keep foremost an interest in the welfare of America and Americans.

Because of our enormous commitments abroad for foreign aid, we must export in value more than we import. The increase in imports into our country is draining American gold to foreign countries and has placed the United States in its most precarious financial position of many years. The American people have not been made aware of how serious our trade situation has become.

In round numbers, here is our present situation: Our gold reserve has sunk to less than \$16.5 billion. By legislation we are required to maintain a reserve of \$11.5 billion in gold to protect American currency. This would leave \$5 billion in our gold reserve. Today we have short-term obligations outstanding to foreign countries amounting to \$22 billion. If these countries were to demand payment in gold, which by international law they can do, we would lack \$17 billion in gold to meet those obligations. Only a Pollyanna can fail to recognize this as a most serious problem.

Over a period of several years I have been pointing out on this floor and to my constituents in my district the loss of jobs and industry which has resulted from these trade agreements. Allow me to point out by specific example the manner in which some of these trade agreements are unfairly operating against the interests of America.

Today we in the United States can mine, transport and deliver coal to practically anyplace in the world cheaper than it can be produced in that country. That is especially true in England, France, West Germany, and Italy, which countries now hold a great part of the obligations which are so embarrassing to

us today. Yet these countries are, by exorbitant tariffs, quotas, and prohibitions, blocking the shipment of American coal into their countries. If the United States could and would negotiate for the sale of American coal to these countries it would give thousands of jobs to American workmen, help the railroads, and bring gold back to this country.

A good example of the way in which the present policy is working is that, while American coal could be delivered into France at a fraction of what it costs her to purchase it from other countries, we are not allowed to ship coal into France; yet in the import and export of automobiles the American manufacturer who ships a car to France must pay a 28-percent tariff; yet the French manufacturer can ship a French car to the United States for 8 percent tariff. Is it any wonder that America is losing jobs for our workers and that our gold is so fast going abroad, much to our embarrassment?

The zeal of members of the State Department to befriend other countries has gone far beyond the mere negotiation of trade treaties. Two recent actions which are adversely affecting our farmers are as follows: In the sugar extension act which we are considering, our State Department is for a plan of world quotas which prevents the American farmer from adequately expanding domestic sugar production, which in turn prevents the American farmer from removing from feed grain production, land which he desires to plant in sugarbeets. This plan, which is desired in the area in which I live, would give material income to the farmers, would remove from grain production, land which contributes to our grain surpluses and would have produced sugar—sugar for which we are sending our gold abroad.

Just last year it was brought before the House that Edward Martin, the Assistant Secretary of State for Economic Affairs, deliberately blocked a transaction whereby Brazil, in return for our purchase of sugar, would have purchased wheat from America. Mr. Martin was agreeable to our purchase of sugar from Brazil, but said that there was no need for them to buy American wheat and that he, Mr. Martin, did not agree with the congressional policy to encourage such a transaction. This matter is well documented in the CONGRESSIONAL RECORD of August 3 and August 15, 1961. I merely am pointing these two matters out to emphasize the fact that one of our greatest difficulties in trade today is the basic philosophy of the members of the State Department, who are the principal negotiators in our trade treaties.

At the Lincoln Center in New York City, an urban renewal project in which the Government has authorized \$31 million Federal assistance, the stone is being quarried and fabricated in Italy—a building stone inferior to that produced in America and especially to the limestone in Indiana. Our country as a whole and my district in particular is being seriously injured by the importation of meat, glass, stone, ladies' garments, veneers, shoes, oil, sewer pipes,

structural tile, electrical equipment, rubber clothing, latex products, brushes, doors, parts for radio and television.

Our trade policies today are forcing us to export hundreds of thousands of jobs. The handling of our foreign trade has made it impossible in many instances for American industry to produce here in the United States and still compete with the industries of other countries, so that in the last few years we have spent over \$30 billion building factories abroad. Following is a very brief list of some of the businesses which have opened factories abroad: General Motors, Ford Motor, H. J. Heinz Co., Parke, Davis & Co., Johns-Manville Corp., Hamilton Watch Co., Minneapolis-Honeywell Regulator Co., and a thousand others.

I do not claim that our trade policies are the only cause of this gold depletion and our serious industrial problems. However, a substantial part of the blame for our current dangerous monetary condition can be placed on those officials who have negotiated our trade agreements. Reciprocal trade is not essentially a political matter; both parties have been partially responsible for this rapid decline in the gold reserve but today only the present administration can take steps to save our country from a most embarrassing and dangerous situation.

American officials have been in Europe several times recently asking that these creditor nations forgo any demands for payment of their obligations. This certainly is a sorry position in which our country finds itself. Dr. Walter Heller, Chairman of the President's Council of Economic Advisers, is now in Paris seeking European advice on our financial situation and attempting to find a way to stop the drain of American gold. Canada is faced with a similar problem of the depletion of her gold reserve and with heavy imports. The thing that she is doing to correct it is to raise certain of her tariff rates.

No trade bill nor legislation alone will solve all of our financial problems. Those who are negotiating trade agreements must change their attitude on the protection of American labor, industry and agriculture. For years the trade policy worked out by the State Department has been gaged to assist other countries and to make friends. This has certainly been commendable; however, our principal interest must always be to look after the welfare of America.

The bill before us today would give the President far greater power in making these treaties. It allows him to cut tariffs by larger amounts and at a faster tempo, and makes it more difficult for an injured business to get relief and virtually impossible for Congress to block any tariffs which it believes detrimental. The administration has admitted that this new trade bill would destroy industries and cost American workingmen their jobs.

We have no reason to believe that those people who negotiate trade treaties for the President will protect American interests any better in the future than they have been doing, so I cannot support this legislation which will give those

negotiators greater power and less restraint from the people's representatives—the Congress.

Regardless of whether this bill will pass or not, I hope that these 2 days of debate have brought forcibly to the attention of those of our State Department, who are principally responsible for the negotiating of our trade treaties, the precarious condition which we are in; and will cause them to make a reappraisal of their trade philosophy and to use commonsense and show an interest in the welfare of the United States. In giving concessions abroad they should insist on fair treatment to American interests and the people by whom they are employed—the American public. If this is done our problem will be well on its way to a solution.

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

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

There was no objection.

Mr. STAGGERS. Mr. Chairman, in deciding how to vote on a given issue, a Congressman must take into account his absolutely unique position among all the public offices in the United States. His office is the single one in the whole Nation that can be filled only by direct vote of the people. The Presidency, if vacant during a normal term, may be filled through legally stipulated orders of succession. So may a governorship. A senatorial seat, vacant under the normal term, may be filled by appointment. But no power on earth can fill a Congressman's post except a vote of the people. The makers of our Constitution deliberately provided that no outside influence should have effect in determining who should stand for and speak for the people in the House of Representatives. A Congressman, therefore, who does not represent the interests of the people of his district is derelict in his duty, and they might as well have no Congressman.

It is with this thought in mind that I rise to speak on the bill before the House. Two vital interests in my district are affected by this bill. They are: the coal industry, with all its connections with other industries; the glassware industry.

The coal industry is not only important to the local economy of West Virginia. It is vital to all the interests of the United States. It is the only dependable and inexhaustible source of energy in the Nation. Without coal there is no steel; without coal there is little or no electric power. Without coal we could not fight a war or maintain our peacetime productivity. Coal is also the base of innumerable everyday products, from drugs to dyes to synthetics. With the exception of agriculture, I would say that a flourishing coal industry is the one indispensable industry in this or any other country.

Yet coal has never asked any favor from Government. It carries no subsidies for production. It is protected by no tariffs. The Government has not built or subsidized any means of transporting it to customers. Coal has been

content to grow on its own merits. Again with the exception of agriculture, it is one product in the United States whose cost has not been doubled and tripled and more by inflation. Some say that John L. Lewis has priced coal out of the market. The reverse is true. Coal is cheaper today than it was 14 years ago, and the credit goes to Lewis. A coal miner today is paid 8 times a Japanese miner's wages, for instance. But he mines 14 times as much coal, and a ton of coal can be mined and delivered in Japan at about half the cost of a ton of Japanese coal. We actually export coal to Japan, and we are capable of exporting it to any spot on earth and selling it at a lower price than any coal from elsewhere. That is, we could do so if there were not Government interference with absolutely free trade. I mean not only interference by the Government of the United States, but interference by the governments of importing countries. In Canada, for instance, the Canadian Government offers a subsidy of up to \$5 per ton to carriers of domestic coal. In some Latin American countries, we sell coal, but find it difficult or impossible to collect because of Latin American regulations regarding money transfers.

Meanwhile, the competitive fuels of oil and gas have been given an unfair advantage. Foreign oil is dumped in American markets at less than the cost of production in order to obtain foreign exchange for the producing countries. Quotas of residual oil are increased in order to furnish a needed outlet for foreign oil and help preserve their economies from collapse. But nothing is done for coal, and nothing is asked by coal except to be freed from unfair competition.

The glassware industry is in pretty much the same situation. No subsidies, no Government favors. And the industry is also important to the United States, as we found out in the First World War, when we woke up to find we had domestic sources of materials necessary for a variety of war instruments. West Virginia today produces some of the best-known glassware in the world. It is sold under such renowned names as Morgantown, Seneca, Fostoria, Blenko, and others. It is so well known that foreign competitors have stolen the models, made cheap imitations, exported the product to America, and are offering it to American consumers as the real product of American industry, in plain violation of American patent laws.

Both the coal industry and the glassware industry have protested to the Government over these unfair practices. They have asked for reduction of import quotas and for other steps that would put our own industries on a truly competitive basis. I personally have added my own protests, here in this Chamber, and before the proper administrative agencies. The most candid answer we have got so far to our protests is that we are fighting a lost cause, and the glassware industry, for one, might as well get into another business.

The bill presently before the House is theoretically intended to promote true competitive trade between nations by

making it "free." The big question is: Will it do so? Experience answers: No proposal for making trade "free" has worked in the past. Something always happens to evade or overturn agreements.

Three things affect the amount of free trade that can be carried on between nations over a period of time. The first of these, of course, is tariffs. Tariffs can be reduced or removed entirely, but it still does not follow that free trade will result. A more effective deterrent to trade is import quotas. The principal trading nations of the world are using them with greater and greater coverage. There is no point in removing import duties if the goods are not to be admitted at all. A third determinant of free exchange of goods is government policy. Any government must determine what policy seems best for its own interests. If a foreign government decides that it is in the national interest to subsidize and export a given product for any given national purpose, say to obtain foreign exchange, or to promote buy European programs, that is within the government's province. But it might invalidate trade agreements.

It is well within the interests of the people of my district to have assurance on these matters of uncertainty. Up to this time, the discussions on the floor of the House have not provided such assurance.

Statistics from the U.S. Tariff Commission

Imports of table and household glassware:

1958.....	\$24, 557, 000
1959.....	32, 294, 000
1960.....	34, 386, 000
1961.....	34, 424, 000

The above figures reflect the value at which they are declared. Those are the figures comparable in quality and quantity to our U.S. products. The foreign value would be 40 percent of the above figures.

Percentage of consumption supplied by U.S. producers:

	Percent
1958.....	54.0
1959.....	49.9
1960.....	49.3
1961.....	49.7

Percentage supplied by imports:

	Percent
1951.....	21
1955.....	34
1957.....	38
1958.....	45

Mr. MONAGAN. 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 Connecticut?

There was no objection.

Mr. MONAGAN. Mr. Chairman, I believe that the motion to recommit this bill should prevail.

In essence, if this motion is carried, it means that the existing reciprocal trade law will stay in effect for another year. In this way, the present status will continue. I feel confident that nothing will be lost in this way and much may be gained.

The present economic deterioration in Canada and the apparent difficulty which Great Britain is experiencing in gaining admission to the Common Mar-

ket are two developments which emphasize the changes that can take place and are taking place in the world trade picture and underline the need for caution in this legislation which poses an increased threat to jobs and industries in this country.

Proponents of this bill agree that this legislation will in many undetermined areas cut down jobs and industrial activity in this country. They are not able to say where the jobs will be lost, but the whole adjustment assistance section is based on the assumption that there will be substantial job loss.

In my section of the country, the effect of lowered trade barriers are well known. We have been feeling their depressing influence for many years. In the manufacture of clocks, of bicycles, of needles, of rubber footwear, and of brass goods, we have felt the gradual and increasing flow of imports that now has risen to flood proportions.

Our bicycle manufacturer has ceased operations. The clock industry is working on a reduced and marginal basis. The plumbers brass division of one of our large plants has been closed.

The share of imports of rubber footwear, one of our major industries, has increased from approximately 2.6 to 56 percent of the American market in a period of 8 years.

Only a short time ago, in the pin manufacturing industry, which is centered in my district, the Tariff Commission recommended an increase from 20 to 35 percent in our tariff because the Commission found substantial injury to our manufacturers through foreign imports which had reached one-third of the American market. Unfortunately, the President did not sustain this finding of the Tariff Commission.

It is obvious, therefore, that we are speaking of fact and not theory.

Concessions have been made in many fields to obtain support for this bill. They have been made in glass, in carpets and in textiles. Even in the area of labor, some concession is made in the adjustment assistance sections of this bill.

No concessions have been made in manufactures in my district and even recommended relief has not been permitted to take effect.

I regret to say that the promised increase of imports to the Common Market would not be possible for us since their wage rates average about one-third or one-fourth of ours while their plants and equipment are as good or better than ours. Indeed, much of this equipment has been provided by our country.

I will grant that the committee has greatly improved the present bill over that which was originally bill H.R. 9900. However, questions still remain. In my view, the 5-year period is too long for an experimental plan. The elimination of the peril point provisions and the alteration of the escape clause provisions are unfortunate.

Finally, both the benefits and the detrimental effects are purely speculative since no one admittedly can furnish statistics to show what will happen in a given industry or given section.

Where there is such danger to our jobs and industries, therefore, I believe that caution should be the watchword. Once gone to Europe, to Japan or even to Hong Kong, they will not quickly return.

I urge, therefore, Mr. Chairman, that we move slowly in this vital field. The passage of the motion to recommit will give us a year to study this problem. I urge its adoption.

Mr. MOORHEAD of Pennsylvania. 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 Pennsylvania?

There was no objection.

Mr. MOORHEAD of Pennsylvania. Mr. Chairman, the President of the United States of America has proposed that the Congress of the United States enact the Trade Expansion Act of 1962.

The President has done so for international political and national economic reasons.

In the field of international relations, the question presented to the Congress—and to the entire free world—is clear: shall the free world come together in one great trading community which includes not only Western Europe and North America but also Japan, Australia, Latin America, and Africa—or do the free nations go their separate ways fragmenting the non-Communist world? Such a free world trading community would represent a concentration of economic power and economic dynamics beyond anything the world has yet seen, and far beyond any of Mr. Khrushchev's dreams. Such a trading community would so clearly demonstrate the vigor of its competitive free market consumer economy that, to more and more people, communism would look like a wave of the past.

To move ahead in the political aspects of the cold war, the Congress should enact H.R. 11970.

But in the search for political victory in the cold war, is there danger of enacting legislation which will weaken our economy and thus lead us further from the victory we seek?

On the national, as opposed to any particular local scene, the answer is clearly in favor of the trade bill.

For many years the United States has had a surplus in its balance-of-trade account. In 1961 this surplus amounted to \$5.4 billion, the difference between \$19.9 billion in exports and \$14.5 billion in imports. Unquestionably, more jobs and more business have resulted from exports and from those imports which support American business by providing essential raw materials than has been lost by that portion, approximately 40 percent¹ of imports which might be considered competitive with American industry.

More liberalized trade would undoubtedly stimulate both exports and imports. However, if the past can be considered

¹ U.S. Department of Labor, Bureau of Labor Statistics, "Employment in Relation to U.S. Imports, 1960," Washington, D.C., 1962, p. 6.

a guide to the future, there is no reason to fear such an outcome. If American exports are compared to American imports for the last several years, it is clear that the ratio between the two has clustered around a value of 1.4.² This means that since approximately the end of the Second World War the United States has exported, on the average, about \$1.40 worth of merchandise for every dollar's worth imported. If anything close to this ratio can be expected to hold for the future, and in view of the fact that 60 percent³ of imports do not compete with but actually support American industry, then it is clear that any policy which seeks to inhibit the total volume of our foreign trade would not be good for American business. Conversely, any policy which seeks to stimulate exports and imports should be in the public economic interest.

Because of the diversity of our economy, I recognize the fact that there may be some congressional districts where competition from rising imports might, in the short term be damaging, despite the fact that other districts may be gaining more through increased export sales. Even in such districts, in a dynamic economy, with generally higher incomes and sales, there will in the longer haul be more jobs and more business for everyone. That is, the more rapidly the United States can expand its total trade the greater will be the rate of economic growth and the less time it will take, and the less painful it will be, to make necessary adjustments. Efforts to inhibit trade expansion will only delay the adjustment process, not eliminate it. Some jobs are already lost—for whatever reason. The task is to make up these jobs and more. The only way to do this is to expand total business, including exports.

For these reasons, at the national level, the U.S. Chamber of Commerce, representing American business, and the AFL-CIO, representing American working men and women have endorsed the trade expansion bill of 1962.

But what of the economic position of the district and the people who have elected me to represent them in Congress? Will my support for the bill be in their best interests? A Member of Congress in a district close to mine has, after extensive study, concluded that expanded exports and expanded imports would not be economically helpful to the people of his district.

Because of this, and because of my own very real concern for the business and employment conditions in the Greater Pittsburgh area,⁴ I have had an independent economic study made of the significance of the Nation's trade policies

² American Enterprise Association, "Special Analysis, Foreign Trade: Part II, Economic Consequences of Trade Liberalization," Washington, D.C., Mar. 5, 1962, pp. 32 and 33.

³ American Enterprise Association, "Special Analysis, Foreign Trade: Part II, Economic Consequences of Trade Liberalization," Washington, D.C., Mar. 5, 1962, p. 6.

⁴ The Greater Pittsburgh area includes Allegheny, Beaver, Washington, and Westmoreland Counties.

for employment and business in the Pittsburgh metropolitan area.⁵

This study has led me to the following conclusions:

First. The Pittsburgh region's productive capacity is greater than the domestic consumer market which it serves.

Second. If the Pittsburgh region's business is to prosper and if its employment is to increase, existing markets must be expanded and new markets must be created.

Third. Pittsburgh is an export city, selling not only to the rest of the country, but to the rest of the world. In

1960, Pittsburgh's share of the Nation's exports exceeded its share of the Nation's employment by some 22 percent. This supports the contention that one of Pittsburgh's best hopes for economic growth is through the continued expansion of her overseas sales.

What are the important Pittsburgh manufacturing industries which contribute to the Nation's exports and what do these exports mean in terms of Pittsburgh employment and Pittsburgh business?

Insofar as employment in manufacturing is concerned, the annual average

employed in Pittsburgh in 1960 was 291,000.⁶ Ten industrial categories employing 269,400 persons, or almost 93 percent of the total, reported exports that year of at least \$1 million. In these export reporting industries an estimated 29,600 jobs in the Pittsburgh area or about 11 percent of total employment, could probably be attributed either directly or indirectly to production for export.⁷ This is only an estimate, and is not meant to be used as a precise figure. It and similar estimates for each of the 10 export reporting industrial categories are summarized in table I.

TABLE I.—Pittsburgh employment in manufacturing as related to exports: 1960

	Average total employment	Employment attributable to exports ¹				Average total employment	Employment attributable to exports ¹		
		Direct	Indirect	Total			Direct	Indirect	Total
Industries reporting export sales over \$1,000,000:									
Primary metals.....	130,000	3,380	15,340	18,720					
Fabricated metal products.....	29,400		735	1,911					
Electrical machinery.....	29,200	1,256	788	2,044					
Stone, clay, and glass products.....	20,100	382	583	965					
Machinery, nonelectrical.....	19,300	2,065	926	2,991					
Food and kindred products.....	19,200	346	269	615					
Chemicals and allied products.....	8,500	484	731	1,215					
Transportation equipment.....	6,900	428	110	538					
Instruments and related products.....	4,700	390	94	484					
Petroleum and coal products.....	2,100	58	88	146					
Total.....	269,400	9,524	20,105	29,629					
Other manufacturing industries:									
Apparel and related products.....	2,100								
Lumber and wood products.....	1,500								
Furniture and fixtures.....	1,700								
Paper and allied products.....	3,300								
Printing and publishing.....	8,600								
Miscellaneous manufacturing.....	4,400								
Total.....	21,600								
Total manufacturing employment.....						291,000			

¹ The estimates for Pittsburgh employment attributable to exports were derived by applying the national percentages for export related employment for each industry to the average employment figures for Pittsburgh. No estimates were made for industries reporting export sales of less than \$1,000,000 to the Department of Commerce for 1960.

Sources: U.S. Department of Labor, Bureau of Labor Statistics, "Domestic Employment Attributable to U.S. Exports, 1960," Washington, D.C., January 1962. Average total employment figures for Pittsburgh obtained from U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C., June 15, 1962.

Some interesting relationships emerge from these estimates. A total of about 9,500 jobs in these Pittsburgh industries, or 3.7 percent of total employment in these industries may be attributed directly to the production of goods in the form in which they were exported. Another 20,000 jobs, or 7.7 percent of the total, can be indirectly attributed to exports via production of the components or parts for more finished products which were then exported.

I believe that these figures are quite reasonable. A Bureau of Labor Statistics study⁸ points out that five industry groups stand out as making a heavy contribution to export employment. These are: primary metals, electrical machinery, nonelectrical machinery, chemicals, and transportation equipment. All 5 are among the 10 considered here and all are vitally important to the Pittsburgh economy. For three—primary metals, machinery, and chemicals—export-related employment for the Nation as a whole amounted to more than 10 percent.⁹

⁵ The study was prepared by Mrs. Jean Gray, of the Economics Department, University of Maryland. Use was also made of Arthur Longini, "Region of Opportunity: Industrial Potential Along the Pittsburgh-Youngstown Axis," the Pittsburgh & Lake Erie Railroad Co., Pittsburgh, Pa., 1961.

⁶ U.S. Department of Labor, Bureau of Labor Statistics, "Domestic Employment Attributable to Exports, 1960," Washington, D.C., January 1962, p. 3.

⁷ Ibid.

What is more, some of our Pittsburgh industries, such as primary and fabricated metals and glass products, provide the raw materials for more finished products so that the indirect effects on our employment are especially important. For instance, the Labor Department study notes that "for every worker making primary metals which are exported there are on the average about four and one half workers making primary metals which are used in components of automobiles and machinery and other fabricated metal goods which are exported."¹⁰

How about the value of exports for these important Pittsburgh industries? Nationally, the six largest export industry groups were: nonelectrical machinery, \$2.9 billion; chemicals and allied products, \$1.8 billion; food and kindred products, \$1.6 billion; primary metals, \$1.1 billion; and electrical machinery, \$1 billion. Fabricated metal products; stone clay and glass products; instruments and related products; and petroleum and coal products accounted for just under \$1.7 billion for the country as a whole.

Pittsburgh's share of these totals is substantial. For example, over 11 percent of the Nation's reported exports of primary metals of all kinds came from the Pittsburgh area, as did 4.5 percent of the fabricated metal products, 4 percent of the stone, clay and glass exports, 3 percent of the electrical machinery, 1.6

percent of the nonelectrical machinery, and 1.1 percent of the chemical products. Although no estimates can be made of Pittsburgh's share of food and transportation exports, they did contribute 10 percent and 17 percent respectively to total U.S. exports. Not only did Pittsburgh contribute to this total, but the fact that these industries are also important customers for Pittsburgh glass and metal products of all kinds must be remembered.

The total value of exports from Pittsburgh can only be estimated. The value reported to the Census Bureau for 1960 was \$212.2 million, but this understates the total substantially because manufacturers may not know that some of their buyers intend to export. For this reason I have made some estimates of the total value of Pittsburgh exports which are based on the Department of Commerce data. The reported and estimated values for some Pittsburgh in-

⁸ Pittsburgh employment figures from the U.S. Department of Labor, Bureau of Employment Security, U.S. Employment Service, Washington, D.C., June 15, 1962; U.S. figures from Board of Governors, Federal Reserve System, Federal Reserve Bulletin, Washington, D.C., May 1962, p. 634; Pittsburgh reported exports from U.S. Department of Commerce, Bureau of the Census, Current Industrial Reports, Washington, D.C., May 4, 1962, pp. 2; 20.

⁹ Ibid., for Pittsburgh employment figures. Reported exports from U.S. Department of Commerce, "Export Origin Studies for Pittsburgh Area Congressional Districts 21, 25-30," Washington, D.C., 1962.

¹⁰ Ibid., p. 4.

dustrial categories are included in the following table:

TABLE II.—Reported and estimated total value of exports, Pittsburgh, 1960
(In millions of dollars)

	Reported export value ¹	Estimated total export value ²
Primary metal products.....	90.7	112.8
Nonelectric.....	35.6	47.2
Electrical machinery.....	20.5	29.4
Chemicals and allied products.....	15.6	20.8
Fabricated metal industries.....	14.5	23.3
Stone, clay and glass products.....	5.1	8.0
Food and kindred products.....	(?)	(?)
Transportation equipment.....	(?)	(?)
Instruments and related products.....	(?)	24.7
Petroleum and coal products.....	(?)	(?)
Total.....	212.2	266.2

¹ The 1960 Census Department Survey of U.S. Exports covered plants exporting more than \$25,000, and employing more than 100 persons. The survey received reports from such manufacturers covering \$9,790,000,000 of the total of \$15,450,000,000 of U.S. manufactured exports valued f.o.b. producing plant. The total value of exports which the survey attributed to different geographical regions and States (but not to metropolitan areas) was estimated using specifications supplied by the Office of Business Economics. The difference between reported and estimated figures would be accounted for chiefly by purchasers whose intent to export was not known to the manufacturer or by small producers who were not asked to report.

² These estimates were made by multiplying reported Pittsburgh exports by the ratio of total reported exports for the Commonwealth of Pennsylvania to each of the major industrial categories. Of the various alternative methods available, these estimates are the most conservative which could be made.

³ Reported value of export figures from the Pittsburgh area were not available for these 4 categories, nor for rubber and plastic and miscellaneous manufacturing. The latter 2 amounted to less than \$1,000,000 each. Department of Commerce estimates for the other 4 are as follows:

	Million
Transportation equipment.....	\$5-\$9.9
Petroleum and coal products.....	5-9.9
Food and kindred products.....	1-4.9
Instruments and related products.....	1-4.9

Department of Commerce, "Export Origin Studies" for Pittsburgh area congressional districts, pp. 21, 25, 26, 27-30, Washington, D.C., 1962.

These industries together account for 10.2 percent of reported Pittsburgh exports. The estimated values for them are given the same proportional weight. The estimated value for total exports using this weighting system is only slightly larger than the total reported for the congressional districts of \$256,800,000 and is substantially more conservative than the \$317,200,000 that would have been generated by applying the ratio for Pennsylvania totals to Pittsburgh reported exports.

Source: U.S. Department of Commerce, Bureau of the Census, Current Industrial Reports, Washington, D.C., May 4, 1962.

These estimates are probably on the conservative side, but combined with my estimates of export related employment, help to show just how important to Pittsburgh is her share of American export markets. Estimated export sales for Pittsburgh in 1960 for the 10 most important manufacturing industries were in the order of \$266 million. Primary metals take the lead for Pittsburgh with exports estimated close to \$113 million.

But what of the future? Can we in Pittsburgh expect new jobs and a larger volume of sales to be generated by more liberalized trade? Can we in Pittsburgh utilize our unused capacity by competing in world markets or must we settle for the lower employment and lower business levels induced by protectionism? In short, is the United States able to export the products which we in Pittsburgh produce, and can we expect the quantity and value of these exports, hence job opportunities, to increase with more liberalized trade?

I made an examination of the export history for some of the products of Pittsburgh industry. Table III shows the value and the percent of domestic shipments which were exported in 1958 for some U.S. exports. These export products are particularly important to Pittsburgh because we in Pittsburgh either make them ourselves or the firms which do make them have one or more manufacturing plants located in the Pittsburgh area. In other words, if not all of the items included are made in Pittsburgh, our plants supply the parts and industrial raw materials for the finished products which are exported by other plants of the same company. Incidentally, for every item but 4 of the 56 included in the table, imports account for 1 percent or less of total sales in the United States.

In Pittsburgh steel comes first. Pittsburgh is the steel capital of the world—and steel is Pittsburgh's largest source of industrial employment. Almost 19,000 out of Pittsburgh's total of about 130,000 jobs in steel could be attributed to exports in 1960. The primary competition for American steel in foreign markets today comes from Western European countries.

Selected manufactured exports important to the Pittsburgh, Pa., economic area—Value and percent of shipments exported, United States, 1958

	Value of exports at port, United States, 1958	Percent exports to total shipments, United States, 1958
Million		
1. Primary metals:		
Blast furnace and steel mill products.....	\$541.4	4
Steel sheet, strip, plate, bar, hot rolled, including carbon but excluding galvanized and electric.....	319.6	4
Structural shapes, piling, and alloy.....	42.9	7
Steel pipe and tubes.....	156.1	9
Alloy and carbon steel.....	114.0	10
Carbon steel oil country pipe.....	30.5	16
Cold rolled sheet, strip, plate, bar.....	72.1	3
Other steel mill products.....	20.7	21
2. Fabricated metal products:		
Fabricated platework.....	118.9	7
Steel power boilers and parts.....	45.7	11
Heat exchangers and condensers.....	34.5	18
Fabricated steel, n.e.c.....	20.3	5
Valves and pipe fittings.....	107.3	9
Fabricated structural iron and steel.....	40.9	3
3. Electrical machinery:		
Radio, TV, communications goods.....	195.1	10
Electronic communication equipment except broadcast.....	123.4	31
Radio, TV, broadcast equipment.....	12.8	24
Railway signals and attachments.....	7.4	18
Motors, generators, and parts.....	95.7	7
Switchboard and switch gear apparatus.....	52.9	13
Power switches and current breakers.....	19.7	13
Electrical measuring devices.....	30.4	5
Industrial controls and parts.....	18.9	4
Transformers.....	15.3	4
Electrical industrial goods, n.e.c.....	6.3	7
Power capacitors.....	.8	4
Rectifying apparatus.....	5.5	8

¹ Imports of steel pipes and tubes amounted to 2 percent of domestic supply.

Selected manufactured exports important to the Pittsburgh, Pa., economic area—Value and percent of shipments exported, United States, 1958—Continued

	Value of exports at port, United States, 1958	Percent exports to total shipments, United States, 1958
Million		
4. Stone, clay, and glass products:		
Refractories.....	\$30.1	9
Fireclay, bricks, and shapes.....	9.6	13
High temperature refractory cement.....	3.1	17
Glass containers.....	22.6	3
Lighting and electrical glassware.....	16.9	13
Porcelain electrical supplies.....	6.9	8
Glass insulators, all types.....	.4	40
5. Machinery, except electric:		
Construction and mining machinery and equipment.....	675.9	28
Oilfield machinery and equipment.....	173.1	35
Metalworking machinery, n.e.c.....	139.3	26
Rolling mill machinery.....	101.2	40
Metal cutting machine tools and parts.....	100.6	17
Steam turbines, engines, turbogenerators, and parts.....	66.7	9
General industrial equipment, n.e.c.....	51.6	9
Power transmission equipment.....	35.3	6
Conveying equipment.....	28.2	8
Industrial ovens, furnaces, parts.....	24.1	13
6. Chemical and allied products:		
Plastic materials.....	241.0	6
Miscellaneous chemical products.....	197.5	15
Industrial organic chemicals.....	91.1	7
Weed killers.....	55.7	16
Alkalies and chlorines.....	21.9	5
Inorganic pigments.....	20.3	5
7. Transportation equipment:		
Motor vehicles and equipment.....	1,249.3	9
Trucks, bus bodies accessories and parts.....	490.7	21
Motor coaches.....	21.6	22
Trucks, new.....	17.8	15
Railroad equipment.....	203.2	20
Locomotives.....	140.3	64
8. Coal and petroleum products:		
Lubricating oils.....	195.6	25
Lubricating greases.....	13.0	13
Other finished petroleum products.....	55.5	13
Micro crystalline wax.....	13.9	16
Paraffin wax.....	11.5	5
Petrolatum.....	6.1	27
9. Instruments and related products: Scientific instruments, mechanical measuring devices, and automatic temperature controls.....	149.2	9

¹ Imports amounted to 2 percent of domestic supply.
² Imports amounted to 3 percent of domestic supply.
³ Imports account for 4 percent of domestic supply, almost exclusively passenger cars.

Sources are: U.S. Department of Commerce, Bureau of the Census, "U.S. Commodity Exports and Imports as Related to Output: 1958," Washington, D.C., 1962. U.S. Department of Commerce, Bureau of the Census, "U.S. Commodity Exports as Related to Output: 1958," Washington, D.C. 1961. U.S. Department of Commerce, "Export Origin Studies: Congressional Districts of Pennsylvania, Nos. 21, 25, 26, 27-30, (Allegheny County)," Washington, D.C., 1962.

At the current time the United States can probably serve an increased foreign market more easily than can the Western European countries. The latter have little unused capacity of either capital or labor which can be employed to increase the supply of these goods for their own or other markets. In contrast, the United States generally, and Pittsburgh particularly, has unemployed labor and plant which can be used to produce for export markets.

The steel industry is presently operating well below capacity and the rate of unemployment is high. New and expanding markets are the best cures for these ills. There are markets abroad for the steel Pittsburgh produces. In 1960, for example, Pittsburgh's primary metal exports, which for us mean steel, were estimated to be almost \$113 million. Jones & Laughlin, with a plant in Pittsburgh, reported that 4 percent of their total shipments went abroad that year. In fact in 1958 about 4 percent of all U.S. blast furnace and steel mill products, including 9 percent of steel pipes and tubes, were exported. In 1960, Pittsburgh supplied about 11 percent of the U.S. total exports of these goods. In addition, among the fabricated metals such as platework of various kinds, some 7 percent was exported in 1958, including 18 percent of the heat exchangers and condensers. About 1,900 jobs in Pittsburgh were related to exports of fabricated metals and exports were estimated at just over \$23 million for 1960.

But this does not tell the whole story. Pittsburgh not only exports steel and steel products, but supplies the rest of the country with the industrial raw materials and industrial machinery made from steel which are used to produce finished products for both domestic and foreign buyers. This means that we in Pittsburgh have a twofold interest in, for example, the machinery and transportation equipment industries: That of a producer in these industries and that of a supplier to them. About 3,500 jobs in Pittsburgh and better than 350,000 jobs in the United States are estimated as being related to exports of these steel-using goods. In 1958 the United States exported about 28 percent of its construction and mining machinery, 35 percent of its oilfield machinery, and 40 percent of its rolling mill machinery. Each of these is produced by Pittsburgh firms and the value of Pittsburgh exports in 1960 is estimated at about \$47 million.

We in Pittsburgh also supply the transportation industry, which accounts for about 17 percent of total U.S. exports, with a wide variety of both automotive and railroad equipment. Pittsburgh not only exports directly—over \$5 million worth in 1960—but also sells to domestic producers who in turn depend upon foreign markets for a substantial portion of their total sales. For example, 20 percent of the railroad equipment sold in 1958 went overseas, along with 64 percent of the diesel locomotives.

Pittsburgh also produces electrical machinery, and in fact, is the Nation's second most important center for the production of heavy electrical machinery. By 1960 the electrical machinery industry was Pittsburgh's third largest manufacturing employer, following only the primary and fabricated metals industries. Over 2,000 jobs in our area can probably be attributed to this industry's exports that year. In fact the Westinghouse Electric Co. reported that 6 percent of its consolidated sales were outside the United States. Among products manufactured by Pittsburgh companies, U.S. export figures show that 13 percent of switchgear apparatus, 31 percent of elec-

tronic communications equipment and 18 percent of railway signals and attachments were exported in 1958. In 1960 Pittsburgh exports for these and other goods of the industry amounted to an estimated \$29 million in sales.

Pittsburgh may specialize in metals and machinery products, but her industry is more diversified. For instance, we produce a variety of chemical products, many of which are important export commodities. Estimated Pittsburgh exports of these goods amounted to about \$20 million for 1960. For example, the American Cyanamid Co. with a plant in our area reported that 16 percent of their total sales went to customers outside the United States and Canada that year. We also produce coal and petroleum products, such as lubricating oils and greases, 25 and 13 percent of which for the United States as a whole, were exported in 1958. Together these two industries employed about 10,600 persons of whom something like 1,300, or about 12 percent could attribute their jobs either directly or indirectly to production for export. We in Pittsburgh also exported at least \$1 million worth of food products, and at least another \$1 million in instruments of various kinds, particularly automatic temperature control devices. Of these latter, 9 percent of all U.S. manufacturers' shipments were exported in 1958. At least 1,000 Pittsburgh jobs are probably related to the exports of these two industries.

Last, but certainly not least, Pittsburgh's fourth largest source of industrial employment, the stone, clay, and glass products industry with over 20,000 employees in 1960 must be considered. Here we recognize that there are some commodities which are facing serious competition from imports. At this point a few reminders are in order. First, providing the President with the authority to negotiate for mutually advantageous tariff concessions does not mean irrevocable or unilateral tariff cutting on the part of the United States. American negotiators must be prepared to drive hard bargains. Second, the Trade Expansion Act of 1962 contains safeguards to protect American workers and American industry when import competition threatens serious injury. Third, on the Tariff Commission's recommendation, the President last March ordered import duties raised on cylinder, crown, and sheet glass. Finally, some products of the stone, clay, and glass industry can and do find important markets abroad and do not face import competition. Pittsburgh accounted for 4 percent of the Nation's exports of these commodities in 1960. Among them, 9 percent of the Nation's shipments of refractories were exported in 1958, as were 17 percent of shipments of refractory cement and 8 percent of porcelain electronic supplies. Imports for each of these were less than 1 percent of domestic American supply. Despite the fact that 2 percent of total purchases of lighting and electronic glassware were imported, nevertheless the United States did export 13 percent of total shipments of this item.

The foregoing demonstrates that U.S. export markets are of vital importance to the Pittsburgh area. They are impor-

tant today because of the employment and the volume of sales they already generate. They are important for the future because of the opportunity for expanded sales which they offer.

The task of expanding export sales will be made easier if Congress provides the tools for the United States to negotiate mutually advantageous tariff concessions in a world of generally expanding and more liberalized trade.

Moreover, in addition to the jobs and profits which growing export markets should generate, there are a number of other indirect effects from trade expansion which are of importance to every American workingman and consumer. First, every workingman gains by having available to him a wider selection of consumer goods at lower prices than would be the case without access to foreign markets and products. Second, studies have shown that export industries pay substantially higher wages than do those which are import competing.¹¹ This means that expanding total trade should create more jobs in the higher wage industries. Finally, the American economy is complex and dynamic, and depends upon an intricate network of transportation, marketing and financial activities. Both imports and exports create more job opportunities for all those employed in such activities in the sense that these jobs depend upon the total volume of business transactions which take place. Increased trade means increased transportation. That will result in more jobs for the truckers and railroad workers who carry the freight and those who load it. Increased trade means more jobs in the offices, banks, insurance companies, accounting firms and law offices which record, finance, insure and carry out the mountain of work and the myriad tasks which service American business enterprise. Hence, in the Pittsburgh area, in addition to the 300,000 or so persons engaged in manufacturing, every one of the approximately 570,000 other jobholders, whether they are among the better than 154,000 in the retail and wholesale trades, the 115,000 in the other service industries, the 40,000 in transportation or the 32,000-plus in finance or insurance has a vital stake in the enactment of this bill and in the expansion of U.S. exports, which I feel confident will follow from the future negotiations for trade liberalization which enactment of this bill will make possible.

I am convinced that world trade will grow at a faster rate than purely domestic trade. I believe that the people of Pittsburgh, plagued by high unemployment, want to participate in this economic growth. The Congress can prevent the United States from participating in this growth by defeating H.R. 11970.

On the other hand, by enacting the trade expansion bill, Congress can give business the opportunity to participate

¹¹ Irving B. Kravis, "Wages and Foreign Trade," Review of Economics and Statistics, February 1956, pp. 14-30. Beatrice N. Vaccara, "Employment and Output in Protected Manufacturing Industries," the Brookings Institution, Washington, D.C., 1960, pp. 62-66.

in growing world markets and provide added job opportunities for our people.

Mr. Chairman, the people of Pittsburgh and people of the United States will benefit economically if we enact H.R. 11970. In the struggle against the international Communist conspiracy, the free world will be unified and strengthened if we enact H.R. 11970. I urge its adoption.

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

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

There was no objection.

Mr. HECHLER. Mr. Chairman, every Congressman must decide for himself how the pending trade bill affects his district. In the case of any trade bill, local interests are vocal interests. I want to describe for you the agonizing personal situation which I confront on this bill, in the hope that it might generate even more soul searching by my colleagues before we cast our votes on one of the most far-reaching measures to come to the floor since I have been in Congress.

Traditionally, the State of West Virginia is in favor of higher protective tariffs, and West Virginia has been voting that way increasingly since 1934. Beseated by economic woes largely traceable to absentee owners who have plundered our resources, the Mountain State has cried out in agony against cheap labor foreign competition which has seriously threatened many West Virginia industries. Can you blame us for turning to tariffs in order to hold on to what we have, and build on what we have for the future?

The Department of Commerce will make a study for you in your congressional district and your State showing what you export and what it is worth. That is small comfort to West Virginia, where we have the most precious export of all: people. Gary, Akron, Detroit, Columbus, Cape Canaveral—there you find the flower of West Virginia's youth. Over 40 percent of West Virginia's Korean war bonus was paid to young men with addresses outside of the State of West Virginia. What comfort can we in West Virginia derive from a bill which threatens to drain off more of our young people, as our Mountain State industries are increasingly threatened?

Yes, every Congressman must decide for himself what the economic impact of this bill will be on his district. I venture to state that there are few districts in the Nation where the industries and people are solidly against this bill as in the Fourth Congressional District of West Virginia.

The United Mine Workers stand firm as a rock against this bill. Listen to the president of the Mine Workers in a letter dated June 25, 1962, when he says:

The coal industry, the only West Virginia industry that so far has been able to successfully compete in the world market, has been barred from competition by oppressive embargoes and licensing programs of the Western European countries which constitute the free trade group and at the same time has been forced into ruinous competition with a flood of imported oil. I strongly

urge that when the Trade Expansion Act of 1962 comes before the House for action you vote in the interest of the people who selected you as their Representative in Congress by opposing the enactment of this bill.

Coal is the economic lifeblood of West Virginia. Coal is the political lifeblood of Congressman HECHLER, I might add. We tried to persuade the Committee on Rules to allow an amendment which might have helped protect our national security by guaranteeing a more continuous supply of that great energy resource, coal, but we lost out.

The greatest coal-producing county in the Nation, Logan County, has just been added to my congressional district, and yesterday and today the telegrams have been streaming in from mine workers pleading with me to oppose this trade bill—or at least to asphyxiate it quietly with that sweet-smelling motion which has been innocuously termed "1-year extension of the Reciprocal Trade Act."

Come to my office sometime and cast your eyes on some of the most beautiful hand-made, hand-blown glass in the world, made by the Blenko Glass Co., of Milton, W. Va., a few miles from my home. Here is a telegram I received last night from the Blenko Glass Co. imploring me to oppose the bill. The workers at Blenko and other plants in Culloden and Williamstown have written me piteous appeals to oppose the trade bill. The glass workers all over the State of West Virginia, those who made that fine glass which the First Lady showed you on her television tour of the White House—they are against this bill. The supporters of the bill say: Look at the relief we got for the flat-glass industry, but that does not help my art glass people any.

Start down the Ohio River from Pittsburgh and you will go through a potentially rich area in my district, but you will also find an area which is solidly against this legislation. Here is a telegram from the Wiser Oil Co. in Sisterville, against the bill. Going on down to Parkersburg, the American Viscose Corp. has a big rayon staple plant, and another at Nitro, W. Va., and together these 2 plants have 2,500 employees which can produce 40 percent of the domestic rayon staple supply. Fred Weeks, the Parkersburg plant manager, has corresponded with me and made several special trips to Washington to show me just how seriously this bill will affect those manmade fibers which the President's textile program has not succeeded in helping. I will ask consent to include a letter from Fred Weeks and a telegram from Mr. Weeks received late yesterday.

Then I have a large plant of the American Cyanamid Co. in my district. The officials and workers at American Cyanamid are good friends of mine. I have visited the plant and had lunch with them on several occasions. This plant plays an important role in the organic chemical industry. They have presented their case courteously and intelligently, but there is no question that they would be hurt by this legislation.

The Monsanto Chemical Co. has a large plant in Nitro, W. Va., the home-

town of Lew Burdette. Its officials have visited me. The manager and workers do not like the bill. In fact, they strongly and categorically oppose it.

In my hometown of Huntington, the Standard Ultramarine & Color Co., which has successfully manufactured organic and inorganic pigments for more than 50 consecutive years, strongly opposes the bill. There the jobs of 600 employees are threatened in the heart of an economically depressed area.

The lumber people in my Ohio River district are up in arms against this bill. The apple and fruitgrowers are up in arms. The candy and confectionery industry is up in arms. We have a little plant in Spencer, W. Va., which manufactures rubber heels and soles for the shoe industry, and they are up in arms. Here is a man in Parkersburg who sells electric porcelain, and he makes a one-man protest against Japanese competition. We used to have a marble plant in Parkersburg but it was driven out of business by foreign competition.

There are a few brave members of the League of Women Voters who support this bill, but this is a terribly undisciplined group which believes in free speech because here is a letter from a defector who writes from Huntington, W. Va.:

Although a member of the League of Women Voters, I disagree completely with their position on the Trade Expansion Act.

If there be many individuals who favor the Trade Act, I certainly have to root them out of their hiding places in ivory towers—the thinkers whose position in life is sufficiently firm to resist the swirling currents of the majority.

The election is a little more than 4 months away. There are no second prizes in the grim battle waged every 2 years in a swing district, and my district over the past 10 elections has gone Republican 5 times and Democratic 5 times. It is a district where a vote against the majority will of the people is automatically a big issue in the campaign. I am on Mr. MILLER's little list and Mr. WILSON's little list, and I am sure, as these respective chairmen of the Republican National Committee and the Republican congressional campaign committee go forth to wage battle, I will certainly be even more so now.

A Congressman must not only decide how his vote will fare in the election campaign, but perhaps more important he should consider how well he is representing his own district. By listening to and trying to understand the points of view in his district, a Congressman performs a useful function, but this must also be accompanied by education and leadership on the key issues.

At his press conference yesterday, the President of the United States indicated that passage of this bill is vital to the future of our country. The President is seriously concerned with improving our gold position, with obtaining the flexibility for America to make new trade bargains with the European Common Market, with stepping up our economic growth through our export market, with strengthening the free world in its search for additional markets, and

with forging the tools to combat the Communist trade offensive.

The issue here today is bigger than the congressional district of any individual Member of this House. The issue is whether America will be empowered to use the key which may well unlock a great economic forward surge, not only for the United States, but for the entire free world.

Now this comes back to the question of what this trade bill means to my district. I believe that the State of West Virginia, as we move into our centennial year in 1963, wants to be remembered not only as the State which produced the first pilot, Chuck Yeager, who broke the sound barrier, but also as the State which helped to break a great trade barrier. This is not an easy decision to make as I reflect on the hundreds of conversations and communications I have had around the Fourth Congressional District. My people do not want adjustment; they want to keep their jobs and expand them.

It would be very easy to go back to the office without making this speech, send some letters and press releases out on how I tried to save our people from the tentacles of foreign competition, and win overwhelmingly in November. But serving in Congress would get pretty dull after awhile if you operated "by the numbers" and stepped aside whenever a challenge presented itself.

Finally, I believe I am best representing my district when I recognize that many of my people want to play a part in this gigantic effort on behalf of peace and freedom through economic development.

I urge a vote against the Mason motion to recommit with a 1-year extension of existing law, and I urge a vote in favor of the pending bill.

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. WRIGHT].

Mr. WRIGHT. Mr. Chairman, the choice which confronts us today is perhaps the most important choice which will confront us this year. It is not an ideal choice. There are a number of provisions in this bill which are not satisfactory to me. There are omissions of things which could have made the bill more palatable. Perhaps you can understand something of the frustration that grips many Members of this House as a result of the closed rule which was adopted yesterday, depriving us of the opportunity to offer individual amendments. I did not favor that closed rule.

I should have liked the opportunity to vote on an amendment to relate the reductions in tariffs somehow in a direct and commensurate way to foreign wage scales in various industries for the protection of American industry and American labor.

I should have liked the opportunity to write into the bill some clear legislative assurance that the readjustment assistance provision would not conflict with or in any way disrupt our unemployment compensation programs in the various States. I have received personal assurances from the chairman of the Committee on Ways and Means to the effect

that this problem can and definitely will be worked out to the satisfaction of our States. I accept those assurances, but I would have appreciated still more the opportunity to write a clear guarantee of that into this bill today.

I would have liked the opportunity to vote on an amendment to help the independent producers of the domestic oil industry, beset by increasing import competition. The only solution to their problem lies in restricting imports to a definite ratio of domestic production. Having talked at length with various people in the executive branch, I believe this is going to be done. Yet it has not been done. I wanted a chance to see that it was done by amendatory language in this bill today. Those opportunities were not afforded me.

THE OVERRIDING CONSIDERATION

Yet when I lay alongside of these objections of mine the broad overall, overriding consideration of the future welfare of this Nation, I can come to no other conclusion than that I must support this bill.

While it is not an ideal choice that confronts us, it is a clear choice. It is the only choice we have today. It is the choice between moving ahead and standing still. It is the choice between grasping the initiative in world economics or becoming the victims of world economics. It is the choice between arming our Nation with the necessary tools to enter the new phase of economic competition or leaving our Nation disarmed.

This bill is not a wholly satisfactory bill to me. Perhaps it is not to any of us. It would be impossible to draft one which would be satisfactory to all of us. I hope that it can be improved by the legislative processes in the other body and in the conference committee. Yet, to all of those of you who, like myself, have certain individual objections to this bill, I ask you only to lay it on balance. Consider the welfare of our Nation and of our whole people.

THE BALANCE SHEET

On balance, we have always exported more than we have imported. Year in and year out, the dollar volume of our sales abroad has greatly exceeded the volume of our imports. More American jobs depend upon exports than could be adversely affected by imports. Trade is a two-way street. If we are to sell abroad, we must be willing to buy some things from abroad. We have far more to lose by decreasing our participation in world markets than we could gain. We have far more to gain by expanding our position in world trade than we could possibly lose.

As pointed out by an editorial in the Fort Worth Press on last January 28:

We sell to Western Europe more machinery, transportation equipment, chemicals, and coal than our total imports of these commodities from all regions of the world combined.

Thirty percent of our exports, amounting to more than \$4 billion a year in industrial goods and nearly \$2 billion in farm products, go to present and prospective members of the European Common Market. Our agricultural trade with Western Europe is 4 to 1 in our favor.

This is true for the United States as a whole. It is true for my State. Exports of manufactured goods produced in my own State of Texas came to \$336 million in 1960, according to Department of Commerce figures. The companies producing these goods employed 147,470 people. Agricultural exports grown in my State for the same year were estimated at \$446 million. Add them together, and the dollar volume of my State's exports of agricultural and manufactured products came to \$1,282 million. This exceeded by almost \$650 million the estimated value of imports sold in my State during that same year.

Now consider what can happen to these markets if Europe quit buying American products in great volume. The Common Market confronts us with the most dramatic challenge and the most dramatic opportunity which has faced us economically in years. They are drastically cutting long existing tariffs between their member countries. Where our goods have been competing satisfactorily, they no longer will if duties are drastically reduced on similar products from a neighboring European country but left intact on American goods.

Europe traditionally has been our Nation's biggest and best customer. European Common Market countries and Latin American countries between them have accounted for considerably more than half of the total purchases of American-made products. The European economy is growing. Europeans more and more are able to afford the things our factories produce.

If we can place ourselves in position to negotiate favorably with them, we can gain new customers and new markets and thus stimulate the American economy to greater growth.

We can create more jobs for American men and women to produce a fair share of the automobiles, the small aircraft, the machinery, and the consumer goods of all types which Europeans are buying in greater and greater volume.

But if we merely stagnate while they move ahead, we can find ourselves on the outside looking in. If we simply refuse to place ourselves in a competitive position, if we just sit and let these staggering developments pass us by, we shall see our balance-of-payments position faltering, our gold reserves declining, our leadership waning, and our economy shriveling as it seeks to feed only upon itself. This is the challenge.

TIME IS IMPORTANT

Such a challenge is new to our experience. Perhaps we are not ready for it, but it is upon us. This is why we cannot wait. It has been suggested that we just wait it out for another year and see what happens.

The gentleman from Illinois will offer a motion to recommit this bill and simply extend the present law for a year. But the negotiating powers contained under that law have already been used up. Therefore, there is no remedy in simply waiting.

We have little time left, little time to cope with the dramatic changes that are being made in the European Common

Market. We cannot wait another year. There was a time when we could conduct our diplomacy much like a game of chess, with each move and counter-move painstakingly thought out in advance. That time has passed. Today the tempo of foreign affairs is more like a game of table tennis.

CONGRESSIONAL AUTHORITY RETAINED

Finally, there is the argument that this will make a dictator of the President; that we are surrendering congressional controls and prerogatives. Some of the more violent lobbying opposition has even been spreading propaganda among some segments of the public that this bill would violate the Constitution. This, of course, is not true. Members of the committee, we are surrendering no congressional control. We are delegating under the Constitution those duties which we are charged by the Constitution with delegating. We are delegating them within certain clearly prescribed, congressionally imposed limitations upon Presidential authority.

This bill, as most of the membership knows, retains the escape clause and peril point provisions. It retains intact the national security provision of existing law. It even strengthens congressional review in the case of any matters wherein the President would determine that national needs were so crucial as to override the Tariff Commission. Previously it has taken a two-thirds vote for Congress to override the President on such matters. Under the bill before us today, this can be done by a simple majority vote of Congress.

Obviously, someone must be charged by the Congress with the responsibility of conducting the actual negotiations. Obviously, we as a Congress could not sit down individually with each of the legislative bodies in the other friendly nations of the world and in joint session work out point by point and item by item tariff reductions. This is the kind of thing that has to be done through negotiation. It is, as the name implies, reciprocal. It is a kind of quid pro quo. Therefore, someone has to be designated as our agent to work for us, to act in our behalf, within the limitations that we place on his authority to act in our behalf. Under the Constitution of the United States that can be no other person than the President.

It is not a question of whether the President is to be empowered. It is a question of whether our Nation is to be empowered. Trade is not only a two-way street. It can be a two-edged sword. Trade can be a powerful weapon. Anybody inclined to minimize the importance of trade to our total foreign policy should read an article written by Joseph Stalin shortly prior to his death, and printed in a Soviet magazine in December of 1952.

Stalin viewed the world crisis in terms of an inevitable trade conflict between the nations of the world. He assured his readers that free world unity would disintegrate over questions of trade, making certain the ultimate triumph of communism. In the intervening years, we have been proving his prophecy

wrong. We can continue to prove it wrong.

As was pointed out so well in an editorial which appeared in the Fort Worth Star Telegram on last January 15:

The strength of communism's challenge to the Western World lies in part in the trade unity which it has accomplished and the Western nations may be compelled by circumstances to seek on their own account a greater measure of interdependence * * * the potential changes in trade patterns forecast by establishment of the European Common Market and possible British association with it may require a rethinking of America's traditional aloofness. The lowering future may compel a greater Western unity in the interest of our common survival.

Mr. Chairman, though I am far from entirely satisfied with the bill as drafted, and as much as I would have liked to have had further amendments presented and written into the act itself, I do believe that this bill is in the interest of our common survival.

To those of you on my left, members of the other party, I say to you that we have but one President at a time. When Mr. Eisenhower was in the White House, I supported the moves to give him the weapons and the latitude he needed to conduct America's necessary foreign policy. We cannot do less for our present President.

Two years ago, I stood right here and pleaded for a bill in which our then President was deeply interested. I said then that he was my President because he was my country's President. I said that if he was embarrassed or hindered by a Democratic Congress in his efforts to deal effectively in America's interests with other countries, that I would be embarrassed. As I recall, I used the analogy of flying over the ocean in an aircraft. I said that, even if the pilot were not my personal choice, I certainly would not consider pouring water in the gasoline tank simply to embarrass the pilot.

I believed that then when Dwight D. Eisenhower was our President. I believe it today when John F. Kennedy is our President.

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

Mr. MILLS. Mr. Chairman, I yield 5 minutes to the gentleman from Oregon [Mr. ULLMAN].

Mr. ULLMAN. Mr. Chairman, one of the major objectives of the committee during its consideration of H.R. 11970 was to assure that the Trade Expansion Act of 1962 would contain adequate safeguards to protect the interests of U.S. agriculture, industry, and labor which conceivably could be injured by the exercise of the tariff-cutting authority granted in the bill. I will summarize the significant areas in which the committee took action to make more certain the attainment of this objective.

First. The committee provides in the bill for basic trade agreement authority to increase duties as well as to impose quotas.

Second. Agricultural commodities are excluded from the Common Market 80-percent authority. The authority to reduce by more than 50 percent any agri-

cultural tariff rate is subject to a finding that such action will tend to assure maintenance or expansion of U.S. exports of the like article.

Third. The committee bill provides that all reductions—except those on noncompetitive tropical articles—will be staged in five equal annual installments. There will be a phasing out of any reductions or eliminations therein so as to give every domestic industry concerned an opportunity to adjust to new competitive conditions.

Fourth. Foreign trade restrictions which have plagued the U.S. agricultural exporters were dealt with, first, by providing hearing mechanism so industry can bring its case to the attention of the President; and second, by requiring the President to suspend, withdraw, or prevent application of trade agreement benefits to nations discriminating against us where he finds such action consistent with the purposes of the act.

Fifth. The committee adopted provisions which would require the Tariff Commission to hold peril-point type hearings with respect to all articles listed for consideration in any proposed trade agreement. While the Commission would not be required to set peril points—which are unrealistic in certain cases—the Commission would give the President advice as to the economic impact of any proposed action. Public hearings would have to be held and interested parties given an opportunity to convince the Tariff Commission that any action with respect to a particular product would be injurious.

Sixth. The committee adopted a provision requiring the President to consult with his Cabinet before any trade agreement was entered into. The feeling here is that the impact of a particular agreement on a certain segment of the economy, whether it be in agriculture or in industry, should be carefully scrutinized by the department of Government concerned and specific advice thereon be given to the President.

Seventh. The committee adopted provisions requiring the President to set up a hearing process whereby American industry, agriculture, and labor could call to the attention of the U.S. negotiators those concessions which the United States should seek from foreign countries in any trade agreement.

Eighth. The committee adopted a provision requiring the reservation of articles from negotiation looking toward further reductions or eliminations in the duty on these articles. All articles on which the Tariff Commission found serious injury, but on which the President did not take escape action, would be reserved.

The committee was convinced that these articles, which have been subject to Tariff Commission findings of serious injury, should not be reduced further during the first 4 years of the operation of this bill unless within that time the Tariff Commission advises the President that economic conditions in the industries concerned have substantially improved since the Tariff Commission finding of injury.

Ninth. The committee provided for accreditation to the U.S. trade agreement negotiations for four Members of the Congress who would have the right to attend the negotiating sessions and observe the conduct of these negotiations. The committee believes that such a procedure will result in the Houses of Congress being better informed as to the effectiveness of the U.S. representatives to trade agreement negotiations.

Tenth. The committee provided for the appointment of a special representative for trade negotiations who would be the chief representative of the United States at any trade agreement negotiations conducted under the new law. The effort here is to repose in a single individual the responsibility of conducting U.S. negotiations and to provide that this chief negotiator would seek advice and information not only from Government agencies but from representatives of industry, agriculture, and labor.

Eleventh. The committee broadened the present Communist product provisions of the Trade Agreements Act with the immediate effect of requiring denial of trade agreement benefits to all products of all Communist countries, including Yugoslavia and Poland. The effect of such action will be in many cases to require that products from these countries pay substantially higher duties than products of favored nations.

Twelfth. The committee adopted escape-clause provisions which empower the President, after findings of the Tariff Commission, to adjust duties up to 50 percent above the 1934 levels or to impose quotas in cases where he determines that the industry concerned has been injured. The Tariff Commission is required to hold hearings at which interested parties would have an opportunity to state their case concerning the injurious effect of imports. They would also be permitted to argue for tariff relief and to show how other forms of relief are not feasible.

Thirteenth. In cases where the President does not take the action found by the Commission to be necessary to prevent or remedy serious injury, the committee provided for congressional implementation of Tariff Commission findings upon the adoption by the Congress by a majority vote of both Houses of a resolution approving the action found by the Commission to be necessary.

Commission industry investigations must be completed within 120 days—with a further 30-day extension possible. Investigations of individual firms or workers would have to be completed in 60 days.

Fourteenth. The committee adopted provisions which would afford relief—supplemental to, or in lieu of, tariff relief—in the form of adjustment assistance to adversely affect workers and firms. Firms would be eligible for technical assistance, tax assistance, and/or financial assistance. Workers would be eligible for retraining allowances and retraining. These provisions would be administered by the Secretaries of Commerce and Labor.

The committee expects that by the operation of these assistance provisions it will be possible for many companies

and many workers to make an adjustment which will ultimately minimize the impact of imports on the firms or workers concerned.

Fifteenth. The criteria for industry; firm or worker eligibility for tariff relief or adjustment assistance was changed by committee from the difficult language in original bill requiring prolonged and sustained unemployment, and so forth, to a simple test of serious injury.

Sixteenth. An Adjustment Assistance Advisory Board is established to coordinate the program.

Seventeenth. The definition of directly competitive articles was expanded so as not only to include an article in an earlier or later stage of processing—as was the provision in the original bill—but to provide further protection for agricultural producers as follows:

For purposes of this paragraph, the unprocessed article is at an earlier stage of processing.

This completely covers the problem of cherries and lamb as well as other similar articles and gives status to producers of the basic, raw product.

Mr. BOGGS. Mr. Chairman, I yield such time as he may consume to the gentleman from Tennessee [Mr. LOSER].

Mr. LOSER. Mr. Chairman, I rise in support of this bill.

Mr. Chairman, I should like to associate myself with the Honorable HALE BOGGS, of Louisiana, and the Honorable WILBUR MILLS, of Arkansas, in their remarks relative to the trade expansion bill now under debate in this Chamber. By reason of their long service in the House as members of the Ways and Means Committee, and their expert knowledge concerning the Cordell Hull Reciprocal Trade Act, I am constrained to join them in support of the bill.

Many of my people in Nashville have suggested that I support a motion to recommit the bill to be presented by the gentleman from Illinois, [Mr. MASON]. His motion will simply extend the expiring Reciprocal Trade Act for another year. Should his motion to recommit be agreed to, the present bill under consideration would be killed for the present. In that event the President of the United States would be compelled to rely upon the provisions of the Reciprocal Trade Act in dealing with the many problems presented by the European Common Market.

The gentleman from Illinois, [Mr. MASON], very frankly admits that he has consistently opposed the Cordell Hull Reciprocal Trade Act down through the years, and that his primary reason for offering the motion to recommit the present measure and revive the Reciprocal Trade Act grows out of the fact that the President's authority under it has been exhausted. This sort of thing would hamstring the President in his effort to resolve the complex questions presented by the Common Market.

If we are to get along in the cold war we must have peace on the economic front.

We cannot consume in this country the agricultural products produced in the United States, nor can we use all of

our articles of manufacture. It is absolutely imperative that we enter into agreements with the European Common Market countries for the sale of our surplus commodities if we are to survive economically in this critical period in our Nation's history.

Congressman MASON's motion to recommit the trade bill is equivalent to a repudiation of the trade agreement program. Even though the recommittal motion would extend the agreement authority of the 1958 act for an additional year, the fact is that the authority under the 1958 act has been substantially used up. A vote for the recommittal motion would be a vote against any trade agreements. At the present time, it is of the utmost importance that the President have the authority to enter an agreement with the countries of the European Common Market in order to bargain down their tariffs against U.S. commodities.

The bill reported by the Ways and Means Committee has very significant procedural safeguards for the trade agreement program. Under the bill, the advantages of our lower tariff rates under trade agreements would be denied Poland, Yugoslavia, and Cuba. This would not happen under the Mason substitute. In addition, the bill improves the procedure for escape-clause actions and peril point actions and provides additional categories of assistance to firms affected by increased imports through the trade agreements. These new forms of assistance will be particularly valuable in situations where the escape-clause procedure has not been feasible in the past.

Mr. Chairman, our colleague from Tennessee, Congressman HOWARD BAKER, has proposed an amendment to the bill which will be offered by the committee and, I am sure, will be agreed to by the House. It is a safeguard for businesses that may be adversely affected by imports. It provides that in all peril-point and escape-clause cases heard by the Tariff Commission, wherein an industry is adversely affected and the Commission recommends that the President raise duties or fix quotas on imports, and the President declines to act favorably on the recommendations of the Tariff Commission within 60 days thereafter, then, in that event, the Congress may, by a simple majority vote, direct the President to put into effect the recommendations of the Tariff Commission. This is a new and very effective provision of the Trade Expansion Act not heretofore found in the Reciprocal Trade Act.

For these reasons I feel that the bill is in the national interest.

Mr. BOGGS. Mr. Chairman, I ask unanimous consent that all Members have permission to extend their remarks in the RECORD on this bill.

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

There was no objection.

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

Mr. RYAN of New York. Mr. Chairman, I rise in support of H.R. 11970, the

Trade Expansion Act of 1962. This bill will replace the reciprocal Trade Agreements Act originally enacted in the first administration of Franklin Delano Roosevelt and renewed on 11 occasions thereafter, much of the time under the guidance of Cordell Hull.

Our trade program prospered under Reciprocal Trade Agreements. But the rise of the Common Market in Europe makes it necessary to revise our international commercial policies. New instruments are needed if the United States is to conduct successful negotiations with the Common Market on behalf of our industry and agriculture as well as on behalf of our commitments to the nations of the free world.

The Common Market principle has always had the active encouragement of the United States. It is, to a considerable extent, the outgrowth of the aid and assistance that the United States made available to the nations of Europe and Japan at the end of World War II. Now these countries have refurbished their economies and have taken their place as part of the free world's prospering industrial complex.

We shipped about \$20 billion worth of industrial and agricultural commodities overseas last year. Other nations sent us imports valued at \$15 billion. New York State ranked first in the Nation in 1960 in the value of its manufactured exports, which the Commerce Department put at more than \$1.4 billion in 1960. Of this total, \$309 million was exported from plants in the New York City metropolitan area, where 300 establishments employing over 200,000 people participated in the Nation's export trade. Chemicals, machinery, food products, fabricated metal products, and printing were among the diverse articles that were shipped abroad from the New York City area.

The Trade Expansion Act will give the administration the authority to reduce tariffs and to negotiate on an across-the-board basis, which is the new form of international bargaining.

These measures are designed to provide the United States with the means to stay competitive in the Common Market before that group's external tariff—combined with internal tariff elimination—confronts us with a commercial wall that our industry cannot surmount. Increased reciprocal trade is essential for the prosperity of the Nation and New York State and New York City. But we must recognize that increased imports will adversely affect some segments of our economy.

I do not believe consumers should have to pay the higher prices which result from higher tariffs—tariffs that support limited sections of the economy.

But I do believe that we must provide assistance to those who will make sacrifices under freer trade. That is the purpose of the adjustment assistance included in H.R. 11970. The assistance is designed to help labor and management reallocate their abilities and resources.

In order to meet foreign competition which has been able to lower production costs through advanced technology combined with low wages, American industry will have to increase productivity. If

the volume of goods produced remains static and is produced with fewer man-hours, there will be declining job opportunities, and layoffs. In this event retraining will hardly solve the problem. On the other hand, if the economy is dynamic, the hardships created by lowered tariffs should be alleviated.

We must relate the question of unemployment which may result from increased foreign competition to the existing level of unemployment.

In May of this year, Mr. Chairman, there were 3.7 million members of the civilian labor force without jobs and looking for work. An additional 2.3 million nonfarm workers were working less than full time in the survey week, for what the Bureau of Labor Statistics refers to as economic reasons. I believe we may safely translate "economic reasons" as meaning lack of work. In other words, total unemployment in May was 3.7 million, partial unemployment 2.3 million. The trend from April to May was full-time unemployment down only seasonally; part-time unemployment unchanged at a time when its normal seasonal trend should have been down.

When we examine how long these people have been unemployed, we find that among the long-term unemployed workers who had been without jobs for 6 months or more, the total remained unchanged in May at nearly 700,000 workers. This is some improvement from May of 1961. However, when we compare it with May 1960, we find that, whereas in May of 1960 the long-term unemployment was only 12 percent of total unemployment, in May of 1962 it was 18 percent of total unemployment.

What I am leading up to, Mr. Chairman, is simply this. When we consider the adjustment sections of the bill now before us, we should keep in mind that no program of loans, or technical assistance, or tax assistance to business or any program for the retraining of displaced workers so that they can find new jobs—none of these things—will prove of much assistance unless unemployment in general diminishes. There is little evidence that unemployment in general will diminish, unless the rate of economic growth in our economy is substantially spurred.

I am aware that, when the Secretary of Labor, Mr. Goldberg, testified before the Committee on Ways and Means, he stated that the number of workers who might be displaced by the proposed bill would be small, not in excess of 90,000. He felt that the number displaced would be more than offset by those who would find employment due to the expansion of job opportunities.

I hope that the passage of the bill will speed up our economic growth. I think that the outlook for such a favorable result in additional job opportunities is far less favorable now than it was when the bill was drafted last January. More and more we need to view the adjustment features as a compensatory offset for loss of employment, and not as a means of smoothing the transition to a new job. Where are the new jobs?

In considering the adjustment provisions, we should ask some hard ques-

tions as to their adequacy. For example, it is said that they will make it possible for firms affected by foreign competition to meet such competition by modernizing their buildings, equipment, or machinery or by adding to their supply of working capital. However, it is provided in section 315(e) of the bill that such assistance is not to be provided a firm unless the Secretary of Commerce shall determine that the assistance applied for is not otherwise available to the firm from sources other than the U.S. Treasury on reasonable terms, and, further, that the Secretary of Commerce must certify that there is reasonable assurance of repayment by the borrower. But any firm that can satisfy these provisions should be able to satisfy private bankers that it is a sound risk for a private loan. I hope that this provision will be construed liberally.

Then there are the provisions of the bill for retraining of displaced workers. Section 324 of the act would allow a man to spend a year or even more of his life learning a new job. During this time he would be out of work and subsisting on a training allowance, which cannot exceed 75 percent of his average weekly wage. This allowance may be quite adequate for a young man, the type of individual whom we usually consider for training. It compares favorably with the provisions in many apprenticeship programs. In fact, in comparison to some of these it is generous. I wonder how generous, however, it will seem to say, a 45-year-old pottery worker whom we might be retraining, to be able to fill some of the jobs which the Secretary of Labor has told us are in demand, for example, transistorized circuitry, inertial guidance, ferret reconnaissance, human factors science, gyro dynamics, or data telemetry.

I might also point out that the amount of training facilities in even much less specialized fields than these are very limited. I am certain that under the Manpower Development and Training Act every effort will be made to add to these facilities. However, they are unlikely to be located near the homes of the displaced workers. A great many of these displaced workers are mature men with families. It may be necessary for them to live for a period of a year or more away from their families while undergoing such retraining. What subsistence allowance does the bill before us provide for such workers? Five dollars a day. Five dollars a day, Mr. Chairman, and no specific allowance for visits to their homes during this period.

I fear we are still under the illusion that the unemployed are for one reason or another unemployed through some fault of their own and that they must bear their share of the responsibility by living while unemployed at a much reduced standard of living. We are dealing with those who will be unemployed because we have reduced the tariff barriers which have protected them in the past. They will suffer for the benefit of the country as a whole. We are asking them to make a substantial sacrifice, change their way of life, their jobs, their associates, to lose their homes, in many

instances to live apart from their families. At the same time we ask them to take a 25-percent pay cut and accept a \$5 a day subsistence allowance. Finally, when this retraining is over, will they find jobs? These workers will be for the most part mature men and without experience in the new field for which they are to be trained. What opportunity will they have to obtain work in an economy which is growing too slowly at the present time to absorb the new young workers who are entering the labor market at an increasing rate each year?

I am for this bill, Mr. Chairman. I am for training our workers. I believe we should do far more in the field of training and education than we have done.

I think that the problem is plain. It is a fundamental lack of growth in our economy. For years we have lagged behind other countries, both in Europe and elsewhere. That is why we have a balance-of-payments problem. That is why we have structural unemployment. That is why we seem in danger today of plunging into another recession. We never recovered, apparently, from the last two. You can have as much training, as many adjustment loans as you like. Unless the firms have orders and the workers have jobs, none of this will help. And unless our economy is dynamic, no one abroad will wish to negotiate any reduction of tariffs with us. To what end? One of the first things that happens in any recession is that foreign imports are reduced. But the matter goes beyond this. Without growth, without new jobs, this bill will not achieve its objectives. With its cushions, with its adjustment provisions, it will still not answer the need of the American worker. We must be actively concerned with the problems of persistent unemployment and inadequate economic growth.

Mr. Chairman, although the Trade Expansion Act is going to create problems, I believe that it will result in expanded world markets for American products and that it offers an opportunity for economic growth as we meet the challenge of the European Common Market. I urge its adoption.

Mr. BYRNES of Wisconsin. Mr. Chairman, I ask unanimous consent that the gentleman from Ohio [Mr. CLANCY] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. CLANCY. Mr. Chairman, I rise in opposition to the proposed legislation and intend to vote against H.R. 11970. I cannot vote for legislation that presupposes economic injury to domestic business and industry and the loss of jobs of our citizens.

The action of the Canadian Government to enhance their own economy will certainly affect our trade with that country. We do not know whether or not other countries will enter the Common Market at a future date. Furthermore, with the American Government importing foreign steel and our domestic steel industry working only at half of its capacity and paying benefits to unem-

ployed workers, we are in no position to enact legislation which will tie our hands for 5 years and allow other countries to dictate the future of our export trade.

The bill before us today will authorize the President to negotiate reductions of U.S. import duties by as much as 50 percent below levels in effect as of July 1, 1962. It would permit the President to exceed the 50-percent limit—or abolish tariffs completely—on items in which the United States and the Common Market account for at least 80 percent of free-world exports. It will allow the President to exceed the 50-percent limit for agricultural items in negotiations with the Common Market, whenever he determines that such an agreement will tend to assure the maintenance of expansion of U.S. exports of like articles. The President is authorized to reduce by more than 50 percent duties on tropical agricultural or forestry commodities whenever he determines that like commodities are not produced in significant quantities in the United States. The President may eliminate duties altogether when the rate is 5 percent or less. The bill would allow the President to negotiate on tariffs for categories, instead of item-by-item bargaining; and require tariff reductions to take effect gradually in at least five annual installments except for tropical agricultural products. The bill would require the Tariff Commission to advise the President concerning the probable economic effects of proposed tariff which would replace the "peril points" procedure in the existing law.

With respect to the adjustment assistance provision, it seems to me that this provision presupposes injury to portions of American industries and the loss of jobs by our citizens. As a most distinguished Member of the other body stated, the adjustment-assistance provision is similar to throwing an anchor to a drowning person.

Foreign trade has a direct impact on the economic life of every community. In 1960, the exports of manufactured goods from Hamilton County, Ohio, part of which is located in my district, amounted to \$78.7 million. Transportation equipment accounted for exports of goods valued at \$31 million in 1960. The nonelectrical machinery industry in Hamilton County represented \$25 million in exported goods during 1960. These two industries provided 70 percent of the total exports from Hamilton County and employed over 31,000 workers in these plants.

Tariffs in other countries are being raised against us. Our imports in America are increasing faster than our exports. The surplus in trade which the experts in the Commerce and State Departments say we enjoy, includes outright gifts of wheat and agricultural products and foreign aid, for which we receive no hard cash. When the recent GATT agreements go into effect, we will be the lowest tariff nation in the world.

We are today proposing further concessions to nations who have placed quantitative restrictions against the flow of goods being shipped to their countries.

The absence of reciprocity together with the delegation of tremendous power

to the executive branch are among the main reasons for my opposition to this legislation.

Mr. BYRNES of Wisconsin. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, first let me say that I address you and the Members of the Committee, and speak the opinion of one Member of Congress from Wisconsin and a member of the Committee on Ways and Means. I say to you, however, that as a Member from Wisconsin and a member of the Committee on Ways and Means that has labored with this bill for some considerable time, I will be glad when this day is over.

Mr. Chairman, there is no legislation that has come before the House of Representatives in the last several years that has given me more sleepless nights or more concern over seeking to arrive at what I could be confident was the right answer, than this particular piece of legislation. Quite frankly, I am envious of the President of the United States and those who have such confidence that this bill will work miracles. We cannot legislate or give anyone the power to work miracles, but if one is to believe the extravagant claims concerning what this legislation will do then certainly one would have no difficulty in supporting it. One would have no difficulty making up his mind what to do. From the beginning of the consideration of this, the benefits of the bill have been so extravagantly advertised as to make the Madison Avenue hucksters of a new toothpaste or a new detergent look like amateurs.

According to the advertised claims this bill will result in increased consumer welfare, increased employment, acceleration of the growth of the domestic economy, the maintenance of our economic leadership in the world, an end to the Communist economic penetration, assistance to the developing and emerging nations, the arrest of our balance-of-payments deficits, and an end to the drain on our gold reserves. And this is all going to be accomplished by enacting 26 pages of authority for the President to enter into agreements with the Common Market and other free world nations, to drastically lower or remove our tariffs in exchange for reductions in their tariffs or duties; and then about 56 pages of assistance to American firms and workers seriously injured by the increased imports into this country as a result of the concessions.

In a word, the attainment of the very admirable goals that I have just listed is to be achieved by the tariff reduction provisions of this bill. Of course, in and of itself it will do none of them. The bill could, on the other hand, produce opposite results. But I am also envious, very frankly, of my colleagues, like the gentleman from Illinois [Mr. MASON], and others who are apparently against any authority or any mechanism whereby the country can negotiate with other countries on the elimination of unnecessary trade restrictions. I envy those who believe that we can simply let nature take its course. If I thought that, arriving at a position to take on this par-

ticular legislation before us this afternoon would be very easy.

My sympathy, however, is with those who have not been able to so simplify the issue, because I find it extremely complex, yes, and frightening, no matter what we do. I see as has been pointed out here many times, the growth of the Common Market as a potential for strengthening the free world, but I also see it as posing problems as far as our economic health is concerned and the economic health of some of the other nations of the free world.

On the one hand a strong and prosperous Western Europe can be a great force in the battle that must be waged today in the world against the forces of communism. But let me caution you that unless there is a mutuality of concern, shared by the Common Market and the countries that compose it, for the economic welfare of the free world as a whole, then we are in serious difficulties. We are in serious difficulties as far as the United States is concerned.

Many of the speeches yesterday about the Common Market held out the glowing promise that may attend the development of this area within which there is free trade, but some of the aspects, I am afraid, seem to be somewhat soft-pedaled; and one of the aspects—and this is the essence of the Common Market—is that it is developing a free trade zone encompassing the members, but as a unit, as a market, it is a protectionist area. The net result of its formation is to make more difficult the access which our goods will have to that area.

Their external duties today, for instance, are the result of averaging the duties of the various countries that make up the market. And what has happened? Generally speaking, the average level of duties in the particular areas that our trade goes into are now higher than before.

Let me cite one example, West Germany, a potential consumer of American automobiles in the past. Their duty has been 16 percent, but under the Common Market, the Common Market duty on automobiles is 29 percent. That is the average of the Common Market.

In the last Geneva agreement we made a reduction in our duty on automobiles and the Common Market made a reduction in duty, but the big differential is still there. We did not even get West Germany down to the point that she was before we made our concession.

Those are things that worry me and frighten me about this situation.

I think if we consider this bill we must ask, How willing is the Common Market going to be to permit access of our goods to their markets on reasonable terms? Are they going to let our industrial goods enter their markets on terms equivalent to what we let their goods into our markets? So far, we have not seen evidence that they are willing to do this. One need just examine the last Geneva agreement to find that out. Furthermore, we start at a low base, as far as our bargaining power is concerned, while their duties are considerably higher.

That concerns me. There has been no showing of any willingness on the part

of the Common Market to start our negotiations at the same level.

Other questions: Will the Common Market permit our agricultural commodities to enter their countries on a fair basis? Are they going to continue their system of variable fees, which as far as I am concerned is a matter of rank discrimination against American agricultural commodities. They have not shown a very great desire on their part to let our goods go in on a fair basis and to eliminate their variable fees. In fact, there was a proposal before the committee, Mr. Chairman, that we not enter into any agreements with any countries until they have lived up to the agreements they have made with us under prior general agreements on tariff and trade. What were we told? That we would not dare put that into the bill because, if we did, we could not enter into any agreements because most of the countries had not carried out the agreements we had entered into and were discriminating. Therefore, we could not adopt that amendment. That is why I say some of these things concern me greatly just as I am concerned with the need for a strong free world and a unity and a mutuality of purpose. And I have a great concern as to whether we are going to have a mutuality of purpose. It is argued that is the reason for this bill, that we must give the President unprecedented authority to lower our duties in order to get concessions and to get access to the Common Market that has been created. Put more bluntly, the authority is needed they say, and I now use my own words, to buy our way into that market. But I ask—how much are we going to pay to get in and how reasonable are they going to be, and, more important, how hard or how soft are we going to be in insisting that they not only live up to past agreements with us but that we get a fair shake and a mutuality of consideration as far as the development of greater trade and economic expansion in the free world is concerned.

Let me add further. A serious question that keeps disturbing me is this: Even if we are successful in accomplishing the reduction of the external tariffs of the Common Market and getting access for our goods are concerned without the restrictions, how competitive are we going to be? Is it going to do us any good as far as the capacity to sell in the Common Market is concerned? We have heard in the past about the problem of dollars and the balance-of-payment problems; that they did not have the dollars to buy our goods and, therefore, we had to make concessions to them, so that they would have more dollars and then they could buy more of our goods.

Now, they have an excess of dollars. If they did not have an excess of dollars we would not be worried today about the balance-of-payments problem and the gold problem. But why are we worrying about it? We are worrying about it because these countries are building up dollar credits. They are not buying American goods. They get the dollars, but they are not spending them for American goods; they are keeping them in bank deposits, notes, or demanding

gold. That is why we have the balance-of-payments problem, the gold problem that we are talking about.

Are they going to be any more free to buy our goods just because they can sell a little more here if we lower our duty and their duties go down? That is a question that bothers me.

In many areas where the labor content of the end product is high we know we cannot compete. The hearings are replete with examples of our inability to compete on many items. Just check the hearings and look to the testimony of Mr. Walter Reuther, look to the testimony of the representatives from the teamsters' organizations. I will admit that Walter Reuther appeared before the committee in support of the bill, but he acknowledged that we could not compete unless changes were made in the wage rates in Western Europe, and he said he was hopeful that that would follow. But will it follow? These are some of the questions that have been running through my mind at night as I tossed on my bed rather than sleeping, trying to come to a decision as to what is right on this bill.

Yes; this bill is sold to us as a miracle drug, but there are many questions, Mr. Chairman, which we must ask. The big question is whether it will cure or whether it will harm the patient.

The issue before us, as I see it, is not whether the President should have authority and mechanisms to negotiate and bargain for expansion of trade. That is not an issue. Of course, we should.

The issue is how much authority is it wise to give at any one time?

The issue is how will the authority be exercised.

The issue is what reforms will we initiate outside of the area of tariffs which will permit us to be competitive, not only overseas in the Common Market, but also in the free markets of the world? And what will permit us to be competitive here in our own market with foreign goods coming into this country? What steps will we take?

So it seems to me that some of our crying needs today are reforms in areas that will give us more competition than the bill that is proposed here that deals just with duties, because none of us need worry about the level of duties, as long as we are competitive.

The issue is, I think, what philosophy will guide the exercise of the power given?

During the consideration of this bill I tried to cooperate to the fullest extent with the chairman of the committee and the other members of his side and the members on my own side of the committee. I tried to be constructive. I think the chairman will agree. I tried to be responsible in the positions I took. I had no purpose at all of frustrating any action by the committee to report this bill or extend the authority of the President.

I think every member of that committee will have to testify to the fact that tactics could have been used which would have made it virtually impossible to bring to the floor of the House the bill

at this time. Instead, we tried to facilitate it.

Let me say, Mr. Chairman, this bill is a great improvement over the bill the President sent up to us, and I should like to think I may have made some small contribution to those improvements. But I am not saying that the bill is not without very serious dangers.

To me, the most serious danger is the philosophy inherent in this bill, and the philosophy of those who are requesting the authority to have the negotiating authority. This philosophy represents in this bill a basic shift in attitude. It is that in negotiating restrictions in duties in the future the Executive need no longer be concerned with whether the reduction will seriously injure a domestic industry. It is the philosophy that certain U.S. industries—entire whole industries—are expendable, and the President will determine whether any industry is expendable or not. That is the basic philosophy and that is the power I worry most about.

The basic U.S. policy specifically set forth in section 6 of the present Trade Agreements Act has been that tariffs would not be reduced to a level at which there would result serious injury to the American industry making a like product. The U.S. negotiators were thereby required to consider the effect of any proposed tariff reduction on American industry. This bill proposes to abandon that policy.

Certain undesignated industries will be regarded as expendable. Our negotiators will be permitted to reduce tariffs to the point at which serious injury will result. And the President will not have to report to the Congress, as he does now under our peril-point provision. Under existing law, if the President goes below the peril point established by the Tariff Commission, the President has to justify this action to the Congress. But that will not be true any more.

The bill then provides adjustment assistance for the injured firms and workers. The U.S. negotiators—I will put this in quotes—are “bailed out” when they make “a bad bargain.” Notwithstanding the no-serious-injury policy, the duties on imports into the United States have been reduced between 70 and 80 percent over the past 25 years. You would think by some of the talk we have heard that we have been standing still as a great protectionist country, and have not been doing anything. We have cut tariffs between 75 and 80 percent. These tariffs are substantially lower on balance than the proposed tariffs on imports from the United States going over to the Common Market. Where the remaining U.S. tariffs are essential to protect an American industry and American jobs from serious injury, in my judgment no further reductions should be permitted.

The responsibility of avoiding such injury should rest squarely on the shoulders of our negotiators. The adjustment assistance provisions, whether for firms or workers, are not substitutes for jobs or businesses. American firms and American workers should not be called upon to sacrifice their business or their jobs for a dole.

If time permitted, I would quote Under Secretary George Ball, to show what the philosophy of this bill is. Mr. Ball in a recent speech in Bonn, Germany, apologized for the fact that we increased our duty on glassware and carpets, an industry that the Tariff Commission found was being seriously injured as the result of the lowering of duties. And, what did he say? That that is all the law will permit us to do. But, he said we have a bill going through the Congress and we do not have to do that any more. We can pay unemployment compensation to some of the workers for a while and we can make loans to some of the businesses which are injured, so that if anybody in the business of glassware or the carpet industry is injured, the President will not have to increase duties; he will have additional unemployment compensation for the workers and loans for the businesses. It is because of this philosophy, which goes along with the adjustment assistance, that the gentleman from Florida [Mr. HERLONG] and I introduced companion bills which would have continued exactly every wording of the negotiating authority contained in the bill reported by the committee as far as the right of the President to negotiate and the right of the President to declare new duties. That, as the chairman of our committee told us today, is the real important part of the bill that we should keep intact. But, we went back to the “no injury” basic philosophy, and we did not have this handout to buy them off, after we hurt them. By reinstating that “no injury” policy and eliminating the adjustment provision in the Herlong-Byrnes bill, it was our hope that this issue could be presented to the House so that the House could work its will. That, apparently, we cannot do. We were prevented from doing so by the rule and also by the parliamentary situation as far as the motion to recommit is concerned.

We have discussed the discrimination that will result if we pass this adjustment assistance as far as the workers are concerned, with the Manpower Training Act. I will not go into that. Someone may suggest that industries may not be hurt but firms are. If we do not have adjustment assistance, we cannot help the firms. But, I think that is begging the point.

Under the Manpower Act we have provision for people whose skills become obsolete, who are out of a job because of changing circumstances. The Committee on Education and Labor wrote into its committee report the fact that one of the groups we are going to take care of under the Manpower Training Act was who? Workers displaced by imports. We have the Manpower Training Act to take care of those workers today without the Committee on Ways and Means getting into a field that it has no business getting into, when the Committee on Education and Labor has reported out and this Congress has passed a manpower training bill earlier this year. If that act is not any good, changes can be made. Amend it. Bring it in, but let us not discriminate between workers, and let us not ruin by enacting here an ad-

justment assistance program that will practically lay at rest the Manpower Training Act that that committee worked so hard on. We also have the Small Business Act to provide loans for firms.

Now, what am I going to do on this bill? Mr. Chairman, that is the problem I have had to face.

Mr. Chairman, I think the only way to get rid of these provisions is to send this bill over to the Senate, but not the bill as reported by the committee. I think the thing to do is to send an extension of the present act over for 1 year. That would give the Senate of the United States a vehicle on which to work its will. They can have the advantage of that work which has been done by the committee on the 26 pages relating to the President's authority, and let them take a good look at the 57 pages. This bill is not going into hiding. The Senate will have it to look at, and they can act on it.

I am against letting the authority expire. I think we have got to keep it alive. I would not vote for a straight motion to recommit. But I think this, at least, gives us an opportunity to send a vehicle over to the Senate. When the Senate works its will, it will go to conference. We have a chance to take another look at it; some of these sections certainly should not be in any bill from the Ways and Means Committee. That is my objection to the bill as it was. I was hopeful we could consider it on its merits. We cannot. Therefore, let us at least send it to the other body and the Senate can work its will.

Mr. Chairman, it is argued that some of us want to kill this bill. Mr. Chairman, I do not. I say to you, I say to the chairman of the Committee on Ways and Means, and all other Members, if the motion to recommit does not prevail and it is turned down, I am going to vote to at least send the bill reported from the committee over to the Senate.

I do believe, Mr. Chairman, that we must give the President some authority, but I do have very serious questions about the philosophy of this new bill and about some of the provisions contained therein. I think the best way to solve the concern that I have is to see to it that I do not put the stamp of approval on it in the first instance. My protest shall come through a motion to recommit, which will send the present law over there, extending it for a period of 1 year, and thereby we keep the matter alive. We then can take another look and see what the Senate has done, having the advantage of this debate, having had the advantage of the work of the Ways and Means Committee. When it comes back from conference we can see where we go from there.

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

Mr. MILLS. Mr. Chairman, I yield the remainder of the time allotted to this side to the distinguished Speaker of the House, the gentleman from Massachusetts [Mr. McCORMACK].

The CHAIRMAN. The gentleman from Massachusetts is recognized for 8 minutes.

Mr. McCORMACK. Mr. Chairman, I want to congratulate the Members on both sides of the aisle, without regard to what position they have taken on this bill, who participated in the debate. Certainly, the debate has been in accordance with the highest traditions of the House of Representatives.

Mr. Chairman, I listened with special interest to the remarks of my friend, the gentleman from Wisconsin [Mr. BYRNES]. In all frankness, I must sharply disagree with the gentleman in the premise that he takes in relation to the motion to recommit. In my opinion that would be a vote of "no confidence" in the Ways and Means Committee presided over by the distinguished gentleman from Arkansas [Mr. MILLS], as well as a vote of "no confidence" in the other members of that great committee. Also, in a sense, it would be an abdication of our own responsibility as one of the coequal branches of the Congress of the United States. In other words, the gentleman from Wisconsin [Mr. BYRNES] suggests that we take a negative course to bring about what the gentleman hopes would be an ultimately affirmative result along the lines of the gentleman's position.

The parliamentary situation is certainly not the fault of the Speaker. Parliamentary situations such as the gentleman referred to may exist. I refer to that so that there will be no thought in anyone's mind that there was any parliamentary maneuvering employed by the majority party directly or indirectly to prevent the gentleman from Wisconsin [Mr. BYRNES] from being recognized to offer his motion to recommit.

Mr. BYRNES of Wisconsin. Mr. Chairman, will the distinguished Speaker yield at that point?

Mr. McCORMACK. I am happy to yield.

Mr. BYRNES of Wisconsin. I certainly want to confirm that I had no intent to implicate the majority leadership or the members of the majority or the Speaker in that particular comment.

Mr. McCORMACK. I know that; and I am glad the gentleman made that observation, because if there was any vagueness in the remarks that I made that might justify such an inference, it certainly was the farthest thought from my mind. The gentleman's observation removes any possibility of misunderstanding in that respect.

This measure was developed in the Committee on Ways and Means. A recommendation and a bill came from the President, and the bill was introduced. That occurs in all administrations. The members of the Committee on Ways and Means, by bipartisan action, conducted hearings and then held long executive sessions. The bill that came out of the committee is before the House at the present time and represents bipartisan thinking and bipartisan action. It is distinctively a committee bill. There may be some provisions in it that I may not like, or some other Member may not like. But if we look at the bill in its entirety, certainly it is a bill that is about as good as has ever been reported out of a committee, having in mind particularly the

difficult subject involved in this legislation.

We are justified in looking at the bill as a whole. Certainly those who favor this legislation can say that at least 95 to 98 percent of the provisions of this bill are sound—I believe 100 percent. But if there is some slight disagreement, those who support this bill—and I am speaking now from a bipartisan viewpoint—may well say that 95 to 98 percent of the provisions of the bill are sound.

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

Mr. McCORMACK. I am happy to.

Mr. HALLECK. I hope our beloved Speaker will agree with me that if the motion to recommit prevails the measure would go to the other body and hence a vote for the motion to recommit, assuming it prevails, is not a vote to kill the bill but may be interpreted as a protest against some of the provisions which I may say to the gentleman I do not like in the committee bill.

Mr. McCORMACK. I cannot agree with my friend on that premise. I said it would be a vote of lack of confidence in the Committee on Ways and Means, and it would be a vote equivalent to the House abdicating its affirmative responsibility. I think the logical thing would be to send the bill, under these circumstances, over to the other body. Then the gentleman from Wisconsin and others can try and urge the Senate to amend the bill to eliminate the provisions they object to; then let that go to conference. That is the affirmative way of handling the situation rather than the negative way which has been proposed.

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

Mr. McCORMACK. I am happy to yield to the gentleman.

Mr. MILLS. This bill is a revenue bill; it affects duties. Under the Constitution such legislation must originate in the House of Representatives. I feel certain that my good friend from Indiana does not mean to convey the thought that we should send over there a simple one- or two-line bill, and trust to the other body the responsibility of correcting it. Would it not be better to send the bill itself to the other body? Then the other body will have to go through this bill line by line, word by word, and make such changes as it sees fit to make in the bill. Those changes could then be resolved in a conference, in which the gentleman from Illinois, and the gentleman from Wisconsin, along with some others, would represent the House, in all probability.

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

Mr. McCORMACK. I yield to the gentleman from Indiana.

Mr. HALLECK. Certainly I appreciate the observation of our very able chairman of the Committee on Ways and Means, but I would just like to point out that whether it is a short bill or the committee bill the other body is going to work its will. I would hope if it is the committee bill some of the provisions which I think are highly objectionable would be taken out. As far as I am concerned, and as one who has through the

years supported the extension of the Reciprocal Trade Agreements Act, and who wants now to be in a position to promote foreign trade for our country, my view is that the best way to wind up with a bill that is in the best interests of our country is to vote for recommitment.

Mr. McCORMACK. With all due respect to my friend from Indiana, I still think the position I have stated is correct. First, the adoption of the motion to recommit is a vote of "no confidence" in the Committee on Ways and Means, in a sense, indirectly. Certainly it is an abdication on the part of the House of its affirmative responsibility. The thing to do is to send the bill over to the Senate, let the Senate amend it, and then let the bill go to conference.

I strongly urge the rejection of the motion to recommit, and I equally strongly urge the passage of the bill.

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

Mr. ALEXANDER. Mr. Chairman, the importance of the legislation now before us and the significance of the action we are about to take are, I believe, manifestly clear. Today, on every front, our Nation's preeminent position of world trade leadership is seriously and immediately challenged: Competition in world markets becomes more difficult for us each year; we are currently running an extremely dangerous balance-of-payments deficit; the European Economic Community, potentially the world's largest trading area, looms before us posing a great peaceful challenge to our trading stature; we are confronted by the threatening and hostile trading challenge of the U.S.S.R. which questions the very existence of our economic way of life. In the face of these challenges and in response to the impending expiration of the Reciprocal Trade Agreements Act of 1958, we are called upon to find real and lasting solutions to our country's foreign trade problems.

With all due respect to the Ways and Means Committee, which labored long and carefully over the proposed trade bill, I am constrained to say to you now that the changes proposed by this bill are so fundamental and far reaching and the expert views expressed before the committee so divergent yet convincing as to demand that we proceed on this matter with great deliberation, much freedom of action, and the utmost caution. Clear, cogent, and, I believe, dispositive, arguments compel us to extend the present Reciprocal Trade Act for 1 year while recommitting the proposed bill for further study.

In the first place, a great deal of the mystery and uncertainty which now surrounds the EEC should disappear within a year's time. Indexes as to the composition of the Common Market, especially with regard to the proposed entry of the United Kingdom into the trading network, should then be easier to read. Another year might render intelligible the sincerity of the market's alleged desire to lower tariffs externally. This sincerity is presently questioned in view of her recent action on carpets and glass and in light of the impending imposition of variable levies, both moves

being labeled by many as giant steps toward protection. In short, I would say that the general air of urgency has been overemphasized and that our bargaining position will not be seriously impaired by delaying action on highly conjectural matters for 1 year.

Second, I point to the dark and ominous cloud which presently hangs over our domestic economy. Many doubt that we can remove this cloud or cure the existing ills of our economy merely by injecting a little more life into an activity representing only 3.8 percent of our national product. Even more believe that if the market becomes further clouded by import competition at this time, companies are likely to take retarding steps of cost reduction rather than the desired expansionary measures of building new plants and enlarging existing facilities. We know all too well that fear may discourage even normal expansion. Before passing this controversial and conjectural trade bill, let us strive to remove the present cloud and recoup recent losses.

Third, I call your attention to the regrettable uncertainty now existing with regard to our Nation's textile industry, whose importance to our national security has been labeled second only to steel. It is readily admitted that any primary injury from implementation of H.R. 11970 will fall upon import-competing industries, and it is clear that our textile industry is an import-competing one. In spite of the President's wisely proposed and urgently needed seven-point program for textiles and despite some concrete steps toward implementation, uncertainty prevails with regard to textiles because of the Tariff Commission's tardiness in acting on proposed elimination of the 8½-cent equalization fee on cotton and because of the resulting indefinite status of our long-term Geneva Agreement on Textiles. Within a year's time the status of these matters will no longer be in doubt and we may not face even the remotest danger of damage to or obliteration of our vital textile industry.

A fourth factor, closely related to the textile situation, is the general defense posture of the United States. Under conditions of national emergency practically every industry is essential for our survival. An additional year of study will help us to determine whether or not strong tariff protection is generally necessary, even at the expense of more inefficiency in the national economy, because of the greater cost of not having domestic sources of supply during emergencies.

Fifth, I would remind you that considerable doubt prevails over the number of workers who might be hurt, over the number of jobs that may remain unborn because of import competition, and over our ability to compete successfully with foreign industry which has moved rapidly into our own technological dimension while facing none of our wage, hour, child-labor, or antitrust laws. These matters readily lend themselves to a year of intensive study.

As a sixth area which calls for caution and deliberation on our part, I point to the argumentative and disputatious

adjustment assistance provisions of the bill. The mere presence of these provisions in the bill and the extended testimony in committee attest to the fact that there will assuredly be short-run adverse effects on individual businesses and workers. We cannot expect these injured individuals and businesses to philosophically accept their fate and to gladly offer themselves as sacrifices on the altar of an abstract thing called the national interest. Perhaps we cannot justify as a governmental function the total destruction of a segment of American industry or the shifting of manpower from one great industry to another or the uprooting of families and the moving of them to distant communities. Perhaps the pain and cost of such a transformation, even if it results in an overall gain for our economy, is far too great. We must not take lightly our responsibility in these areas. None of us seeks to create an extended Federal dole. Nor do we want to federalize our individual State systems for paying unemployment benefits. An additional year can, I believe, be wisely and expeditiously used to strengthen safeguards in these areas which affect certain of our citizens in such a significant and vital manner.

Finally, I would stress to you the obvious fact that it is a vastly broad and sweeping authority which we are asked to give to the Executive. Although this power would not, I am sure, be lightly taken, yet, if we are to fulfill our constitutional mandate, we must take every precaution to delegate our authority with fitting and proper guidelines.

In closing, let me make it clear that I do not oppose new and bold solutions to new and challenging problems, but in matters so fundamental and far reaching, I believe that caution must be our watchword. Recommitment for a year of intensified study will not damage our bargaining posture; it can and will clarify the vital issues we now seek to resolve.

Mr. BRADEMAS. Mr. Chairman, one of the most respected newspapers in the State of Indiana and in the Midwest is the South Bend Tribune, which is published in the congressional district I have the honor to represent.

During the last several weeks and months, the South Bend Tribune has published a series of editorials which, in my judgment, are among the most thoughtful and intelligent discussions that I have seen of the trade legislation we are today considering in the House of Representatives. Each editorial is addressed to a different aspect of the issue.

I include at this point in the RECORD a number of these editorials from the South Bend Tribune:

[From the South Bend (Ind.) Tribune,
Jan. 26, 1962]

WE CANNOT STAND STILL

President Kennedy's special trade message to Congress yesterday was easily the best of the batch of communiques that have been flowing from the White House to the Hill since Congress reconvened.

It clearly established the challenge facing America in the world market.

It clearly detailed the remedies.

It was a clear call to action.

The message repeated the President's earlier request for strong tariff-cutting power, but the most interesting portion of it was devoted to the problem of what to do to help industries and people that will inevitably suffer from the change.

Mr. Kennedy, it seems to us, was exceptionally wise in the recommendations he made. Disavowing any "subsidy program of governmental paternalism," he called for attacks on this problem to be launched at three levels.

On the level of entire industries, he asked the retention of escape clause and peril-point provisions for temporary, industry-wide relief.

On the level of individual companies, he urged tax and depreciation allowances, again on a temporary basis, to give troubled companies time to make their own adjustments toward new competitiveness.

On the level of people, he called for extended unemployment compensation benefits for those who are thrown out of work as a result of increased imports. Other suggestions involved job retraining and financial help for workers who want to move to area of employment that will be strengthened by the changes.

In short, Mr. Kennedy recognized that the trade changes he seeks will create a problem that legitimately calls for remedies at the Federal level. At the same time, he resisted the temptation to seek corporate and individual subsidies which, far from solving the problems, would only insure that they stay and stay and stay.

Critics of the administration program already are concentrating their fire on the tariff-cutting power Mr. Kennedy is seeking. They call it one more "power grab."

Actually, Presidents have had tariff-tampering powers since 1934, and the last big extension of such power was granted to Mr. Eisenhower in 1958. Mr. Kennedy wants more. He doesn't want something new.

As for the challenge, the President pointed again to the existence of the European Common Market, the god that is forcing the United States into action.

He put the challenge well:

"We cannot ourselves stand still. If we are to lead, we must act. We must adapt our economy to the imperatives of a changing world, and once more assert our leadership."

To that we say "Amen."

[From the South Bend (Ind.) Tribune,
Mar. 12, 1962]

INDIANA AND THE WORLD

Several interesting facts were highlighted during the recent Governor's conference on foreign trade.

And even though the Indianapolis conference was quite frankly designed to promote State support for President Kennedy's tariff reform proposals, facts are facts. Even diehard protectionists, we think, can find food for thought in these:

Fact No. 1: Indiana ranked 10th among the 50 States in the value of its exported manufactured goods in 1960, the last year for which complete figures have been assembled.

Fact No. 2: The value of the manufactured exports totaled \$483.6 million.

Fact No. 3: More than 300,000 Indiana workers in 1960 held jobs in 312 Indiana industries with substantial exports.

Fact No. 4: On the agricultural front, Indiana exported farm products worth \$149.3 million during the 1960-61 crop year.

President Kennedy has warned that current U.S. export business will be seriously hurt if this country doesn't take steps to maintain and substantially improve its ties with the European Common Market.

Indiana, obviously, would be among the most seriously hurt.

[From the South Bend (Ind.) Tribune, Mar. 27, 1962]

AN UNDERESTIMATED THREAT

In attempting to sell his trade program to Congress, President Kennedy has dwelled time and again on the danger to the United States of a united Europe with which we did not have close economic ties.

Is the danger legitimate, or is it an empty threat to dangle over Capitol Hill?

In St. Joseph a few days ago, members of the Economic Club of Southwestern Michigan heard a speaker who thinks the threat is not only very real but, if anything, underestimated.

He's Nate R. White, former financial editor of the Christian Science Monitor and now editor of the American Banker.

The European Common Market, he said bluntly, shows signs of becoming a new empire, "the greatest empire the world has ever known."

If America turns its back on this empire, he warned, Europe could retaliate so effectively that the United States would become "a third-rate economic and monetary power within 5 years."

On the other hand, a unified Europe—alone or in cooperation with America—will be a political buffer to the expansion of communism.

If Mr. White is correct, this country had better start buddying up to the Old World. As soon as possible.

[From the South Bend (Ind.) Tribune, Apr. 20, 1962]

TOWARD CONFEDERATION

The foreign ministers of six European Common Market nations sat down in Paris this week to talk about political, as well as economic, unification.

The talks quickly got snagged in a dispute over Britain's role in unification negotiations. The six ministers closed their briefcases and went home.

This week's incident delays, but does not scrap, the movement toward a political union of European states. The Paris meeting, in fact, is apt to prove far less significant in the long run than a conference of the ministers held earlier in the month in London.

At that meeting West Germany and Italy—both of which had been pushing for a supranational federation of European countries—indicated they are now willing to settle for a looser confederation that will leave member countries more of their traditional powers over internal affairs.

The two countries, in effect, capitulated to France's version of what form European unification should take. Britain also has expressed interest in a confederation.

That's why this week's Paris snag may prove relatively unimportant. The drive toward confederation is expected to keep going, and results may come sooner than many Americans think.

For the United States this prospect is one more compelling reason why Congress must act on President Kennedy's trade proposals during this session.

The time to get in on the blossoming European market is now, before Europe raises her own protective barriers. A year from now might be too late.

[From the South Bend (Ind.) Tribune, Apr. 24, 1962]

HOW TO MEET FOREIGN COMPETITION

With the administration's free-trade proposals under discussion in Congress and commanding much attention throughout the country, it is worth everyone's time to take a look at the U.S. automobile industry.

It offers a striking example of how Americans react to foreign competition in the domestic market when the chips are down.

The chips were down in 1959 when imports threw a mighty scare into the American industry by selling 614,000 vehicles in the United States.

The story of the rise of the compacts and medium-sized vehicles in the U.S. industry is now well known. But what has this done to stem the tide of imports? Are not imports still taking a big bite out of the domestic sales pie and thereby cutting into American production, sales and jobs?

Let's look at the record.

Sales of imports were down last year to 379,000. At the current rate of sales, imports are attracting only one of every 20 new-car buyers compared to one in ten 3 years ago and one in sixteen last year.

Add to this the fact that registrations of imports in the first 2 months of this year were 3 percent below the registrations in January and February of 1961 in the face of a 29-percent sales gain for U.S.-made autos and the picture of how the U.S. industry is recovering comes more clearly into focus. The rougher going for the imports is further reflected in the fact that the number of dealers handling foreign cars had shrunk from a high of 15,000 in 1959 to approximately 12,000 at the end of last year.

Facts like these tend to support the contention of free-trade advocates that U.S. industry can take care of itself in the domestic markets.

How to compete in foreign markets is another problem. But given a fairer chance to compete, American industry ought to be able to do better.

[From the South Bend (Ind.) Tribune, May 21, 1962]

THREAT OR OPPORTUNITY?

As the United States moves haltingly toward new legislation that would tear down many of the country's traditional trade barriers, a nagging question continues to bother a lot of Americans.

Can this country compete against lower wages abroad?

One respected businessman who thinks the answer is an unqualified yes is Eric Johnston, a former president of the U.S. Chamber of Commerce. In a recent article, he makes four solid points to support his optimism.

One cites a study which showed that when the average Japanese worker was making 22 cents an hour, his opposite number in America was making \$1.95. But the Japanese was turning out 30 cents worth of merchandise in that hour, while the American was producing \$3.19 worth.

The "wage gap," Johnston observes, is closing—not rapidly but steadily. In 1960, for example, the increase in gross hourly earnings in this country was 5 percent. In Germany it was 12 percent, in France 11 percent.

Moreover, Johnston points out, production is only one part of the competition picture. U.S. distribution and sales techniques give this country a big edge in the world market.

And last but not least, Johnston sees foreign competition as a spur to U.S. industry to find new and better products, and new and better ways of making them.

For this businessman, in short, freer world trade is not a threat but an opportunity.

[From the South Bend (Ind.) Tribune, May 23, 1962]

ROUGH WATER

The administration's trade bill, having made a highly successful voyage through the House Ways and Means Committee, is about to enter the much rougher seas prevailing on the floor of the House.

The legislation to expand the President's tariff-cutting authority is scheduled to go to the full House before June is many

days old. If it can survive that passage, the worst probably will be over.

The bill is specifically designed to permit the United States to set up a realistic economic partnership with the European Common Market.

On a recent television program President Kennedy said this about the importance of the legislation: "What we have to do is to have the tools to negotiate with that market, so our goods can get behind their tariff wall."

Otherwise, Mr. Kennedy warned, this country's favorable balance of trade will be in jeopardy. That balance, it's well to remember, ran almost to \$5 billion in 1960.

Why all the urgency to push the legislation through this session of Congress? As Mr. Kennedy put it, "We're either in at the beginning, or we're never going to get in."

The President then called the trade bill "the most important piece of legislation before the country this year."

He's dead right.

Mr. Chairman, one of the most interesting and illuminating discussions of the trade bill appeared in a recent television program, "CBS Reports: Breaking the Trade Barrier," which was shown on May 24, 1962.

I include at this point in the RECORD the transcript of this television broadcast:

BREAKING THE TRADE BARRIER

DAVID SCHOENBRUN. This is the 23d CBS report of the current season, in which the 35th President of the United States, John F. Kennedy, and the 34th President, Dwight D. Eisenhower, will state their views on how America must face the promise and the peril of the European Common Market. But other voices will also be heard, for this challenge affects all of us.

HAROLD HOBSON. This trade act is way completely over my head. All I know is, that I have a problem here, and I don't know how I'm going to meet it.

WILLIAM LUDWIG. It's not a Common Market. To us, it's a come-on market. In other words, you come on here and share our market that we've built up.

TIM WIBLE. It's my opinion that free trade, the Common Market, is good for America, so it's good for me.

CHRISTIAN HERTER. I think, in our own long-range interest, it's absolutely necessary that we go step by step with the Europeans in the creation of this vast, joint market, so to speak, from the point of view of increasing trade, increasing prosperity, increasing ability to help less developed nations. I think it's an essential, and that there is really no alternative to it.

CARL GUSTKEY. We are experts by experience in this business of world trade, because we've been burned. It's time that we told Mr. Secretary So-and-So in Washington off, when he accuses us of being economic illiterates, economic boobs, and mental midgets, just because we oppose legislation before the House Ways and Means Committee.

ANNOUNCER. Now "Breaking the Trade Barrier." Here is CBS Chief Washington Correspondent David Schoenbrun.

FATE OF THIS NATION

Mr. SCHOENBRUN. The fate of this Nation, and sometimes the world, has been on great occasions, decided under this Capitol dome. Today, we are living through another of those great moments in history as the Congress prepares to vote on the Trade Expansion Act, a bill designed to meet the challenge of the Common Market. It aims to break the barriers and clear away the paper jungle that obstruct trade among the otherwise free peoples, so that there might be created an economic community of five hundred millions, the most powerful the world has ever known.

HISTORIC BARRIERS

The history of the United States has always been closely linked with that of Europe: A Europe divided by walls between the nations. Men from England, France, Holland, Spain, and other countries carried the mentality of the wall with them when they came to America and formed the Original Thirteen States with tariff walls between them. Pennsylvania had a protective tariff on liquor. In Virginia, it was sugar, liquor, coffee, and tobacco. New York, gold watches and horse-drawn carriages. Massachusetts, leather goods, plated ware, vehicles, and so on. In 1789, the Founding Fathers and the Constitution knocked them down, and the United States became the first common market. America was able to grow economically as more and more States joined the free Union, but as she grew, Europe remained bound by its protective walls. In 1939, World War II began the final process of demolition, convincing devastated Europe that some sort of unity was necessary. This resulted in the formation of the European Coal and Steel Community in 1950, leading directly to the Treaty of Rome in 1957, when Jean Monnet and others demolished the walls between France, Germany, Luxembourg, Belgium, Holland, and Italy, creating among them a Common Market. But even as neighbors removed the walls between them, they moved to build a new common wall against outsiders. That's one reason why Great Britain, Denmark, Norway, and others now want to join the Common Market. If that market is extended to include all of Europe, then what emerges are two huge supermarkets—Europe—and the United States—two strong trading blocs facing each other. What is the answer? Leaders of America and Europe say: "Tear those walls down." In the words of President Kennedy: "Trade or fade."

"TRADE OR FADE"

In order to trade, the President urgently needs the approval of Congress, for the current Reciprocal Trade Act expires next month. This bill, H.R. 9900, is the President's request for new powers. It would grant unprecedented powers to eliminate all tariffs on a wide range of commodities—cars, refrigerators, airplanes, where America and Europe are the world's dominant suppliers. All other goods could be cut across the board, up to 50 percent over the next 5 years. The controversy over H.R. 9900 reaches into every American factory and into almost every home. It touches our newest industries, such as jets and automation. It reaches way back to our oldest industry, glassblowing. In West Virginia and Ohio, the glassblowing tradition still continues pretty much the way it was three centuries ago. Europeans, too, still work glass pretty much as they did for ages, but the wages are much lower than Americans are paid, so that for glassmen, the words "low tariffs," "Common Market," are dirty words in such cities as Bellaire, Morgantown, Moundsville, and the other towns of the Ohio Valley. The city of Bellaire, Ohio, with a population of about 11,000 is in Belmont County, a county where 15 men out of every 100 are unemployed. Bellaire is a one-industry town—handmade glass. Three weeks ago, at a protest meeting of 400 workers and wives, who came from nearby West Virginia and Pennsylvania plants, the workers expressed their concern to Congressman JOHN DENT, Democrat, of Pennsylvania, a former glassworker, himself, now chairman of a subcommittee concerned with bill H.R. 9900.

NATHAN BERGER, Congressman DENT, I wish you would take a good look at these two goblets. One of them is made in a foreign country, made in West Germany, selling in Abraham Straus, Brooklyn, N.Y., store at a cost of \$1.30. I have an exact duplicate here—a goblet made in this country, in the Fostoria Glass Co., selling on the market for a price of \$2.75. You can readily see what

the manufacturers in the United States have got to put up with, in order to compete with foreign imports into this country.

"WE WANT JOBS"

PAUL BENNINGTON. If Congress passes the H.R. 9900 bill in Washington as we see it we believe that the glass—the hand plant glass industry will be doomed. And I, I just can't understand how they could pass a bill to eliminate your workingman's job.

Mrs. MILDRED HAMCO. It seems to me that the American public has been doing all the giving and some other nation has been doing all the taking. I think that the American worker is being dealt with fast and loose. Our jobs are being exported to foreign countries whose wage scale is far below ours. In Japan, for instance, the wage scale is 25 cents an hour. Now, if we could live on a bag of rice, that would be fine and dandy, but I think we are used to meat and potatoes here in the good, old United States. We want jobs. There is dignity in having a job. We do not want to stand in line and wait for a check. So, when you go back to Washington, you tell your colleagues to put that door back on its hinges; it has been flapping in the wind just a little too long.

Mr. SCHOENBRUN. Congressman DENT is ready and willing to carry the word back to Washington.

PERCENTAGE OF JOBS LOST

Congressman JOHN DENT. This is the first time in the history of the United States of America that Congress has been asked to vote for legislation which spells out in the legislation that certain industries are expendable and certain numbers of jobs, workers, are to be displaced. How can any conscientious Congressman, coming from some area other than an industrial area such as this, vote to take your job away simply because his people are secure? There are only 4 percent of all the American corporations that export even 10 cents' worth of their products. Yet, these 4 percent industries are, today, dictating to the 96 percent of American corporations that have to live within this economy. This means that the IBM's, the Gillette Razor companies, the Ford Manufacturing Co., and G.M.C.—all of the rest of them—these are the corporations that have plants scattered all over the world. Back as far as 1954, 30 percent of all the imports coming into the United States were financed by American corporations overseas. Lord knows how many there are today and you can't find out. I can't believe, or conceive, in spite of all of the high-powered pressure being put upon Congress and upon the people of this country, I can't conceive of the Congress passing H.R. 9900 as it is now written, and if it is passed, I can't conceive of any President putting it into force as it is now written, because if he does, I can assure you that either Congress will be called back to repeal it within 2 or 3 years, or we will have the most disastrous economic breakdown in our history.

Mr. SCHOENBRUN. That's the feeling of the glassmakers throughout the Ohio Valley. Yet, ironically, Germany and Italy are two of West Virginia's and Ohio's best customers for products other than glass. The West Virginia coal industry employs 43,000 miners who work in the world's most highly automated mines, and nearly 9 million tons of its production, each year, go to stoke the expanding prosperity of its glass competitors, Germany and Italy. Every day, endless miles of coal hoppers carry the ore to the great port of Hampton Roads, Va., and much of it goes to one of West Virginia's best customers, the Italian steel industry. Without its foreign coal customers, West Virginia, probably the most depressed area in America, would be in even worse trouble. And as for Ohio, even while 550 glassworkers of Bellaire ask for more protection from competition abroad, Ohio

ranks fourth among our States in goods manufactured for export, directly employing over 600,000 of its citizens to fill its foreign orders. Wean Engineering, in nearby Warren, Ohio, makes steel processing equipment, does 58 percent of its total business for the export trade. E. W. Bliss, with a plant in Salem, and this one in Canton, exports its heavy machinery, mostly to Germany and Italy. Both Wean and Bliss sell their products to Fiat, which spends nearly \$3 million for parts in Ohio alone, and as the Italians point out, they thus provide work for more people than there are in Ohio's hand glass industry.

HORNBLLOWERS ON BANDS AND BICYCLES

H.R. 9900 affects hornblowers as well as glassblowers. Elkhart, Ind., is the wind instrument capital of the world—or was. But the winds of trade have blown a sour note which reaches right into Elkhart High School. That clarinet, which was being tested with the Colonel Bogey March, at the Conn Instrument factory will not necessarily end up in the Elkhart High School Band of a hundred and twenty pieces. Specifically, this clarinet was manufactured in the Selmer plant in Paris. Many musicians in the band and in the 29,000 brass bands across America do use Indiana instruments, but the ratio to low-cost horns coming from France, Germany and Italy, is growing less. William Ludwig, a big drum man, sang the industry's blues to Congress.

Mr. LUDWIG. Why, last year, alone, the sales of band instruments in this country—14 percent of all brass instruments were made abroad, and 39 percent of all clarinets were made abroad. Now, I ask you, is that going to be good for America to have band instrument plants close down, gradually eliminate jobs and put people out of work? And this is what I told them down in Washington. I told them that Elkhart, Ind., and other factories in Chicago, Boston, Elkhorn, and Wisconsin, could be very well wiped out.

Mr. SCHOENBRUN. But everyone doesn't play the same tune. Paul Richards, who manufactures clarinets, tubas, and drums, says that Elkhart can compete.

PAUL RICHARDS. You'll find that musical instruments are made today in almost the same manner in which they were made 10, 20, 30, 40, even 50 years ago, and while other American industries have kept up with advanced materials, advanced manufacturing methods, and new ways of producing good products, in many cases, I'm afraid we in the music industry have not kept up like we should have. It's about time that a good American manufacturer starts to develop a good American woodwind line, so that's what we've done. We have a key right here that, made the old way, required 28 operations, and under our new system, our new material, new manufacturing process, we'll make this complete key in 7 operations, and yet it'll be a far better, more durable, and better performing key. We believe that this is the way in which we can compete in a free market, compete against our own American competition, and compete against the Common Market competition, and in fact, possibly even get a little piece of the Common Market business ourselves.

Mr. SCHOENBRUN. Music isn't the only industry hurting in Indiana. There is also the bicycle accessory business. As Glenn Boxell of Marion says:

GLENN BOXELL. It took us 10 or 15 years to educate the bicycle makers in the United States—I shouldn't say educate—I would say to get them convinced that they ought to put a horn on a bicycle. We designed one that would fit inside their tank—just like that—operates on a single flashlight cell, and we got it moving in good volume. The first thing we know, we go back for a repeat order on one of the bigger bicycle makers in this country, and he says: "Oh, don't you

know? We're not buying your horns any more. We're buying this one." Well, you have to look at it with a magnifying glass to find a mark that says "Made in Japan" on it, and that's what we've been running into for 5 or 6 years.

Mr. SCHOENBRUN. Roy Alexander in Anderson says the tile business is also in trouble.

PROTECT OR DIVERSIFY?

ROY ALEXANDER. They say that we want a tariff so the other country can't sell in this country. That is not at all true. We want a tariff to equalize their costs with our costs, so we can keep our worker at American wages. We can't do that the way it is now. If we have protection, sure. If we don't have the protection, we won't live long enough to wait till their wage scale gets up to ours.

Mr. SCHOENBRUN. Post hole diggers and garden tools are also feeling the pinch of foreign competition in Indiana.

Mr. HOBSON. Just look at those two post hole diggers. This is mine and this is a copy the Japanese have sent back at us. Mine sells for \$6; the Japanese for \$3.50. It's really a problem.

Mr. SCHOENBRUN. Mr. Hobson, do you have any other line that you make in this factory that the Japanese can't compete on?

Mr. HOBSON. We're always alert to any opportunity to make a buck for Seymour. We have tooled. We've brought in the very latest machinery that we can possibly bring, in an effort to meet this situation. We purchased a drill press—radial drill that was made in Italy. We were able to buy that for approximately \$8,000; whereas, the American manufacturer had to get \$20,000 from us. We also have a saw, gang rip saw, that we bought from West Germany, that we bought for \$6,600, and the equivalent of which the American manufacturer would have to charge us about \$20,000.

Mr. SCHOENBRUN. Well, then I imagine that American tool manufacturers must be complaining, as you are, of your buying these foreign machines?

Mr. HOBSON. If they aren't they certainly should be, I would say.

GREATEST GOOD FOR GREATEST NUMBER

Mr. SCHOENBRUN. But trombones, tiles, and bicycle horns are but a small part of Indiana's huge gross State product of almost \$13 billion a year. It's America's 10th largest exporting State, and the low tariff advocates point out that the few thousand jobs it might lose to foreign competition are more than compensated by jobs created through foreign sales. Europeans are not only breaking through trade barriers, they are breaking through mountain barriers like this tunnel under the Mont Blanc, separating France from Italy, and they're using American machines and diesel engines costing millions of dollars, and providing jobs for thousands of Americans in the Cummins plant of Columbus, Ind. The Perfect Circle Piston Ring Co., of Hagerstown, Ind., exports millions of dollars worth of rings to a long list of customers, such as Fiat in Italy, Daimler-Benz in West Germany, and many others. The examples go on and on from pharmaceuticals and tractors to field crops and livestock. Gov. Matthew E. Welsh has to weigh the profits and losses of H.R. 9900 as it affects all of Indiana.

Gov. MATTHEW E. WELSH. We must remember that Indiana has almost \$500 million of foreign trade a year, and we cannot afford to jeopardize the tremendous business that's involved here, both in agriculture and in industry, just because of a few instances where we know there is going to be hardship result. If we did attempt to save all of these isolated instances, we could very well seriously jeopardize the whole export trade of the State, and the net result would be a substantial increase in unemployment, a substantial drop off in this business. Now, I

don't mean to say that we are not concerned about the welfare of these individual cases where we know that some hardship may well result because of increased competition, and certainly, we are concerned with the measures that are going to be taken by the Congress to see that these people—that the injury that they suffer is in some way ameliorated, but, nevertheless, we have to remember the basic concept that we must do what is good for the greatest number of our people, for our economy, for our society.

CAPEHART OBJECTS

Mr. SCHOENBRUN. As we've heard, Governor Welsh is for the President's bill, but Indiana's Senator HOMER CAPEHART is against it.

Senator HOMER CAPEHART. We've always had a policy in this Nation that if a man's business was injured or harmed and men lost their jobs, we raise the tariff, or invoke quotas. That has been abandoned completely. We're going to say under this proposal: "That if you can't compete, it's too bad. You go out of business. And if you, Mr. Wageearner, lose your job, it's too bad. We'll try to find a new job for you some place. We'll move you from one town to the other." Now, I'm opposed to that policy, because we cannot compete in many, many instances with foreign nations with their low wages, their low tariffs—taxes, and other rules and regulations. That's what I'm opposed to. Now, the idea that we can increase jobs by increasing our exports is 100 percent correct, but by the same theme, every time we increase exports, we mean we were going to increase imports, and every dollar's worth of imports that come in here loses a job for someone. And then I'm opposed to the fact that it gives the President of the United States 100 percent control of foreign trade. There's no restraints in the proposal. There's no vetoes on the part of the Congress. He, and he alone, runs it, and if he makes a mistake, God help us.

BIG BUSINESS BENEFITS CITED

Mr. SCHOENBRUN. The Senator says—Don't let any one get hurt. The Governor of Indiana says—We've got to go with the greatest good for the greatest number. Labor Department figures show that only 300,000 American workers hold jobs that risk injury from foreign competition; whereas, 4 million citizens earn money from export industries, which are also high wage industries. The aviation industry is a forceful symbol of breaking down tariff barriers. And the jet airplane is a big reason why the State of California is one of the largest exporters to the Common Market countries. Douglas DC-8 jets are turned out for Alitalia Airlines, Scandinavian, KLM Dutch, Japan, Swiss Air, and so on, amounting to over a half billion dollars in sales, and creating tens of thousands of jobs in 48 States and in over 4,000 different factories, which supply parts to Douglas. Many of these suppliers are probably unaware of the extent to which they are involved in exporting. In each jet, there are 75,000 pounds of aluminum—from Alcoa in Davenport, Iowa—from Reynolds in Louisville, Ky.—from Kaiser in Trentwood, Wash. Among the jet's 140,000 separate manufactured parts are 36 miles of electrical wire, much of which comes from Clinton, Mass.—the automatic pilot, from Sperry in Long Island—weather radar from the Bendix Corp. in Baltimore—landing gear struts, Cleveland Pneumatic Tool Co. in Cleveland—and, of course, those four job-making engines at a quarter of a million dollars each, from Pratt & Whitney in East Hartford. Further up the west coast, in Seattle, Boeing with its 707's, is an even bigger exporter—111 jet passenger liners at \$6 million each, for Air France, Sabena, Lufthansa, BOAC, and Air India.

When one checks the lineup of the pros and cons on the trade bill, one discovers, without surprise, that the pros are the in-

dustrial giants who sell to the world, and the cons are mainly the small handicraft businessmen who cannot compete with cheaper foreign labor and who look to tariffs for protection. There is a particular irony to the fact that the very symbol of Americana, the baseball glove, is threatened by imitations made in Japan. This is the Matsukan factory in Kazo City, about 70 miles north of Tokyo. It makes gloves and mitts for America's national pastime, in a small rural plant, whose average wage of 72 cents a day is particularly low, even for Japan. The gloves sell for half the price of the American mitts, and have cornered almost 50 percent of the American market. But not every American company, hurt by foreign competition, is against the trade bill. Such is the case in Bell & Howell, whose chairman of the board, Charles Percy, is a strong advocate of free trade, although his business is frequently hurt by it.

BUSINESS STANDS ON ITS OWN

CHARLES PERCY. In 1946, after the war was over, we decided to go into the still camera business, and then we tooled and produced this particular camera, and when we priced it out, the price was several hundred dollars higher than the German cameras against which we were competing, and though we did try to reduce the price, we were not able to bring it down low enough. I suppose the thought occurred to everyone, well, it's unfair. We can't compete. We'd better go to Washington and have the Government ball us out. We decided not to do that. I think the tendency of businessmen, sometimes, to try and say the Government should get out of business, and then on something like this, run to Washington to ask for help, I don't think is wise. We decided if we had made a mistake, we would rectify it. We had a million and a quarter dollar loss on this camera some 10 years ago when we closed it out. We decided after that, that we would enter markets where we knew we could compete much more successfully, and in the end, offer the kind of a value to the customer in Bell & Howell products that will justify their purchase and not ask for, certainly, any kind of governmental protection to keep us in the business that we couldn't economically stay in.

Mr. SCHOENBRUN. Mr. Percy, although you lost about a million and a quarter dollars on that, you still favor the Trade Extension Act and more and more free trade between our country, the Common Market and even Japan?

Mr. PERCY. Yes; I think it's essential that this Nation trade with the free world. I think that a standard of living depends upon it, because a standard of living depends upon the wages people receive, but also the price they pay for the products, and the American consumer should have the privilege of buying a product any place that it's made in the free world, so long as the product can be made available to him.

Mr. SCHOENBRUN. Mr. Percy, you just came back from Japan. We've heard lots of complaints from American manufacturers that the Japanese pay 28-33 cents an hour, and it's unfair competition. What are your views on that?

Mr. PERCY. Well, it is tough competition, on occasion, but I think that as an industrialist, I would have to say that the cost—the hourly cost of labor is only one factor of cost. We had a dramatic illustration of that ourselves. Before the war, we produced this camera, which is the lowest priced camera we made for about * * * and sold it for about \$50, and our average cost of labor before World War II was 40 cents an hour, and we thought after the war, when our labor cost was much higher, we'd never again be able to produce a \$50 camera, and yet we set the engineering division—our research department to the task of producing a camera for less than \$50. This is

a "Sundial" camera, far superior to this camera, with a meter which this one doesn't have, and sells today, when our labor cost is 500 percent greater, sells for 20 percent less, less than \$40. In principle, this is the same thing that the icemaker had to do years ago when the refrigerator came in. It's the same thing that the buggywhip maker had to do when the automobile came in. It's the same problem that the maker of towels, or of handkerchiefs has when Kleenex or paper towels come into vogue. If the customer wants that product, then the manufacturer has a problem. And I would say that on the whole, science and technology has had a far more profound effect upon the changes and shifts and adjustments that business must make in the national and consumer interest than their effect of imports which I think have been somewhat exaggerated.

WIDE SUPPORT OF TRADE BILL

Mr. SCHOENBRUN. The Capitol dome has looked over many strange sights, but none more unusual than the sight of men from the U.S. Chamber of Commerce and the AFL-CIO walking together to testify in favor of trade expansion. One of the most articulate and diligent advocates of this Democratic bill has been the Republican, former Secretary of State Christian Herter, who is at one and the same time an advocate and a critic of H.R. 9900.

ESCAPE IMPOSSIBLE

Mr. HERTER. I have always felt, very strongly, that the greater the movement of trade in the world, the better for every one. That means removing the barriers to trade. This has been the policy of the Eisenhower Administration from beginning to end. When you say I testified against, I testified only against a part of the bill, which to my mind, might well vitiate the effectiveness of the bill, and that is the escape clause, which permitted the President, on the recommendation of the Tariff Commission, to increase certain tariffs on industries that he thought, or parts of industries that he thought were being injured. That is being retained in the present bill, and in my opinion, it will be almost impossible, if not impossible, to reach agreement with the Common Market countries, with an understanding that we have an escape at any time from what, in effect, would be a fixed commitment on tariffs. That, to my mind, would be unworkable in negotiations, and unworkable in practice, and very unfair to industry, because industry, itself, is going to have to make adjustments, and if they never know whether the rules of the game are going to be changed overnight, the adjustment process is difficult, and to my mind, it complicates any possibility of reaching an effective partnership with Europe.

Mr. SCHOENBRUN. Well, as a conservative Republican, you seem to be far more liberal than the President, himself, in this tariff question?

Mr. HERTER. In this respect, yes. In this respect, I feel that if you make a bargain, we are going to have to stick by the same rules that the Common Market is going by. Once you have made a decision, it sticks.

COOPERATION WITHIN THE FREE WORLD

Mr. SCHOENBRUN. If Christian Herter is the Republican expert on the trade bill, then former President Eisenhower is the senior statesman of the party, indeed of the Nation, on this issue, with which he has been deeply concerned since he organized the defenses of the West a decade ago. In his study at Gettysburg, he spoke to us about the Common Market and its architect, Jean Monnet.

Mr. EISENHOWER. One of the men in Europe that's done the most to bring this about, because he's never let up for a second, has been Jean Monnet. As you know, he was on one of your shows recently, and he is

really the father of economic union in the "inner six." Jean Monnet's contribution to peace through this path that he's followed so tortuously and so vigorously will be recognized some day. As a matter of fact, I'd like to see them give him the Nobel Peace Prize, because he's just the kind of man that deserves it.

Mr. SCHOENBRUN. Mr. President, we found a certain confusion about this whole area of economic union, Atlantic union, that there'd be some kind of one government for the Atlantic world?

Mr. EISENHOWER. Well, of course, we, in our present situation, must recognize the establishment of the Common Market, as a challenge to our ability to export, to have a prosperous economy both at home and a profitable trade abroad, thus making the economy of the free world stronger, and making it impossible for the communist ambition to weaken us, economically, and destroy us piecemeal. It cannot be realized. Therefore, as we examine into the questions of our relationships with the Common Market of Europe, as now established, and make our plans for it, we're not talking about a United States of the world, or the Northern Hemisphere, or of the Pacific and the Atlantic whatever. We're talking now about getting the economic coordination and agreements, and you might say, the removal of every kind of impediment to freer and better and more profitable trade. That's what we're trying to do. We must do it with the certainty that one day we must bring Western Europe, the North American Continent and Japan, very important, get those three so operating that we are the leaders, productive leaders of the free world that can supply the needs of the rest of the world in goods, manufactured goods, in reaching some industrialization of their own, and to raise their standards of living everywhere.

Mr. SCHOENBRUN. Sir, you've laid particular stress upon Japan as well as the European Common Market. Could you explain that?

JAPAN'S CONTRIBUTION

Mr. EISENHOWER. Well, Japan is—comprises something like a hundred million people on a very small area. I believe that their arable area is about something like two-thirds that of California. Now, here's a people who must trade for existence. They must get in raw products, manufacture them well, and sell them at a profit, and that's the only way they can live. If we do not make it possible for Japan to do this in great areas in which they can make a living, there's only one place for Japan to go, and that is to be tied up to the Communist areas of Eurasia. If that happens, then all of that productive power and their genius, because they are a very energetic and very adaptable people—all of their power, economic power will swing over to the other side, and now we would be left with almost an insoluble problem, because the balance would be very badly disturbed, so we must have Japan as one of the partners in this proposition, because they cannot completely live by exports to Formosa, Philippines and the Southwest Pacific, and even into India. They have got to have world trade, just like we do.

LONG-TERM WISDOM VERSUS SHORT-TERM HODGE-PODGE

Mr. SCHOENBRUN. Sir, during your term of office, I imagine that you had many problems connected with this trade question?

Mr. EISENHOWER. Well, the problems, as they came to me, dealt only with the tariff, and indeed, more often than not, with very small examples of need for tariff because of the size of the industry. The first one I can recall involved briar pipes, and they wanted an increased tariff, and by the way, I might give you a little sidelight on that. I was visited by a manufacturer of briar pipes, apparently one of the important ones. I've forgotten his name—and he said to

me—he said: "You know, we really don't need this additional protection and for this reason." He said: "We've forgotten during the war years that we had any competition. There was none. We were the only ones that were making them, and so we lost all our ideas of salesmanship, of production, of economies, of efficiency." And he said: "Now, we just want to go along with these inefficient methods." And he said: "You were absolutely right in refusing to do it." And this was a manufacturer of briar pipes that told me. It was very heartwarming. But then there were such things as spring clothespins, which involved a very small industry up in New England, but important to those towns where the industry went on. Then there were bicycles. English bicycles were just worrying us to death over here, because they were making a very good one, a very lightweight one that our kids all loved, you know. Another was Swiss watches. Another was tung oil and tung nuts, and another was almonds in the southern California area. All of these things were small industries, but each one thought they ought to have special protection. Actually, that is from a national viewpoint, we can't afford that kind of action. We've got to find the things we do best; we must do those. We must put our emphasis on them and sell them to the world. We've got to make provision for others selling to us, or we never can sell to them.

Mr. SCHOENBRUN. Let me ask you this, Mr. President. In talks over the past weeks, in Washington, with many Members of Congress, and all, to find out how they feel about this, I have heard quite a number of them say, "Well"—the Republicans, that is—"President Eisenhower is still our spiritual leader, leader of the party for us, and we look to him for advice and for guidance." What advice and guidance do you give the Republican Party and your fellow citizens as they face this decision of economic partnership with Europe?

Mr. EISENHOWER. Well, when we get centered on our own prosperity, our own hopes of a little better price for our bicycles, or something else, we forget to think, to remember that the other fellow has the same kind of aspiration and need, even, and possibly the need in those other areas are much greater than in ours. So I tell my Republican friends they must not listen and obey every single demand made upon them for increasing that tariff, or refusing to lower this one, and so on, because if they do, we will have just a hodge-podge, because they're not looking at this thing from the standpoint of the Nation's best interest. That is what we must do, and we don't want short-term, just selfish interest for the fast buck, as they call it. We want long-term wisdom applied to this problem. This is going to be hard-ship. There's going to have to be a re-training. I think the unions and the businessmen themselves must do most of it. We just have to be more intelligent and more understanding, not only of this human problem of the particular individual at home, but of the national need to buy as well as sell.

Mr. SCHOENBRUN. This report began in a glass factory in the Ohio Valley. It ends here at the White House, with the President of the United States.

COMMON MARKET POTENTIAL

Many people seem confused, Mr. President, when we mention the Common Market. They seem to think you want to join the Common Market. What is your objective?

Mr. KENNEDY. Well, the Common Market, of course, is going to be the unity, ultimately, of the great productive countries of Europe, and this can have the most far-reaching beneficial consequences to us, because the strengthening of Europe has been a basic policy of the United States since the end

of the Second World War. They form the greatest growing market, in a sense, in the world. They have very few refrigerators compared to us, very few cars, very few television sets. They're going to be a tremendous market. Now, what we have to do is to have the tools to negotiate with that market, so that our goods can get behind their tariff wall. When Franklin Roosevelt first put in the reciprocal trade, and it was passed in President Truman's administration and other times—President Eisenhower's—we dealt with a number of different countries, individually. Now, we deal with one great trading unit, which may be larger than the United States, and which is growing faster than the United States, and can be the most extraordinary source of strength to us, and what I'm concerned about is, that we might get locked out of that market, and then what will happen is, that American industrialists, instead of investing here and selling their goods in Europe, will say, "Let's build a plant in France, or Italy, or Germany," and we'll lose the capital, the gold and the jobs. Now, will we be over that and through that wall or not—that's the question. Now, this may seem like a rather academic or economic argument, but look at agriculture. We sell to Europe about \$1,900 million worth of our agricultural commodities. We only bring in \$200 million. About 25 percent of all the things we grow in this country get shipped abroad. Now, if we can't get into that market, every farmer in the United States, cotton, tobacco, peanuts, wheat, grain, everything will suffer, and if we can't get into the market with our automobiles, we can't get in with machine tools and all the rest, we'll lose a tremendous market, which is very essential. Then, we will lack the dollars to pay to keep our defense commitments in Europe and around the world. What people don't realize is, that the United States has had a great balance of trade. In the last 12 years we've probably the only country in the world that has sold more than we've bought, every year except one. We can compete. We're selling to Western Europe, today, twice as much as we buy from them, so we can compete with them. Their wages are going up now fast, and we've got all these resources, and I think we can go in there and meet them as we have in the past, head on, but if we have to pay a tariff, in addition, those jobs are going to Europe.

KENNEDY CITES PROTECTIVE CLAUSES

Mr. SCHOENBRUN. Mr. President, what about your fellow citizen who's going to get hurt, even if it is good for the Nation? What do you say to him?

Mr. KENNEDY. This legislation provides, I think, greater protection for our employment than we've ever had in the past. We continue the peril point and the escape clause. We are talking in regard to the Common Market only about those goods where we and the Common Market produce 80 percent of the world's supply, and they are goods where we are selling on the average, twice as much to Europe, as we are buying from them. In those areas, and this has happened for many years since we began, where people have been affected by imports, but for the first time in this legislation, we provide assistance to companies to modernize, as I've said. We provide retraining. We provide unemployment compensation if anyone is adversely affected. Today, the company may just go broke and the people out of work. What will come of this will be increased employment by those industries, as a matter of fact, which pay the best wages. And I think what is perhaps most important is, it is a non-partisan piece of legislation. It belongs to the Republicans as much as the Democrat. Mr. Herter, the former Secretary of State, was a leader in this present effort. General Eisenhower has fought for it, so that I believe we have a good chance.

PRESIDENTIAL POWER

Mr. SCHOENBRUN. Well, sir, you know that some of your critics are saying that there's an attempt to bring too much power to this desk—that you will decide just by yourself, without any check at all, on how we trade and what businesses can be kept in and put out of business. What could you answer to that?

Mr. KENNEDY. Well, we have not asked for more power than we need, and to be honest with you, it is not a power, particularly, that is especially welcomed, but how else are we going to carry on a negotiation with this great market unless someone goes, and speaking for the United States, says: "Here's what we're prepared to do. What are you prepared to do?" And the fact is, that if we fail—if we don't get the legislation, or if we get the legislation in a form where we're hamstrung, we'll be shut out of this market. We're either in at the beginning, or we're never going to get in, and I think that—that's why I regard this as the most important piece of legislation before the country this year.

POLITICAL NECESSITY AS WELL AS ECONOMIC

Mr. SCHOENBRUN. Mr. President, when you said "Here's what I'm prepared to do. What are you prepared to do?" I assume you're talking about much more than tariffs?

Mr. KENNEDY. We talk about the economic, but there's also the political. At a time when Russia and China are dividing, and the Communist world, Albania, the Soviet Union are having great difficulties, here is this tremendous rise in power of Western Europe, and Western Europe and the United States will be the greatest productive power the world's ever seen. We cannot permit ourselves to be separated from them, and have all of the effort we've made for so long, to have this powerful, free Europe, move away from us, rather than with us, and in addition, all this affects Latin America a great deal. Latin America depends on the Western European markets. If they're shut out of the Common Market because of this tariff wall; if we're not in a position to assist them in coming in too, you'll have governments going bankrupt right and left. So it involves our national security as well as our economic well-being.

EUROPE'S FAIR SHARE

Mr. SCHOENBRUN. Sir, is it your purpose and your hope that over and above trade and business, that the Europeans who are now prospering, largely thanks to our help, will help carry a part of the share of helping the developing nations?

Mr. KENNEDY. Now, we've been carrying this load a very long time, and I don't suggest that we should lay it down, but I do suggest that there are others who have now become prosperous, whose gold balances have been built up—I'd like to see them bear the burden. This is not a private struggle. This is a struggle for the freedom of the world, and if they're not ready to bear their share, the United States can't do it alone. We're 6 percent of the world's population. You know, we have six divisions stationed in Western Europe to defend it?

Mr. SCHOENBRUN. Yes.

Mr. KENNEDY. Western Europe's a large area. It's as large as the Soviet Union, but there hasn't been an effort made by most of the countries there in their own defense, comparable to what we've made, and yet we carry obligations in Latin America, Africa, and Asia. Now, the time is coming when the Western Europeans have to decide, are they going to join in a large way in this effort, because the United States cannot continue to carry it alone, and the United States helped build them up, and now we're asking them to join us in this effort, and not expect that this country, however rich it may be, but it is after all, only a portion of the world, that we're going to be able

to go alone on it. We can't do it. They're going to have to join us, and if they don't, all will be the losers. But that's another reason why we have to remain in the closest concert with them. What I want to say in closing is, this is a matter that we should be optimistic about. Western Europe went through this whole question of its tariff arrangements as we now are, a few years ago, and the result has been that in the six countries of the Common Market, today, they are searching for people, in order to find people to work. In those six countries, there is no unemployment, as I've said. There's a steady buildup of their gold. There's a steady increase in their industrial power, and we can participate in that effort to our own well-being. We will find hundreds and thousands more jobs out of this effort than we have dreamed, and I, therefore, am most grateful for the effort which has been made by the men and women in both of our political parties to try to keep this issue in front of the country as a matter of the highest national priority.

Mr. SCHOENBRUN. Thank you, Mr. President.

The President speaks with the knowledge that all his living predecessors favor the goal of trade expansion, but he also knows that other forces are at work, invisible and inaudible to the public, but nonetheless active in the corridors and cloakrooms of Congress, lobbying for special amendments to protect certain farm produce, textile, and other interests. This is how the battle of the barriers is being fought, by amendment, rather than open opposition. The President and Mr. Herter have both said that the Government must not be hamstrung in negotiating trade agreements. The President has also told certain allies that he will veto his own bill if crippling amendments destroy its purpose. This is the real issue today as H.R. 9900 moves out of committee en route to the floor of the House for open debate, a debate the President has called "the most important legislation of this year."

Mr. POFF. Mr. Chairman, in many ways, this bill is better than the bill the President originally recommended. In some ways, it is better than the Reciprocal Trade Agreements Act, because it does retain a form of congressional veto over the powers granted to the President and continuing congressional oversight of the administration of the trade program.

However, I am unhappy with several provisions in the bill, and I regret that the gag rule governing debate permits no opportunity for selective and definitive amendments.

Because I want to register a protest against the gag rule and these defects in the bill, and because the rollcall on the motion to recommit is the only opportunity I will have to do so, I will vote for the motion to recommit.

Nevertheless, because it is imperative that America equip herself to meet the competitive challenge of the European Common Market and the threat of Russian economic aggression and subversion; because America must have some flexible mechanism to check the outflow of gold, correct the unfavorable balance of international payments and discourage the transfer of American factories to foreign countries; because I have become convinced during the course of this debate that, in balance, the total good in this bill outweighs the total bad, I shall vote for this bill, with the hope and reasonable expectation that when it

reaches the Senate, many if not all of its defects can be remedied.

Mr. EVINS. Mr. Chairman, trade is a two-way street. In order to sell our manufactured products and the abundance of the farm products we produce in this country, we must also buy some products of other nations. We must permit—and foster—trade between our allies and friendly countries. Today our total exports exceed the Nation's imports. We must continue to sell and to export the abundance of our products.

Twenty-eight years ago a great Tennesseean, the illustrious Cordell Hull, while serving as Secretary of State, authored and helped steer through Congress the Reciprocal Trade Agreements Act. This program—which was a new experiment in international relationships at this time—has been extended 11 times and has served well our country and the free world for more than two decades. This reciprocal trade program has brought tremendous growth to our international trade program and has promoted commerce as well as better understanding among nations.

As we all know the negotiating authority under the last extension of the Reciprocal Trade Act expires on June 30, 1962, and this Congress must act to extend this authority. Failure to do so would be disastrous.

This new and expanded trade program, based on Cordell Hull's ideas, is needed to meet the challenges and opportunities of a rapidly changing world economy. The United States, at one time the world's major market place, must contend in the future with the European Common Market—which is uniting for trade purposes several European countries where there will be no tariff of any kind between these countries. The European Common Market will provide a market initially estimated to be approximately the size of the United States. The population of the European Economic Community will be approximately half again as big as our own.

Today, some 30 percent of our exports—more than \$4 billion in industrial goods and materials and nearly \$2 billion in agricultural products—more than \$6 billion annually—goes to the members and prospective members of the European Economic Community. The loss of this amount of exports for our country would indeed be disastrous.

The authorizing of a sound trade policy will permit our country to participate and to sell to those European markets, thereby benefiting our country and our people.

Mr. Chairman, this bill has two major titles.

The first title sets a 5-year authority to negotiate trade agreements and to proclaim modifications in customs duties and other important restrictions.

The second title provides assistance, either through direct adjustment aids or by instituting import restrictions to industries, firms, or groups of employees who might suffer economic dislocation as a result of tariff adjustments.

Besides these titles, specific and definite safeguards are written into the bill. My esteemed colleague, the gentleman from Tennessee [Mr. BAKER], a distin-

guished member of the Committee on Ways and Means, has ably explained and set forth the numerous safeguards written into the bill to protect American industry and American workers.

These include, in summary, provisions for foreign import restrictions; peril point safety provisions; most-favored-nations clauses, barring shipments to Communist countries; establishment of an interagency trade policy committee designed to protect and safeguard American industries; Tariff Commission hearings on marginal or disputed cases with provisions for Congress to adopt a resolution by simple majority vote, precluding the President from putting into effect proposed agreements with respect to specific products or specific industries—these among other safeguards are included.

H.R. 11910 which we are now considering authorizes the Tariff Commission to recommend a range within which an article or articles may be negotiated without serious economic effect on the industry producing like or directly competitive articles. Under this bill, it will be possible to determine the specific point below which tariffs should not be reduced and to effectively do something about it.

This new bill with the several safeguarding amendments and provisions adopted is a great improvement over the original bill, H.R. 9900. It will allow for a continuing expansion of trade while protecting our commerce and safeguarding American industry and American jobs.

The Tariff Commission is restored to a position of dignity and responsibility.

The new bill should contribute greatly to expanding our foreign trade and accomplishing the declared purposes of the bill.

The bill is necessary to keep our Nation growing and our economy expanding.

Under the bill, the American businessman, once the authority granted by the bill was exercised, would have a unique opportunity to compete with the rapidly expanding market abroad.

The American worker would benefit from the expansion of our exports. One out of every three workers engaged in manufacturing is employed in an establishment that exports.

The American citizen should benefit most of all from an increase in foreign trade.

Mr. Chairman, in the spirit of that great statesman, Cordell Hull, who was the real pioneer of international trade, I urge the House to pass the Trade Expansion Act of 1962.

Mr. STRATTON. Mr. Chairman, I am supporting this legislation because I believe it gives the President much-needed emergency authority to push for increased sales of American agricultural and industrial products into the new Common Market area of Western Europe. If we were to allow the higher tariffs of this Common Market to squeeze out American products from Europe, then our economy could find itself in real trouble in the years ahead.

Of course, Mr. Chairman, I have always insisted that our American foreign

trade be carried on only under a solemn obligation to protect the jobs of men and women in industries adversely affected by foreign imports.

In this connection the present bill is certainly a great improvement over existing law, which has offered American workers very little real help or protection. The bill now before the House recognizes much more clearly the Government's obligation to assist these workers and the communities in which they live in a positive and constructive, not just a negative way.

I might add, Mr. Chairman, that returns from a recent questionnaire into my upstate New York district support my position on this legislation by a very overwhelming majority.

Mr. O'BRIEN of New York. Mr. Chairman, this is one of the most important problems ever thrust before the Congress. Its implications are so serious and the consequences of a wrong decision so awesome that a partisan approach is unthinkable.

I believe leaders of both parties recognize this. Every Member of the House has been asked this question: "Do you consider yourself as a special pleader for the interests of your district or as a member of a national lawmaking body?"

The answer, obviously, is both.

We all know that there are times of great crisis or urgency when a Representative must, if necessary, stand aside from pressures of varying degree in his own district and vote for the general good of the Nation.

This is one of those times.

Spokesmen for some of the most conservative groups in our country have urged you and me to vote for this bill. They recognize both the difficulties and virtues of this bold new move and they believe the good will far outweigh the bad.

No one can say that none of our people will be hurt as we move, perforce, to the international bargaining table. But, this hurt is nothing compared with the economic calamity which will strike us if we refuse our Government what it needs to bargain.

This is the simple question before us:

Are we willing, by negation or indifference, to save some jobs by risking the loss of thousands of jobs and raising the threat of a deep depression?

I am unwilling to take that risk.

We cannot, in this Nation, live on our own fat without, at the same time, devouring our vitals.

We must trade or perish on the economic vine.

I shall support this bill without qualification. I do so in the firm belief that it is for the good of my country. I do it, too, with the comforting knowledge that any other course would give supreme satisfaction to our enemies in the cold war, in which a principal weapon is trade.

Mr. ROUSH. Mr. Chairman, I join with those who are willing to meet the great economic challenge of our day and generation by the passage of the Trade Extension Act of 1962.

There is no doubt in my mind but what this bill will have greater historical significance than any bill the

Congress has considered for many years. In the continuing cold war struggle against international communism, the bulwark of freedom continues to be the relative economic prosperity of the Western alliance and other free world countries. Besides being a political system, communism is an economic system and the leaders of the Communist world have threatened to "bury us" through economic warfare.

The entire Communist bloc has been steadily increasing its trade throughout the world with an eye to generating alliances and allegiances. As the leader of the free world, our country must counterattack with a trade offensive of our own and exports must be our weapon.

The Governor of Indiana, the Honorable Matthew Welsh recently emphasized this when he said, "We in America now have the economic as well as the political choice of riding the crest of the wave of history, or we can drift rudderless and be buffeted by the winds of change."

Today world trade is flourishing and America is enjoying the fruits of an aggressive trade policy. American exports are now \$20 billion per year and the balance of trade is heavily in our favor. Foreign products have found their way to American markets and many have been well accepted. Imports of raw materials and necessary products foreign to our own economy total more than \$9 billion. This includes materials such as rubber and manganese, tropical agriculture products, and other materials which are essential items not available in the United States. Another \$5 to \$6 billion in goods—about 1 percent of our gross national product—enters the market in the form of finished merchandise offering varying degrees of competition with domestic production.

The net balance of trade is about \$5 billion in our favor. This very favorable balance, or profit of international sales to purchases, is vital to our national security. Were it not for this large, profitable trade, American international gold difficulties would be desperate and the result would be a blow to our monetary system and national security.

There can be no question that the history of our international trade policies over past decades has been one of outstanding success. This being the case, why should we change? The problem is simply that the world in which we trade is changing, and the policies which were adequate for yesterday will not work in tomorrow's world market.

The most dramatic example of the change is the emergence of the European Economic Community—the Common Market. Six of our most valued trading customers, desperately crippled after World War II, overcame the centuries-old hatreds of the European nations to form a trading community patterned after the United States. The states of Europe will become as one, reducing internal tariffs to zero. For the first time goods and people will cross the international boundaries of Europe with the same freedom we experience in traveling from Indiana to Ohio.

Other nations are seeking entry into the market. Presumably, within a 5- to

10-year period, all of the states of Europe will have joined. We are determined to meet this challenge. For us to fail or for us to adopt a "wait and see" attitude would not be in keeping with our tradition of leadership in the economic world. A failure on our part to recognize the need of a new trade policy to meet the challenge which the changing world presents will not only deprive us of the opportunity to expand our export trade but might very well jeopardize the favorable balance of trade we now enjoy.

This is of real concern to the people of Indiana. We export our share of the total U.S. exports. We share the needs of the Nation for new markets. Our farmers could produce more if markets were developed. Our manufacturers are not operating at full capacity and could produce more if markets were available. As a representative of about 460,000 Indiana citizens, I feel that my constituents are demanding that we find these new markets, that we provide jobs for our unemployed, that we take advantage of every opportunity to expand our industrial and agricultural output.

In this legislation, I see the opportunity to do these things. Those of my colleagues who are resisting this move are closing their eyes to opportunity and are satisfied with the status quo. This complacent attitude is not only depriving Indiana business and agriculture of its chance to expand and grow, but is endangering the present prosperity that exists in our State.

The Department of Commerce has made a study of the State of Indiana and has determined the extent of our exports and we find that foreign trade has a direct impact on every community of Indiana, its economy, its industries, its workers, its farmers—the life and livelihood of all of its people.

Exports of manufactured goods from Indiana amounted to \$483.6 million in 1960. The Fifth District alone exported manufactured goods valued at \$32.1 million during 1960. Three hundred and twelve Indiana establishments exported goods valued at \$25,000 or more in that year. Forty-seven of these were from my district; 310,259 Indiana workers were employed in these establishments and of this number 50,281 were from the Fifth District.

Indiana is, of course, an agricultural State. Our farmers could produce more and, if through this legislation new markets could be developed, what a boost this would be to the economy of our State. The export trade which this bill would protect is of grave importance. The Department of Commerce has also given us figures and facts which emphasize the importance of exports to our agricultural community in Indiana.

The United States exported a total of \$4.9 billion in agricultural products in the 1960 to 1961 crop year. Indiana's share of this was \$149.3 million. The Fifth District farmers have a direct stake in exports of some of these agricultural commodities. My district's equivalent share in the 1960 to 1961 national agricultural export total was \$15.5 million for field crops, \$2.7 million for livestock and livestock products, \$292,000 for vege-

tables and \$64,000 for fruit and nuts. Our leading export commodities among the Fifth District's field crops were soybeans, wheat, and corn. As a whole, the equivalent share of agricultural exports from Indiana's Fifth District is over two times as large as the equivalent share of competing exports.

Mr. Chairman, I again refer to a statement by Matthew Welsh, Governor of Indiana. He said:

We stand on the threshold of a new trading world, one with which the prosperity and growth of Indiana and the Nation are intimately connected. We can choose to step confidently over this threshold as the economic leader of the world. Or we can hold back fearful that we cannot measure up to tomorrow and its problems.

We in Indiana know our business. Hoosiers are among the world's best farmers, most skilled industrial workers, and masters of production and marketing. We are tight-fisted bargainers and traders and we know our way through the financial markets of the world. We know we can do better than hold our own.

President Kennedy has pointed the way for America to compete successfully in this new trading world we face, a way we can compete equitably and fairly, without our path blocked by artificial barriers raised against us. Personally, and as Governor of Indiana, I strongly and enthusiastically endorse the President's program for expanding world trade.

Mr. Chairman, and colleagues, I consider the Trade Agreements Act now being considered a very important piece of legislation. It is vital to my district and my State. It is important and necessary to the continued prosperity of our Nation and to the continued economic death struggle with communism.

Mr. MOOREHEAD of Ohio. Mr. Chairman, we have before us legislation which all of us agree, regardless of our views on its merits, is the most far-reaching that Congress has considered for many years. Even so, we find ourselves debating the bill in the straitjacket of a closed rule. We are a legislative body which will not, in fact, legislate other than to vote "yes" or "no" when the time for debate has run its course. The decision is a fateful one—too fateful, in my opinion, to confine our consideration of a measure of this magnitude under a closed rule.

I represent here an area which has suffered the consequences of the past trade policies this Nation has followed. In my opinion, these policies have proved unwise and costly in both economic and human terms. I question now if we are not providing the means to extend the same problem southeastern Ohio has known so long, to the rest of the country.

Lately, the President and many of his advisers have lectured the American people that they must admit that they are economically illiterate and, by inference, incompetent to decide where their interest lies. We have been told that many of the concepts that seem basic to us are myths and clichés which ignore the facts of life. I regret that, I believe, the same charges are valid against the terms of this bill.

I have sought for the justification of the claims made in behalf of this legislation. But I cannot find the basis for the rosy confidence of the proponents of

it. The efforts to propagandize the American people have been fantastic. For months, the drums have been beating in preparation for our debate today. Regardless of the outcome, the propaganda has surely obscured the issue and has distorted the serious questions that affect this Nation's industries, its workers, and our relations with the free world.

We are told that a "selfish protectionist" attitude on the part of the United States will be our undoing. We are told that we must "trade or fade" and that the best assurance for trade lies in placing in the hands of the President, immense power to decide what products from what countries should be given competitive advantage in our domestic markets and, in negotiations with other nations, what American products can hope to find markets abroad. Congress would abdicate its constitutional responsibility and give the President a license to reshape our economy under circumstances that are being made to seem benign even though they do smack of totalitarianism. This is the same retreat formula we have been hearing since this administration took office. If we ask what we can do for our country, the answer is monotonously the same—arm the President with greater and greater power, trust his judgment, and all will be well. I do not subscribe to this thinking and I would resist it regardless of which political party espoused it. This is a principle that must not be brushed aside with a shrug of the shoulders on this or any other legislation.

We are told that if the President is afforded the power he would be granted in this bill, he could use it to insure flourishing trade with the nations of the Common Market in Europe. This kind of reasoning is baffling. The Common Market is an essentially protectionist device to protect the internal markets of Western Europe from outside invasion. Since we have already cut tariffs on the average of 80 percent, our negotiating position seems small indeed across the board. A tariff wall is being erected around the Common Market and the price of admission is high, as Britain is learning at this moment. If she, in effect, imposes tariffs against her former colonies—now nations of the British Commonwealth—she can become a member of the Common Market. It is reported that there is no intention that the United States join the Common Market. If we accept that, a very large question remains. What is the price for the kind of coming and going through the gate in the wall that our policymakers have in mind? Apparently, it is the orderly destruction of industries and jobs in this country.

For the first time, the fiction that our trade negotiations will not be permitted to destroy domestic industries is dropped in this bill. Frankly, I am glad that the pretense is being dispensed with. It must have been hard to throw out the soothing sirup when this legislation was being written. American industries have been destroyed steadily for years by our tariff negotiators. A double standard of economic morality has been observed in the White House. There has been little re-

gard for the findings of the Tariff Commission that injury was being done to a particular industry as a result of import competition. The proof of injury has been unimportant if the industry affected was relatively small. The law does not provide discrimination of this kind, but it has been practiced by the White House and it has been widely sanctioned. There has been too much resignation toward this kind of treatment and we need to face up to what is being done instead of plunging on along this road.

Let us look at one specific instance of the exercise of Presidential power in the case of ceramic mosaic tile. I mention this because it is relevant to the consideration of this legislation. For years, the ceramic mosaic tile industry in this country has been struggling to obtain recognition of the import competition problem it is facing. It finally carried its case to the Tariff Commission.

The Commission's investigation began on November 10, 1960, and it was completed in May 1961. Volumes of evidence were obtained and considered carefully by the Commission. It concluded that ceramic mosaic tile is "being imported into the United States in such increased quantities as to cause serious injury to the domestic industry * * *." In order to remedy this serious injury, the Commission found it is necessary that tariffs be increased to the levels of the early 1930's. The Commission's findings of fact and the recommended corrective action were unanimous. The case for the industry was regarded as one of the most compelling recommendations to be issued by the Commission in many years.

The recommendations were sent to the President. The White House requested additional information. Many months ensued. Several months ago, the President rejected the Commission's recommendations for reasons that are ambiguous and wholly unsatisfactory. He stated that the "significant increases in imports did not occur until many years after the duty concessions were granted." This so-called reason seems to me to be wholly beside the point. Our tariff reductions have, in effect, encouraged the expansion of foreign production to capture a greater and greater share of the American market. This is a demonstrable fact and the only consideration that is relevant as I read the present law.

The second reason cited by the President was that "domestic production has not declined appreciably." The Tariff Commission's report found that the production in 1960 was "about the same as in 1955 and 1957" although the production capacity of our plants has increased. It also found that the "ratio of imports to domestic production rose rapidly from 7 percent in 1954 to 62 percent in 1959, and to 80 percent in 1960." The Commission showed that between 1955 and 1960 imports of tile increased 455 percent.

Over the same period—

The Commission stated—
the quantities both produced and sold by domestic producers declined.

The President then decided that the level of employment in the mosaic ce-

ramic tile industry has remained relatively constant. Still, the Commission's report found that the total man-hours of production and related workers engaged in the manufacture of ceramic mosaic tile at U.S. plants were lower in 1960 than in any of the 5 preceding years. This was occurring at the same time that tile consumption in the United States almost doubled.

The last reason cited by the President was that Japan "has recently established voluntary quotas on exports" on ceramic tile. As I understand this so-called "voluntary" agreement, Japanese industry agrees to increase its export of tile to the United States only slightly. No real reduction of shipments is contemplated. At best, the agreement is a moratorium on the increasing of tile exports to this country.

The decision was an incredible blow to the ceramic mosaic tile industry and the families and communities that depend upon it. In case any illustration is needed, it demonstrates again that the President possesses immense powers now which enable him to reject even the strongest evidence. Certainly, his decision in this case could not have been based upon any regard for the facts as determined by the Tariff Commission. How he developed his own body of evidence is a mystery. His lieutenants have not, so far as is known, made an independent investigation. Nor was the President, in my opinion, guided by the intent of the Congress when it established the escape-clause provision in the present law. We can only conclude that a calculated decision was made in the White House that the U.S. ceramic mosaic tile industry should be sacrificed.

It is said that the purpose of this trade bill is to encourage exports. I doubt that it will encourage as much as it promises. Nevertheless, what encouragement it gives is at the expense of our import-vulnerable industries. This is a final break with a policy to equalize the impact of trade between various segments of our economy without discrimination for one in favor of the other. The idea apparently is that exports will increase faster than imports. This premise is pure blue sky.

We have consistently failed to require other countries to meet past tariff reductions of the United States by comparable reductions in their own tariffs and restrictions. The President tells us that there is very little to offer in tariff negotiations. Unfortunately, that is all too true. Much of our bargaining position has been conceded already and I fail to see how the present legislation will do anything other than compound this problem.

Last March, additional negotiations in Geneva resulted in another round of lower tariffs. They will become effective in July. What effect they will have upon our economy is still to be demonstrated. The outflow of our gold reserve continues and the downward plunge of the stock market may seriously aggravate this flow if confidence abroad in the dollar is affected. Our monetary policies at home are also deeply involved in this entire question, with deficit financing weakening our economic structure.

It is my hope that this Congress will face its responsibilities and defeat this legislation. It can then seek to work in partnership with the White House to create a realistic and effective trade policy which places the tariff question in perspective with the economic problems at home and abroad that must be considered together if we are to deal with the issue meaningfully.

Mr. FASCELL. Mr. Chairman, for the first time in the history of our Western civilization, the major nations of Europe are undertaking a bold, daring program of economic cooperation. This program is designed to add energy, stability, strength and vigor to the economies of the nations involved, as individuals and as a group. The European Economic Community, or the European Common Market, is vital to our national security since it represents a powerful force in our economic offensive against the threat posed by the forces of international communism. It is obvious, from his recent threats and speeches, that Mr. Khrushchev views the formation of the Common Market with alarm, as he well should, for, combined with the vast productivity and selling power of the United States, this European economic alliance will help us to "bury" the false economic theories of the Communist philosophy by demonstrating their failure in any competition with the basic principles of free enterprise.

However, although the Common Market is and will be of great benefit to us, we must today prepare ourselves for the impact this alliance will have on our own economy. Unless we quickly take some positive form of action, vast markets for our goods within these European countries will be lost to us, or at the very least they will be restricted. We must protect those markets which our American manufacturers and producers now have; and we must also look to the preparation for future extensions of these markets as the European Common Market countries increase in their internal prosperity and therefore in their ability to purchase even more of our products than they do at the present time. We must also be prepared to work with this alliance in trade relationships with other nations, in an effort to stimulate other economies and thus create other markets.

To implement this program, a trade bill which allows our executive branch flexibility, within reasonable limits, to negotiate with our allies is necessary—and it is necessary now. For this reason, I cannot vote for recommitment of this bill, with instructions to amend it so that it merely extends the present law for 1 year, and a brief synopsis of the present law will demonstrate why. The last amendment to the present law, in 1958, provided a 4-year extension of this law with authority given to the President to reduce existing tariffs by 20 percent, with the advice of the Tariff Commission, of course. This 20 percent has been substantially used up. So to extend the present law for 1 year, would be to extend nothing. It would be, in fact, tantamount to not passing a trade bill at all.

That would mean that a full year would elapse before we could take any part in the vigorous economic campaign being waged on our European front in the cold war. That would mean that the Communists would have a year to regroup their economic forces for utilization in their imperialistic efforts.

At this time, we have a tremendous, definite economic advantage over the Soviet Union and its satellite nations. We must not lose this advantage through inaction and delay.

While I am not particularly in favor of the adjustment assistance for the firms and workers which has been incorporated into this measure, I cannot subscribe to such dilatory tactics as are embodied in a recommitment motion merely to express my dissatisfaction with this assistance in view of the urgency of taking positive action. I believe, along with many of my distinguished colleagues, that the matter of unemployment can better be handled under existing law—such as the Manpower Development and Training Act of 1962—without making a special group out of these unemployed. There have been many pertinent questions raised concerning these provisions. For instance, the legal dispute over alleged conflict with State law and the philosophical dispute over the much different treatment accorded other unemployed workers.

However, not having an opportunity to vote on this particular issue, I believe and hope that these differences can be resolved either in the other body or in conference. And since the principal purpose of the measure before us today is that of giving our Nation a necessary tool and weapon with which to cooperate with the European Economic Community in our offensive against the forces of international communism, and in so doing protect the markets of our American producers and establish a basis for future expansion of these markets, Mr. Chairman, I rise in support of this measure—H.R. 11970.

Mr. KEARNS. Mr. Chairman, as the ranking member of the Subcommittee on the Impact of Imports and Exports on Employment, which explored the whole international trade situation, I can see no gain for our country in accepting the President's recommendations as contained in the Trade Expansion Act of 1962.

Personally, I am fearful that it would cost us many industries and, goodness knows, many thousands of paydays. For these reasons, I shall vote for recommitment of this legislation and, if that fails, against passage.

Mr. COHELAN. Mr. Chairman, I rise in support of this farsighted, constructive, and urgently needed advance in the trade policies of our country.

It would be a grave mistake, I believe, for any of us to think that nothing would be lost by delaying for a year or more the enactment of this proposal, or that a mere continuation of the present Trade Agreements Act would be sufficient. It would be a grave mistake, I believe for at least two compelling reasons.

First, authority under the expiring act is virtually exhausted. This authority was limited in the first place, and in the recently concluded Geneva negotiations it was necessary to extend several peril points in order to take advantage of the 20-percent reduction in tariffs offered on certain industrial products. In short, the authority which would remain if the expiring act were simply extended would be inadequate even to begin to achieve the essential purposes for which this bill is designed, and for which it is needed.

Second, the trade problems and opportunities confronting us today will not wait. The European Economic Community is already proceeding with great speed to complete its goal of full economic union, and on July 1, duties on industrial goods traded within the Community will have been reduced by as much as 50 percent. In addition, important negotiations are underway regarding the accession of other countries to this Common Market.

In brief, Mr. Chairman, we are confronted with the prospects of a new European community; a community which would contain over 300 million people living and working in a free trade area larger than the internal market of the United States. It will be a free trade area, moreover, made up of some of the most advanced countries in the world, and a free trade area which will present a common tariff wall to all other nations—ourselves included—who surround it.

I do not need to dwell upon the implications of such a development if we in the United States were not to make immediate and substantial changes in our own trade and tariff policies—changes such as are provided for in this bill. I believe we only need ask ourselves the question of whether we are willing to join in one great trading community of free nations, or whether we are prepared to go our own separate ways, fragmenting the non-Communist world.

The European Economic Community is dynamic, and if we appear reluctant to keep up with its active evolution, it could well pass us by. Fundamental decisions are now being made—decisions concerning the future economic policy of the Community—and these decisions will set patterns for the future which will not be easily reversed. If action on this bill were to be withheld, or if the present act were to be extended in its present form, American industry would be compelled to find other means to circumvent the barrier of the common external tariff, and such action would undoubtedly involve the transfer to Europe of plant and equipment which would otherwise be developed here at home. A loss in domestic employment opportunities could be expected, American farmers would risk losing market opportunities, and our balance of payments would be further threatened.

Failure to act promptly on this "bold new instrument" would adversely affect our interests in the free world outside of the Common Market as well, for delay would only cause serious doubts regarding the future course of U.S. trade

policy. At no time in our history, may I add, has it been more important for us to make unmistakably clear our intentions to continue our longstanding leadership in working for the expansion of international commerce on a mutually advantageous basis. Our continued leadership demands, in fact, that we show through example that we are prepared to move ahead boldly and consistently.

The future of the vast underdeveloped and contested areas of the world are also at stake. We must give assurances—and such assurances are included in this bill—that we recognize and are willing to respond to the needs of these countries for increased export opportunities in the markets of the world's more advanced nations. If our actions do not support such assurances, we can be certain that the Communist bloc will not hesitate to extend trade offers; offers whose attractiveness will certainly not work to the best interests of this country, or of the free world.

Mr. Chairman, many of the opponents of this bill have stated that we cannot compete with foreign imports; that we have priced ourselves out of the world's markets. A look at the record, however, reveals that these charges are simply not true—that they are no more than myths.

If we consider our ability to compete abroad we see that the United States annually exports substantially more than it imports. In 1960, we enjoyed a favorable balance of trade with every industrialized nation of the free world, and the factors which made this possible—greater investment capital, greater technical and managerial skill, and greater output per man-hour—will enable us to stay ahead with an expanded trade program.

Exports, and the jobs of more than 4 million American workers who depend on them, moreover, are not limited to a single State. Studies based on the most recent census survey indicate that they affect the economic well-being of workers and businesses in almost every community. In California, for example, more than \$1,300 million worth of manufactured goods were exported in 1960, and more than 385,000 workers were directly employed in these operations.

There can be no question that some workers and some businesses—although they would be relatively few in number—would suffer damage from increased foreign import competition, and for this reason I support the important adjustment assistance provisions of this bill. Such provisions are justified by the "giant step" we are preparing to take. Such provisions are justified for the strength they would add to our society by helping firms and workers to increase their efficiency, either in their present lines, or by getting into new ones. Such provisions are justified, in brief, for they would bring these firms and these workers even more fully into the mainstream of productive American life; they would promote their individual well-being; and they would enhance our country's economic growth.

Mr. Chairman, in his State of the Union message, President Kennedy pointed out that the United States did not rise

to greatness by waiting for others to lead. The President stated:

This Nation is the world's foremost manufacturer, farmer, banker, consumer, and exporter. The Common Market is moving ahead at an economic growth rate twice ours. The Communist offensive is underway. The opportunity is ours—the initiative is up to us—and I believe that 1962 is the time.

To this I would only add that we dare not turn our backs on the logic of our own economic opposition; a position which for the last 30 years has led the world toward freer trade. To do so would set off a chain reaction of retaliation and counterretaliation that would do irreparable harm to our economy and the economy of the whole free world. We would diminish our role of leadership in the cause of freedom, and we would deny the very strength and vitality of the economic system for which we stand.

Mr. Chairman, I believe the time to act is ripe; I believe that the tools are available in this bill; and I urge that we approve it without delay.

Mr. WATTS. Mr. Chairman, I would like to review agriculture's role in our export economy. Its critical importance was stressed in the Ways and Means Committee report on H.R. 11970, which noted that, "it would be unfortunate, in the view of your committee, if our tremendous natural advantages as a food exporter were sacrificed because the United States was not equipped to bargain effective trade agreements." In line with this, I would like to call attention to section 212 of the legislation, which authorizes the President to reduce by more than 50 percent, tariffs on articles referred to in agricultural handbook No. 143, U.S. Department of Agriculture, whenever he determines that such an agreement will tend to assure the maintenance or expansion of U.S. exports of like articles.

Our commodity exports set value and volume records in fiscal 1960-61. A total of \$4.9 billion worth of food and fiber was exported, or 24 percent of our total exports of \$20.4 billion. Of this total, approximately 69 percent was sold for dollars, while the remainder moved either through commercial channels under specific Government programs, or was donated through private relief agencies.

These exports accounted for 61 million acres of harvested cropland, or 1 of every 6 cultivated acres. Half our cotton, wheat, rice and dried peas was shipped abroad—two-fifths of our soybeans and tallow and about a third of our tobacco, hops, flaxseed and nonfat dry milk was exported. Shipments of wheat, soybeans, hide and skins, poultry, meat and variety meats reached record highs during this period and cotton exports were the second highest in over 25 years. Feed grains and rice were also shipped at near record levels.

The Ways and Means Committee noted, with respect to agriculture, that "with greater access to foreign markets, and the countries of the EEC in particular, U.S. agricultural exports can be expected to grow. During the past 5 years our sales of farm products to the present EEC countries have increased

29 percent," and one-third of our total agriculture dollar exports—or approximately \$1.1 billion worth—was shipped into the Common Market.

The Trade Expansion Act is an essential bargaining tool if we are to be able to continuously negotiate throughout the world for bigger as well as new markets for the remarkable output of our agricultural community.

U.S. AGRICULTURAL EXPORTS TO THE COMMON MARKET

The Common Market is our largest market for agricultural exports. In 1961 our exports of farm products to the six countries of the Common Market were \$1.2 billion, about one-quarter of all U.S. agricultural exports to the world and one-third of all our exports to the Common Market. The role of the European Economic Community as a market for our farm products will become even more crucial after the United Kingdom joins the EEC.

The European farm picture is undergoing sharp changes. Many of these are not related to the formation of the EEC. European agriculture is only now experiencing the technological revolution and productivity increases which started earlier in the United States. Incomes are rising in Western Europe and consumption patterns are being altered. Europeans are eating more grains in the form of meat and relatively less in the form of bread.

Under the common agricultural policy, the six-member countries of the Common Market are trying to rationalize into a single system—covering price, marketing, and income support—the separate and disparate systems which now exist.

In the tariff negotiations completed in March 1962, the United States obtained concessions covering about 70 percent of our agricultural exports to the EEC. These were on such products as raw cotton—our most important export in value terms—soybeans, tallow, lard, certain fruits and juices, and others.

For many key agricultural commodities, the transformation from six systems to a single agricultural system in the EEC is to be accompanied by a system of variable import levies. These will cover such key U.S. exports as wheat, feed grains, poultry, and rice. For these products, the United States must still negotiate with the EEC to define the precise terms of the U.S. access to the EEC market.

The variable levy system is still untried, and its ultimate effect uncertain. If accompanied by a high price structure for EEC producers, this would further stimulate European agricultural output and the new system could have detrimental effects on U.S. exports of these commodities.

The Trade Expansion Act would give U.S. negotiators an effective kit of bargaining tools to obtain the best possible package of agricultural and nonagricultural concessions possible, including those on variable levy items. In 1961, our agricultural exports to the EEC exceeded our agricultural imports from the EEC by 6 to 1. It is clear from this trade pattern that there could be no

U.S.-EEC bargain which swapped only agricultural concessions.

I am convinced that the Trade Expansion Act can provide the necessary tools for the United States to make the best possible adjustment to the changing world agricultural scene. It can enable U.S. farm producers to benefit in the form of increased exports from increasing consumer incomes in the Common Market.

Mr. ICHORD of Missouri. Mr. Chairman, I rise with reluctance in opposition to H.R. 11970. I say "with reluctance" because basically I am a proponent of free trade. But free trade, Mr. Chairman, connotes free competition and free competition does not exist in world trade today. It ceased to exist when we decided at the conclusion of World War II to embark on our ill-conceived, ridiculously huge foreign-aid program that has cost the American taxpayer \$106 billion and which from all indications is just the beginning, and I ask again, Mr. Chairman, can we adhere to a policy of free trade when we direct our American businessman to pay a higher wage than his foreign competitor, when we levy high excise and income taxes upon our businessmen, when we exact tribute from our taxpayers to pay the cost of this "foreign-aid giveaway," when we directly or indirectly build for our friends abroad industrial plants even more modern than our own. Can we seriously think we can pursue these inane policies, Mr. Chairman, and at the same time expect to stay in competition with our foreign friends?

I cannot vote for this bill, Mr. Chairman, notwithstanding the fact that the committee has made considerable improvement. I seriously question the wisdom of delegating the power of Congress to regulate foreign commerce to the office of President of the United States. Although I have great faith in the administrative ability of President Kennedy, each of us realize that the office of President is the most burdensome office in the world. We know that no President can possibly give these matters and the many other equally important duties his personal attention. The decisions will naturally fall on certain civil servants within the Department of State. This matter, Mr. Chairman, deals with a serious international problem but it also deals with a serious domestic problem and although I do not question the sincerity of purpose of our civil servants in the State Department I do question the wisdom of permitting them to in effect make these decisions. Let us remember, Mr. Chairman, that one of the measures of value of the performance of the duties of an office of the Department of State is the economic status of our foreign friends. Under these circumstances, Mr. Chairman, it is very easy to lose sight of the interest of the United States which should always be kept foremost in mind. And I ask, Mr. Chairman, why could not these duties have been delegated to the Tariff Commission, an arm of Congress?

These escape clause provisions impress me very little. Let me remind the members that not once, not twice, but three

times did the tariff commission find the lead industry was being irreparably damaged and not once but twice did President Eisenhower refuse to act and when he did act, he acted too late and then not as recommended by the commission. The result today is that lead has dropped from 17 cents a pound to 9½ cents a pound, thousands of lead workers are unemployed, the industry is ruined and not only by the inaction of U.S. Government but as a result of acts of commission.

Others in this body may surrender to the "drugged effects" of these tranquilizing provisions that have been added to this bill, Mr. Chairman, but I shall never do so. I predict, Mr. Chairman, if this bill passes as it apparently is going to do, the Members of Congress will, in the not too distant future, rue the day this action was taken.

Mr. HOLIFIELD. Mr. Chairman, we face new economic problems, which demand a reevaluation of our trade and tariff policies. The development of the Common Market in Europe threatens our export trade and the challenge it poses threatens our leadership.

Because of our great economic and military strength, the United States has become the leader of the free world.

Since the end of World War II, under a bipartisan national policy decision, we have expended many billions of tax dollars to help rebuild the economic, political, and military strength of allied, neutral, and former enemy nations. These nations have survived and remained free. They have done more. Great Britain, West Germany, France, Japan, and smaller nations have expanded their industrial production far beyond pre-World War II levels. The European part of this great industrial productive capacity is now being melded into a trade and tariff alliance of tremendous potential economic power.

Initially the Common Market consisted of the so-called Inner Six nations on the European Continent. Then in a belated move for self-protection, Great Britain organized the Outer Seven. Now as you know, there are negotiations for melding the Inner Six and the Outer Seven into a greater Common Market grouping of nations. If this occurs during the next few years there will be a close trade and tariff arrangement among nations containing some 300 million producers and consumers.

This Common Market trade alliance will increase the economic strength of the participating countries individually and as a whole. The growing economic power of the Inner Six is shown by the rapid strides in output. Over the last year this area increased its gross national product by 6½ percent. Since 1950, its annual growth rate has averaged more than 5 percent compared with our bare 3 percent. In the industrial sector of production its annual rate of increase for the past 10 years has averaged 8 percent, compared with our slightly more than 3 percent.

This is a powerful economic challenge to the United States—make no mistake about it.

The prospects for the Common Market complex then are these:

First. Through reducing or eliminating internal tariffs, it will accelerate the interchange of merchandise and labor resources. Therefore, it will become more self-sufficient and less dependent upon imports from the United States.

Second. Unified and growing economic strength and industrial capacity will generate greater quantities of goods for export throughout the world.

On the first point, bear in mind that the 13 nations of the European Economic Community were customers last year for \$5½ billion worth of American goods. This is an important segment of our total exports of \$20.4 billion. It would be very damaging if we should find ourselves excluded by high tariff walls from this market.

On the second point, we must consider the impact of the Common Market on our export trade to other areas, which amounts to \$15 billion, or three-fourths of our yearly total of exports. The Common Market nations will be strong competitors in exports because of their growing production capacity, and they will in turn offer the powerful inducement of potential markets among their 300 million people for goods of the other trading nations.

This is a problem which I believe is second only to that of avoiding a nuclear world war.

I could speak to you with great feeling and a wide background of information on the Soviet military challenge. As chairman of the House-Senate Joint Committee on Atomic Energy, my responsibilities are heavy in the field of atomic energy development. The nuclear weapons we need for deterring war range from small tactical weapons to megaton bombs carried by our great SAC bombers, many of which are on constant airborne patrol. Our nuclear submarines armed with Polaris missiles are gliding silently and continuously under the surface of the great oceans, and our great intercontinental ballistic missiles stand guard for freedom.

But these are programs in being. These fantastic weapons and weapon systems are in professional, scientific, and military hands. They are under the direction of the President of the United States as Commander in Chief of our Armed Forces. There is little that we can do individually in this area of national survival—except to pay taxes.

But, if we turn our attention to the economic destiny of the United States—to those areas of business development and Federal legislation having to do with our stability as a nation—then there is something important and constructive which we can do.

If our Nation is to remain strong militarily, we must take every step necessary to maintain the strength of our economic system. We speak of the American way of life and we speak of competitive free enterprise. Are we mouthing generalities which are familiar enough to sound pleasant, but fuzzy enough to hide the crucial challenges of our times?

Our American way of life is changing. We have moved rapidly from farm to

city: 74 percent of our people live in urban areas—10 million farmers produce more food and fiber than 60 million produced five decades ago. Our great industrial plants—steel, textiles, rubber, automobile—operate on a part-time basis. The workweek dwindled from 60 hours or more, when I was a young man, to 40 and even 25 for some. Our labor force grows at the rate of 1½ million per year.

We are employing more people but the percentage of permanently unemployed has risen to between 5 and 7 million. Automation takes its toll in industry after industry, and pools of technologically displaced workers grow in stagnant areas of our Nation. I know all the stock answers—but I also know the inadequacy of most of them and so do the unemployed, the displaced miners, automobile workers, railroad men and others.

Yes, we have problems which are not being solved. They invoke basic factors of change in our American way of life.

Our agricultural production outruns the domestic ability to consume. We use all kinds of controls and subsidies to keep it from collapsing, not under the blessing, but under the curse of abundance.

Our industrial plants running only part time, produce more steel, autos, refrigerators and soft goods including men's clothing than our domestic market can buy. If you look beneath the surface of general prosperity, you see these cracks in the foundation of our economy.

What can we do to keep those cracks in the economy from spreading? The basic need is a wider distribution and greater consumption of goods. If this can be accomplished our factories can operate more hours. They can utilize more employees which will help to reduce our stagnant reservoir of unemployed and add domestic consuming power.

But how do we get this wider distribution if our domestic market is saturated with goods?

It seems to me we must look to new markets for our goods from factories and fields. This means increased exports.

If the European Common Market threatens our present export market, as I believe it does, then we must meet that challenge promptly.

The President, backed by expert economic advisers from the financial and business world, has asked Congress for more flexible tariff adjustment powers—powers that will allow him to bargain with the Common Market tariff controllers so that we can continue to participate in that great 300 million population market. It will take congressional action to delegate to him this broad general power.

But far more is needed than our continued access to the European Common Market consumers.

We need to develop new markets in the underdeveloped areas of the world. Here lies the great challenge and the great opportunity for our part-time production capacity.

If we are to really turn our production capacity loose, if we are really going to utilize our skilled manpower and train our unskilled workers for the production job for which we are capable, then we

must become masters of the machine and not the victims of technology.

So, I say to you today, the United States must meet the challenge of greater distribution. It must fight a more efficient competition in existing world markets to maintain our existing exports.

It must vigorously, courageously, and intelligently move into the great underdeveloped markets of the world where millions, yes hundreds of millions, yearn for the goods we know how to produce.

We must take the place as the leading international trading nation which Great Britain occupied for so many centuries. She can no longer play the part. She has handed the baton to us.

We will either ignobly fail this task or we will carry the baton to victory.

We can falter in our obligation to meet today's challenges to the American way of life as we have known it, and if we do fail, we will slip into the oblivion which is reserved for all nations or civilizations which grow old and tired and fail to cope with new problems in a new and dangerous age.

I do not believe we will fail. I believe that we have the intelligence to solve the problem of distribution—greater distribution to domestic and foreign consumers through utilizing unused or partly used manpower and machine power. Our Nation of free people has in a period of some 300 years built the greatest production capacity ever known in the history of the world. Starting with a wilderness to conquer and faith in freedom and the democratic way, we have eliminated the scarcity of food, shelter and goods which has plagued mankind for thousands of years—yes, which still plagues more than two-thirds of the human race.

It would be unthinkable for us to allow this magnificent system of production to choke on its own abundance, while two-thirds of the world starve for food and cry for goods. It would be a tragic ending indeed for the American dream, if we were to falter in the face of the Communist threat, be it military or economic.

We are facing up to the military threat, but do you know that since 1955 the Soviets have completed 206 trade agreements with non-Communist nations? Did you know that from 1954 to 1960 the export trade volume of the Soviet Union jumped from \$860 million to \$2,700 million—more than triple in a 6-year period?

This is our challenge. It is a challenge which we can and will meet. It is a goal worth winning if we are to have a world of liberty and freedom for ourselves and our children.

Let us look more closely now at the foreign trade situation and the problems posed by the Common Market.

Last year we exported a record \$20.4 billion worth of merchandise, while our imports amounted to only \$14.7 billion—a surplus of over \$5 billion in our favor. Of these \$14.7 billion worth of imports, more than three-fifths, or \$9 billion, were goods which are not produced at all in this country or are not produced in sufficient quantities to create serious competition for our manufacturers. Only \$6

billion of our imports can be said really to compete with American products.

Thus for every dollar of competitive imports, there are more than \$3 of American exports. The jobs and profits that may be curtailed by the dollar's worth of competitive imports are far outweighed by the jobs and profits that are created by the \$3 of export production, and the entire \$14.7 billion of imports lead to jobs and income for Americans in the service industries which transport and distribute these products, including retailers such as ourselves.

The American productive economy has not yet begun to tap the potential of foreign markets and their great sales opportunities. Under trade policies that encourage increased exchange of goods among nations, we can augment the prosperity both of our own citizens and of the whole free world. But should free world trade policies impose and maintain barriers to international commerce, our own economy would have lost a major opportunity for more rapid growth, and in some sectors would also run the risk of stagnation.

In order to remove gradually these barriers to an expansion of worldwide trade, the Government must be authorized to bargain with other nations to erase, mutually, the restrictions that bind trade and prosperity. This is why President Kennedy has requested from Congress authorization to reduce tariffs by as much as 50 percent, and to eliminate entirely, in careful stages, tariffs on those articles of which the United States and the European Common Market combined are the dominant world suppliers.

The need for this legislation now is urgent. The resiliency of our business system is challenged today from several quarters, both friendly and hostile. Among our friends, the development of the European Common Market confronts us with both a test and an opportunity. It is an exacting test of our ability to compete in a free trade area almost as large, in population, as that of our own 50 States. It is an unparalleled opportunity for the attainment of greater American production records and new heights in our standards of living.

Now, let us look at the facts. The Common Market at present includes Belgium, France, Germany, Italy, the Netherlands, and Luxembourg, and it will soon add Greece as an associate member. This adds up to a total of roughly 170 million people.

Within the immediate future, it is likely that Great Britain, Denmark, and Norway may also join, along with Greece, Ireland, and possibly others.

The Common Market would then embrace more than 300 million people, people who last year alone purchased some \$5.5 billion worth of American products.

But will these people still turn to American products when the Common Market puts its scheduled tariff changes into effect? Under the Common Market agreement, all the member countries are revising their tariffs so that by 1970 at the latest—and probably a good deal sooner—a common external tariff will

be applied against each type of product entering from outside the Common Market.

This common external tariff will in general be reached by averaging the previously set tariffs of all members. High tariffs will come down, and low tariffs will go up. As a result, most U.S. goods exported in the future to such important U.S. markets as West Germany and Holland, which had low duties in the past, will have to pay substantially increased rates, while goods shipped to France and Italy will enter at lower duties than heretofore.

At the same time, Common Market member countries will gradually have eliminated altogether their tariffs against each other, so that in several years no duties will be imposed on goods shipped from one Common Market to another. For example, French or Italian products for sale in West Germany and Holland will be subject to no tariff whatsoever, but American exports will generally pay a higher tariff than ever before.

Examples of this sort of danger can be drawn straight from the clothing industry. In 1960 we exported over \$16 million worth of wearing apparel to the Western European countries. In particular, \$3.4 million worth of American clothing was purchased by West Germany. Today, exports of men's suits or women's dresses from Italy are subject to a duty of only 9 percent, but American-made suits or dresses are dutiable at 16 percent. By 1970, the duty on American suits and dresses sent to Germany will rise to 20 percent, unless a reduction is negotiated, while our Italian competitors will continue to sell theirs duty free.

A similar pattern could develop for many of the \$5½ billion worth of American products now sold to Europe. For example, in 1960 we exported about \$380,000 worth of washing machines to the Benelux countries alone. Before the Common Market was set up, washing machines from both the United States and Germany were subject to the same duty—13 percent. As soon as the Common Market tariff changes are completed, which will occur within the next 8 years at the latest, and probably sooner, the Benelux countries will pay no tariff duty whatsoever while the American equivalent will be dutiable at 19 percent, if no reduction is negotiated.

This, then, is the obstacle course which the Common Market will create for American exports to Europe. One prominent economist has estimated that as a result of these changes American manufacturers could discover \$800 million of their annual sales gradually wiped away.

Such a loss would come as a hard blow to the American economy: production would slack off, jobs would be eliminated, incomes would shrink. The effect would be felt not only directly by the American producers for export, but indirectly by all manufacturers and merchants, whose customers would have less to spend.

Moreover, our balance-of-payments position, which is already shaky would be further enfeebled. World confidence in the dollar would be jeopardized. With

less foreign exchange at our disposal, we would be unable to afford some of the crucial programs of military aid and economic assistance by which we now bolster the free world's defensive strength against Communist encroachment.

As I have described the Common Market up to now, it may appear a threat; in fact, it is an opportunity. If the United States can forge an effective economic partnership with Western Europe through the mechanism of the Common Market, free world strength will be redoubled and American export potential immeasurably broadened. The route to such a partnership is simple and clear: We must negotiate trade agreements with the Common Market to induce those countries to lower their common external tariff barriers by substantial amounts. Of course, this can be accomplished only by agreeing to bring down our own tariff walls in return. Trade concessions are only made reciprocally. And we can start these crucial negotiations only if President Kennedy receives the necessary authority to reduce tariffs by congressional passage of the Trade Expansion Act introduced last month.

We must act promptly, if we are to avoid the threat of being shut out of Europe, and if we are to take advantage of the sales potential in this rich market. For the Common Market is growing at a tremendous rate. Its gross national product is expected to increase by 50 percent or more during the next 10 years. Last year, alone, its gross national product rose 6½ percent, its industrial production was up 11 percent, and its external trade climbed by an extraordinary 23 percent.

The European horn of plenty is now broad at the brim; there is room in this cornucopia for increasing quantities of American goods. But the tariffs barriers must be removed first.

Prosperity has also brought changing consumer patterns in the European marketplace. For example, the labor shortage has added wives to the work force, thus cutting into the time available for shopping and meal preparation. In addition, larger refrigerators make possible fewer trips to the markets. Automobiles have increased the shoppers' mobility. Advertising has helped break down the consumer's resistance to change. These new conditions of life have produced a noticeable interest in American merchandising methods—such as supermarkets, discount houses, and home delivery.

The same sort of changes are to be found in the European clothing world. With a faster pace of life, the European woman has less time to visit her "little dressmaker." The same goes for the busy European man and his tailors. Ready-to-wear clothing is increasingly popular.

These developments have placed a premium on the kind of experience the U.S. clothing industry has gained from operating in the American mass market. A large American dress manufacturer, for instance, knows the most efficient way to schedule production of 10,000 dresses of the same color, style, and

fabric. His advertising and marketing experts know how to find 10,000 women who will buy the 10,000 identical dresses. European firms are still in the process of learning these techniques; the competitive advantage is still ours.

I understand that maids are becoming scarcer in Europe, so no doubt the European housewife would welcome American-made wash-and-wear clothing. Dungarees are another item in high demand; I have even heard of European merchants removing American labels from the inside of imported bluejeans and sewing them on the outside to make clear to their customers that they are the genuine American product. I hear that there is also a sizable potential market for our lightweight clothing and our casual wear—not only in Europe but throughout the world.

Government commercial attachés in Europe report that there is a market to be exploited for almost every type of American wearing apparel. U.S. manufacturers with energy and enterprise will find that they can increase clothing exports substantially, if tariffs can be brought down.

Europe's markets, of course, are not the only ones in which American sales possibilities exist. The new legislation will give the President the necessary bargaining power with which to open up new market opportunities for U.S. products in other countries as well. Moreover, any trade concessions that we negotiate would automatically be extended to all nations in the free world; this is the so-called most-favored-nation principle. Thus Japan, Canada, Australia, and the underdeveloped countries would also be given a greater chance to increase foreign trade, thereby building up foreign exchange which would stimulate purchases from countries such as our own.

These will be some of the far-reaching benefits that a more flexible trade policy would bring to our Nation, and to the whole free world.

The Government is very much aware, however, that a freer trade policy poses the possibility that some American companies may incur temporary dislocation. And the Government does not intend to stand idly by while American industries are threatened with such dislocation. For example, let us examine the extraordinary measures President Kennedy has already taken to aid the textile industry. Last summer he took the initiative in obtaining a 1-year agreement in Geneva with the principal nations exporting cotton textiles. Under this Geneva agreement, nations which export cotton can be required to restrain their cotton textile exports to avoid disruption of domestic markets in the United States. A new agreement has been concluded between the United States and these countries which extend these safeguards for several more years thus putting our textile industry in a far better position tradewise than it has been in at any time in the last 10 years or more.

Moreover, the President's trade bill provides for a trade adjustment program which will permit industries or workers affected adversely by increased imports to receive Federal assistance to restore their competitive strength or to regain

employment, under a program which is realistic, businesslike, and economically sound.

However, we do not believe that increased imports will in fact constitute a problem of major proportions. The lowering of tariffs will take place over a period of 5 or more years—not overnight. Our industries will have ample time to adjust. And this we know how to do.

Every day, American ingenuity and creativity meet and conquer competitive forces far greater than any we can reasonably expect to be created under conditions of an orderly expansion of international trade. We have not only survived such challenges, we have prospered because of them.

What is less well understood, and still more important to the country and to the passage of the new trade legislation, is the critical role trade plays in our Nation's foreign affairs.

The Communists understand this and thus have launched an extensive, carefully planned trade and aid offensive in an effort to divide and conquer one nation after another in the free world.

The magnitude of this offensive is illustrated by the fact that in 5 years, between 1954 and 1959, the Communist bloc stepped up its trade with carefully selected underdeveloped countries from \$860 million to \$2½ billion—a jump of 170 percent.

According to 1960 estimates, the Sino-Soviet bloc supplies more than 10 percent of the trade in Turkey, Finland, Iraq, Jordan, Sudan, Cambodia, and Uruguay. It accounts for more than 20 percent of the total trade of Iceland, Guinea, Iran, and Greece. And in Egypt, its share is more than 40 percent of the total, compared with 15 percent 5 years before.

As a sidearm to this trade weapon, a corps of more than 6,500 Communist technicians live and work in these areas as part of the bloc's mounting foreign aid program. They are the formidable infantry in the cold war offensive.

What is our answer to this? In overall terms it must be to pursue one simple and clear purpose. It is to further the growth and cohesion of the free world. For if we can strengthen and hold together the principal associations we have; if we can aid and encourage the uncommitted nations in their independent development and participation in an open economic and political world system, we will more than compensate in expanded economic activity for the prior loss of some markets to the Communists, we will reduce to manageable proportions the tensions that are bound to arise within the free world and we will be furthering our own positive goals as to the kind of world we wish to live in, while at the same time doing much to counter the Communist drive for world domination.

That growth is necessary to accomplish this is obvious. That cohesion is equally necessary may not be so obvious, but it is just as true. Benjamin Franklin's words apply now as they did then: "We must all hang together or we will surely hang separately."

Every specific policy ought to be tested against this overall purpose—does it contribute to the growth and cohesion of the free world? The lowering of trade barriers and the expansion of international trade clearly does; a retreat into a shell of protectionism clearly does not.

These are ambitious objectives, but they are not beyond our grasp. They require diligence and imagination, but these we do not lack. They require the ability to broaden our attitudes to meet the challenge of new situations, but this we have done before. In the last 20 years our country has moved from isolationism to leadership of the free world. This has been in response to a political challenge; today the challenge is increasingly economic. We must abandon the economic isolationism that protective tariffs imply, thereby insuring commercial vitality to our own country at the same time that we help create a free world undivided against itself by high tariff walls.

In fact if we are able to move forward at this time in expanding international trade we can harness together as a working team the two greatest sources of economic power the world has ever known—the United States and the European Common Market. This will give us a combined strength more than twice that of the entire Sino-Soviet bloc. It will lay to rest any doubt as to which economic system is to prevail.

Mr. FISHER. Mr. Chairman, during the colloquy between myself and the gentleman from Arkansas [Mr. MILLS], chairman of the Ways and Means Committee, a few moments ago, in response to my inquiry about section 212 of the pending bill, it was admitted that authority is therein granted for the President to admit duty free practically all agricultural products. I am wondering how many members of the House realize how far reaching this authority actually is.

I have said the President is given that authority. In practice it will be the State Department because that Department, under direction of the President, is in charge of all negotiations that relate to international trade agreements.

Now, let me reiterate just what this particular provision does. Section 212 provides that agricultural products may be admitted duty-free, if the State Department, acting under authority of the President, should during trade negotiations with the Common Market countries decide to permit that to be done.

The language is a bit confusing, and perhaps that explains why there has not been more outcry against it. The bill provides that the 50 percent limitation on the President's authority shall not apply—note this, because it is very important—shall not apply, meaning that the items may be put on the free list—shall not apply to any article referred to in Agricultural Handbook No. 143.

The question then recurs on just what that handbook contains. What agricultural products are included?

It is all-inclusive, so far as agricultural products are concerned. Included are live animals, meat products, including fresh, chilled, or frozen beef, mut-

ton, lamb, pork, sausage, canned beef and meats.

Also included are dairy products of all kinds, fodders, feeds, and vegetables.

And it includes wool, mohair, and cotton.

It is true that such agreements could only be made with Common Market countries. But under the most favored nation clause, the same identical treatment would be automatically extended to all other non-Communist countries of the world, including Japan, New Zealand, Australia, Latin America, Africa, and Canada.

This is indeed an unprecedented delegation of authority. The Congress is completely abdicating its responsibility in this respect, and proposes to turn over to the State Department and the whims of the negotiators, life and death decisions affecting many agricultural products that may be involved. For 5 long years the Congress would have no right of review, no right to question the judgment of those who will be acting in pursuance of this delegation of authority.

Mr. Chairman, earlier this week I discussed this legislation in considerable detail. I undertook to emphasize the many dangers that are wrapped up in this legislation. It is admitted that never before in American history has the Congress delegated so much power and authority to the Executive.

I pointed to the evils inherent in the provision in the bill which authorizes the President to furnish import adjustment aid in the form of readjustment allowances, a form of unemployment compensation, training and relocation allowances to workers, and technical assistance, financial aid, and tax relief to firms.

That is what is known as the welfare provision, reported to have been included in order to placate certain labor unions which are apparently apprehensive of the likelihood that many American industries may have to shut down or reduce their operations because of drastic reduction or elimination of tariff rates.

The welfare section allows unemployment benefits in amounts nearly twice that of ordinary unemployment benefits, covering periods of up to 91 weeks, with the American taxpayers paying the bill.

It makes industries and workers wards of the State, and in effect puts them on a dole. And this will go on indefinitely. It would grant to bureaucrats in Washington an area of discretion in going to the aid of the distressed industries and their employees, which would naturally lend itself to all manner of political favoritism and boondoggling.

The bill ignores the plight of the oil industry which, except for big major companies, is suffocating as a result of the manner in which the mandatory oil import control program is being administered.

I have previously pointed out that under the mandatory control program imports achieved an alltime high of 1,889,000 barrels per day—a half million barrel-per-day increase during the preceding 5 years. During that time domestic production was denied practically any increase. From 1956 through 1960 oil

production in Texas dropped 476,000 barrels a day, with average producing days per month dropping from 15.8 in 1956 to only 8 in 1962.

This reduction had to be done in order to avoid a chaotic market breakdown for domestic production.

Despite this problem, attempts to include in this bill something that would require imports of petroleum to bear a proportionate relationship to our needs and our own domestic production, were ignored.

Mr. Chairman, I shall not belabor this issue further. To be sure, we all want to encourage foreign trade, but in the enactment of laws that relate to it some consideration should be given to American industries that might be adversely affected by trade agreements. Under the pending bill the peril-point and escape-clause provisions in the present law are all but wiped out. This Congress is certainly capable of enacting trade laws without a complete surrender of its constitutional responsibilities in this field. And yet that is precisely what is involved here.

Mr. WHITENER. Mr. Chairman, no Member of this body has greater respect and admiration for one of his colleagues than I hold for the distinguished gentleman from Arkansas [Mr. MILLS], the chairman of the Ways and Means Committee. He is able, effective, sincere, and personable to the greatest degree. His presentation of his views on H.R. 11970 has been outstanding as is the usual performance by the gentleman.

I would like to go along with him and his splendid committee on this legislation if at all possible. However, after serious and diligent study of the proposal and after giving full attention to the arguments pro and con on the subject I cannot bring myself to the view that this approach to our trade situation is to the best interest of our people. Therefore, Mr. Chairman, I shall vote for the motion to recommit the bill to the Ways and Means Committee; if that motion fails I shall then vote against its final passage by the House.

Experience during recent years in our great textile area convinces me that we must have a new trade program within the near future if that industry and the jobs of our people in textiles are to be preserved. I do not believe that the principles enunciated in H.R. 11970 will measure up to what I believe are the requirements of the American people in many industries now so harmfully affected by inordinate imports of competing low-wage commodities.

Nor, Mr. Chairman, do I believe that the proponents of this bill can sincerely avow that this legislation will preserve American jobs. I say that because of the language of the bill—covering approximately 40 printed pages—which has as its purpose the loan assistance to industries and unemployment compensation to workers who are displaced in the future by importation of foreign-made products. If they did not anticipate severe injury to our industry and our workers how can they justify inclusion of these disaster provisions in the legislation?

Will lowering tariffs, as the President is authorized to do in this bill, place our industry in a more competitive position than we now have? I do not think so. Recently the Joint Economic Committee of the Congress, composed of some of the most able colleagues, found that our tariffs are among the lowest of any nation. Yet some of the members of that committee have spoken with great eloquence on the pending legislation urging that we should prepare to completely eliminate some of these tariffs in the interest of promoting world trade.

Our friends who support this legislation tell us also that we must be in position to further reduce tariffs as another weapon against our serious balance-of-payments problem. If this be true—and I cannot accept their arguments as sound ones—our neighbor to the north, Canada, has in the past few days ignored the validity of the contentions of the sponsors of this legislation. How did they go about combating their balance-of-payments problem? They announced to the world that their Government was raising tariffs on imports appreciably in order to bolster their declining dollar.

If the present bill becomes law and if Canada persists in her announced policy of raising tariffs we will all know within a few years which of the two nations had the correct solution. I am unwilling to gamble away the jobs of our people and the economic security of our Nation in this bold experiment which is now being advocated by many for whom I have the highest respect.

On several occasions I have addressed the House in an effort to impress upon my colleagues the gravity of our situation in textiles. At the same time I have recognized publicly the plight of people in other great industries in the United States who have been irreparably damaged by excessive imports. Regrettably, these efforts seem to have met with little response. Today it appears that a majority of our colleagues will take the untried route in trade policy embraced in the pending legislation. I hope that their bold venture will prove successful. If so, then I will be the first to applaud them for their great service to the American people. If they are proven wrong I will share their disappointment without criticizing them.

Each of us has a solemn duty to do that which is to the best interest of the American people as we see the issues and the possible solutions. On the basis of my observations of the economic developments during the past 10 to 15 years I cannot in good conscience be a party to the risks being taken in this bill. That is my decision after prayerful and earnest consideration of the entire issue.

Mr. ROSTENKOWSKI. Mr. Chairman, in the makeup of our history as a nation, transition has become an important segment of our lives. Since our beginning we have reached for new plateaus to accelerate our growth and progress which have been instrumental in achieving the greatness we now enjoy.

The United States, from its very beginning, has been the bright star in the west, beckoning the ambitious, the in-

dustrious, the inventive geniuses to apply their ideas and talents in the land of unlimited opportunity for achieving wealth, status, and material success. A land where opportunity is not based on inheritance, but on competitive ability to reach the goal set in the individual's mind. It is this competitive spirit that produces a surging economy and a life of pleasure. In our makeup, we offer the wide straight road to realize the age old dream of "Shangri-la."

As our Nation has progressed we have faced many changes, from era to era, which required us to retool our machinery of progress. We can note the railroads replacing the stage coach and covered wagon trains; the automobile replacing the horse and buggy; electricity eliminating candlelight; steam providing power heretofore dependent on the muscle of man; machinery easing the burden of wielding the scythe and tilling the soil and from each of these eras, new doors opened from which new ideas were formulated. Ideas that expanded our potentialities. Ideas that enabled our people to face life with new vigor and assurance that their heirs will not be required to struggle for existence.

And yet, each change produced a gray area for the populace of the time. An area which eliminated certain crafts and trade, displacing the laborers engaged in the production and handling of the product or service they afforded. It is true it created a hardship upon those displaced, but it did not sap the ambitions of those unfortunate few and they hitched up their belts and accepted the new challenge facing them.

With renewed faith and foresight, they carried on and realized greater fortunes than originally anticipated.

Although this story points to our advancement, it is not a new tale. For the history of mankind is dotted with changes. Changes which have proven, through the age old axiom of time, the need for change. It is encouragement which has been accepted and must continue to be accepted to avoid stagnation.

Today we are faced with another new era of change. A change in our marketing policies. Marketing—a vital artery in our overall structure for continued success—so necessary to insure us and future generations that the United States does not intend to run last as a nation but will continue to challenge for the lead position in the world. It is this competitive spirit which provides the free world with the best weapon to defeat the bondage that communism offers. And it is this competitive spirit which has brought about the rebirth of war-torn Europe, placing them in a position to enjoy a full and prosperous life as individuals and not as part of a slave world which offers nothing but grief and hardship.

Today, we in Congress, the elected lawmakers of the land, are considering a major piece of legislation that will, without doubt, be enrolled upon the pages of our history as a major turning point of our life as a nation.

H.R. 11970 is designed to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through

adjustment assistance to domestic industry, agriculture, and labor, and for other purposes. It was offered to the Congress by our great President, John F. Kennedy, but not before an extensive study had been made as to its merit, for the general well-being of our Nation. It had to be seriously considered for its effects will make a decided change in our operations and the way of life for some of our citizens.

As is the conduct of the principles of our Government, the President's suggestion had to be openly aired by committee process in Congress so it could be clearly understood before the lawmakers acted upon its provisions. Our great Committee on Ways and Means was assigned the task to delve into the complexed proposal.

It had to investigate the effects of the bill on the overall economy of our country, for this legislation is not pointed to any one segment of industry, but will blanket a major portion of the varied businesses operating within our borders. The committee patiently listened to the testimony of management, farmers, labor, trade organizations, private individuals, professions, and appointed and elected Government officials. It became one of the most extensive and exacting studies of any legislation placed before Congress. And well it should be, for we are facing a new era as important as any we have ever faced.

After all interested people voiced their feelings, the committee carefully analyzed their testimony, giving fair and impartial consideration to the general needs of our citizenry. The results of this extensive study and consideration are now before this legislative body as H.R. 11970.

For me to expound the provisions of this bill would only be needless repetition for the printed bill and analysis speaks for itself.

I believe it is better to devote my time to my interpretation of the effects of the legislation upon the general welfare of our Nation.

America is now reaching the brink of a new plateau. It is the next step upward to continued world leadership. There are great promises of a full, rich, and pleasant way of life awaiting us now and in the distant future. We are on the threshold of space travel; elimination of dreaded diseases and so-called incurable illnesses; relief of still existent laborious tasks to allow us greater leisure; and greater assurance of the means to enjoy these pleasantries.

But the means can be limited, affecting the prospects of receiving the most out of life, if we fail to explore the free markets of the world in order to distribute the fruits of our labor. For America can do no more without the possibility of trade, and in the booming prosperity of the free world we are definitely in need of a new trade policy.

With the birth of the European Common Market, now accepted by Great Britain and other countries, a multi-billion dollar trading post has been erected. A trading post which engulfs some 250 million population of Western Europe.

An area rising from the despair of war, rebuilding and moving forward at an accelerated pace, paving the way for a multitude of products and services which have been yearned for and are most desperately wanted by people who have experienced hardship and lack of goods to ease their burdens.

The potential available market is likened unto the vast resources that developed the richness of our land when the early pioneers heeded the words of Horace Greely, "Go west, young man, go west." Only in this instance, it is "Go east, American, go east" for there is a need for your products and produce. But we cannot realize the profit that is available from this market, unless we are in a position to bargain for the distribution of the commodities we produce into this market. We are at the starting gate and, as the lawmakers, we control the switch to open this gate, which will allow us to run freely in the race for a strengthened economy and position of world leadership. And the switch we control is the Reciprocal Trade Agreement Act of 1962, now before us.

As President Kennedy has said:

We stand at a great divide: We must either trade or fade. We must either go backward or forward.

There is compelling truth in these words, for at the pace the Common Market is moving, it can supply its own and much of the world's needs without us if we do not join the competition while it is still young.

To do this we must speed up the process of tariff negotiations. For the old ways of haggling, long hearings, and petitions over each one of scores of items, are too slow for today's pace. The bill before us enables us to negotiate in terms of expedience. It grants us a seat in the game instead of the position as a kibitzer, which never gains results.

As I have already mentioned, a gray area will develop as the result of freer trade. There are certain industries in our country which can be hurt from an increase in imports. However, this bill provides means of cushioning industries which may be hurt by lowered tariffs. The President has assured us that "no one will be sacrificed to the national interest with a medal or an empty grocery bag."

Broader access to world markets will provide us with a broader expansion of our economy. For I believe in the tradition of American enterprise, where ingenuity and resources make us a progressive, wide-awake nation.

Since our birth as a nation, we have accepted all challenges put forth to us by peaceful competition or hostile provocation. We have emerged triumphantly. And our victories have resulted because of the cooperation and ambitious spirit of our people to retain what we have. They have not been the result of an isolationist policy.

For this reason, I believe this Nation will accept the challenge of the European Common Market. We will plunge into it with the same vigor as we have in previous challenges placed before us. And I further believe that the will of the American people has not reached a

point of stagnation, but the desire to continue to move forward.

As we can see and realize that a liberal trade policy in the free world is an important weapon in the economic cold war, we can fully understand that we have a fine opportunity to strengthen Western unity and erect a solid free world front against the Communist political and economic assault.

Expanding trade also would be a boon to our own economy.

It will create greater employment as it is estimated that each billion dollars in exports will create 150,000 more jobs.

We have reached a new plateau in our way of life. To continue to rise we must meet the needs of this new era. It holds great promise and we should not deny ourselves the benefits which hold forth. It is the national interest of our country and future survival of the free world, that we, the lawmakers of the land, express our confidence in the proposal before us and enact H.R. 11970, the Reciprocal Trade Agreement Act of 1962.

Mrs. CHURCH. Mr. Chairman, for 12 years, ever since I took my seat in this House, I have consistently—and enthusiastically—supported each bill extending the Reciprocal Trade Agreements Act. I have done so because of my conviction that healthy and growing international trade is an essential part of our national economic well-being.

I came to the House floor yesterday fully expecting that I would support this present bill, H.R. 11970. Two days of constant attention during the debate, however, have convinced me that this measure in its present form contains certain provisions that I cannot support: Provisions indeed from which I can only anticipate inequities, discrimination against both labor and industry, and great potential danger to our economy and our national well-being.

It is regrettable that the closed rule which was requested by the Ways and Means Committee and granted by the Rules Committee prevented the House from giving consideration to amendments which would, in my opinion, have removed at least some of the most objectionable provisions. Since this was impossible, I, therefore, must express my opposition and my apprehension by my vote, in the hope that such demonstrated objection to certain parts of the measure will emphasize to the other body the need for adequate revision of its provisions.

I would hope that the bill might be returned to the House with revisions and deletions that would justify my support.

Mr. ROBISON. Mr. Chairman, the high level of this debate is evidence of the fact that all of us are aware of the historic importance of this moment.

Certainly, I have no illusions concerning the importance of the votes I am about to cast; for at least in part thereon, may be shaped the economic form of the world ahead.

Of the two votes that will occur later this afternoon—at least as the situation is now anticipated—the motion to recommit H.R. 11970 in favor of a simple extension of the present program has the appearance of being a sound and

deliberative move. It is attractive not only because of that but for political reasons of import—I am sure—to almost every one of us.

However, I do not believe that such a maintenance of the status quo is in the national interest. The situation we face abroad is changing by the moment. Many of the pieces to the puzzle have yet to be put in place. Our action here today, in moving forward in a positive fashion to adjust to the situation, will undoubtedly have a substantial effect thereon.

I believe, therefore, that it is incumbent upon us to now move toward freer trade, imperfect though the vehicle we have to use may be and painful though the impact thereof may perhaps be upon some segments of our domestic economy.

In a sense, it seems to me that we face something comparable to the inevitable visit most of us know we should make to our dentist. It is easy to postpone that visit, but will the experience be any less painful because of such postponement?

Moreover, I do not want it said that this Congress is unwilling to give the President of the United States the tools he may need with which to meet the changing patterns of world trade, and to meet them in such a fashion that the interest both of this Nation and of the free world will be served. I am aware that the bargaining authority to be newly vested in the President by H.R. 11970 is substantial, but it is not wholly unprecedented and I believe that, in general, it is dictated by the situation in which we find ourselves.

In several ways, on the other side of the coin of such authority, I also believe that H.R. 11970 represents a substantial improvement over the existing act. These improvements include a better plan for preagreement procedures, and the utilization of a special representative to the President as well as a Cabinet-level advisory organization on tariff adjustment matters, thus fixing, more clearly than ever before, the responsibility for trade negotiations. It will also include the provision for a congressional veto, by majority vote of each House, of a Presidential rejection of any Tariff Commission recommendation for relief which, better than ever before, enables Congress to retain a valuable measure of control over this entire program.

It should also again be pointed out, more often than it has been here yesterday and today, that H.R. 11970 is enabling legislation only, and that its passage will not automatically reduce one single tariff of the United States. Further than that, the bill also permits the President to also increase duties to 50 percent of the July 1, 1934, level as well as to take other steps to protect domestic industry which is either injured or threatened by injury as a result of imports.

I am, of course, not pleased with the situation in which I find myself as a result of the action of the "enlightened" and "liberalized" Rules Committee, whereby we must accept all or nothing of H.R. 11970. I am as disturbed as many

of my colleagues concerning the adjustment assistance provisions of the bill of their import and of the precedent that may be set thereby. I can only hope, under these circumstances, that the reservations that others have so ably expressed concerning those provisions will be more fully debated in the other body, and those provisions substantially altered before the measure returns to us by way of conference.

Finally, I think it should be recognized by all that the enactment of this law will not, in and of itself, solve our problems in world trade or our current balance-of-payments difficulties. To the extent that some of us think it will, is pure wishful thinking based on the White House's unfortunate tendency to oversell this program as a panacea to all our problems.

Instead, this bill can be only a part of what is needed if we are to realistically face up to a new and changing world economic pattern. Other parts of that effort would include, in my judgment, the early completion of a comprehensive reform of our tax structure, the early implementation of the long-promised depreciation reform, the early elimination of current inflationary trends and Federal deficits, and an understanding and encouragement—which of late has been missing—of the free enterprise system by the Kennedy administration. I believe that this Congress must be prepared, if the administration does not move in these other areas, to take the initiative for doing so, itself, and that we should do so this year, no matter how attractive home may be beginning to seem to most of us.

Mr. KILBURN. Mr. Chairman, this trade bill is a nonpartisan measure. The question is, what is best for our own country. The United States now has the lowest tariffs of any major country in the world and it is now fifth lowest of any country. This bill gives extraordinary powers to the President.

We face many uncertain conditions in the world. We do not know how the Common Market will succeed in Europe. We do not know if England will join it. We do not know what the effect of the Canadian devaluation of the dollar will be.

The President has the power, under existing law, to lower tariffs 20 percent over the next two years. He has already negotiated with other countries and has proclaimed that he will lower them. If this new trade bill goes into effect he could not do more than that anyway for the next two years. Next year the Congress can give him further power if conditions warrant.

American investors have lost about \$150 billion in values in the last 30 or 40 days. The earnings of many Corporations are down and unemployment is increasing. Steel production is about 50 percent of capacity.

Under these uncertain conditions and such an uncertain outlook for the coming year, it would be wise, in my judgment, to postpone consideration of this matter and make a simple extension of the present law for another year.

Mr. ASHLEY. Mr. Chairman, I rise in support of the Trade Expansion Act

and I do so from a deep conviction that the well-being of generations of Americans to come depends upon our ability to take enlightened action today.

One would have hoped, Mr. Chairman, that politics might have been put to rest on an issue of such overriding national importance. Unhappily this does not appear to be the case and we need look no further than the motion to recommit for evidence of this fact.

This motion, which will be offered and supported largely from the Republican side of the aisle, does not seek to perfect the legislation before us. It seeks to kill the Trade Expansion Act in favor of a 1-year extension of the Reciprocal Trade Agreements Act. In short, the motion to recommit offers nothing new or different as an alternative, but instead continued reliance upon negotiating authority which has been largely exhausted and which is clearly insufficient to meet the explosive demands of the Common Market.

The Republican side must be congratulated for its consistency, if nothing else. It was less than a week ago that a similar motion to recommit was offered from that side of the aisle, again making no effort to improve or to offer anything new or different as an alternative. On that occasion it was the administration's farm bill which the Republicans sought to defeat, favoring a return to the programs of former Secretary of Agriculture Benson—programs which have resulted in the accumulation of unparalleled stores of agricultural surpluses at an annual cost of billions of dollars to the American taxpayer.

If negative thinking and opposition for the sake of opposition prevails today as it did last week, the Republicans can again celebrate a victory which will have cost the country dearly.

Mr. Chairman, the industrial vitality of our country is on the line today. If we are to maintain our dominant position among the trading nations and areas of the world, we must extend to the President the tariff-reducing authority provided in the bill before us.

But this alone will not assure our future, Mr. Chairman. It will merely assure continuing opportunities for American industry to participate on an increasing scale in the trade markets of the world.

If the full potential of our future is to be realized, not only must this bill be passed but, equally important, greatly improved techniques must be found to assist the American businessman to expand his sales abroad. This has been a field in which I have long been interested because I have seen the extremely effective help which the governments of other leading trade nations are giving to their exporters, whether they be small, medium or large.

In the past, Mr. Chairman, the assistance which our Government has made available to American exporters has been far less than that provided by other trading nations. In many respects the American businessman achieves success in the export field not because of, but despite Government activity supposedly in his behalf. Recently efforts have been

made to upgrade these efforts and to promote imaginative programs to expand our sales abroad.

But much remains to be done if we are to achieve a coordinated effort. Within a few days, Mr. Chairman, I will present for the RECORD an analysis of export promotion and expansion functions and activities of the U.S. Government. I regret that time today does not permit me even to summarize this report because it goes hand in hand with all that has been said for our future trade potential and the necessity for passage of the legislation before us. Manifestly, this future depends upon an effective partnership between American Government and American business.

Mr. MACK. Mr. Chairman, my concern about the decline in our gold reserves was one of the factors in my sponsorship of the International Travel Act of 1961. Under this act the U.S. Travel Service, in the Department of Commerce, has shown great enterprise in developing an aggressive program for attracting foreign tourists to this country. As my colleagues know, one of the major aims of this program is to help reduce the international payments deficit.

During our committee hearings on the travel bill the testimony made it abundantly clear that it is imperative for the United States to maintain its favorable balance of trade with the rest of the world. Our military and economic aid programs abroad, as well as the billion dollar gap between what American tourists spend abroad each year as compared to the money foreign tourists spend in this country, have resulted in a heavy drain on our financial resources. I believe that every effort should be made to reduce our foreign aid commitments but it would be foolhardy, while doing this, to fail to give the President the authority he needs to negotiate trade agreements that will permit American business concerns to compete with the European Common Market and other nations throughout the free world.

For this reason, Mr. Chairman, the bill before us today has my wholehearted support.

Mr. RANDALL. Mr. Chairman, I rise in support of H.R. 11970 which, as a clean bill, supplanted H.R. 9900.

It has been said by several members on the floor during the last 2 days of debate that the Trade Expansion Act of 1962 is the most important piece of legislation to be considered by the House in the 2d session of the 87th Congress. This thought has not been limited to expressions by the Members because in the 1962 state of the Union address, the President said:

Enactment of the Trade Expansion Act of 1962 could well affect the unity of the West, the course of the cold war, and the growth of our Nation for a generation or more to come.

And in a subsequent message on the trade program added:

A new American trade initiative is needed to meet the challenges and opportunities of a rapidly changing world economy.

It is not enough that our colleagues or our President simply say a trade bill is

important, as a matter of national welfare, but a bill becomes an important one to each individual Member of the House when his constituents believe a measure such as this is important.

Interest concerning a reciprocal trade measure has been expressed in growing volume by our people of the Fourth Missouri District, which is located in west central Missouri, since about the beginning of this calendar year, and we are able to report that of all the mail which has been received, it has all been favorable to the passage of this legislation, with the exception of perhaps a fraction of 1 percent which would certainly amount to less than 25 letters expressing any sort of opposition. All of the newspaper editorials of the leading papers of our area have supported the principle imposed in H.R. 11970. With this sort of support coming from our own congressional district, we set about to make a careful and considered analysis of the bill as reported by the Committee on Ways and Means.

We recall that in 1934, Congress enacted the first reciprocal trade agreement which was then proposed by President Roosevelt, allowing for modification of the high, rigid tariff barriers in an effort to revive foreign trade as a stimulant for the then depression-ridden economies. Then, as now, this was not a free trade bill, but instead was a reciprocal trade measure, giving the President authority to negotiate trade agreements with foreign countries, providing U.S. tariffs would be reduced only—or in return for—reductions in foreign tariffs against American goods. Over the years, since 1934, I think it is safe to state that this gradual lowering of our tariffs has expanded our foreign trade and has created many millions of new jobs, new companies, and stimulated new demands for our products on the one hand, and on the other has assured us of reliable sources for vital raw materials which we must import. We should remember that this law has been extended 11 times since 1934, and most recently in 1958. It will expire June 30, 1962.

As we support this bill we are mindful that today the United States enjoys a favorable balance of trade. The basic trade facts are that we exported about \$20 billion of goods in 1961, and imported only \$15 billion from foreign countries. Another basic trade fact that we should not forget is that our foreign trade provides for us, right here at home, 4.5 million jobs for American workers. Of this figure, 3.1 million are the jobs in industry and on the farm producing the materials or goods for export, and 1.4 million of the jobs are provided by transporting and processing goods which we import.

It is most interesting to note that about two-thirds of the dollar value of our exports are made up of farm products, \$4.8 billion; machinery, \$4.3 billion; transportation equipment, \$2.7 billion; chemicals, \$1.7 billion; and coal, \$0.4 billion. Even more interesting is the fact that about two-thirds of our U.S. imports are basically noncompetitive with our own domestic production which means these goods are not produced at all in the United States, but imports of

which are essential for the manufacture of our products here at home.

Another very significant "why" H.R. 11970 is important, is the fact that imports are not only essential to our economic growth, but also to our security. The fact is, we are dependent upon imports to supply key raw materials to our defense establishment, and while this is for military security, these very imports provide other free nations with the dollars they need so desperately to buy 75 percent of our exports.

The question presented to the Congress—and to the entire free world—is plain: Shall the free world come together in one great trading community which includes not only Western Europe and North America but also Japan, Australia, Latin America, and Africa as a solid front against the Communist world, or do the free nations go their separate ways as fragments—ineffective because of their disunity?

But it might be argued that this gain on the international front or victory in the cold war may be the enactment of this legislation weaken our economy here at home and delay the final victory we all seek. This leads to the means provided to prevent injury and damage to our own industrial establishments and we believe this has been provided for under the adjustment assistance provision of title III of the bill which provides not only assistance to workers, but assistance to firms, including tax assistance and what seems to be ample protective provisions and includes worker training, relocation allowances, and provision for subsistence payments during unemployment or retraining.

Once again, we ask ourselves why the new trade bill is so vitally necessary this year instead of adoption of the possible proposal to recommit the bill as has been suggested by a group of members for a simple 1-year extension. Of course, this recommittal would simply kill the bill and make it impossible for U.S. tariff negotiations with the Common Market in other countries during the very critical period that lies just ahead. The further answer to the question is that the challenge of the European Common Market will come now, in the year ahead, or in the immediate future. There has been a very rapid emergence of this group of European nations and that is one of the significant factors that makes a revision of our trade policy most necessary now.

If this bill becomes law, and if the President is granted the negotiating authority and he is successful in such a negotiation, what does this mean? It means our products will have access to the expanding economy of Western Europe, which at present could be described as "dynamic," and, more importantly, it means new jobs, more rapid economic growth, and full employment at home.

H.R. 9900, introduced by Chairman MILLS of the House Ways and Means Committee, incorporated many of the President's recommendations. Those who are observers of the legislative process will be pleased to know that the committee held 21 days of public hearings, during which time the bill was supported

not only by administration witnesses but by the United States-Japanese Trade Council; the Committee for National Trade Policy; the American Association of University Women, the League of Women Voters, and even more significant than the above-named organizations is the fact this bill was supported by both the U.S. Chamber of Commerce and the AFL-CIO. When these two groups, representing nearly all of America's business and nearly all of America's working men and women, endorse a measure, surely it must be sound and needed.

Mr. Chairman, the people of the United States will benefit economically by the enactment of H.R. 11970. In the struggle against international communism the free world will be unified and strengthened by the enactment of H.R. 11970. These are the reasons we support the Trade Expansion Act of 1962.

Mr. PHILBIN. Mr. Chairman, first I want to make it clear that I favor trade with all nations of good will and fair dealing and am anxious to promote cordial, friendly, constructive trade, and commercial relations on a reciprocal basis with all such nations.

It does not seem to me, however, that this bill any more than the reciprocal trade treaty bill, is a suitable vehicle for the accomplishment of that purpose.

International trade should be a two-way street, and not a one-way street. If we open our doors, as we should, to properly regulated trade with other nations, they should do the same for us. But the evidence makes it clear that they have not done so, and there is no guarantee they will do so under this bill.

Foreign trade, like domestic trade, should be mutually profitable and advantageous between the parties.

Trade or commerce which is secured by making grants, or doubtful loans to foreign purchasers does not meet that standard.

Trade which, in its impact and effect, paralyzes domestic industries in our own country, allows cheap imports to flood American markets creating depressed conditions and unemployment of our own people and the liquidation of many historic industries and businesses, is not in the national interest.

Trade relations which cause additional, huge outflows of gold from this Nation to other nations is likewise not at present, in the interest of this Nation, and should not be encouraged.

The gold imbalance, which afflicts and threatens us at this time in a very real way will be increased and worsened by the increased flow of imports into this country.

There are, in the main, three principal ways by which we can attack the serious gold imbalance problem which lesser and more superficial measures have failed to do.

First, cut military outlays and expenditures abroad. This cannot be done in sufficient amounts because the national security is involved. But more earnest and vigorous efforts should be made to cut these huge, and sometimes very wasteful expenditures.

The second way is a substantial cut in foreign aid and this could be done this year without materially hurting the aid program or related military support programs in any serious way. However, instead of reducing, we are very substantially increasing foreign aid this year, if present plans are adopted by Congress.

The third way is to decrease imports, as some other nations are doing, and the Common Market will do, according to its own statements. But this bill could have the opposite effect, as I pointed out, of greatly stepping up imports without corresponding increases in exports and in that way increasing the gold imbalance against us.

There is another way by which we could effect a decrease in the gold imbalance and that would be to greatly increase exports. I am not convinced at this time that there is a truly favorable prospect of accomplishing that end. Foreign nations, for the most part, are doing what our Nation should be doing—importing our goods when they have a real need for them, or cannot get along without them, or finding them cheaper and better than those of our competitors.

As I indicated, they are always glad to take our goods, as they are doing when they can get them for nothing, under some foreign giveaway program.

Moreover, with fullest respect to those who think otherwise, I feel it would be the better part of wisdom for the time being, to wait until the Common Market and the British position therein and the status of the European neutrals, is more definitely fixed, and until we know just what the situation is and just what adjustments or accommodations are necessary, possible, or sound, in order to adapt our trade policy and security policy to the Common Market or markets in Europe or elsewhere.

Any bill the Congress adopts might also contain some real effective safeguards against the cannibalizing of American home markets by cheap, low-grade, low-standard, sweatshop products from abroad. Of course, this bill does not contain such safeguards. Both the peril point and escape clause provisions contained in the present laws are weak and ineffectual. Congress could never as a practical matter legislate on each case recommended by the Tariff Commission.

When we get to the point where we deliberately pay the price of closing American factories and throwing American workmen out of jobs to do business with foreign nations, we are merely inviting economic conditions in this country which, if continued long enough, would bring our high American standards of wages, living and social standards down to the level of foreign economies. That would certainly be the logical and inevitable result of the increased flow of cheap imports from abroad.

Indeed, to a greater extent than we would like, we already have some of the undesirable results and effects of cheap imports appearing in our economy today, and this situation is very serious as to many industries and workers.

This bill is not only unprecedented in legislative history it is a completely new departure in that its sponsors candidly admit the likelihood that cheap imports would adversely affect American industries and workers and they have made provisions in the bill for subsidies and unemployment relief benefits for these affected industries and workers.

Under the Constitution, the Congress has the responsibility for regulating foreign and domestic trade and commerce imposing duties and controlling imports. It is true that reciprocal trade laws have somewhat changed and altered these powers, but I think that Congress should not, at this time, or any other time, except in great emergency, delegate more of these great constitutional powers to any department of the Government.

When measures of this kind are necessary, Congress should clearly and specifically limit and define any grant of its power and retain final control, as the Constitution intends, of its function to regulate trade and money.

I recognize that many fine and outstanding people motivated by humanitarian, altruistic, and security considerations are supporting this bill as is their right under our political system.

But in my district, and in my State and area, there are many industries already suffering from increased foreign trade which would be even more adversely affected by this bill. The heads of these industries, thousands and thousands of workers in my district and State, and many other interested people have been in touch with me protesting against the trade expansion bill.

These people are alarmed by the prospect of virtual free trade and the lack of feasible, practical safeguards against injurious imports threatening large segments of our industrial structure. The boot and shoe industry, the textile industry, the steel industry and its various ramifications, the electronic industry—also across a broad spectrum—the plastics industry, the woodworking industry, the bicycle industry, the carpet industry, the glass and ceramic industry, the scientific apparatus makers, wool-growers, and others have been in touch with me protesting against the trade expansion bill.

These people express doubt that we can accommodate ourselves completely to common markets, or other foreign markets, without causing serious unemployment, economic recession, or depression, in this country, and without marked reduction in our present high standards of living.

There is certainly no easy panacea to the problems of international trade, the dollar imbalance, and the maintenance of national prosperity.

I am anxious to seek flexible solutions to these great public questions, and I am particularly desirous of cooperating with our great President in developing ways and means by which we can strengthen our Nation and the free world. But there are instances when the implications clearly emphasize the need for caution and restraint. I feel that this

is true with regard to current trade expansion proposals, and I am searching for more assurances than I can find at the moment that the trade bill, without some adequate safeguards, would not produce the unfavorable conditions of lowered standards of wages and living in this country and in my district, which, industrially, is particularly vulnerable to cheap imports.

As I have said, foreign trade should be a two-way street and not a one-way street, such as it has been. If some good paterfamilias would have been willing to pour multibillions of dollars into our economy since World War II, our rate of growth and prosperity would be greater than they are at the moment and we probably would not be worrying about market conditions, the gold problem, or the economic state of the Nation.

I doubt that we can make grants to our oversea competitors to build and equip their factories, provide modernized machinery and marketing know-how, furnish them with materials at 75 percent of the cost to the American market, as we are doing in the case of cotton, and then expect to compete with them on any discoverably favorable basis in foreign markets or in our own markets.

It would be well if the bill had addressed itself to preventing reductions in duty before conditions of depression and disaster develop. Subsidies are not a substitute for sound, prosperous industry, and unemployment benefits are not a substitute for good jobs at high wages under decent conditions. From my standpoint, it is most desirable to encourage mutually profitable trade with friendly nations and particularly to strengthen those who are standing with us in the cold war. But it is my firm conviction that we can achieve this end without injuring or jeopardizing our own industries and the jobs of our own fellow citizens.

I do not care to belabor the broad sweeping powers which this bill would grant to our Government negotiators because our experience with the administration of the reciprocal trade treaties provides us with definite evidence of how these powers may be used. If a modified closed rule had been adopted which would have permitted the consideration of some really clarifying, safeguarding amendments, there might be some opportunity now for latitude in accepting this bill on the basis of practical, flexible, adequately safeguarded trade policy.

But the closed rule under which the bill is being considered today enjoins that opportunity and leaves me with no prospect of finding the assurances that I seek in the measure for our American economy and its faithful workers and the American people.

In my opinion, reinforced peril point and escape clause provisions would greatly improve the bill, and if properly drawn and agreed upon, possibly constitute the basis for insuring against the dangerously increased volume of cheaply produced imports that might well stagnate the American economy.

The Constitution clearly prescribes the powers and obligations of Congress in regulating imports as provided by article I, section 8 of that great document. These powers should be definitely retained by Congress by provisions that would make speedy adjustment of injurious imports possible under specific provisions of law.

On the whole, proper safeguards coupled with flexibility of administration and certainty of redress would allow us to mold and pursue a trade policy that would be practical and workable in every contingency that the common markets and our own economic prosperity might dictate.

Whatever ensues, I hope that Congress will keep in mind the needs of our great, free enterprise system, its managers and workers, and the millions of inarticulate people who look to us for guidance, assistance, and support regarding their interests, their jobs, and their future well-being.

Mr. GALLAGHER. Mr. Chairman, passage of the Trade Expansion Act will greatly stimulate U.S. economic growth. It will put our industry on its mettle to become more efficient. Industry will make more rapid application of the best technologies, will expend more funds and attention on the development of better technology and products, will hunt out and eradicate more swiftly the wastes and inefficiencies which continuously creep into operations.

This bill will enable our Government to negotiate better access for U.S. industry into the fastest growing market in the world today—the European Common Market. Lacking such access, the growth of our most dynamic and efficient industries will be hampered; with such access, these industries will have new worlds to conquer.

It is unquestionable that trade liberalization here and abroad will raise our productivity and wages, because it is our highest wage, highest productivity industries which lead in U.S. exports. Trade expansion thus means that the vanguard of faster industrial growth rates in the United States will be taken by our most efficient industries. This means that wages will rise for the average American worker. The key question here, however, is whether rising wages due to such expansion will adversely affect our price level. Concern for the consumer, for our balance of payments situation dictate that we view all major economic legislative measures from the standpoint of their possible effects on prices.

Fortunately, trade liberalization is a measure which promises us the benefits of growth and the benefits of price stability. It disciplines the price raiser, while increasing the rewards to the conservative pricer. Because of this factor, trade liberalization promises that wage increases will be real wage increases, that the consumer will not only be able to choose among a wider variety of alternatives, but on particularly attractive terms. Thus, trade liberalization means a faster rate of economic growth, higher real wages, and a better deal for the

consumer. These factors will also bring greater exports and a better long-term, private-capital balance. This follows because the incentive for U.S. industry to invest abroad will be reduced as foreign tariff walls come down. Thus, the effect of trade liberalization will be to help our balance of payments and reduce our gold outflow.

U.S. trade liberalization will also contribute strongly to the unity and strength of the free world, and will powerfully reinforce our international leadership position. Freer trade means greater economic interdependence among the nations—thus less focus on self-sufficiency and neutrality. It will increase the acceptance among the new nations of free enterprise and will boost the economic and political yields to our foreign aid program.

It is not surprising to me that trade liberalization contains such potentialities for good for all things most important to us; after all we owe much of our own growth and freedom to trade liberalization within the American States. Both our own progress and that of our friends and allies will be enhanced by an extension on a broader front of the principles on which we have built our greatness.

Mrs. HANSEN. Mr. Chairman, I support H.R. 11970, the Trade Expansion Act of 1962, but I feel called upon to comment on the trade situation facing our domestic lumber industry. I have made these points before, and will undoubtedly be making them again.

I certainly feel, as has been stressed by the able majority whip and other Members during this debate, that this country must make every effort to become a participant in the benefits which have so manifestly accrued to the member countries of the European Economic Community, the so-called Common Market, as a result of their trading program. I fully realize that, through the use of reciprocal arrangements for lowering the tariff barriers between the United States and this ever-stronger trading entity in Europe, we can expand the markets for our exports and share in the growth of the Common Market. I further realize that by our failure to attempt to cooperate in the great liberalizing of trade being practiced by the Common Market countries, we can very well shut ourselves off from these markets and doom ourselves to a growing deficit-of-payments situation of ever-greater proportions.

However, I wish to clarify in my mind the type of action which will be allowed by the bill for trade expansion, H.R. 11970, to aid an industry, such as the lumber industry, which is a major industry and employer in my own district. A large number of my colleagues in both parties know of my concern over the economic situation facing the lumber industry, and have recently joined me in an appeal to the President to give temporary relief to the lumber industry through the imposition of a quota on the importation of softwood lumber, based on the average annual shipments into the United States over the past 10 years. As a longer term measure, it has

been requested that the Tariff Commission be requested to commence immediately to gather the necessary information upon which a decision could be reached as to whether a tariff or quota should be applied to lumber importation.

I note that, under the trade expansion bill, "lumber of all types, rough or sawed" is among those categories which will be subject to elimination of a duty completely, because the tariff rate is now less than 5 percent.

The lumber industry of the Western States suffers principally from the import of Canadian lumber into the Eastern States, because of conditions which favor the Canadian product, pricewise. I know many of us are interested in knowing what the effect of the Trade Expansion Act will be on the situation which exists today—a situation in which Canada restricts the importation of lumber and lumber products from the United States, while the United States places minimum restrictions on the importation into our country of the Canadian product. What action will be available to the Executive to restore the health of the lumber industry? Will the U.S. lumber industry be able, under the new law, to gain access to the markets it needs, under conditions which will allow it to compete in the transportation costs it pays, in the duties it pays, and in the exchange rates in which it deals?

I acknowledge that it is altogether possible for the doors which will be opened to U.S. trade through this bill, and through our subsequent cooperation with the Common Market countries, to restore the health of the American lumber industry. In the meantime, however, I suggest that there are actions which the Executive can take right here at home—and these actions have been urged on the President and the executive agencies and departments concerned—which can be put into effect in the near future, to improve the position of U.S. lumber producers, restore employment in the industry, and allow it to maintain its ability to compete under the new conditions we are contemplating under this bill.

Mr. PIRNIE. Mr. Chairman, I support the worthy goal of expanded world trade. Such an objective is in the best interests of our national economy and the security of the free world's defenses. However, I must oppose the Trade Expansion Act—H.R. 11970—as proposed by the administration.

It is recognized that the changing pattern of world commerce, specifically, the rise of the European Common Market, indicates the necessity for new tariff-bargaining authority to be vested in the President, but he should not be given the power to destroy an unspecified number of American businesses and jobs in the process. We do not know how many tens of thousands or millions of jobs will be affected. As yet, the administration has declined to furnish the Congress with satisfactory, detailed information.

In New York State, my section of the Mohawk Valley has been particularly hard hit by low-cost foreign imports. Moreover, the southern exodus of im-

portant local industries, chiefly textiles, has aggravated this situation, creating a labor-surplus market. The people of our area do not look with favor upon recent administration actions which have singled out the southern textile industry for special tariff protection in an effort to enlist support for its trade bill.

Furthermore, its adjustment provisions, designed to soften the impact of increased imports, are both illusory and unsound. They unnecessarily duplicate the recently enacted Manpower Development and Retraining Act program, which seeks to upgrade the skills of workers displaced by automation, matching them with new job opportunities. In addition, the proposed measure discriminates against those presently unemployed by offering higher payments to those who would lose their jobs because of import competition. Certainly, it would be grossly unfair to create a second-class category for a large portion of our unemployed citizens.

Of fundamental significance, the uncertainty surrounding the economic effects of the bill increases the apprehension of investors and the industrial community, already seriously concerned over current danger signals in our economy. It is interesting to note that the Canadian Government, faced with similar difficulties, has chosen to raise tariffs to protect the integrity of its dollar. Accordingly, serious study should be undertaken by our Government before embarking upon the unknown seas of freer trade. Responsible leadership and sound judgment require that we chart our economic course in advance. Consequently, I support a 1-year extension of the present law to permit this review. No crisis demanding hasty or emergency action has been demonstrated. The entire defense of the free world is dependent upon the progressive prosperity of the United States. No intended partnership with the Atlantic community can long endure without the security of such a foundation. Let us be certain that our proposed actions provide this security. We cannot afford to guess.

Mr. DOMINICK. Mr. Chairman, there are very few in this Chamber who are opposed to the principles of reducing trade barriers between the free nations of the world. Many of us who have been listening to this debate for 2 days would like to vote for steps in this direction and have been waiting to hear some sound substantive reasons which would permit us to do so. I, for one, must regretfully say that I have not heard any.

To the contrary, several important points have become clear:

First. This is not a reciprocal trade bill. There is no requirement of any kind that a foreign country must reduce its trade restrictions on comparable goods in return for our reductions. This has been made clear by the chairman of the committee [Mr. MILLS] in reply to a specific question.

Second. The administration has testified before the committee that it estimates 800 industries—industries, not firms—will be adversely affected by tariff reductions under this act. At a time

when unemployment is high, business shaky, and gold losses increasing, it hardly seems wise to add this additional adverse element.

Third. The gentleman from New York [Mr. GOODELL] has shown clearly that the adjustment assistance provisions provide special privileges for those injured by this act, compensation far higher than for those unemployed for any other reason and special assistance to the businesses as well. Then costs will be borne by the general taxpayer and, hence, we are simply substituting general taxpayer funds to subsidize industries instead of the existing tariffs which are paid by importers using or selling the particular articles involved. Substitution of one subsidy for another is not freer trade and its seems particularly unwise at a time when the general taxpayer is so overburdened; the General Treasury is already bankrupt; and the Government is borrowing funds to pay for programs already pushed through by this administration.

It is interesting to note the spread of opposition to this bill. I have received wires and letters expressing strong adverse opinions from the United Mine Workers, the chemical companies in my district, the steelworkers operating at the Colorado Fuel & Iron Corp., Colorado Fuel & Iron Corp. itself, the Colorado-Wyoming Teamsters Union, and a number of other businesses and labor groups.

In his wire to me, the president of the Colorado-Wyoming Council of Teamsters said:

Colorado-Wyoming Council of Teamsters, representing 15,000 members in Colorado and Wyoming, urge you to vote against H.R. 9900. We do not think you should authorize the President to reduce tariffs to permit Japanese- and European-made goods to come into this country produced at wages ranging from 17 cents to 85 cents an hour. This is unfair competition.

CHARLES F. LINDSAY,
President, Colorado-Wyoming Council
of Teamsters.

In a letter to me, Mr. Rudolph Smith, executive vice president of Colorado Fuel & Iron Corp., wrote:

I wish to state that we shipped a relatively small tonnage from our Pueblo steel plant to export markets in the year 1961. However, the imports of the type of products produced at Pueblo to our western market far outweighed the tonnage that we were able to export. Export shipment of Pueblo wire products in 1961 were insignificant.

Keep in mind that products from our Pueblo plant production, are marketed in all Western States, and in some product categories to eastern, southern, and other regions. This means that the impact of foreign steel imports is felt over a wide area and beyond the primary distribution centers of the Mountain States.

A sizable portion of our Pueblo plant production, as well as the production of our two California plants (South San Francisco and Oakland), is in wire and other types of products that are exported to the United States in large quantities by Japan, Belgium, and other countries. We would like very much to export larger tonnages of our well-diversified product line, but the futility of such a program can readily be seen by the following tabulation of a few selected products. The data represents total imports to

the United States and total exports from the United States by the entire steel industry in the year 1961 and for the first 2 months of 1962:

Department of Commerce data
[Net tons]

	Year 1961		2 months 1962	
	Import to United States	Export from United States	Import to United States	Export from United States
Wire nails.....	245,211	3,468	40,782	613
Barbed wire.....	82,466	969	11,760	791
Wire rope and strand.....	34,172	8,324	6,814	1,609
Round fencing and baling wire.....	202,036	19,886	38,598	4,610
Wire rods.....	451,210	5,378	81,808	460
Concrete reinforcing bars.....	583,125	15,688	126,736	1,834
Galvanized wire fencing.....	31,492	1,661	8,281	237

Large tonnages of the above Colorado Fuel & Iron Corp. type products reached western markets through the gulf coast and west coast ports. This data has been tabulated and will be sent to you with other material that we think will be of interest.

Maintaining a sound agricultural economy for our Western States is, of course, most important and the relationship of imported and exported products should have careful study. Farms and ranches of the West are an important market for Colorado Fuel & Iron Corp. products such as nails, barbed wire, woven fencing, coiled baling wire, and other items and we are naturally concerned when a product such as barbed wire is shipped to this country in such large volumes.

With respect to Common Market and import duty discussions that have been most active in recent weeks I can only say that any further advantages given to foreign countries to make it easier for them to ship even larger tonnages of steel and wire products to U.S. markets cannot be favorable to the task we all face of insuring the strongest and soundest economy for this Nation. The U.S. duty on barbed wire, for example, is free, and 82,466 tons of this product arrived in this country in 1961. I don't know what changes are contemplated in duties imposed by other countries, but our information is that the tariffs that have been in effect are: Japan, 15 percent; United Kingdom, 33½ percent; France, 15.6 percent; Canada, 10 percent.

Similarly, the U.S. duty on nails, I understand, has been 2 to 4 cents per pound, as compared to ad valorem percentages ranging from 15 to 22½ percent charged by other countries.

An important fact to remember, I believe, is that the wage rates of other countries are much lower than those paid in this country and this fact will probably continue to have much more significance on imports and exports of steel products than any other.

I very much appreciate your interest in matters that are of vital concern to the economy of Colorado, the United States, our company. I commend your desire to obtain factual material that will show the possible effects of bills such as H.R. 9900 that represents a drastic departure from previous trade agreements legislation. Sharp reduction or eventual elimination of import duties must be weighed most carefully, and particularly in relationship to the large export-import imbalance that already exists on many steel products. It is most refreshing to realize that you, as our Representative in Congress, are working diligently on our problems.

Sincerely yours,

RUDOLPH SMITH.

The figures cited by Mr. Smith should be of interest to many of my colleagues. To the extent that imports cut into business, jobs are jeopardized. And even the most plush unemployment assistance will not be of any real help to a man who has been supporting his family by hard work and has over a period of years built substantial seniority in his job.

I am interested in increasing the number of available jobs—not decreasing them. I am interested in preserving and adding to our standard of living—not in taking steps which may force a decrease in job opportunities and a lower standard of living for the American workingman.

I suggest to this Committee and the administration that an upward surge in the economy is needed badly and should be brought about by rigorous Government economy, balancing the budget, and then increasing depreciation allowances and completely revising tax laws so that individuals and businesses can put their own money to work rather than having it sliced to shreds in the maw of the Government disposal.

Mr. Chairman, I am disappointed. I had hoped to be able to support this bill. I cannot do so with any conscience.

Mr. GLAIMO. Mr. Chairman, I rise in support of H.R. 11970, for I feel that the formulation of a new trade program is of great importance to the domestic and international affairs of our Nation.

I do not believe I need add to the wealth of statistical material which has already been presented in support of this bill. As a New England Congressman, however, I would like to emphasize the fact that this program represents a perfectly logical extension of a tradition that is as old as our country—specifically, the knowledge that American products always have and always will find markets throughout the world. I find it impossible to believe that a Nation that was founded on the tradition of trade should be afraid of competition, either real or imaginary.

Industry and productivity have grown when they were forced to compete. Where no competition exists, there is no need for ingenuity, for inventiveness, for any of the great talents that have turned this country into the most efficient producer the world has ever known.

We did not develop our techniques and our traditions by assuming that our goods could not compete. The day we lose faith in our basic ability to hold our own is the day that many of our institutions will go down the drain.

Since the days of the Yankee clipper, our economy has gained much from foreign trade. This bill will provide our entire country with the tools to utilize fully the tremendous promise of the European Common Market and other developing economic areas.

Mr. Chairman, I have spent much of the past year as a member of a special House subcommittee which was charged with the responsibility of studying the impact of imports and exports on American employment. During my intensive work on this subject, I became increasingly convinced that this Nation and the New England region have a great stake

in maintaining healthy trade relationships. At the conclusion of the subcommittee's work, I set forth my feelings in detail in separate views, which were included as a part of the subcommittee report. I am convinced that we cannot but cause great damage to our economy by refusing to take the steps necessary to compete in world trade.

My own State of Connecticut has a very definite stake in this measure. According to figures supplied to me by the Department of Commerce, exports of manufactured goods from Connecticut amounted to \$385.9 million in 1960. Connecticut ranks 14th in the Nation in value of manufactured exports. From New England factories and laboratories comes a steadily increasing flow of valuable technical and scientific products. The developing economies of the free world need these goods, and passage of this legislation will enable my State and the other States in the Union to take full advantage of the increasing world markets.

Mr. Chairman, it is my sincere hope that the voices of those who are timid will be stiller by those who will accept the challenge at hand—who will willingly accept the challenges of our times and continue to forge America's economic superiority in the world—who will react in what is clearly the American way. The alternative is a sentence of stultification, if not death, for the American economy.

Mr. JONAS. Mr. Chairman, for the first time in history a President of the United States has proposed and is urging the enactment of legislation which admittedly will cause severe damage to if not outright liquidation of segments of American industry and throw untold numbers of American workmen out of jobs. Administration witnesses made this clear in testimony before the Committee on Ways and Means.

The Under Secretary of Commerce, Mr. Edward Gudeman, with Commerce Secretary Hodges by his side, admitted in the hearings that 800 American firms will be substantially injured by this legislation—page 265, part I of the hearings before the Committee on Ways and Means.

If more proof is required, all you have to do is examine the bill itself. It contains 82 pages, and 48 of these pages describe various ways in which the administration proposes to provide relief for the damaged industries and the displaced workers who will lose their jobs if this legislation is enacted.

I submit that American industry does not wish to be placed on a Government dole but only seeks a fair opportunity to compete in its home market with foreign producers. Low-interest-rate loans and tax relief are poor substitutes for the best market in the world—the American market.

Nor do American workers look with any degree of complacency upon the prospect of having to give up their jobs and subject themselves to a retraining program and the possibility of being moved from their homes to seek employment elsewhere. Unemployment compensation and retraining allowances are

poor substitutes for jobs. The following comment from a textile manufacturer in my State shows what will happen under this program:

It will be impossible to retrain or to move a larger number of the employees, many of whom have made the textile industry their life's work, are skilled employees in the industry, and have established their homes, their families, and their expected future, based on the stability of the textile industry. The liquidation of this industry, employing a larger number of people and so necessary in time of peace or war, will bring social unrest, family disruption, and heartaches to a great number of people in wide areas of the country where the industry is located.

The suggestion that these people be retrained and possibly moved to other localities is not realistic when we consider that we have not retrained and taken care of some 4 million employees who are now unemployed and, yet, it is proposed that we begin to add to this number an additional 2 million employees. If this program were put into effect today, our unemployment would rise from 6 to 9 percent.

Let us consider for a moment what will happen to these displaced workers. What will happen to the worker who is 45 to 55 years of age and who has spent all of his working years in one of these expendable industries? What can he be retrained to do? Where can he get a job even after retraining? We all know that it is virtually impossible for a middle-aged man or woman to obtain a new job today. Employers are looking for younger people who have many years of worklife ahead of them. The chances are that very few of these displaced middle-aged workers who lose their jobs as a result of this legislation will ever find work elsewhere. I do not want to go home and have to tell the workers in our textile and lumber plants, and in our mines and other industries, that I voted for a bill whose sponsors admit will severely damage or force into liquidation 800 American business firms, and put their jobs in jeopardy. I do not want to have to tell them that I voted for a bill that may close down the plant where they work and put them on a dole for the rest of their lives.

And who is going to select the 800 firms for the auction blocks? Who is going to decide which of our business firms are expendable? Who is going to select the workers who will lose their jobs? Not Congress. Oh, no, because if this bill is passed Congress will have transferred that authority. The power of life and death over important segments of American industry will be delegated to some appointed official. He will be called a negotiator and he will sit down across the table facing negotiators from other countries and upon his decisions will depend which American industries are expendable and which American citizens will be sacrificed for what he decides is in the national interest. I for one am not prepared to thus surrender the power of life or death over American industry to any Government official who is not directly accountable to the people for his decisions.

And what will be the guidelines which he will use as a basis for his decisions? If this bill becomes law, Congress will be saying to the U.S. negotiators

that they no longer need consider the injury that may result to American firms and workers. Congress will be announcing to the world that it has surrendered the time-honored policy that tariffs will not be reduced to a point at which there would result serious injury to the American industry making a like product.

That this bill will be so interpreted was made crystal clear by Undersecretary of State George Ball in a recent speech in Bonn, Germany, in which he seemed to apologize for the fact that the President acted, following a Tariff Commission recommendation, to increase the present duty on glassware and carpets. Mr. Ball made it clear that this action was required under existing law, if any relief were to be provided; but he then announced to the world that if Congress passed this bill the President no longer will be restricted to this type of relief but that recourse to adjustments will be the first response. Instead of following the no-injury concept which has been ingrained in the reciprocal trade agreements program from the beginning, hereafter we are going to proceed to allow injury and damage to occur and compensate for it by providing additional unemployment compensation for the workers who lose their jobs and by making loans and giving tax credits to some of the business enterprises that are injured as a result of increased imports invited to flood this country by an act of Congress itself.

As I have previously said, this is a substantial departure from U.S. policy specifically set forth in the present Trade Agreements Act. Under the present law, whenever our negotiators make an agreement to reduce tariffs below the peril point established by the Tariff Commission, the President was required to justify this action to the Congress. But this legislation constitutes an open invitation to our negotiators to disregard the question of resulting injury and damage and to negotiate lower tariff rates even if it is apparent that the result will be injurious to American firms and labor.

The power of life or death over American business enterprises is too much power to be granted any one person even though he be the President of the United States. This is an awesome grant of power and I do not think any President of the United States ought to ask for it. We are the Representatives of the people and if anybody is to exercise such lethal power it ought to be the Congress of the United States and particularly the House of Representatives. This is because Representatives to Congress are the closest point of contact between the people and the Government, and if the people are not satisfied with decisions we make here they have the right to unseat us at the end of 2 years. But the grant of power contained in this bill is to the President, who serves in office for 4 years, and the bill even extends this power beyond the term of office of the present President or for 5 years.

Much has been said in the debate about the post-agreement safeguards that are set forth in the bill. I have already discussed the provisions respecting

unemployment compensation and retraining allowances for displaced workers and the loans and tax benefits provided for business enterprises damaged as a result of this bill. These constitute some of the so-called safeguards. But it has been argued that the President has an alternative course of action which is called a safeguard, and this provides that, following a hearing and a finding by the Tariff Commission that there has been serious injury to the industry as a whole as a result of increased imports caused by lowered tariffs, the President may revise tariff rates upward, and if he fails to so act the Congress may force such action. At first blush this safeguard would seem to provide relief to individual firms damaged by increased imports but that is not the case. The bill requires tariff revisions upward only in cases where there has been serious injury to an industry as a whole.

No matter if segments of an industry are completely destroyed, to force an upward revision in tariff rates firms damaged would have to prove that serious injury to the industry as a whole will result from the increased imports. This so-called safeguard is therefore meaningless so far as individual firms or segments of an industry are concerned unless they can prove damage to the whole industry.

The following paragraph from the committee report accompanying the bill makes this departure from the previous no-injury policy crystal clear:

In the past, the United States has provided protection for American firms and workers against injurious competition from foreign imports in the form of tariffs or quotas with the effect of restricting foreign competition. Under the bill, tariff adjustment through the escape-clause procedure would be retained as one of the President's alternative courses of action where there had been serious injury to the industry as a whole as a result of increased imports from trade agreement concessions.

It had been my hope that a modified open rule would have been granted in this case so that we, the Representatives of the people in Congress, might have an opportunity to vote to reinstate the no-injury concept which has been embodied in all reciprocal trade legislation previously enacted. And it had also been my hope that the rule would have permitted the House to insist upon a meaningful escape clause which would have been a genuine safeguard against serious injury. But the Representatives of the people here in the House of Representatives have been denied such an opportunity. We are forced to accept this bill as it came from the Committee on Ways and Means or reject it in toto.

Frankly, I dislike that alternative. I do not object to taking bold, aggressive steps to stimulate an exchange of goods and to promote international trade. I recognize that trade is a two-way street, and that we cannot expect to sell our surplus goods abroad unless we are willing to buy goods produced abroad. But I think there must be some way to stimulate trade without earmarking segments of American industry for liquidation. If that is the only alternative the leadership intends to give us, I am going

to be compelled to vote against this bill, albeit with considerable reluctance because I favor expanded trade and would like to encourage it.

Before I conclude these remarks, I feel compelled to comment on the allegation frequently made that this is a fight between those who urge the elimination of trade barriers and restrictions and those who would erect a high tariff wall around our country in an effort to prevent imports from entering the American market. This is a false allegation. It is not supported by the facts. We do not have a high tariff wall surrounding this country and no one is suggesting that one be erected. No one is suggesting that tariffs be increased. Those of us who oppose the bill simply contend that our tariff rates are already so low that a further reduction would result in serious injury to segments of American industry and workers.

While the Reciprocal Trade Agreements Act has been in effect, we have reduced U.S. tariffs by approximately 80 percent. The result is that today the United States is one of the lowest tariff nations in the world. The record shows that foreign producers have absolutely no difficulty penetrating the American market, paying our relatively low tariff duties, and selling their goods in this country at prices in many cases below domestic production costs. Imports have jumped from \$6 billion in 1934 to \$14.6 billion in 1960. Could that have been accomplished if we were maintaining a high tariff wall? Moreover, 60 percent of all imports enter this country duty-free and therefore are not affected in the slightest degree by existing tariffs.

In addition to the substantial tariff reductions that have been made over the years since the reciprocal trade agreements program has been in effect, on July 1 of this year most U.S. tariff duties will be reduced again—20 percent in two yearly stages of 10 percent each. I believe it would be the part of wisdom on our part to wait on granting additional tariff reduction authority until the full effect of this new round of reductions can be known.

There are many people in this country who advocate outright free trade. They would have us completely eliminate all tariffs. And this bill even gives the President authority to reduce some tariff rates to zero. To that extent at least this is a free trade bill. But I do not believe free trade will work to the advantage of industry or workers in the United States if we expect to maintain the high standard of living enjoyed today by American workmen. So long as a substantial disparity between costs of production at home and abroad continues, I believe a policy of free trade will be detrimental to the best interests of the American people.

Whenever I hear arguments advanced by proponents of free trade between a country such as ours which has the highest standard of living in the world, and others in which production costs are so substantially under ours, and contemplate what a policy would do to Ameri-

can industry and workers, I always think of the following story in "Aesop's Fables":

A dog was crossing a plank bridge over a stream with a piece of meat in his mouth, when he happened to see his own reflection in the water. He thought it was another dog with a piece of meat twice as big; so he let go his own, and flew at the other dog to get the larger piece. But, of course, all that happened was that he got neither: for one was only a shadow, and the other was carried away by the current.

In our zeal to expand trade, we should be exceedingly careful not to destroy the American market for American-made goods. We should keep in mind the lesson of Aesop's fable about the dog and his shadow.

Mr. OSTERTAG. Mr. Chairman, we are faced with an exceedingly difficult decision in acting upon the Trade Expansion Act of 1962. We all favor expanding world trade that will strengthen the free world, and this is the avowed purpose of this legislation. Yet we are aware that months of hearings and these days of debate have left many of the basic claims for this legislation unsubstantiated, and many of the questions about it unanswered.

Certainly we all agree that continued strength is necessary to our leadership of the free world. The development of the European Economic Community or Common Market figures to change the traditional economic relationships in the free world and we must meet these changes. The EEC countries comprise a market of 170 million people; their total foreign trade reached \$60 billion last year. The elimination of their internal tariffs and the creation of a common tariff system in regard to outside nations would make it seem imperative that we seek new tariff accommodations with the EEC in order that we may continue to share in these markets.

However, it should be realized that the Common Market is still being developed, and it is still several years away from the point when all its internal tariffs will be removed. In addition, the membership of the EEC is still unsettled, as Great Britain and other countries negotiate for membership. We have seen in these debates the sharp disagreement over the factors which truly contribute to our present trade balances; in fact, the validity of these balances has even been seriously challenged because of their inclusion of trade actually financed by our own foreign aid grants.

As a result of these many significant uncertainties, it seems to me that the proposal to extend the present reciprocal trade program for another year would be a wise move. It would permit a clearer picture of the composition of the EEC before we fix our international trade program for the next 5 years. It would provide a period when we could turn to even more important economic reforms—the improvement of our depreciation and tax system in order to increase the incentives to our economy. These would be certain to strengthen our competitive economic position.

Of course, the bill we have been presented by the Ways and Means Commit-

tee does represent an improvement over the proposals first advanced to the Congress by the administration. It provides greater safeguards for American jobs and industries than proposed by the administration. It contains provisions for seeking removal of discriminatory, non-tariff restrictions which other countries maintain against our products.

If the majority of the House declines to support a 1-year extension of the present reciprocal trade program, I will then support the committee proposal because I know we must have the authority to move ahead in this area if the situation demands it. I have consistently supported our programs to expand world trade in the best interests of our country.

But what we require is more than tariff reductions for their own sake. There has been too great a tendency to decide this important and far-reaching issue by slogans to the effect that all tariffs are bad, all free trade is good. Our history is proof that this is not so, because much of our industrial strength was developed with the aid of tariff protection.

This legislation would give wide-sweeping authority to the President; it is important that this authority be used in a manner that will strengthen our Nation economically, because the economic strength of the United States is crucial for the life of the free world. There has been much emphasis and discussion of adjustment assistance for those who suffer business setbacks or lose employment as a result of tariff reductions made under the authority of this act. I believe the administration, by its handling of this authority, should shift its emphasis to strengthening our economy and increasing employment opportunities, for this must be the primary purpose of this program.

The CHAIRMAN. All time has expired. Under the rule, the bill is considered as having been read for amendment. No amendments are in order to the bill except amendments offered by direction of the Committee on Ways and Means.

The Clerk will now report the first committee amendment as printed in the reported bill.

The Clerk read as follows:

Page 9, line 16, strike out "State" and insert: "State."

The CHAIRMAN. Without objection, the committee amendment is agreed to. There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 45, line 8, strike out "(13)" and insert: "(3)".

The CHAIRMAN. Without objection, the committee amendment is agreed to. There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 67, line 25, strike out "Senate)" and insert: "Senate)."

The CHAIRMAN. Without objection, the committee amendment is agreed to. There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 68, lines 1 and 2, strike out "a two-thirds vote" and insert: "the affirmative vote of a majority of the authorized membership".

The CHAIRMAN. Without objection, the committee amendment is agreed to. There was no objection.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Page 72, strike out line 14 and all that follows through line 8 on page 77.

The CHAIRMAN. Without objection, the committee amendment is agreed to. There was no objection.

The CHAIRMAN. Are there further committee amendments?

Mr. MILLS. There are no further committee amendments, Mr. Chairman.

The CHAIRMAN. Under the rule, the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOLLING, 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. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, pursuant to House Resolution 712, he reported the bill back to the House with sundry amendments adopted by the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. MASON. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. MASON. I think everyone understands that he is, Mr. Speaker.

The SPEAKER. What the gentleman says may be correct, but the gentleman understands that he must qualify to offer the motion.

Mr. MASON. I understand that, Mr. Speaker.

The SPEAKER. The gentleman qualifies.

The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. MASON moves to recommit the bill (H.R. 11970) to the Committee on Ways and Means with instructions to report the same back to the House forthwith with the following amendment:

Strike out all after the enacting clause and insert: "That the period during which the President is authorized to enter into for-

sign trade agreements under section 350 of the Tariff Act of 1930, as amended (19 U.S.C., sec. 1351), is hereby extended from the close of June 30, 1962, until the close of June 30, 1963."

Mr. MILLS. Mr. Speaker, I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. MASON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 171, nays 253, not voting 13, as follows:

[Roll No. 134]

YEAS—171

Abbott
Abernethy
Adair
Alexander
Alger
Andersen,
Minn.
Anderson, Ill.
Andrews
Arends
Ashbrook
Auchincloss
Avery
Ayres
Baring
Battin
Becker
Beckworth
Beermann
Belcher
Bennett, Mich.
Berry
Betts
Bolton
Bow
Boykin
Bray
Bromwell
Brown
Broyhill
Bruce
Burleson
Byrnes, Wis.
Casey
Cederberg
Chamberlain
Chenoweth
Chipperfield
Church
Clancy
Collier
Colmer
Conte
Cramer
Cunningham
Curtin
Dague
Davis,
James C.
Derounian
Derwinski
Devine
Dole
Dominick
Dowdy
Durno
Ellsworth
Fenton

Findley
Fisher
Fogarty
Ford
Garland
Gary
Gavin
Glenn
Gonzalez
Goodell
Goodling
Gross
Gubser
Haley
Hall
Halleck
Harrison, Wyo.
Harsha
Harvey, Ind.
Harvey, Mich.
Hays
Hiestand
Hoeven
Hoffman, Ill.
Ichord, Mo.
Jarman
Jensen
Johansen
Jonas
Kearns
Kilburn
King, N.Y.
Kitchin
Knox
Kyl
Laird
Langen
Latta
Lennon
Lipcomb
McCulloch
McDonough
McIntire
McMillan
MacGregor
Martin, Mass.
Martin, Nebr.
Mason
May
Meader
Miller, N.Y.
Milliken
Minshall
Monagan
Moore
Moorehead,
Ohio
Mosher

NAYS—253

Addabbo
Addonizio
Albert
Anfuso
Ashley
Ashmore
Aspinall
Bailey
Baker
Baldwin
Barrett
Barry
Bass, N.H.
Bass, Tenn.
Bates
Bell
Bennett, Fla.
Blatnik
Boggs
Boland
Bolling

Bonner
Brademas
Breeding
Brewster
Brooks, Tex.
Broomfield
Buckley
Burke, Ky.
Burke, Mass.
Byrne, Pa.
Cahill
Cannon
Carey
Celler
Chelf
Clark
Coad
Cohelan
Cook
Cooley
Corbett

Nelsen
Nygaard
O'Konski
Ostertag
Passman
Pelly
Pillion
Pirnie
Puff
Purcell
Ray
Reifel
Rhodes, Ariz.
Riehlman
Riley
Rivers, S.C.
Roberts, Tex.
Rogers, Tex.
Roudebush
Rousslet
Rutherford
St. George
Saylor
Schadeberg
Schenck
Scherer
Schneebeli
Schweiker
Seely-Brown
Shipley
Short
Shriver
Sikes
Siler
Smith, Calif.
Smith, Va.
Stagers
Steed
Taber
Taylor
Teague, Calif.
Teague, Tex.
Thomson, Wis.
Tuck
Utt
Van Pelt
Van Zandt
Waggonner
Westland
Whalley
Wharton
Whitener
Whitten
Williams
Wilson, Calif.
Wilson, Ind.
Winstead
Younger

Evins
Fallon
Farbstein
Fascell
Felghan
Finnegan
Fino
Flynt
Forrester
Fountain
Frazier
Frelinghuysen
Friedel
Fulton
Gallagher
Garmatz
Gathings
Gialmo
Gilbert
Granahan
Grant
Gray
Green, Oreg.
Green, Pa.
Griffin
Griffiths
Hagan, Ga.
Hagen, Calif.
Halpern
Hansen
Harding
Hardy
Harris
Harrison, Va.
Healey
Hébert
Hechler
Hemphill
Henderson
Herlong
Hollifield
Holland
Hosmer
Huddleston
Hull
Inouye
Jennings
Joelson
Johnson, Calif.
Johnson, Md.
Johnson, Wis.
Jones Ala.
Jones, Mo.
Judd
Karsten
Karth
Kastenmeier
Kee
Keith
Kelly
Keogh
Kilgore
King, Calif.
King, Utah

Kirwan
Kluczynski
Kornegay
Kowalski
Kunkel
Landrum
Lane
Lankford
Lesinski
Libonati
Lindsay
Loser
McDowell
McFall
Macdonald
Mack
Madden
Magnuson
Mahon
Mallard
Marshall
Mathias
Matthews
Morrow
Michel
Miller, Clem
Mills
Moeller
Montoya
Moorhead, Pa.
Morgan
Morris
Morrison
Morse
Moss
Moulder
Multer
Murphy
Murray
Natcher
Nedzi
Nix
Norbaud
Norrell
O'Brien, Ill.
O'Brien, N.Y.
O'Hara, Ill.
O'Hara, Mich.
Olsen
O'Neill
Osmer
Patman
Perkins
Peterson
Pfost
Philbin
Pike
Pilcher
Poage
Powell
Price
Pucinski
Qule
Rains

NOT VOTING—13

Alford
Blitch
Curtis, Mass.
Davis, Tenn.
Flood

Hoffman, Mich.
Horan
McSween
McVey
Miller,
George P.
Saund
Thompson, La.

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Alford for, with Mr. George P. Miller against.

Mr. McVey for, with Mr. Curtis of Massachusetts against.

Until further notice:

Mr. McSween with Mr. Horan.

Mr. Flood with Mr. Hoffman of Michigan.

Mrs. KEE and Mr. SLACK changed their vote from "yea" to "nay."

Mr. SHIPLEY and Mr. RHODES of Arizona changed their vote from "nay" to "yea."

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. MILLS. Mr. Speaker, on that I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 299, nays 125, not voting 13, as follows:

[Roll No. 135]
YEAS—299

Abbutt	Gathings	Nedzi
Abernethy	Gialmo	Nelsen
Addabbo	Gilbert	Nix
Addonizio	Gonzalez	Norblad
Albert	Goodell	Norrell
Anfuso	Granahan	Nygaard
Arends	Grant	O'Brien, Ill.
Ashley	Gray	O'Brien, N.Y.
Ashmore	Green, Oreg.	O'Hara, Ill.
Aspinall	Green, Pa.	O'Hara, Mich.
Auchincloss	Griffin	O'Neill
Avery	Griffiths	Osmer
Bailey	Gubser	Ostertag
Baker	Hagen, Calif.	Patman
Baldwin	Hagan, Ga.	Perkins
Barrett	Halleck	Peterson
Barry	Halpern	Pfost
Bass, N.H.	Hansen	Pike
Bass, Tenn.	Harding	Poage
Bates	Hardy	Poff
Beckworth	Harris	Powell
Bell	Harrison, Va.	Price
Bennett, Fla.	Harvey, Mich.	Pucinski
Blatnik	Healey	Purcell
Boggs	Hébert	Quie
Boland	Hechler	Rains
Bolling	Hemphill	Randall
Bolton	Henderson	Reece
Bonner	Herrington	Reuss
Brademas	Hollifield	Rhodes, Pa.
Breeding	Holland	Riehlman
Brewster	Hosmer	Rivers, Alaska
Bromwell	Huddleston	Roberts, Ala.
Brooks, Tex.	Hull	Roberts, Tex.
Broomfield	Inouye	Robison
Broyhill	Jennings	Rodino
Buckley	Joelson	Rogers, Colo.
Burke, Ky.	Johnson, Calif.	Rogers, Fla.
Burke, Mass.	Johnson, Md.	Rogers, Tex.
Byrne, Pa.	Johnson, Wis.	Rooney
Byrnes, Wis.	Jones Ala.	Roosevelt
Cahill	Jones, Mo.	Rosenthal
Cannon	Judd	Rostenkowski
Carey	Karsten	Roush
Celler	Karth	Rutherford
Chamberlain	Kastenmeier	Ryan, Mich.
Chelf	Kee	Ryan, N.Y.
Clark	Keith	St. Germain
Coad	Kelly	Santangelo
Cochelan	Keogh	Schenck
Conte	Kilgore	Schneebeli
Cook	King, Calif.	Schweiker
Cooley	King, Utah	Schwengel
Corbett	Kirwan	Scott
Corman	Kitchen	Scranton
Curtin	Kluczynski	Selden
Curtis, Mo.	Kornegay	Shelley
Daddario	Kowalski	Sheppard
Daniels	Kunkel	Short
Davis,	Landrum	Shriver
James C.	Lane	Sibal
Davis, John W.	Langen	Sisk
Dawson	Lankford	Slack
Delaney	Lennon	Smith, Iowa
Denton	Lesinski	Smith, Miss.
Derounian	Libonati	Smith, Va.
Derwinski	Lindsay	Spence
Diggs	Loser	Springer
Dingell	McDowell	Stafford
Dole	McFall	Stephens
Donohue	Macdonald	Stratton
Dooley	MacGregor	Stubblefield
Dorn	Mack	Sullivan
Downing	Madden	Taylor
Doyle	Magnuson	Teague, Calif.
Dulski	Mahon	Thomas
Dwyer	Malliard	Thompson, N.J.
Edmondson	Marshall	Thompson, Tex.
Elliott	Mathias	Thornberry
Ellsworth	Matthews	Toil
Everett	Meader	Trimble
Evins	Merrow	Tuck
Fallon	Michel	Tupper
Farbstein	Miller, Clem	Udall, Morris K.
Fascell	Miller, N.Y.	Ullman
Feighan	Milliken	Vanik
Findley	Mills	Vinson
Finnegan	Minshall	Wallhauser
Fino	Montoya	Walter
Flynt	Moorhead, Pa.	Watts
Ford	Morris	Weaver
Forrester	Morrison	Weis
Fountain	Morse	Wickersham
Frazier	Mosher	Widnall
Frelinghuysen	Moss	Willis
Friedel	Moulder	Wright
Fulton	Multer	Yates
Gallagher	Murphy	Zablocki
Garmatz	Murray	Zelenko
Gary	Natcher	

NAYS—125

Adair	Gavin	Pelly
Alexander	Glenn	Philbin
Alger	Goodling	Pillion
Andersen,	Gross	Pirnie
Minn.	Haley	Ray
Anderson, Ill.	Hall	Reifel
Andrews	Harrison, Wyo.	Rhodes, Ariz.
Ashbrook	Harsha	Riley
Ayres	Harvey, Ind.	Rivers, S.C.
Baring	Hays	Roudebush
Battin	Hlestand	Roussetot
Becker	Hoeyen	St. George
Beermann	Hoffman, Ill.	Saylor
Beicher	Ichord, Mo.	Schadeberg
Bennett, Mich.	Jarman	Scherer
Berry	Jensen	Seely-Brown
Betts	Johansen	Shipley
Bow	Jonas	Sikes
Boykin	Kearns	Siler
Bray	Kilburn	Smith, Calif.
Brown	King, N.Y.	Staggers
Bruce	Knox	Steed
Burleson	Kyl	Taber
Casey	Laird	Teague, Tex.
Cederberg	Latta	Thomson, Wis.
Chenoweth	Lipscomb	Tollefson
Chiperfield	McCulloch	Utt
Church	McDonough	Van Pelt
Clancy	McIntire	Van Zandt
Collmer	McMillan	Waggonner
Colmer	Martin, Mass.	Westland
Cramer	Martin, Nebr.	Whalley
Cunningham	Mason	Wharton
Dague	May	Whitener
Dent	Moeller	Whitten
Devine	Monagan	Williams
Dominick	Moore	Wilson, Calif.
Dowdy	Moorehead,	Wilson, Ind.
Durno	Ohio	Winstead
Fenton	Morgan	Young
Fisher	O'Konski	Younger
Fogarty	Olsen	
Garland	Passman	

NOT VOTING—13

Alford	Horan	Saund
Blitch	McSween	Thompson, La.
Curtis, Mass.	McVey	
Davis, Tenn.	Miller,	
Flood	George P.	
Hoffman, Mich.	Plicher	

So the bill was passed.

The Clerk announced the following pairs:

On this vote:

Mr. George P. Miller for, with Mr. Alford against.

Mr. Curtis of Massachusetts for, with Mr. McVey against.

Until further notice:

Mr. Davis of Tennessee with Mr. Horan.
Mr. McSween with Mr. Hoffman of Michigan.

Mr. KYL changed his vote from "yea" to "nay."

Mr. PETERSON changed his vote from "nay" to "yea."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

GENERAL LEAVE TO EXTEND REMARKS

Mr. MILLS. Mr. Speaker, I ask unanimous consent that Members desiring to do so may have 5 legislative days in which to extend their remarks in the body of the RECORD just prior to completion of proceedings in the Committee on the Whole on the bill.

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

There was no objection.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the

Speaker's desk the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended, with Senate amendments thereto, disagree to the Senate amendments, insist on the position of the House, and agree to the conference asked by the Senate.

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

Mr. HAYS. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from North Carolina if this means we are going to stagger around here all night Saturday waiting for him to get his way with the Senate, as we have in years past?

Mr. COOLEY. I hope it will not be necessary for us to be in session Saturday night. I have no control over that.

Mr. HAYS. All right. In that case, I object.

EXPORT CONTROL ACT OF 1949

Mr. PATMAN submitted the following conference report and statement on the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes:

CONFERENCE REPORT (H. REPT. No. 1949)

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, 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 section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu thereof 'June 30, 1963.'"

And the House agree to the same.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE E. KILBURN,
WILLIAM B. WIDNALL,

Managers on the Part of the House.

A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
WALLACE BENNETT,
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 amendment of the Senate to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, 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 Senate bill provided for an indefinite extension of the Export Control Act of 1949, and contained various other provisions dealing with congressional findings and policies and increasing criminal penalties. The House struck out all of the Senate bill after the enacting clause and inserted a substitute amendment which provided for a 3-year extension of the act and contained various other provisions (differing from the Senate bill) and relating to findings, policies, crim-

inal penalties, and rules and regulations governing export controls.

The committee of conference, after giving careful consideration to the various provisions of both the Senate bill and the House amendment and being unable to reach full agreement, concluded that additional study by the legislative committees of both Houses will be required before the problems raised by some of these provisions can be properly resolved. Accordingly (and because of the imminent expiration of the act), the conferees agreed to a simple extension of the act for 1 year as a substitute for both the Senate bill and the House amendment in order to afford the legislative committees sufficient time to complete such study.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE E. KILBURN,
WILLIAM B. WIDNALL,

Managers on the Part of the House.

SUPPLEMENTAL AIR CARRIERS

Mr. HARRIS submitted a conference report and statement on the bill (S. 1989) to amend the Federal Aviation Act of 1958, as amended, to provide for supplemental air carriers, and for other purposes.

PROGRAM FOR BALANCE OF THE WEEK

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

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

There was no objection.

Mr. CAHILL. Mr. Speaker, I take this time to ask the distinguished majority leader if he can inform us what the program is for the balance of the week.

Mr. ALBERT. Mr. Speaker, this completes the legislative business for today. Tomorrow we have, as previously programmed, S. 1658, prohibiting gambling services. We have various conference reports on bills that are outstanding that must be enacted prior to the close of the fiscal year. One is S. 3161, Export Control Act, the conference report on which is filed, and it is expected that it will be taken up tomorrow. Another is H.R. 11990. If that bill is returned with amendments from the Senate, we will have to consider that again, and H.R. 12154, to extend the Sugar Act. These are the only bills, so far as I know, that must be enacted prior to the close of the fiscal year except the appropriation continuing resolution which the House has previously passed. Also we may have a conference report on S. 1969, the Federal Aviation Act.

If the gentleman will yield further, I would like to make this statement. It is going to be necessary, because of the fact that we are arriving at the end of the fiscal year, to remain in session on Friday and probably on Saturday also this week. I would like to further state that I think after that the Members will be entitled to some time off next week. We are going to have business on Monday and Tuesday, but it is hoped—and I say this so that the Members may make plans accordingly—that we will have no

business next week on Wednesday, Thursday, Friday, and Saturday.

Mr. CAHILL. I wonder if the distinguished majority leader can tell us anything about what is proposed for the program for Monday and Tuesday of next week.

Mr. ALBERT. I would like to reserve a detailed announcement. Monday is Consent Calendar Day, and there will be some suspensions. Tuesday is Private Calendar day, and it may be that we will get at the atomic energy authorization bill on Monday and Tuesday.

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

Mr. CAHILL. I yield to the gentleman from Iowa.

Mr. GROSS. Now, do we understand that tomorrow—Friday—we will have one conference report, or will there be other legislation?

Mr. ALBERT. We will have one bill tomorrow, S. 1658, prohibiting gambling services.

Mr. GROSS. But that is the only one?

Mr. ALBERT. That is the only bill except conference reports or action on amendments to Senate bills.

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

Mr. CAHILL. I yield to the gentleman from Arkansas.

Mr. HARRIS. Mr. Speaker, I have just filed a conference report on the supplemental airlines bill.

Mr. ALBERT. Mr. Speaker, will the gentleman yield further?

Mr. CAHILL. I yield further to the gentleman from Oklahoma.

Mr. ALBERT. Mr. Speaker, I understand that if the gentleman from Arkansas desires, that conference report may be brought up tomorrow.

Mr. HARRIS. I understood the gentleman to say something about its being brought up tomorrow, and I wanted to know if the gentleman planned to bring it up.

Mr. ALBERT. If the gentleman will yield further, it will be brought up if the gentleman from Arkansas so desires.

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

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

Mr. MEADER. Mr. Speaker, I would like to inquire of the majority leader as to the status of H.R. 8845, a bill having to do with obstructions of investigations which was on the calendar for this week, but which I understand has been removed from the calendar.

Mr. ALBERT. If the gentleman will yield further, at the request of the committee, that bill has been removed from the calendar for this week.

WAURIKA RESERVOIR

Mr. WICKERSHAM. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include a newspaper article.

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

There was no objection.

Mr. WICKERSHAM. Mr. Speaker, under unanimous consent, I include the following newspaper article:

WAURIKA RESERVOIR

Complete approval of the Waurika Reservoir bill is still possible during the current session of Congress, Representative VICTOR WICKERSHAM said Thursday.

In a statement to Don Morrison, copublisher of the Waurika News-Democrat and executive vice president of the Beaver-Cow Creek Watershed Development Association, the Sixth District Congressman said "time is our problem."

Representative WICKERSHAM told Morrison he personally contacted all but three members of the House Interior and Insular Affairs Committee Wednesday, and their response was "very good."

Eighteen Democrats and thirteen Republicans serve on the Interior Committee, which must report the Waurika Reservoir bill in the House.

WICKERSHAM said he was told by Representative WALTER ROGERS, Democrat, of Texas, chairman of the Irrigation and Reclamation Subcommittee, that every consideration will be given to the Waurika project but that it is one of many yet to be heard by his panel.

Representative ROGERS told Morrison Thursday morning, "I don't know of anybody who has worked harder on a project than VICTOR has on this one."

Representative WICKERSHAM explained the purpose of his visit to the White House last Friday was to ask President Kennedy to speak to the leadership of the House in the interest of moving the project forward. He said he was told by the President that he would do all he could to help.

The Congressman also asked the President to speak to Vice President LYNDON B. JOHNSON and others who might help in working out problems complicating passage of the bill.

Morrison said he was gratified by Senate approval of the reservoir bill. He is one of three delegates from the project area who came to Washington Sunday in the interest of Waurika Reservoir legislation. J. M. Bullard, Duncan, association president, and Milton Keating, Lawton, returned home Wednesday.

"We received assurances of support from the entire Oklahoma congressional delegation," Morrison said. "Representative ROGERS of Texas was also very kind to us and we are hopeful that his subcommittee will find time to work our project into its busy schedule."

THE CAPITAL OF THE UNITED STATES

Mr. O'HARA of Illinois. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. O'HARA of Illinois. Mr. Speaker, in common with all my colleagues, I have pride in and love of the Capital of my country, to which come as pilgrims to a national shrine millions of our fellow Americans of all ages and from all quarters of our imperishable Republic. I have strong respect for and admiration of the members of the District Committee, who work day and night for weeks and months to keep our Capital City clean and its government strong.

I am disturbed by what I read in the Washington Post, concerning the threatened closure of a home that houses 48

aged veterans. I am low in spirit. I have the sense that when the District appropriations bill was before us, I failed my comrades of the war with Spain who in this age and need find shelter in Washington's temporary home for veterans of all wars. I failed them by my silence because I was not informed that provision for the maintenance of the home was not included in the District's budget.

I hope that the other body will restore the item and that the conferees from this body, responding to the impulses of hearts of gold, will acquiesce.

Forty-eight old men, who in their youth fought to make our country great and strong, threatened with eviction from the only roof they have to shelter them. This is not in the spirit of the fine, beautiful, clean Capital of my country that I love. I would have it not only a city of grandeur, beauty and inspiring monuments in reminder of our glorious past, but as well a city of heart in which the veterans of our wars always will find reflected the eternal gratitude of the Republic.

COMMITTEE ON RULES

Mr. SMITH of Virginia. Mr. Speaker, for the information of the members of the Committee on Rules and those interested in the sugar bill, the Committee on Rules at 10:30 in the morning will consider the application for a rule to send the sugar bill to conference.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. WHITENER. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. WHITENER. Mr. Speaker, I share the concern that many Members of Congress and thousands of people throughout the country have expressed over the decision made by the Supreme Court with reference to prayer in our public schools.

Two great newspapers in my congressional district, the Shelby Daily Star at Shelby, N.C., and the Gastonia Gazette at Gastonia, N.C., carried editorials on June 26, 1962, the contents of which point up the serious error which I believe the Court made.

I request that the editorials be inserted at this point in the RECORD as a part of my remarks.

[From the Gastonia Gazette, June 26, 1962]

PLEDGE TO FLAG—WILL IT GO NEXT?

"One nation, under God, with liberty and justice for all." Thus do the American people pledge allegiance to their flag. We feel that it is noteworthy that they stop to recognize in their pledge that this is God's nation.

This is a pledge repeated by every schoolchild and every civic club. One cannot help but wonder how much longer schoolchildren will be permitted to repeat this patriotic pledge. After all, they are no longer permitted to pray even an interdenominational prayer. The edict of the Supreme Court of the United States yesterday was not quite as

broad in scope as our last statement implies, but the implication was there—the Government has no business, according to the nine wise men occupying the highest bench of our land, promoting religion. It necessarily follows, then, that the schools, being a governmental agency, should not state in any form any belief in the Almighty. They long ago ruled that no school could hold a Bible-study period.

How long will it be until the Senate and the House won't be able to open their sessions with prayer? They do, after all, represent all of the people, some of whom are apparently atheistic, and they would be misappropriating taxpayers' money to hire a chaplain for either legislative body.

Certainly the church should never control the state. That's one of the things our ancestors fled from in the Old World. Yet, must we as a people deny the existence of God? Or, worse still, must we, knowing His existence and His might, remain silent about it?

This strikes us as being wrong. It is wrong in its inception. It is basically and fundamentally wrong. No nation on earth has ever owed so much to the Almighty and yet paid so little tribute.

By disagreeing with the esteemed Justices of our High Court, we do not sit in judgment on them, for their decision was but a reflection of the moral turpitude of a nation. Along with the gradual decline of respect for the individual has come a spiritual decline. As the Federal Government becomes the all-important focal point for our lives, we tend to forget God. As people look more and more to Washington, they look less and less heavenward. Mr. Khrushchev makes no bones about it—he knows the direction in which we are headed. What is to stop it? Some may look to Washington, but we can only cry "God help us all."

[From the Shelby Daily Star, June 26, 1962]
THE HIGH COURT CANNOT TAKE GOD FROM AMERICA'S HERITAGE

The U.S. Supreme Court has attempted to take this Nation from under the province of God Almighty.

A decision, calling a nonsectarian school prayer unconstitutional, is bitterly offensive to those of us who believe that "for God and country" is the right philosophy and that the doctrine of separation of church and state does not imply separation of God and state.

God is in the heritage of America and no secular court can take this away.

Our forefathers, escaping the tyranny of Great Britain's colonial administration, noted that "man is endowed by his Creator with certain inalienable rights." Thus was the Creator placed first in the heritage of our freedom and the staunch signers of the Declaration of Independence did not hesitate to strike their names into history under that pledge.

The President of the United States when he takes the oath of office "swears (or affirms) before God" and no American President has backed away from that oath, which incidentally is administered by the Chief Justice of the Supreme Court.

No money is legal tender in this Nation unless it carries the time-honored motto "In God We Trust."

Congress opens each session with a prayer and prayers are an integral part of the opening ceremonies of the conventions of both great parties.

Indeed, the Supreme Court itself confirms the sovereignty of God Almighty in the balliff's opening cry.

The pledge of allegiance to the flag, by an act of Congress, now contains the phrase "one nation, under God."

These are legal, traditional, and utterly plain examples of how this Nation has officially recognized the sovereignty of God.

The drafters of the Constitution, with the excesses of the Spanish Inquisition and the church wars of England fresh in their minds, provided in the first amendment that "Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof."

This was to guarantee that no U.S. citizen would be required to pay taxes and support a church established by the state. Nor would a law be passed denying his privilege to exercise the faith of his choosing.

There is no intent in the first amendment to establish a godless state.

Adults may know this and appreciate it. Children must be taught it. The Supreme Court decision may itself have violated the first amendment because it abridges the right of conscientious school officials to place a clear example of faith in the Almighty before impressionable young students.

The six Justices—and thank heaven there was a dissenter—may well believe they have interpreted correctly the letter of the law. We know in our hearts that they have violated the spirit of it.

We know, too, that millions of Americans, including parents, teachers, and students, will continue to bow daily before a power greater than the Supreme Court, the Congress, or the President.

Because this Nation, under God, may remain indivisible. In a godless state we will surely perish.

TRADE AND FADE

Mr. DENT. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. DENT. Mr. Speaker, much has been said and written on the labor views on this trade legislation. The facts are often clouded by the manner in which the reporting of these views is presented to the public.

There is no question as to the position of the top leaders of labor representing the AFL-CIO. However, it would be a serious error to say that labor as a whole endorses this legislation as written. In fact, the position of the Manufacturers Association, the chamber of commerce, the Farm Bureau, the AFL-CIO have been pictured as being wholeheartedly behind this bill before us.

It is interesting to note that there is no way that a person can vote for this legislation under a closed rule that will not be in disagreement with some if not all of the above-named organizations.

For the RECORD, I quote the position of the Pennsylvania Manufacturers Association followed by the position of the AFL-CIO as of this past week.

Also, for the RECORD, I present individual union, industry, and personal views as expressed on the proposed trade act:

PENNSYLVANIA MANUFACTURERS' ASSOCIATION,
Philadelphia, Pa., June 20, 1962.

Re H.R. 11970.

HON. JOHN H. DENT,
House Office Building,
Washington, D.C.

DEAR JOHN: It is our understanding that the foreign trade bill (H.R. 11970) will be scheduled for House floor action the week beginning June 25. Our association and its

10,000 members are deeply troubled and concerned with the provisions in title III of this bill which sets up special Federal unemployment benefits for unemployed workers, retraining of such workers, and assistance to firms certified as damaged by increased imports.

According to the bill as reported by the Ways and Means Committee, workers unemployed because of increased imports would receive 65 percent of their weekly earnings up to 65 percent of the average national industrial wage. Maximum benefits would be around \$61 a week. Benefits would continue for 52 weeks and can be extended another 26 weeks if the person is undergoing retraining or is over 60 years of age.

In contrast, a domestic worker who becomes unemployed because his employer might be a supplier to a firm closed down by foreign imports is limited to State unemployment compensation. If he is located in Pennsylvania, the maximum allowable is \$40 a week for 30 weeks.

If both types of unemployed workers were to take retraining, the difference is even more pronounced.

The individual taking the training under the foreign trade bill would receive \$61 a week for as long as 1½ years. The other worker under the Manpower Development and Training Act passed by Congress earlier this year would only be entitled to benefits equal to the average of the last quarterly State unemployment compensation benefit payment. Under current conditions in Pennsylvania, this would amount to about \$32 a week for 52 weeks.

We believe that it is a grave injustice to unemployed domestic workers when preferential treatment is accorded to workers who become unemployed because of foreign imports.

We therefore exhort you to carefully consider this highly discriminatory feature in H.R. 11970. We will sincerely appreciate your support to have this section (title III) of the bill deleted.

Thank you very much for your courtesy and attention to this very important Federal legislation.

Sincerely yours,

JOHN H. SEETON,
Secretary.

AMERICAN FEDERATION OF LABOR AND
CONGRESS OF INDUSTRIAL ORGANIZATIONS,
Washington, D.C., June 19, 1962.

HON. JOHN H. DENT,
House Office Building,
Washington, D.C.

DEAR MR. DENT: The proposed Trade Expansion Act of 1962, one of the most crucial issues to come before this session of the Congress, will be debated on the House floor within the next few days.

The AFL-CIO has strongly supported granting the President expanded authority to adjust tariffs in order to insure expansion of our trade with the Common Market and with other friendly nations.

A most important section of H.R. 11970 would provide trade adjustment assistance to firms and workers who may be adversely affected by import competition. Firms would receive loans, tax advantages, and technical assistance to modernize or to enter new lines of production. Workers who lose their jobs would receive retraining, relocation allowances and trade readjustment allowances up to 65 percent of their average weekly wages for at least 52 weeks.

The AFL-CIO believes that adversely affected workers and firms deserve special Federal protection, since injury would occur only because the Congress and the President had made a conscious decision in the interests of the Nation as a whole. These workers and firms should not be made to bear the burden alone.

It is believed that a motion to recommit will be made with instructions to cut down or eliminate trade adjustment assistance. Adoption of such a motion would be unconscionable.

In his testimony on this bill, AFL-CIO President George Meany said:

"Let me say again that we regard these two features of the bill—trade liberalization and the safeguards against injury, especially adjustment assistance—as inseparable. We would not support additional safeguards without trade liberalization; and we would not support trade liberalization without the additional safeguards."

The AFL-CIO therefore urges you to oppose the motion to recommit with instructions.

Sincerely yours,

ANDREW J. BIEMILLER,
Director, Department of Legislation.

Mr. Speaker, you will note that there is no basis for compromise between these views. Let us go further and see what various international unions have had to say about this legislation in convention assembled:

EXCERPTS FROM AFL-CIO DEBATE ON FOREIGN TRADE RELATIONS, DECEMBER 11, 1962, BIENNIAL CONVENTION AT MIAMI BEACH, FLA.—PROCEEDINGS: PAGES 51-67, THIRD DAY

Mr. E. L. Wheatley, president, International Brotherhood of Operative Potters:

"We are not anti to any foreign nation. We are anti to having the rights of Congress turned over to the State Department.

"You can talk of giving money to help distressed people and train them to come into new industries. * * * We do not think that program will get there in time to do any good in the way of offering relief for our people.

"But you people remember how long it takes the American labor movement to even raise the minimum rate here, and that is too long * * * to assume that the pottery workers and the other thousands and millions of workers who are being deprived of their job opportunities are going to sit and wait on the relief lines while some labor organization in these other nations brings up a decent minimum."

Mr. George Baldanzl, president, United Textile Workers:

"We are not for isolation. We believe in reciprocal trade. But our definition of reciprocity is that we will supply nations with products that they do not have, and we will buy from them products which we need and we do not have.

"We do not interpret reciprocal trade to be a concept under which we will permit low-wage areas or no-wage areas to destroy the economy of entire industries in this country, merely for the purpose of having friends.

"With due respect to President Kennedy, who I firmly believe has a feeling and a grasp of the problems of the world, I do not believe in the principle that we should give to any President the right as an individual to wipe out any kind of tariff or controls as an individual administrative act, because who may be President today may be one type of personality. Who may be President tomorrow or 5 years from now may be a completely different personality.

"When there are corporate interests * * * investing millions of dollars in the Common Market of Europe, that are establishing plants that are more modern than ours today, unless we get some safeguard against wholesale importation into this country, there is no guarantee that 5 years from now

these same automated factories that are being built in many parts of the world * * * will not curtail operations in this country and dump all the cheap goods right back here in the United States."

Mr. Enoch Rust, vice president, United Glass & Ceramic Workers:

"Well, I went to Washington and I didn't have to stay long until I found that we did not have a trade program based on the law as written, the reciprocal trade program of 1934 and amended several times thereafter.

"Why are we excited? There was enough window glass imported in 1959 and 1960 to furnish over 4 million six-room dwellings. * * * In that period of time (1959 and 1960) over a million automobiles were imported into this country carrying 30 million square feet of glass and carrying 5 million rubber tires replacing thousands of rubber workers, thousands of glassworkers, thousands of textile workers, and thousands of automobile workers.

"We were told by Khrushchev that he was going to bury us economically. What did we do to help him do it? We gave him a spade to dig the hole with and to throw the dirt in our face."

Mr. George Burdon, president, United Rubber, Cork, Linoleum & Plastic Workers:

"In the rubber industry we are experiencing a serious challenge from the growing imports of rubber footwear. * * * Imports totaled 50 million pairs in 1959 and doubled to 100 million pairs in 1960.

"We have an average of \$2.50 an hour versus an average in some other countries of 23 cents an hour. We cannot compete with that kind of competition."

Mr. George Fecteau, president, United Shoe Workers of America:

"In 1949 we imported 3 million pairs of shoes. * * * We exported 6 million pairs.

"Last year, 1960, we imported 30 million pairs * * * and our exports had dropped to 3 million pairs to all countries, so that the balance we have been speaking about certainly is not in favor of the shoe industry.

"Many of our companies in the shoe industry—the large companies, those who can afford to move—have moved to Japan. They have moved to Italy. They have moved to other foreign countries. Many of them have closed shoe factories here in the United States. * * * These companies are moving for profit reasons.

"We have estimated that unless some protection * * * comes about * * * the shoe industry here will become extinct as the dodo bird within 8 years.

"It is suggested that the people employed in those industries can go to other industries. As one who has been in the field and has seen factory after factory close down, and has seen the efforts of our union and these workers to place themselves in industry, I know that such talk is a lot of damned foolishness. It is not practical or just."

Mr. William Pollock, president, Textile Workers of America:

"Since 1934 we have been for reciprocal trade; but we feel as an industry and as representatives of the workers in that industry that we should not be offered up as a sacrifice on the altar of international trade.

"You know, it is all very well to be for international trade, but we represent workers * * * and they are told that in the interest of international trade we must accept the imports from other nations, and 'To protect you we will retrain you and prepare you to go into some other industry.' Well, I think this is fine, it is as it should be.

"But when you get an individual that has spent 20 or 30 years learning a skill * * * only to find his job shipped to some other nation and he is to be trained to go maybe to the electronic industry where they are barely paying a minimum wage, it is pretty hard to convince him that this is a sacrifice he must make in the interest of world peace.

"I know that in 1962 when we have to elect a full Congress, if the representatives of our unions go to a Congressman in that congressional district and find that he is going to vote for a liberal trade program that will export their jobs to Europe, that he cannot count on their votes to send him back to Washington."

Mr. George Meany, president, AFL-CIO: "If you read this resolution carefully, you will see that we are setting forth stipulations that we feel should go in this legislation.

"We call for retention of the escape clause provision in the new legislation, and then I would like to point to section 4 of the proposed resolution, that: The new legislation should direct the President to take whatever action is necessary to mitigate problems of market disruption.

"To all these organizations, I can say to you that when the legislation comes up * * * that our legislative department, our research department, our economists, and everybody concerned will cooperate with these organizations and try to get in the legislative safeguards to protect them to the maximum extent that is possible.

"But we cannot * * * depart from the idea of a reciprocal trade pact with the other nations of the world."

Mr. George Harrison, chairman of the resolutions committee:

"This resolution goes further than any other trade policy resolution adopted by this federation, in the direction of protecting our industries against undue hardship because of reciprocal trade agreements.

"If you will look at paragraph 6 and you will find that it says: 'In all phases of tariff and trade policy, the U.S. Government should seek to safeguard the absolute historic levels of production of significant industries.'

"Now that means only one thing. Certainly imports shall not be permitted to the point where they cause serious injury to any of our historic industries."

The resolution was carried.

Mr. Speaker, the same theme runs through all of the foregoing correspondence. It seems to say over and over again, "We are for reciprocal, we are for expanded, we are for free trade, but."

Therein lies the trouble. The but, if analyzed and each exception written into the bill, there would be no trade bill pass this House this week. The Members would find themselves forced to make a decision between the conflicting desires of the various supporters. Under the closed rule all this is put under the rug, and we can, if we so desire, vote under the the protective covenant of a closed rule.

Personally, this proves again that where our own interests are at stake we are just the same as glassworkers, tile workers, coal miners and others who are accused of being protectionists because they, too, are fighting for the one thing that matters in our economy—a job, whether it be as a Congressman or a textile worker.

The issue, being resolved today, has had little or no factual presentation, item by item, industry by industry, and yet the acknowledged injury already inflated and the added injury proposed is important enough to make injury relief the main bone of contention between labor and management leaders.

In this regard, the following correspondence from individual industries and domestic producers of what might be termed "expended" items should be placed before the Congress at this time:

INTERNATIONAL MOLDERS & ALLIED WORKERS UNION, Cincinnati, Ohio, May 24, 1962.

To the Officers and Members of the Several Subordinate Unions, Greetings:

I am writing this letter to every local union because the jobs of our members are at stake and we must do everything possible to save these jobs.

Foreign trade bill (H.R. 9900) is pending before Congress. This bill would give the President the right to lower and even to abolish tariffs. There has been a lot of talk about how this bill will improve the job situation through free trade. I am not concerned about such speculative talk. What I am concerned about is the fact that in the first 3 months of this year some 8,600 tons of soil pipe have been dumped in this country by foreign countries where wage scales and working conditions are far inferior to ours. That is more than 50 percent of soil pipe imports for all of last year. It means a loss of about 20,000 man-days of employment in the industry during the first 3 months of this year alone.

If H.R. 9900 becomes law, the soil pipe industry may well cease to exist in this country and I can only guess at how many foundries will be forced to the wall and out of business.

There is in the bill a so-called peril point escape clause through which some tariff relief can be obtained if an industry is in danger of extinction in this country because of the dumping of imports. The President wants that clause out of the bill. With that clause out, there is no way to even try to save certain industries.

This is a most serious situation that confronts us and we must not sit on our hands while our jobs are taken out from under us through destruction of our industry. We can do something about it because we are the voters of this country. Our representatives in Congress will listen to us if we tell them what we think.

I ask every local union and member of the International Molders and Allied Workers Union to take about 5 minutes of their time and write to their Congressman and Senator, telling them, in their own words, that they are opposed to H.R. 9900 and particularly are they opposed to any attempt to take the peril point escape clause out of the bill.

Fraternally yours,
WM. A. LAZZERINI,
President.

SOIL PIPE IMPORTS
ALABAMA PIPE CO.,
DIVISION OF WOODWARD IRON CO.,
Anniston, Ala., June 11, 1962.

Mr. H. E. ROBERTSON.
Mr. HAROLD SLANE.
Mr. VINCENT GERACE.
Mr. J. W. STRUVE.
Mr. D. E. SHAW.
Mr. J. M. ORRISON.
Mr. W. R. BOND.
Mr. C. A. HAMILTON.

Attached is tabulation of soil pipe and fittings imports, by countries of origin and ports of entry, as reported by the U.S. Department of Commerce, for the first quarter of 1962.

The first quarter for 1962 showed an increase of 160 percent over the first quarter of 1961, whereas the month of March 1962 only increased 81.7 percent over March 1961.

Shipments from France fell off considerably in March, whereas shipments from Mexico and India increased considerably. The imports of fittings from Mexico, during March, was more than the amount imported during the 2 previous months. The same holds true for the imports from India.

The west coast still is bearing the brunt of the pressure from imported material with 62.68 percent of the total going into these ports during the first quarter and approximately 70 percent of the March imports came into the west coast compared to 59.3 percent for the first 2 months of the year.

The average declared value of the imports during March was \$101.83, compared to the average declared value of \$103.77 per ton for March of 1961, and \$105.77 for the first quarter of 1962. This would seem to indicate that the February price drop in this country had its expected effect on their declared value. It would be interesting to know if they dropped their prices a corresponding amount in the countries of origin at the same time.

Yours truly,
J. W. PERRY, JR.

ALABAMA PIPE CO., DIVISION OF WOODWARD IRON CO., ANNISTON, ALA.

Soil pipe imports

	March 1962	March 1961	3 months of 1962	3 months of 1961
Tons.....	2,890	1,590	9,124	3,510
Increase (percent).....	81.7		159.9	
Declared value.....	\$294,316	\$165,002	\$965,072	\$370,336
Dollars per ton.....	\$101.83	\$103.77	\$105.77	\$105.50

Country of origin

	March 1962	Percent	3 months of 1962	Percent
	<i>Tons</i>		<i>Tons</i>	
Mexico.....	296	10.24	551	6.04
United Kingdom.....	512	17.72	518	5.68
France.....	1,379	47.72	6,436	70.54
West Germany.....			39	.43
Australia.....	188	6.50	652	7.14
India.....	515	17.82	928	10.17
Total.....	2,890	100.00	9,124	100.00

ALABAMA PIPE CO., DIVISION OF WOODWARD IRON CO., ANNISTON, ALA.—Continued

Ports of entry

	March 1962	Percent	3 months of 1962	Percent
	<i>Tons</i>		<i>Tons</i>	
North Atlantic.....	535	18.51	1,340	14.69
South Atlantic.....	333	11.52	905	9.92
Gulf.....			1,109	12.15
West coast.....	2,022	69.97	5,719	62.68
Puerto Rico.....			51	.56
Total.....	2,890	100.00	9,124	100.00

Ports of entry

[Included in above figures]

	March 1962	Percent of total	3 months of 1962	Percent of total
	<i>Tons</i>		<i>Tons</i>	
New York.....	535	18.51	969	10.62
Philadelphia.....			160	1.75
Maryland.....			211	2.31
Florida.....	333	11.52	905	9.92
New Orleans.....			558	6.12
Galveston.....			160	1.75
Mobile.....			391	4.38
Los Angeles.....	1,233	42.66	3,072	33.67
San Francisco.....	371	12.83	1,890	20.71
San Diego.....	1,296	10.24	1,551	6.04
Portland-Seattle.....	122	4.22	206	2.26

¹ Imports through San Diego same as imports from Mexico which would be soil pipe fittings.

NATIONAL ASSOCIATION OF GLOVE
MANUFACTURERS, INC.,
Gloversville, N.Y., June 20, 1962.

HON. CARLETON KING,
House Office Building,
Washington, D.C.

DEAR CARLETON: I was very sorry I couldn't join you at the meeting last Saturday, but there were just too many pressures, and I couldn't do it. I understand it was a very successful meeting and you did a splendid job.

I am enclosing a copy of a letter that I received from Canada, in which you will note they state there is a 25-percent duty on golf gloves entering that country. This we understand, as it was part of our bargaining arrangement with them under our most favored nation policy.

The second paragraph is the crux of the whole situation, and you will note they add an additional 11-percent sales tax. This is not true of Canada alone, but is true of almost every country with which we negotiate; and our State Department refuses to take this into consideration. They concern themselves only with tariff rates and exclude internal sales taxes, even though they know that such exist.

What possibility do you think there is, when the tariff bill comes before the Congress, of adding a rider to it, having all types of gloves excluded from further tariff reductions for the next 5 years? The bill is H.R. 11970.

With best personal regards.

Sincerely yours,

JAMES H. CASEY, Jr.,
Secretary.

NATIONAL REVENUE, CANADA, CUSTOMS AND EXCISE,
REVENU NATIONAL DU CANADA, DOUANES ET ACCISE,

Ottawa, June 18, 1962.

NATIONAL ASSOCIATION OF GLOVE
MANUFACTURERS, INC.,
Gloversville, N.Y.

Attention: Mr. James H. Casey, Jr., secretary.

GENTLEMEN: In reply to your letter of the 13th instant, you are advised that men's golf gloves would be classified for customs entry purposes under tariff item 568b(2) and du-

table at 25 percent ad valorem most favored nations tariff when manufactured in and imported from the United States.

In addition to the duty there would be payable the sales tax of 11 percent levied on the customs duty paid value.

Yours truly,

E. HOUGH,

Dominion Customs Appraiser.

Mr. Speaker, again we hear a lot about relief under the escape clause. Anyone who knows the history of trade pacts in the United States knows full well that relief is granted only when the injured party is practically on the death bed of bankruptcy.

The following telegram received this past week shows how commercial the trade policy of foreign countries is, has been, and, I regret to say, always will be. This correspondence involves a case before the Tariff Commission at the present time. It is an appeal for a change in the tariff regulations on olives changing the computation of the tariff from a measure by gallonage to a per pound basis. This would of course serve the purpose of the exporting country by eliminating the weight of water now included in the ad valorem tariff charge.

SAN FRANCISCO, CALIF.,

June 19, 1962.

Congressman JOHN H. DENT,
Chairman, Subcommittee on Imports and Exports, U.S. House of Representatives, Washington, D.C.:

Within the last 48 hours, the Tariff Commission has considered a certain provision of the tariff schedule which is the second item listed in annex 1 of their notice of hearing items 148.42—0.50, part 9-B, schedule 1; please be advised that the olive advisory board consisting of several thousand growers and some 20 canners are concerned as to the machination involved in this request. The California Olive Advisory Board is opposed to any reduction in the existing duty for olives in brine for any reason whatsoever. We oppose any further change in

the tariff classification for this group of products, and any change in the conversion factors presently being used, either by the Tariff Commission or the Bureau of Customs, or convert the rates of duty (now expressed in terms of gallons) into a pound basis. Our understanding is that the conversion factor now being used is 5.7 pounds per gallon, and that this conversion factor includes the brine.

Obviously, if the conversion factor is changed, it will result in a higher or lower rate of duty per pound, as the case may be. If the conversion factor is increased so that a gallon is considered to hold more pounds than 5.7, clearly the result will be a reduction in the duty per pound. If a change is made to a drained weight basis of conversion, again it is clear that the duty per pound will be reduced.

According to Foreign Crops and Markets for May 31, 1962, published by the Foreign Agricultural Service, U.S. Department of Agriculture, Greece's 1961 table-olive production will probably total 98,500 short tons as compared with 24,000 in 1960, 54,000 in 1959, and 44,000 in 1958. Of this bumper production, exports from Greece are expected to be 23,000 short tons this year, as compared with 12,000 last year, 21,000 in 1959-60, and 11,900 in 1958-59.

With a larger-than-normal supply, it would be quite understandable if the Greek producers who export to this country should suggest an administrative change that would result in reducing the rate of duty, since this would afford a convenient way of lowering the price. It is likewise understandable that the California olive industry is unalterably opposed to such an administrative change.

DARYL HUTCHINS,
Manager, Olive Advisory Board.

SUMMARY STATEMENT OF RALPH F. FREY, PRESIDENT OF AMERICAN WATCH WORKERS UNION, BEFORE THE WAYS AND MEANS COMMITTEE OF THE U.S. HOUSE OF REPRESENTATIVES, 87TH CONGRESS, 2D SESSION, CONGRESS OF THE UNITED STATES, MARCH 21, 1962

Mr. Chairman, members of the committee, we speak for the watchmakers and tool and diemakers who do the work at Hamilton, Elgin, Waltham, and Bulova and we have had experience with the problems before the committee.

What you are now considering has already happened to us. We have the symptoms of economic illness—employment is down from 10,000 to 2,000 on watches—Waltham watch is gone—the Elgin plant at Lincoln, Nebr., has shut down—Elgin, Hamilton, and Bulova stagger along with meager production schedules and with employees working short time—and our share of the domestic market has shrunk from 40 percent prewar to approximately 8 percent today. This deterioration has occurred despite our demonstrated efficiency and modest tariff protection. Since 1954 the Tariff Commission has found annually that conditions have not sufficiently improved to warrant reducing the protection we now have. We have already made a substantial contribution to free trade. Approximately 92 percent of our domestic market has been made available to our friends overseas.

This bill permits elimination of industrial capabilities. We have three suggested amendments which we think make sense.

First, We urge that this bill incorporate the principle that no industrial capability important to the national interest of the United States shall be eliminated in the course of freeing up trade.

The national interest involves more than help to companies and workers after injury. There will be instances of skills which we should preserve.

Second. We urge that the bill set forth the procedural requirement that the President evaluate an industry prior to elimination and determine, solely on the basis of national interest factors, whether the industrial capability should be eliminated or preserved. We should take a good look before permitting an important capability to expire. An important capability can be eliminated automatically by inaction, or by default without anyone ever looking it over to see if it is needed.

Third. The 1-year limitation on updated earlier proclamations set forth in section 248 (c) (2) should be stricken. There is no justification for treating earlier proclamations which have been kept current by the Tariff Commission any differently from new actions. Further, existing updated cases of injury are hard core situations where there is no more room to give and the industry will either live or die. Also, there is an inference in this 1-year limitation that the Tariff Commission has not done its job. We say the Tariff Commission has done its job and furnished competent updated information and recommendations to the President which he has accepted.

In support of our recommendation that no industrial capability important to our national interest should be automatically eliminated without a prior evaluation, we wish to cite a few factors involved in our situation which we think dictate the conclusion that we should exercise some caution and avoid blind and automatic terminations:

1. This industry has been unable to compete with oversea producers. One obvious reason is the wage differential—one-third of our rates in Europe and one-sixth in Japan—in a product containing 80 to 90 percent labor cost. Despite our efficiency and protection, we deteriorate.

2. All other leading industrial nations of the world, except the United States, have encouraged and extended jeweled-watch production, which the figures below so clearly indicate. Our policy permitting deterioration is in sharp contrast with the rest of the world. Either they are right or we are right, but we both cannot be right:

Switzerland.....	35,000,000
Russia.....	26,000,000
Japan.....	9,000,000
France.....	7,000,000
West Germany.....	5,000,000
Great Britain.....	3,000,000
United States.....	1,200,000

3. There is nothing to be gained for the free world or our export industries by surrendering what is left of our domestic market.

4. We stand to lose much by elimination of the industry in the space-missile age. The essence of its value is the skill forming the capability of applying extremely close tolerances to very small pieces on a mass production basis. If eliminated it would take substantial money, facilities, tools, machines, training schools, and most importantly time, to put the operation together. If we didn't have it we would be thinking of a crash program to establish it.

5. We have made mistakes before by automatic elimination of important capabilities and had to reestablish them on a priority basis. Before World War II we imported rather than manufactured jewel bearings. When Hitler closed the Swiss border, we had to establish the capability within this industry. After the war, we let the capability die and again imported. Cold war threats have since reawakened the Government and Bulova staffed and now manages a Government jewel-bearing facility at Rolla, N. Dak. Hamilton and Elgin assisted in its development. Today it is national policy for Government contractors to secure jewel bearings from that source in order to build up and maintain that capability.

6. The importance of this industry to national security is well documented in statements from Presidents down to chiefs of procurement bureaus and departments of the armed services. Military and essential civilian requirements for this capability in time of emergency will increase in the future.

7. Experience dictates that we should not rely on oversea sources in time of emergency for skills we now possess. Our Swiss friends have traditionally followed a policy of neutrality. Our other friends overseas have set up this capability for their own defense needs. There is no assurance that they will have any excess over their own needs or that they will even be in operation.

8. The people of the United States have the largest stake in the maintenance of this industry—not the companies or their employees.

In summary, we recommend:

1. That the bill incorporate a statement of policy that no industrial capability important to the national interest should be eliminated in the course of freeing up trade.

2. That the bill contain a procedural provision requiring the President to evaluate, after investigation, the capability of an industry likely to be eliminated by the reduction of important restrictions and decide, solely on the basis of national interest factors, whether it should be eliminated or preserved.

3. That the automatic 1-year termination of updated earlier proclamations be stricken from the bill.

Mr. Speaker, every trick in the book is used by every nation to protect their industry, their jobs, and their production whether it is manufactured, farmed, or mined.

I recognize that compared to automobiles, airplanes, trucks, steel, and other major products, olives are just nit on a gnat's back; however, when you remember that out of 67 million Americans earning a living in all areas of industry, service, farming, professions, transportation, and communications, only 6,767,700 workers are employed in the top 200 giants of the top 20 major industries in the United States.

The breakdown of these 20 industries shows some interesting figures never brought to light in spite of the millions of dollars spent by the proponents of this legislation.

You can rest assured that when all the expendable workers in glass, coal, autos, tile, and the lowly shirt button industries, to mention a few, are eliminated, the 6,767,700 workers in the big 200 industries will be as dead as dodos because they will have no customers.

Transport equipment.....	1,300,200
Electrical machinery.....	99,300
Primary metals.....	643,300
Petroleum.....	512,000
Machinery.....	493,200
Rubber.....	378,200
Chemicals.....	398,000
Instruments.....	167,200
Food.....	531,200
Textiles.....	224,700
Fabricated metals.....	220,200
Paper.....	189,400
Stone, clay, glass.....	176,800
Leather.....	117,800
Lumber.....	70,500
Tobacco.....	77,400
Miscellaneous and ordnance.....	91,800
Printing publications.....	78,000
Apparel.....	63,500
Furniture.....	35,000

Total, 20 industries..... 6,767,700

I sincerely doubt that many of us have the full concept of the world trade picture. For instance, how many of us realize that the pineapple industry of Hawaii is in trouble, that two of Kauai's three pineapple plantations and canneries are closing. Layoffs have pushed unemployment to 6.5 percent of the labor force. The heavily mechanized sugar plantations continue to whittle down payrolls; only 930 workers till the fields of 1 company where 3,000 once toiled. Many islanders, particularly the young, are leaving for Honolulu or the U.S. mainland to find work; a Kauai County official estimates three-fourths of Kauai's high school graduates leave the island.

Although the economic situation is especially severe here on Kauai, 75 miles northwest of Hawaii's main island of Oahu, its predicament is symptomatic of the problems bedeviling the seven tiny inhabited islands that make up the 50th State.

The Hawaiian pineapple industry is tightening its belt to combat inroads made in markets in recent years by foreign pineapple and other domestic fruits. Increased production of low-cost pineapple from Formosa, South Africa, Australia, Malaya, and other countries has cut Hawaii's share of the growing European market sharply; in West Germany, for example, Hawaii's share of the pineapple sales fell from 71 percent in 1957 to 27 percent last year.

One wonders what the farmers of America would say if they knew that the Common Market has laid out its wheat program and it spells trouble for the United States.

I know this bill attempts to give the farmers some comfort in its provisions for executive power and authority to negotiate the lowering of Common Market restrictions against U.S. agriculture. However, just as West Germany has officially notified our country that no concessions will be granted U.S. coal producers, that the 5.08-percent-a-ton tariff will stand, so you can look to the wheat price herein quoted to prevail:

WHY EUROPE'S WHEAT PRICES WILL RISE

Under the Common Market agricultural policy, most farm crops will sell at "agreed" prices within the Six, these prices to be maintained by "levies" on imports.

These "agreed" prices have not yet been set, but it has been decided that they will be somewhere between the present French and German prices. For wheat this could be about \$2.50 per bushel.

Producer wheat prices in selected countries

	Prices per bushel in U.S. dollars	
	1960-61	1959-60
Germany.....	2.71-2.84	2.71-2.84
Belgium.....	2.56	2.56
Britain.....	2.01	2.07
Netherlands.....	2.24	2.23
France.....	2.22	2.11
United States ¹	1.78	1.81
Canada ²	1.47	1.47
Possible ECM "agreed" price.....	2.50	-----

¹ U.S. national average support price including storage and carrying charges.

² Canada—Initial price No. 1 Manitoba Northern basis in store Fort William/Port Arthur.

Source: International Wheat Council.

This system may affect Canadian wheat sales in Europe because the levy is based on the difference between the lowest wheat price in the world market, and the EEC "agreed" price; and will be the same for all grades. Here is an example given to this correspondent on the Continent:

Possible wheat prices in Germany with ECM agriculture policy in force

[In deutsche marks per 100 kg.]

Soft European wheat:	
Levy price.....	40
World price.....	20
Hard U.S. wheat:	
Levy price.....	47
World price U.S. Red Winter wheat.....	27
Hard Canadian wheat:	
Levy price.....	49
World price, Manitoba No. 1 Northern wheat.....	29

Thus, with the levy constant whatever the grade, the price of good American and Canadian wheat in Germany will be higher than that of most other wheats, simply because it commands a higher price on world markets.

Mr. Speaker, you will note that approximately a 100-percent increase on tariff will be assessed against our wheat selling price. There will be a charge of about \$1.60 tariff added to all wheat entering the Common Market. The Europeans are realists and expect our dreamers to buy their bill of goods which puts us in a position of paying subsidies to our own wheatgrowers. We are now going to be expected to pay a subsidy of approximately \$1.60 a bushel to the Common Market farmers.

Unless we await the final decision as to who and what the Common Market is and what it will do, how can we in good conscience vote for the bill containing title 1 as is.

NATIONAL SAFE BOATING WEEK

The SPEAKER. Under previous order of the House, the gentleman from Michigan [Mr. CHAMBERLAIN] is recognized for 30 minutes.

Mr. CHAMBERLAIN. Mr. Speaker, as the week of July 4 approaches, I would like to again report to my colleagues in the House on the subject of boating safety. As you know, Public Law 85-911, which I sponsored during the 85th Congress, authorizes the nationwide observance of National Safe Boating Week during the week of July 4.

The President, on March 5 of this year signed the following proclamation:

Whereas many millions of our fellow countrymen are engaged in recreational boating; and

Whereas increased public participation in this healthy, outdoor sport has emphasized the need for greater attention to courtesy and safety to minimize boating incidents of the type which often lead to boating mishaps; and

Whereas concerted community action is required to attain the goal of making boating one of the safest family sports; and

Whereas in recognition of the value of maintaining high safety standards on our waterways, the Congress, by a joint resolution approved June 4, 1958 (72 Stat. 179), has requested the President to proclaim annually the week that includes the Fourth of July as National Safe Boating Week:

Now therefore, I, John F. Kennedy, President of the United States of America, do hereby designate the week beginning July 1, 1962, as National Safe Boating Week.

In pursuance of the objectives of this proclamation, I urge all persons, organizations, and Government agencies interested in recreational boating and safety afloat to publicize and observe National Safe Boating Week.

I also invite the Governors of the States, the Commonwealth of Puerto Rico, and other areas subject to the jurisdiction of the United States to join in this observance.

In witness whereof, I have hereunto set my hand and caused the seal of the United States of America to be affixed.

Done at the city of Washington this 5th day of March in the year of our Lord 1962, and of the independence of the United States of America the 168th.

JOHN F. KENNEDY.

Mr. Speaker, about one out of every five persons in the United States will participate in recreational boating and make use of our many waterways during 1962. It is estimated that there will be 7 million recreational boats and 35 to 40 million people engaged in boating.

It is fitting, as National Safe Boating Week approaches, that we recognize and review the responsibilities and efforts of the Federal Government to promote boating safety.

FEDERAL BOATING ACT OF 1958

The Federal Boating Act of 1958, 46 United States Code 527, provides for participation of the several States in a uniform system for the numbering and identification of undocumented vessels—including boats used for recreational purposes. Since April 1, 1960, 41 States have enacted into law and promulgated the necessary regulations thereunder, adopted numbering systems which have been approved by the Commandant of the Coast Guard as meeting the standards of the act. Additionally, the numbering provisions of the act were extended to the Commonwealth of Puerto Rico, the Virgin Islands, and Guam by Public Law 87-171, signed by the President on August 31 of last year.

Section 9 of the act declares it to be the policy of Congress to encourage uniformity of boating laws, rules, and regulations as among the several States and the Federal Government to the fullest extent practicable, subject to reasonable exceptions arising out of local conditions. And further, the Congress encouraged the highest degree of reciprocity among the several jurisdictions.

Following passage of the act, the Coast Guard invited the Council of State Governments to assist in the formation of an Advisory Panel of State Officials to the Merchant Marine Council. This Advisory Panel composed of State legislators, State boating law administrators, and the Washington representative of the Council of State Governments has assisted the Coast Guard immeasurably in the mutual problems that have arisen since the act became effective. We in the State of Michigan are extremely happy that we have the good fortune to have a representative on this Panel.

The Panel has met semiannually since its first meeting in April 1959. The fall meeting has been and will continue to be held with the boating law administrators of the 41 States now having approved numbering systems. It is of particular interest that a uniform State waterway marker system has been developed as a

result of these meetings. The system, compatible with the Coast Guard's aid-to-navigation program, may be used in addition to the Federal system on waters of concurrent jurisdiction and by itself on those bodies under State control. All State Governors have been urged to adopt and use this uniform system in the interest of water safety. This system will make it possible for the boatman to trailer his boat from State to State with the realization that he will not have to learn a new system in each and every State, as he enjoys the use of the Nation's waterways.

Although we have this wonderful example of uniformity between the States, there are several major problems still to be ironed out—the most difficult of which is what boats shall be numbered. The Federal Boating Act requires the Coast Guard to number motor-propelled boats only if the propulsion engines exceed 10 horsepower. That part of the act applicable to the States left the scope of their numbering system to each individual State—and herein lies the problem. The States, with no restrictions placed on them, have run the gamut from everything that floats to only those boats of over 10 horsepower. This situation has in many instances developed considerable ill will among the boating public. A boat in one State may not be required to be numbered under that State's numbering system. The boater goes to an adjacent State that numbers boats of lesser horsepower, puts his boat in the water and is in immediate violation of the law. As a result of this immediate problem, the boating law administrators in several areas of the country have joined together in the formation of regional groups to try to do something about this lack of uniformity. Presently there are regional groups representing the Northeastern States, the Middle Atlantic States, the North Central States, the South Central States, the Southeastern States and the Western States.

Working together with the Coast Guard, it is expected that many of these problems involving lack of uniformity can be solved in the not too distant future.

Another important section of the Federal Boating Act directs the Coast Guard to compile, analyze, and publish information obtained from accident reports. The Coast Guard has recently completed the report for the calendar year 1961 and it is my understanding that every Member of the Congress has received a copy. I would like to draw your attention to several pertinent portions of that report and compare them with the year 1960.

	1960	1961
Numbered boats.....	2,450,484	3,085,732
Accidents.....	2,738	3,179
Number of boats involved.....	3,785	4,095
Number of deaths.....	739	1,101
Number of injuries.....	926	1,088
Property damage.....	\$3,182,000	\$4,372,000

The figures, while showing an increase in all categories, should not necessarily be taken as proof of an alarming trend. The Coast Guard believes that much of

the increase is due to more complete reporting. The Coast Guard has employed a newspaper clipping service since 1960 and this definitely showed that all accidents were not being reported as required by law. The 1960 statistics indicated that 33 percent of the deaths attributed to boating accidents were due to capsizing. 1961 has shown no improvement and indeed, the new figures attribute 37 percent of the deaths to capsizing. This increase, while small, is definitely of concern to the public.

Overloading and overpowering of boats are the probable major causes for capsizing. Unfortunately there is no simple answer to this problem. Current designations for the capacity of a boat are based on dead weight together with the assumption that the trim of the boat will remain constant. However, as you can readily realize, human beings cannot be considered as dead weight—people move around, and thus upset these assumptions upon which fairly simple calculations can be predicated. In the Coast Guard's estimate of the situation there is only one sure answer—a stability test. This is time consuming, requires technically qualified people to conduct the test and make the necessary calculations and thus is not too practical. If it were certain that all boats were built at a boat builder's plant, rather than in someone's backyard or garage, and additionally all boats of one class were powered with the same horsepower and weight engine, the problem would be simplified to the extent that a practical solution could be reached.

COAST GUARD EDUCATION PROGRAM

The Commandant, U.S. Coast Guard, has reiterated time and again that "safety afloat is a combination of education, commonsense, and courtesy."

In the field of boating safety, the Coast Guard continues to place major emphasis on its educational program at all levels of command. There is no simple answer to insure that the boating public receives the word, and the statistics I have quoted earlier bear this out. With an estimated 7 million boats on our Nation's waterways and some 35 million or more people involved, everyone concerned must participate.

Currently the Coast Guard has a number of 16-millimeter motion pictures that are available to interested boating groups. Of particular value to the novice boatman are the following:

"Aids to Navigation," a color film that presents, through animation and live action, the various aids to navigation, including lighthouses, lightships, radio beacons, loran, and elements of the buoyage system in use on the navigable waters of the United States.

"Rules of the Road for Boatmen," a color film that is primarily designed for the information of small-craft owners navigating on the waters covered by the inland rules. This film presents through animation and live action, the meeting, passing, and overtaking situations, as well as small craft versus large vessels, and proper procedures when underway in a fog.

"Search and Rescue—Pleasure Craft," a color film that reveals the existence

and explains the search and rescue network as it applies to pleasure craft. It details specifically the proper procedures to be followed by a boat in distress in obtaining Coast Guard assistance.

"Common Sense Afloat," a color film dealing with outboard motorboating and the need for safer practices in this field.

"Safety on the Water," a black and white film which shows the boatowner what happens when their boat is boarded by Coast Guard boarding officers. The minimum safety equipment prescribed by the Motorboat Act of 1940 is shown.

In various stages of production are three additional films that are scheduled for completion this year. They are intended to cover legal responsibilities, courtesy afloat, and proper usage of equipment.

As in prior years, the Coast Guard published pamphlets and booklets setting forth various requirements and information for the guidance of the boating public. During the last fiscal year there were published and distributed the following:

Title:	Number of copies
"Pleasure Craft"-----	2,000,000
"Rules and Regulations for Uninspected Vessels"-----	50,000
"Rules and Regulations for the Numbering of Undocumented Vessels and the Reporting of Boating Accidents"-----	75,000
"Rules and Regulations for Small Passenger Vessels"-----	20,000
"Rules of the Road (International, Inland)"-----	100,000
"Rules of the Road (Great Lakes)"-----	20,000
"Rules of the Road (Western Rivers)"-----	10,000
"Recreational Boating Guide" (sales publication)-----	100,000
"Recreational Boating in the United States: A Statistical Report on Accidents and Boat Numbering"-----	16,000

COAST GUARD AUXILIARY

The Coast Guard Auxiliary, a civilian, nonmilitary affiliate of the Coast Guard, was established by the Congress in 1939, to promote small boat safety and education. The Auxiliary continues to expand not only in membership, but in its services to the public.

During 1961 membership in the Auxiliary had increased to over 21,000 active members. Local flotillas are now to be found in 540 communities in the States, as well as in the Commonwealth of Puerto Rico. The public services of the Auxiliary for 1961 were, as follows:

Number of persons instructed in safe boating practices-----	140,000
Number of persons shown boating safety films-----	750,000
Number of courtesy motorboat examinations-----	140,000
Number of cases assistance rendered-----	4,300
Number of races and regattas patrolled-----	1,300
Number of lives saved-----	200

Many of you, I am sure, saw one or more of the lessons on boating safety that were presented on one of the local TV stations early this year. This was the regular basic seamanship course that the Auxiliary presents throughout the country, and it is my understanding that

over 200 people appeared at the Department of Commerce auditorium on Saturday morning, April 7, for the final examination. This turnout, coupled with the rainy weather that day plus the fact that the Cherry Blossom Festival was in full swing, is a record of which we can all be proud. While not the first time that the Auxiliary has tried out this idea, I think it is a tremendous step in the right direction.

LAW ENFORCEMENT

As a tool for safe and sane pleasure boating, the Coast Guard's education program is closely aligned with its law enforcement program.

New advances in boat building technology, safe modern propulsion equipment and the advent of the mass produced popular outboard motorboat, have made their contributions to the explosive expansion of recreational boating. Since 1947 it is estimated that the number of boats using our Nation's waterways have more than tripled. The mobility of today's boatman who owns an outboard motorboat transported on a trailer has created many problems, such as what is his State of principal use requirement for numbering his boat, the overcrowding of popular water areas from time to time and, last but not least, the overtaxing of law enforcement officials to give proper coverage to given areas for the safety of the boating public.

The enforcement of Federal boating laws begins with the Coast Guard boarding officer. The boarding officer's tasks involve stopping and boarding boats on the navigable waters. During the course of his visit he will examine the certificate of number and the displayed number. He will further determine if the required items of equipment, such as lifesaving devices and fire extinguishers, are aboard. If the boat is found in violation of any of the laws or regulations, the owner or operator is given a notice of violation which is similar to a traffic ticket. This notice contains information on the procedure to be followed by the violator in rectifying the violation. If no violations are found, the owner or operator is given a distinctively colored original of the report of boarding which evidences compliance with the law. Except in cases of overt violation, this boarding form eliminates multiple boardings as it can be shown to other boarding officers who might stop the boat at a latter time. The boardings are conducted in a courteous way and in a very short period of time—usually less than 15 minutes a boat. The boarding officers have always been considered as "friends of the boatman" and the Coast Guard wishes to have this thought continued.

Until very recently all boarding and water safety patrols were conducted by regular Coast Guard facilities such as major cutters, patrol craft and small craft attached to shore stations. These facilities include 160 shore stations operating 500 small boats and 300 patrol craft and larger cutters. The primary mission of these units is not law enforcement patrols or boarding but rather includes such duties as search and rescue, ocean station patrols or servicing aids

to navigation. Boarding and safety patrols can only be accomplished by these units when they are not engaged in their primary duties. Also, these units are, in nearly every instance, located only along the seacoasts, the Great Lakes or in a few instances on the major river systems. The great number of recreational water areas which are of a lesser degree of importance commercially, but which are navigable waters of the United States and therefore subject to Coast Guard jurisdiction, are not covered by these existing forces.

The vastly increased number of boats and the increased use of these more remote inland waters subject to Federal jurisdiction and the increases in these areas through flood control and irrigation projects require additional Coast Guard facilities. Because of seasonal use of many of these inland areas and because of the great expense in building and maintaining permanent stations, new methods had to be investigated, looking toward an effective solution at reasonable cost to the taxpayer. From this new thinking was developed the mobile boarding team concept. This new type unit was to consist of a small number of fully qualified boarding petty officers, equipped with a small outboard motorboat and trailer towed by a truck. Being completely mobile, it could travel from place to place without difficulty, spending as much time as need be in an area boarding boats, instructing fledgling boaters in the rudiments of boating safety and carrying out water safety patrols.

The first mobile boarding teams were placed in operation for a few months during 1957, but due to a budgetary crisis, had to be suspended. Because other Coast Guard programs of national importance took precedence, the mobile boarding teams remained out of commission until 1960 when, on July 1, Congress authorized the Coast Guard to reestablish 20 units. This fiscal year the Congress authorized an additional 15 units so that, by the beginning of the boating season of 1962, the Coast Guard will have 35 operational mobile boarding teams, with more planned. Geographically the teams are located from Maine to Hawaii and from Alaska to the Florida Everglades. Most often the mobile boarding team is based at a large Coast Guard installation and operates on the inland waters remote from regular service facilities.

As now organized, the mobile boarding team consists of four petty officers: a chief boatswain mate, first class boatswain mate, second-class engineman, and a third-class boatswain mate. The equipment consists of a 16-foot modern design, rugged, fiberglass boat built by the Coast Guard, a 40-horsepower outboard motor, a heavy-duty boat trailer and either a carryall or panel truck. A complete set of equipment is provided, including such items as samples of approved lifesaving equipment and safety handout pamphlets. Both the boat and vehicle are equipped with two-way transistorized radios which enhance both their law enforcement and rescue capabilities.

During fiscal year 1961, mobile boarding teams boarded and examined 41,169 motorboats and issued 12,377 reports of violation on these boats. It should be noted that although the units were authorized on July 1, 1960, it took some time to detail personnel and collect the required equipment. Most of the units were operational by late July; a few did not begin operating until the start of the boating season, around April 1, 1961. Therefore, the statistics quoted earlier are not entirely representative of their potential. However, when you consider that the total motorboat boardings for fiscal year 1961 by all Coast Guard units were 152,441, and violations totaled 25,125, it can be clearly seen that the mobile boarding units were performing their mission very well, despite the organizing difficulties encountered.

It had been considered that because of the seasonal nature of some areas, the personnel attached to the mobile boarding units would be idle during the inclement fall and winter months. However, it has been found that because of the experience gained by these men, they make excellent instructors for regular established unit personnel in boating law enforcement duties. Therefore, regular training programs have been instituted in every Coast Guard district covering the very complicated duties of a boarding officer. These courses cover such subjects as "Boating Laws and Regulations," "Reckless and Negligent Operation Cases," "Numbering Boats Under the Federal Boating Act of 1958," "Lifesaving Devices," "Documents, Papers and Inspection Requirements," "State Boating Laws," and many more. Men of the mobile boarding unit travel from one Coast Guard unit to another during the late fall and winter months, conducting classes for periods of 3 to 5 days' duration. Whenever the weather permits, actual boarding duties are performed under the watchful eye of the instructor, and when the weather is such that actual boardings cannot be made, they are simulated in the classroom. By such training regular Coast Guard forces become more competent boarding officers and the mobile boarding unit personnel keep from becoming rusty in their regular work through forced inactivity.

It is well worth noting that persons other than regular Coast Guard personnel are also instructed at these training classes. In the last year and a half, 41 States have adopted approved motorboat numbering systems, and thereby accepted the responsibility for enforcement of their boating laws on their own State waters. The Coast Guard accepts that the States also have concurrent jurisdiction with this service on the navigable waters of the United States within the State. Now, only a very few of these 41 States had any conception of the problem involved in maritime law enforcement nor did they have trained boating law enforcement officers. In many States the responsibility developed upon the county sheriffs, in others on State game wardens. The Coast Guard volunteered to include a limited number of these State and local enforcement officers in the regular training sessions conducted by the mobile boarding unit

personnel. During one 3-month period early in 1961, 138 civilian enforcement officials were recipients of Coast Guard training. In every case, these officers have expressed their sincere thanks to the Coast Guard personnel for the training received. A side effect of such training is that the Federal and State or local enforcement officers better understand the others' problems, which has resulted in increased cooperation between the two forces.

Another important aspect of the mobile boarding unit program is the public education work carried out by the personnel at each area that they visit. The men call on the local civic organizations and boat or yacht clubs, show water safety movies and give lectures on boating safety and the Coast Guard function in this field. During the period of April 1 to June 30 of 1961, mobile boarding unit personnel were engaged in such endeavors 3,771 hours. No similar program of public education at the more remote water areas had been possible prior to the inception of this new type program.

Many reports have been received by the Coast Guard that these mobile boarding units are enthusiastically received at each place they call. State enforcement authorities, local residents, and the visiting boatmen have all indicated their appreciation for the services rendered by the units and more often than not have requested that they make more frequent visits to an area. Insofar as possible, these requests are met. Schedules for their operations are planned well in advance and are submitted to State boating law officials for their comments and recommendations. Such scheduling permits more efficient utilization of both Coast Guard mobile boarding units and of State and local enforcement forces.

FORWARD PLANNING

It is predicted that there will be a continuing increase in boating, not only on our present waterways, but in vast new areas of water suitable for recreation as a result of new flood-control and irrigation projects throughout the country. The effect of this expansion will be to multiply the already existing problems, and increase the hazards and liabilities of the boater.

Forward planning in the fields of education and law enforcement will require the continued cooperation and effort by all those having a responsibility in the field. The Coast Guard cannot by itself provide a completely effective program. The boat manufacturers, the marine dealers, the boating associations, as well as other interested Federal agencies, under the guidance and leadership of the Coast Guard must join together to insure safe boating.

National Safe Boating Week—focusing attention upon the needs of pleasure boating to know and comply with boating practices and regulations—will get underway Sunday, July 1. The growing success of this annual observance is particularly gratifying to the Coast Guard and its civilian affiliate, the Coast Guard Auxiliary—original sponsors—and to the many who support the event.

It was my pleasure, in the 85th Congress, to assist in this important program of boating safety when I sponsored the joint resolution authorizing National Safe Boating Week as an annual observance by Presidential proclamation.

This year the National Safe Boating Week Committee, ably chaired by Capt. Richard Baxter, U.S. Coast Guard, has done a splendid job in the solicitation and coordination of this event. The membership of this committee includes representatives from: U.S. Coast Guard, U.S. Coast Guard Auxiliary, American Boat and Yacht Council, American National Red Cross, Boy Scouts of America, Girl Scouts, National Association of Engine and Boat Manufacturers, American Powerboat Association, National Safe Boating Association, National Safety Council, Outboard Boating Club of America, United States Power Squadrons and the Yacht Safety Bureau.

The greatest benefit of this nationwide program has been that much of the safety material provided for National Safe Boating Week will be used throughout the entire boating season.

To those who are members of the national and local committees for National Safe Boating Week, I extend my congratulations. I urge all groups interested in safe boating to join in the promotion of National Safe Boating Week.

THE EUROPEAN COMMON MARKET

The SPEAKER. Under previous order of the House, the gentleman from Illinois [Mr. LIBONATI] is recognized for 3 hours.

Mr. LIBONATI. Mr. Speaker, the recent history of the Common Market, with particular emphasis on the agreement concluded in January 1962 to establish a common agricultural policy, and the implications of this policy, call for persistent efforts for removal of quantitative restrictions on exports for American agricultural products. These efforts, on the part of the United States, have been successful as to industrial goods, and are almost complete at this writing.

The Treaty of Rome, establishing the Common Market—1957—contemplated the ultimate unification of European trade, both in agricultural and industrial goods. The six signers realized that a slow process was inevitable—because of national pride, historical antagonisms, and competitive areas of similar products.

As a result, the economic barriers were abolished among themselves. A continuous reduction of tariffs and the interrelation of capital and labor across their borders have electrified the world of commerce and industry. A tariff for outsiders was established and is causing panic among nonmember countries.

In 5 years the growth of the Common Market has exceeded that of the United States.

It is realized now that, with economic unity, political unification is evident, even though it affects the sovereignty of these nations.

Even President de Gaulle is in favor of a confederation of states, controlled by a central body, with a unanimous vote on questions.

Great Britain and the seven nations in opposition to the Common Market, called the European Free Trade Association, has dissolved recently. The pressure of competition was too much.

Last year Britain decided to join the Common Market and her application is to be considered at the meeting in Brussels this summer.

The British favor the French version of a confederation but are susceptible to a political union. Norway and Denmark have applied for full membership and are also agreeable.

Sweden, Switzerland, and Austria, three neutrals, desire associate memberships, joining purely the economic association, and shy from the political setup. Each realizes that the Common Market will destroy their economies, but reserve for purposes of retaining their neutrality and other reasons, their political aspect. Sweden and Switzerland maintain that their neutral position gives stability to Europe. Austria is prevented because of her Soviet agreements from joining political organizations; Chancellor Gerbach's recent visit to the White House, seeking the President's purposeful help and advice, reflects the importance of the Common Market.

The political unity of the members of the Common Market will contribute to its strength. The United States supports this view. If limited to politically united members, solely, then the economies of the others will be critically affected. The United States expects to effect separate treaties with its members.

Spain and Turkey have also applied for associate classification. Portugal, Israel and Finland have evinced their interest in the same category. These smaller countries, if not admitted in either classification, would suffer economically.

The United States of Europe, patterned after our republic, seems to have reached, through the Common Market's development, a reality.

Thus, what at first was considered a marketing of goods, et cetera, between nations will, in reality, result in a powerful political force, whose members are irrevocably bound together by national constitutional acts. No retraction is possible. It is a third powerful world force in world affairs.

The provisions that comprise the procedures of the Common Market cannot but result in a political unity of its members. Its member governments represent every type of political philosophy. Their present trade relationship with members of the Soviet bloc are expansive. This commercial intercourse includes England as well as Red China.

In the present meeting at Brussels, the ministers of the six nations are considering the problems of unity, to bring into effect these principles, both commercial and political.

A documentary series of considerations, before them for study, have resulted in the following subject proposals:

First. A common tariff for the outsiders of the Common Market.

Second. The removal of present domestic tariffs.

Third. The restrictions on manufactured production of developed countries.

Fourth. The manufactured articles of underdeveloped countries.

Fifth. Problems of associate membership.

Sixth. Agricultural conditions and restrictions.

Seventh. The economic corpus—the social and commercial policy of removing all restrictions or such, as visas, free movement of utilities, capital, labor, products, and reducing other factors or obstacles that prevent harmony in these areas.

These discussions should be resolved by this summer.

In view of our close relationship with England and other considerations, the mutual Anglo-American affinity in world affairs, both President De Gaulle and Chancellor Adenauer have somewhat chilled on granting Britain full membership. After a year's discussion over the concessions sought by Britain for the Commonwealths of Canada, Australia, and herself, such as:

First. Reduction of tariffs, subject to review.

Second. Asks removal of tariffs from aluminum, woodpulp, zinc, lead, newsprint, and many other lesser important items. The six demand all tariffs maintained.

Third. Goods of developed countries maintained—Commonwealth goods enter England without tariffs, or with preferences. England proposes special considerations. The six are against this proposal.

Fourth. Manufactured goods of less developed countries—particularly Pakistan, India, and Ceylon. The political need to help their growth is approved by the six. The only problem is how to prevent flooding Europe with low cost manufactures.

Fifth. Association—difficult problems must be decided: Terms; charge of neocolonialism must be answered; and creation of preferences in large area avoided.

Sixth. Agriculture.

British insist—as to Commonwealth—on comparable outlets to protect New Zealand trade after changes. Australia desires preferences for goods entering the Common Market. Also, urge a guarantee of progress for worldwide solution.

The six maintain that, after the transition period, the commonwealths must compete on equal terms, as the other countries overseas.

In agriculture, Britain has agreed, with the exception of certain technical objectives. England asks for a longer-than-the-present transition period, set now at 7 years.

Seventh. All agree on the provisions of the economic union.

It seems that the growing question, at Brussels, is whether or not Chancellor Adenauer supports Britain's entry into the European Economic Community—EEC—as a full member, or only as an associate member.

The people and political leaders in West Germany still aver in the affirmative. A statement has been attributed to the Chancellor, recently, in which he objected to the granting of full mem-

bership for Britain; that it would cause unrest among the members.

CONFERENCE AND BRIEFING HELD ON APRIL 28, 1962, IN THE AMERICAN EMBASSY, PARIS

In attendance at the conference and briefing were Congressmen LIBONATI, SHIPLEY, SLACK, FINNEGAN, GONZALEZ, and SCHWENGL.

Mr. John A. Bovey, Jr., First Secretary, in a brief introduction to political factors at work in contemporary France, traced the evolution of French parliamentary and executive institutions in the post-World War II period. He stated that the individuality of the French people becomes submerged only in times of great crisis or in the introduction of programs changing the autonomy. The French possessions, once her colonies, have been nationalized into 16 independent nations, in a few years.

The present Algerian problem is another. It was a difficult process for France to sever Algeria and her million Europeans from her national life. It was thought by most Frenchmen that France could not exist apart from Algeria, that the separation would sap France's lifeblood and the nation would die.

President De Gaulle changed that by completing an amputation. Mr. Bovey noted that while the Algerian question is far from resolved at present, there is every reason to believe that, in the near future, Algeria will accede to complete independence; essentially, she will have to choose between independence in cooperation with France or a rupture in relations which are vital to Algeria's economic and political future. Already the Algerian problem has taken on a different nature from that which had existed since warfare began in Algeria in 1954. Mr. Bovey also discussed reports that the present constitutional system of the fifth republic may be modified to provide for a presidential system, with a chief executive elected by direct popular vote.

Algeria is not a colonial problem. The 1 million Europeans are outnumbered by the 9 million Moslems. A two-way problem results because 200,000 Algerians are in France. There is an increase of 2 to 3 percent in the Moslem population each year.

The European status in Algeria must be determined. Algeria is a Republic, highly centralized. It lacks intellectuals, although Monaco and Tunisia have Algerians who are qualified scholars and intellectuals. The Communists will be neutralists being in the minority, and they are wary of taking sides. Algeria has some industry development but is, primarily, an agricultural country. Labor is mostly unskilled and engaged in menial employments, that is, streets, garbage collection, and mining. They travel back and forth to bring earnings home. Soon Algerians will vote upon these proposals: Do you want to be independent or do you desire cooperation with France? Do you favor independence with the cooperation of France? Or do you favor no cooperation at all?

Thus France enjoys a real role as a potent power in European affairs and, nationally, enters upon a new start in

the near future, in the development of her local economy.

In her constitutional government, passed in the summer of 1958, the area of the executive department is vested with supreme authority. The Parliament has always questioned this absolute power, together with the Ministry, which is also subject to the Presidential powers. Constitutional changes are in the offing—perhaps the President will be subject to the electorate. It can be truly said that any further encroachments in this area will result in a critical situation and a complete retreat on the part of popular political parties in France. Even if the changes are delayed further, or if the President becomes adamant in his tenacity to hold these powers, the Ministry will react even to a total resignation by the liberal member group making up the Ministry.

The postwar period presented many problems for France. But the economic crisis occurred in 1958, in the main a result of the expansion of business credits and unrestricted borrowing in 1957.

The turning point against inflation by the De Gaulle government, in 1958, resulted in the following reforms established by conservative measures: First, balanced budget; second, devaluated currency; third, restricted bank credits; and fourth, canceled internal subsidies. After a period of stagnation, the economy recovered.

Tax and real estate reforms were initiated. The elderly retired were taken care of by a special system.

The economy returned \$1 million surplus in 1959, \$500 million in 1960, \$1 billion in 1961, and an estimated \$1 billion will be returned in 1962.

Both exports and imports have increased. The French budget, last year, was \$15,005,100,000. The economy returned \$14.3 billion. France's debts amount to \$30 billion, in spite of the tremendous loss suffered through inflation. The 46 million people of France are enjoying a progressive economy.

Its taxation structure includes indirect taxes—evaluated income tax stops at 55 percent; revenue taxes; 20-percent manufacturing tax. The number of state employees has been reduced and payrolls are at a minimum.

The affluent citizens have invested heavily in real estate. Rents are nominal only as to the entry of payment figures on the receipt, but an undisclosed portion is retained by the landlord under the table payment.

A release may be obtained for the payment of income taxes because of indirect taxes paid by individuals, and so forth. A heavy social security tax nets \$3.2 billion. There is a \$200 million merchandising tax on export firms.

One-half million American tourists fatten the treasury. The Common Market, at present, nets \$500,000 to the Government.

Corporation taxes.

The military expenses are shared mutually, contributed by the United States—\$320 million—and France—\$200 million per year.

French industries expanding: Metal processing, electricity, gas, heavy mate-

rials, petroleum, chemicals, glass, gloves, perfumes, et cetera.

Exports: Textiles, 5 percent; medicines, 8 to 10 percent; airplanes, 8 to 10 percent; appliances, good.

Lower: Shoes, clothing, styles, small manufactures, and household equipment.

Many small taxes are levied. Liberalizing imports of U.S. manufactures, agricultural products.

The U.S. loans to France, under postwar aid, now amount to a \$1.4 billion indebtedness, payable at \$40 million to \$50 million a year, at 2½ to 3 percent interest.

During France's crisis in 1957 and 1958, the late installments were set back to 1982 but were later paid.

The U.S. authorities have been talking to help the American balance-payments position in France; the trade mission in 1960 to France, and the extensive followups; the increased emphasis in Embassy commercial activities toward promoting American exports by deemphasizing services to French exporters and greatly increasing services to French importers and American exporters; the persistent efforts for removal of quantitative restrictions on American exports to France, a process which is almost completed for industrial goods, but remains a major preoccupation for agricultural products; the encouragement of French prepayments on the \$1.4 billion in outstanding postwar debt to the United States in April 1962, the French Government repaid \$60 million, which had originally been due in 1958 and 1959, but which had been postponed until 1981 and 1982, to assist the French in overcoming the balance of payments difficulties they were then experiencing; promotion of French tourist travel to the United States; and the possibility of reducing or offsetting the foreign exchange cost of maintaining U.S. forces in France.

The proposals to pay the other installments fell on deaf ears at the discussions here in Washington. Further, on the military side, a proposed compensation. The French would not hear of it and even refused to help in unclassified areas.

In response to the prepayment of the \$1.4 billion, the French stated that they were acquainted with our problem and answered, "Why cannot the United States take the same measures as was done in France, to stabilize the economy?" That wages are too high, and so forth. Finally asserting, "Solve it yourselves."

There are a few tax differences in France on American programs, such as officers' clubs, electricity at housing areas, and so forth.

The French Government maintains it had suffered a \$320 million loss in the deflation of the franc. But the American dollar is the standard of the monetary determination of the world and, of course, any act of deflation would cause chaos in the financial structure of all economies of the Allied Nations, including France. The basic relationship between France and the United States is good.

Canada has embarked on the devaluation theory of recovery, lowering the Canadian dollar from \$0.9525 to \$0.925, considered a necessary step to stabilize the floating exchange rate which resulted in a recent outflow of funds. During the first quarter of 1962, \$350 million of reserves were lost. The past misfortunes and policies adopted to effect the economy were a contributing cause.

The great boom for the development of its natural resources attracting vast amounts of outside capital, especially from the United States, resulted in great projects in oil, iron ore, gold, nickel, and the St. Lawrence Seaway. But, upon their completion, Canada continued to promote less productive purposes by establishing high rates of interest, to further attack capital.

The exchange rate of the Canadian dollar continued high, and the heavy imports crippled the competing domestic industries, increasing unemployment. The Government budget deficits mounted to \$15 billion to \$20 billion. The Diefenbaker government, in June 1961, depreciated the exchange by intervening in the market to set a manipulated rate, instead of a free, fluctuating rate, to depress the Canadian dollar and, by this procedure, stimulated the economy, some at the expense of competitive injury to her trade partners.

But, fortunately, a cycle revival of production in industry—as in the United States—contributed much to her improvement in the economy.

Meanwhile, the large budget deficit and the uncertainty of the exchange rate caused investment to go abroad. To prevent further flow of investments abroad, the stabilizing of the rate at this time, with the aid of the International Monetary Fund, has removed the uncertainty. This action will result in the arresting of speculative funds to foreign investments. And dropping the rate 2.5 percent secures a greater margin of confidence.

This action ends flexible exchange rates after 12 years.

This same flexible theory has received the attention of authorities in academic circles, both in the United States and Europe, and has been proposed as a solution to the U.S. balance-of-payment problems, even though our economy is different. The experience of Canada should not go unheeded, we had better stay with the proponents of responsible policies and leave the flexible exchange advocates to debate, among themselves, Canada's reversal and abandonment of its treasured enchantment.

Recently President Charles de Gaulle, following his positive approach to increase France's power position in Western Europe, again asserted that political unity, on the basis of cooperation among states, will save Europe, not integration or supernationality, meaning majority rule. France will not allow its political course to be directed by anyone else. His view that unanimity controls when national interest is involved.

The sickening of President de Gaulle's adherence to the contention of the Western alliance—pointedly, the United States and Britain—developed after

their refusal to share nuclear secrets with France.

France moved on its own military determinations, independent of and sometimes disagreeing with NATO decisions.

France does not countenance being under British and American domination for its nuclear defense, but seeks to chart its own fate, to develop nuclear protection itself. England or America, under nuclear attack, would naturally look to their own protection. After home protection was secure, then France could expect allied aid. France does not feel confident that the United States and Britain would defend her with nuclear weapons if by doing so would receive nuclear destruction in retaliation.

Rather, President de Gaulle is strong for a French and West Germany combination, for the security and prosperity of Western Europe.

He voices, with sarcasm, the efforts to settle the Berlin crisis and disarmament. He refuses to support the allies in these talks. As to nuclear testing, he refuses to join any conference, unless the countries with nuclear know-how dispose of all their weapons. He has become cold to the idea that England, or any others, be permitted to participate in the Common Market.

The repercussions in France, as a result of his statements at this conference, caused the resignation of five of the ministers who entered the cabinet with the understanding that he had modified his views.

The Benelux nations, pledged by their people to strong federated unity, reasserted their views.

President Kennedy was very discreet and treated the European unity matter as unchanged, a viewpoint not unexpected from earlier information, but not in his area of discussion. But as to nuclear weapons, he commented that, if nation after nation followed France's lead, then the alliance would be weakened. The United States was interested in the preservation and protection of Europe's freedom. This could be best served by a strong NATO.

A time may come when Europe can defend itself without the United States, the third force idea. But, at present, no one can seriously contend that Europe can stand against Russia by itself, not even France.

Thus President Kennedy's treatment of President de Gaulle's provocative challenge was courteous and friendly and he, in a matter of fact manner, avoided the controversy of the confederated versus the federated advocates.

Nikita's blasts at Euromart betray his fears, both economically and politically. Khrushchev fears that a United States of Europe would be a threat to communism. He stated it was laying a foundation for a third world war, whereas it actually means a threat to Russia.

The reasons for his position are purely economic, because machine goods manufactured in Russia are inferior, in both quality and quantity, especially so in fibers and plastic products. The Common Market has been a medium which emphasized this inferiority by comparison. The growth of the Market has been a boon to France, Belgium, the Nether-

lands, West Germany and Italy, namely, the capitalistic countries are outdistancing the Communists in commercial growth.

The economic union of the Sivert group has fared badly, because of selfish Russian control to benefit only Russia, economically, at the expense of its satellites, through tariff preferences, price supports, and because accessibility to markets, as in the Common Market of Europe, was not established.

The Kremlin seeks to wreck the Euromart by dissuading the British from joining it, thus negatively influencing the attitudes of other nations in seeking membership.

Russia sought trade with the new African nations but, alas, 16 have joined the Common Market, which adds to Russia's worries and her trade detriment.

Russia must use the old confidence game of divide the West and conquer. The standard position of Russia has been that the capitalistic nations have always split over trade competition—it was the tensions over commerce that led to conflict.

The Common Market has proved otherwise. Further, the trade alliance may also lead to a military one, or, perhaps, a political union.

The Common Market is now the dynamic new movement of world importance, showing up the Communists' claims of meeting the needs of the world, and shoving it to the background.

After 4 years, the Common Market has captured the minds of the people of the world and has scored heavily against communism by raising the prestige of the capitalistic way of doing business.

The Russian economic alliance was doomed because no Western nation joined, whereas Britain, Austria, Switzerland, Sweden, Spain, and Israel are seeking admission to the Common Market.

The shortages in agricultural products reflected on the Soviet alliance, so much so that staples increased in price to 30 percent, reflecting to the world a doomed defeat for the Russian methods of business operation.

The conditions in Red China, facing starvation, and the food shortages in Czechoslovakia and Eastern Germany, Poland, and Yugoslavia, are shining examples to the world of the failures to provide people with the necessities of life under the Communist system.

Several of the satellites would, indeed, be in a bad way if it were not for imported grains, and so forth, from the United States.

The President of the United States, John Kennedy, and the Department of the Treasury are putting forth every effort in domestic and foreign fields of finance to stabilize the American dollar.

The payments by foreign countries in the first part of April exceeded the payments made by the United States abroad.

We have only to weigh recent events to know that the President is adamant in his appeal to aid the economy to hold price costs and prevent a rise. This is favorable to our country's balance of trade. In the European countries, costs are increasing 3 to 4 percent per year.

He has encouraged exports to the estimated figure increase—formerly \$15 billion—to \$20 billion, representing the employment of 3½ million Americans.

He has given the incentive to attract foreign investments in American industries which will improve our balance of payments and protect the gold reserve.

He has advocated by every official action, including appropriations, advertising, lower fares, lower hotel rates, sales programs, tourist agencies, special brochures on interesting places, the complete backing of our Government agencies, and special cooperation of the State Department on arrangements, and so forth, including visits by foreign officials seeking special study—another great source of income enticing foreign tourist trade—a part recoupment of the millions of American dollars spent by our American tourists in foreign lands, that greatly increases our outflow of gold.

What causes the outflow of gold? First, by direct demand—dollars for gold; second, the indirect redemption of the dollars by selling them in London against gold. Thus these dollars must be redeemed by an outpouring of our gold reserves in order to protect the integrity of the dollar, thereby keeping our currency foreign exchange value from deteriorating.

If foreign interests increase their dollar reserves and continue the practice of presenting these sums directly or indirectly for payment in gold, then the dollar's integrity will be in trouble. Its devaluation would result in uncontrollable inflation. Then acute deflationary measures would have to be adopted, resulting in high interest rates, credit restrictions, and our trade partners would suffer resulting in a loss of the competitive markets. The American dollar is the standard and fixed basic value of many nations—for the United States is the strongest and richest Nation in the world. The currencies of other nations relying upon us would be affected. The underdeveloped nations and South American programs would die aborning.

The gold outflow must be zealously controlled by stimulating U.S. exports so that the balance as against imports will be so favorable as to turn the gold flow back toward the United States.

The President has advocated low tariffs to bring this about. Roscoe Drummond, the distinguished journalist, in his column in the New York Herald Tribune, has written a masterful article portraying his courageous and forceful attitude in this area of legislation:

LOW-TARIFF SUPPORT SURPRISING

(By Roscoe Drummond)

To the surprise of nearly everybody in Washington, voters generally—business and labor, conservatives and liberals—are showing themselves overwhelmingly low-tariff minded. Purpose: to enable the United States to compete in the European Common Market.

When President Kennedy overruled some of his principal aids and decided that a radical revision of trade policy should not be postponed until after the elections, he was told that he would be pressing a right idea at the wrong time under the worst possible circumstances.

The President was warned by those who wanted to be cautious that he would stir a

lacerating controversy in Congress, alienate many Republicans and southern Democrats whose support he would need and generate massive business and labor protectionist opposition particularly at a time when there was still high unemployment.

And what has happened? That which his aids most feared for the President has not come upon him. Mr. Kennedy was either politically wiser than his advisers or politically more courageous in deciding not to delay asking Congress to bring the U.S. trade policy in line with the European Common Market.

As the Trade Expansion Act in 1962 moves through its final stages at the hands of the House Ways and Means Committee and onto the floor of Congress for action, what many thought would be a divisive national debate has turned into decisive national approval.

It has the approval of the U.S. Chamber of Commerce and the AFL-CIO.

Its objectives are supported by the leadership of the Republican Party and Americans for Democratic Action.

It has the endorsement of a wide spectrum of leading newspapers from the conservative Los Angeles Times and Boston Herald-Traveler to the liberal New York Post and St. Louis Post-Dispatch.

It is supported by the National Grange and the American Farm Bureau Federation.

What of the business community? Do U.S. industrialists want lower tariffs on imports in order to take whatever risks are necessary to compete on even terms in the Common Market? Dun's Review, a business management magazine, asked this question of the chief executives of nearly 300 companies, large and small, covering a broad range of industry. The result:

Three out of four supported tariff reform. It is significant that the most bitter attack upon the European Common Market, upon Britain's decision to join and upon our decision to pursue parallel trade policies comes from the Soviet Union.

Speaking in behalf of Premier Khrushchev at the 92d anniversary of Lenin a few days ago, Leonid Ilychev, a leading Soviet ideologist, assailed the Common Market and other "fashionable plans of so-called European integration." He called all these developments foolish and hopeless and asserted at least his oral confidence that they would not be able to stave off the rising triumph of communism.

The Kremlin rightly sees the Common Market and its expansion as the greatest barrier to communism, not because it is directed against the Soviet Union but because it is directed at the strengthening of the whole free world—capable of creating a permanent preponderance of economic, political and military power which will be irresistible.

Mr. Speaker, to meet this challenge, the President has ordered a complete study in further depth of the trade practices, tax reforms, and budget methods of the Western European nations that we may learn something from their experiences. We have suffered four recessions during the postwar period which cost the economy several hundred billions of dollars in losses to the economy, and those nations suffered none. We must do something to stimulate the further expansion of business, and if it is discovered by this study that the tax structures in certain areas give rise to obstacles working against this growth, then changes should be made to lift this blockage. The President is to be complimented on his analytical foresight in ordering a study of these problems, at practical levels of other nations' experiences in this area, for the good of our economy.

But the second half of the month of April reported a \$115 million dip. Yet we have reduced our huge short-term debt to foreigners a little in April. The deficit for 2 months amounted to \$360 million which adds up to an annual rate, if projected, to \$2,200 million. Last year the deficit amounted to an average balance of \$2,600 million. The gold reserve in April amounted to \$16,495 million—a reduction of \$434 million since December 31, 1961—and down \$900 million in 1 year. These losses are not caused by the liquidation of foreign-held dollar balances and U.S. bonds.

The Chicago Daily Law Bulletin, in an article by Elmer Roessner, on May 29, 1962, published a very comprehensive study by the Morgan Guaranty Trust Co. in its monthly Survey:

BANK SHOWS WHY U.S. GOLD FLOWS ABROAD

(By Elmer Roessner)

An unusually good clarification of the balance-of-payments problem is presented by the Morgan Guaranty Trust Co. in its monthly Survey.

In explaining the bookkeeping of the balance of payments, it underscores the dangers facing the United States in this area.

The net change in the balance of payments, it points out, is measured by the U.S. gold holdings, which we all know have been shrinking; convertible foreign currencies owned by the Treasury and the Federal Reserve System, and our private and public liquid liabilities to foreigners, such as foreigners' deposits in American banks.

The Survey then presents a summary of recorded transactions affecting the balance of payments for 1961, which shows, as clearly as possible without color, what this balance-of-payments and gold-loss trouble is all about.

Here are our debits for 1961:

	[In millions]
Goods bought from foreign countries.....	\$14,524
Services rendered by foreigners to U.S. residents (this is largely travel, insurance).....	4,728
Income investments in United States by foreigners.....	871
Military expenditures abroad (includes U.S. outlays and personal purchases by U.S. personnel)....	2,956
Net private unilateral transfers to foreigners (includes charitable and family gifts abroad).....	634
Net government unilateral transfers to foreigners (Government spending and donations except military. Largely, it's U.S. aid).....	2,104
Net U.S. private investment abroad (this is the excess of the outflow over returns).....	3,951
Net U.S. Government investment abroad (loans for economic developments).....	954
Total recorded debits.....	30,731
CREDITS	
Merchandise exports.....	19,916
Service to foreigners by U.S. residents (foreign travel here, insurance, etc.).....	4,349
Income on foreign investments by U.S. residents.....	3,645
Military receipts (sales of supplies to foreign countries).....	406
Net foreign investments in United States (the outflow of foreign capital, claims of foreigners against U.S. business, etc.).....	577
Total credits.....	28,893

This left a balance of \$1,838 million, which was our deficit in the international market last year. This measures the potential, though not the actual, loss of gold during 1961, since the Nation is obligated to make up its deficit in gold, if demanded. However, since the American buck is not completely vitiated, some foreigners would just lie have it as gold.

It is obvious that, if the United States is to continue to maintain its gold balance, it must bring up its credits at least equal to its debits.

This balance sheet spotlights the many ways gold may be regained: Increasing exports; spending less abroad for military purposes, perhaps making other nations carry larger shares of expenses; being less wasteful in foreign aid; encouraging foreigners to invest more here and (a measure provided for in the Kennedy tax bill) speeding the return of earnings on American investments abroad. We can also try to encourage more foreigners to visit the United States and restrict travelers' expenditures abroad.

Note that by cutting tourists' spending abroad in half, the United States could rectify the balance of payments overnight.

But the United States won't.

Mr. Speaker, there are on the other hand great gains in the volume of sales in the economy. The key industrial corporations are reporting fair earnings and complain of restricted margin of profit—least dividends will be there. The building programs and public works sparked by administrative legislation have strengthened the economy. It is estimated that the projected figures indicated a near \$500 billion level in our economic return. At least public confidence has been somewhat restored and employment rolls steady. It is predicted that a steady increase in earnings will continue through 1963. The present condition of the economy is not an accident. It should improve in part by the passage of legislation stimulating lagging fields of industry and depressed areas—public works and public housing—programed to improve the economy.

These programs were enacted under the Kennedy administration, and expenditures for these projects have been met by sufficient appropriations to carry them out.

The increase of appropriations for military and other avenues of defense, a security purpose to make our Nation strong and superior in space, have taken a needed toll of our reserves.

The long delayed increase in salaries for underpaid Government employees, pensioners, and social-security increased benefits have been considered.

Yet the President is displeased at the business outlook—it has not been too responsive to expected improvement. He is studying the personal income tax brackets for considered reductions to give impetus to the economy.

Several proposals are engaging his attention:

First. Reducing the highest tax provision from 91 percent to 65 percent and in other brackets also including the 20 percent first bracket by 1 percent.

There were earlier proposals to seek other taxes to offset these cuts. But there is a prevailing feeling now that the cuts should be made without any offset taxes, on the theory that the cuts would

give the economy such a stimulating force that it would produce more revenue than at present levels.

President Kennedy is anxious to erase any idea in the minds of businessmen that he is antibusiness. His speech before the United Auto Workers Convention warned union labor not to seek inflationary wage increases as he previously warned business—steel—not to raise prices.

He has gone out of his way to seek legislation to aid business so that increased profits can be realized. He asked Congress for power to cut personal income taxes limit to \$10 billion in periods of business slumps.

His action in the steel episode strengthens his position to demand the same restraint for labor unions.

The President contemplates faster tax writeoffs to other businesses, already granted to some going businesses.

An outright tax reduction for business outlays that are expended for modernization of equipment now before the Congress.

Finally the plan to cut income taxes across the board permanently.

Many businessmen questioned the President's economics and business sense because of what they term an inflationary budget of \$92 billion—\$12 billion more than the last Eisenhower budget—and several billion in excess of the return expected by the Government in taxes.

His approval of the Board's recommendation of about one-half million railroad workers receiving wage boosts averaging 10.2 cents an hour. The Board maintained that the wage boost was non-inflationary. The President approved their action.

There is also a fear that President Kennedy owes his election primarily to union labor and is without business experience, and that he cannot follow his promises and intentions as one who had experience in a business career.

Some feel that his program to increase the wages of 2½ million Federal employees by \$1 billion per year is in direct conflict with his demands upon industry and labor to hold still.

Others feel that if a showdown hits on the wage-price controversy for union labor he will favor the union bosses.

Just being President of the United States is a real chore by itself, but collaring the terrific forces that control the operation of the national economy is a task for the gods.

All these facets of expense could not be denied to a republic alive to its obligations to the public interest. The almighty dollar is not to be worshiped at a public shrine—at Knox—as though it were a symbol of a nation's contribution to its posterity. The usefulness of a nation's wealth is to work its dollars hard that it may have a continuous circulation in promoting happiness and prosperity of its people through opportunity to labor and earn a good living in accordance with American standards.

No one can deny that all the gold in the world cased in the vaults at Knox, if left there, severed from the working dollar, would not send one astronaut into space or develop one missile, let alone raise it into orbit.

The space program through bipartisan approval in spending money did it. And today we stand proud among nations because of it—a loyal and forceful people, a real leader among liberty-loving nations who see us standing alone on the sacred principle of giving succor and strength to other nations to help keep freedom alive and to insure the security of our kind of world inviolate.

History shows that the hoarded wealth of 21 leader nations of the civilized world fell into the enriched coffers of their conquerors.

The progressive study now going on by American experts shows that the European nations' economy increased 7 percent, while ours has advanced only 3½ percent. What are the reasons for the European nations' splendid success?

The experts feel that perhaps the greater sums of investment by the foreign governments and their private investors in industrial production, such as expanding properties, increasing sales, have been one of the factors also resulting in high figures of employment.

They also list as probable influences these other factors as the revamping of their tax structure, adjusting levels of expenditures—new budget planning. We know that as the economy moves up the tax formula moves down. They further comment that a survey of our budget figures would show that, perhaps, we are too cautious in showing expenditures and the listing of unexpended funds. The surpluses would far exceed expenditure funds.

Further, industrial reports show increasing sales, yet profits are decreasing compared to the volume of high production. Yet, in spite of this diminishing ratio, profits are growing at an alltime record rate. Our foreign trade has increased to \$20 billion—\$15 billion manufactured products. It could be increased further if these studies point the way.

One of the important sources of income of this country from abroad consists of royalties for the use of American patents or inventions, technical know-how, and trademarks. The respect abroad for industrial property rights of American individuals and companies rests solely on the conventions of the International Union for the Protection of Industrial Property, commonly called the Paris Union. This union has been in existence for almost 80 years, and the United States has been party to it since 1887. Some 46 countries belong to the Paris Union today, and among them practically all the industrially important countries of the free world.

European countries are in the process of strengthening their bonds in industrial property matters. New treaties are being worked out by the Common Market and the Council of Europe. Much of the initiative and imaginative adaptation to changed circumstances have passed from the Paris Union to these European organizations in the last years. This is partly due to the rather passive attitude of the United States in the councils of the Paris Union, and to the fact that the Secretariat of the Paris Union—the Geneva Bureau—is exclusively staffed by Europeans.

Whereas we should, of course, welcome closer cooperation among European countries in the field of protection of industrial property, it is both important and urgent that this does not result, in Europe, in discrimination against and isolation of American patent and trademark interests. We have no voice in the European organizations, but we could and should urgently work on revitalizing the Paris Union in which we have equal status with all other members, and where our vote should have particular weight in view of the fact that the United States is the greatest exporter in the world of inventions, technical know-how, and products under trademark protection.

In this connection, it should be our aim to internationalize the Secretariat of the Paris Union, and insist that positions corresponding to the importance of the United States in industrial property matters be filled by U.S. citizens. We should insist on the vigorous implementation of the worldwide responsibilities of the Paris Union, in particular so that regional arrangements will not become discriminatory against the United States. A much more dynamic and imaginative policy, and much more active U.S. participation than has been offered up to the present time, are needed, and are needed urgently.

DAM THE DOLLAR DRAIN

HEADQUARTERS,
U.S. ARMY, EUROPE,
INFORMATION DIVISION,
February 17, 1961.

Note to unit commanders:

The Secretary of Defense has asked the cooperation of members of the forces overseas in helping check the flow of gold from U.S. reserves. This fact sheet is designed as an aid to commanders in informing personnel about the gold situation and in urging them to do their part to help.

This is a mandatory troop information topic.

TROOP INFORMATION BRANCH.

Gold, gold—who's got the gold?

That's the cry resounding through the United States, where gold reserves have hit an alltime low. Fort Knox is still intact; nobody's dug a secret tunnel into the bullion repository—the gold drain has been strictly legal. But the situation is serious, and the Government is taking steps to try to check the flow of gold into foreign hands. We in USAREUR can do our bit to help.

GOLD AND DOLLARS

Before we get into that, however, let's see how the gold shortage came about—and what it means.

"As good as gold"—this has been true of the U.S. dollar for a long time. The dollar is the most respected currency in the world. Although it is represented only by a paper bill or coin, it is accepted—even sought after—the world over. Why is the dollar as good as gold? Because it is backed up by gold; because any foreign holder of dollars can, at any time, exchange them in the United States for gold, at the rate of \$35 an ounce.

The problem—the reason for our gold shortage—is that too many of them have been doing just that.

How do so many dollars get into foreign hands? Principally in five ways. By means of foreign goods sold in the United States; that is, our imports. Then through the dollars invested abroad, in foreign enterprises. Third, a lot of dollars go out in the form of aid to our allies and to underdevel-

oped countries. Fourth, American tourists spend millions of American dollars abroad. And finally, we spend dollars overseas to support U.S. troops stationed in foreign countries.

Many of the dollars that leave the United States in these ways return to us, of course. We get a big return on our foreign exports, on products of all kinds that the United States sells abroad. We get some dollars back in dividends earned on our money invested abroad. And then we get dollars that are invested in America by foreigners.

But in recent years, far more dollars have been leaving the country than have been coming in, causing what is called a deficit in our international payments. Why has this happened?

Ever since World War II, the United States had made tremendous outlays of money on foreign aid, and on stationing troops abroad. Americans have been spending more and more money each year touring foreign countries, while relatively few tourists come to America. For a long time our tremendous export trade made up for these losses.

But in 1959 the situation worsened. In that year there was a major surge in imports, led by foreign cars and steel.

In 1960 the dollar drain increased as fewer dollars were invested in the United States, more in Europe, where interest rates on capital were higher. The reason: the booming European economy.

How does this so-called deficit in our international payments affect the U.S. gold supply? We said before that foreign holders of dollars may use them to buy gold at any time. Foreign central banks usually buy gold with a fixed percentage of their dollar holdings. Since their dollar holdings have been going up, they have been buying more gold. Foreign governments have needed more gold in recent years also, because their trade has been greatly expanding.

The result is that our gold reserves, which in 1949 stood at \$24.9 billion, now have hit a low of \$17½ billion. If they fell low enough while foreign dollar holdings continued to climb, eventually the dollar wouldn't be "as good as gold," because there wouldn't be enough gold to back it up. There could then be a "run" on the remaining gold—and a financial crisis.

What's being done about it?

The situation is thus serious, and steps are being taken to deal with it. The Eisenhower administration began to act on the matter before it left office, and the Kennedy administration is taking further steps.

Here are some of the steps that are being taken. Special U.S. interest rates have been authorized for foreign holders of dollars, as an inducement to investment in the United States. Americans are now forbidden to hold gold abroad. Great emphasis is being put on increasing U.S. exports. Foreign travel to the United States is being encouraged. Countries receiving U.S. aid are being urged to spend as much of it as possible in America. These steps are just a part of a vast program to reverse the dollar flow.

What can we do?

As Americans stationed abroad, we are in a good position to help check the flow of dollars out of the United States—and thus to help, indirectly, with the gold situation. There are thousands of us Americans overseas; what we do with our pay can make a big difference in the overall dollar picture. Dollars that we convert into local currency and spend "on the economy" are dollars lost for America. Dollars we save—and those we spend for U.S. products—are dollars kept in America, which will go to help build back up the gold reserve.

Of course, it is realized that some spending in local markets will continue to be necessary. But we should nevertheless try to put more of our pay into savings, on the

one hand, and, on the other, to spend as much of the rest of our pay as possible at U.S. facilities. Mr. McNamara, the Secretary of Defense, has suggested the figure of \$80 per person a year as a good target.

None of this involves any real sacrifice on our part—just a little reflection on what is in the best interest of our country, and our interest, too; for what hurts the value of the dollar also hurts us.

SAVING AND SPENDING

For the soldier, saving is painless. You can have as little or as much as you like deducted from your pay for savings, before you ever see it, by means of a class E allotment. If you save in this way, the money you get when you finally tap your savings will seem like something you're getting extra, for nothing. You won't have noticed the little monthly deposits coming out of your pay; but you will notice the big lump sum, including interest, that you receive when your savings pay off.

USAREUR suggests soldiers' deposits as one of the best savings plans for enlisted men. The plan is safe and interest rates are good. U.S. savings bonds are recommended for officers and civilian employees, who are not eligible for soldiers' deposits. Personnel sections have full details on all savings plans.

As for cutting down on foreign expenditures, how it's done is up to you. One suggested way is to make more use of the USAREUR recreation centers for your leaves. There is definitely no sacrifice involved here. The centers offer tops in sports and entertainment at the lowest of prices. At Berchtesgaden, Chiemsee, and Garmisch you'll find U.S. luxuries with a continental flavor, in a setting of incomparable beauty. For full details see USAREUR Information Bulletin, volume 15, No. 6, pages 8-11. In SETAF, enlisted and officer recreation centers are located on Lake Garda, 18 miles west of Verona. At Tirrenia, just outside Leghorn, is a fine beach operated by SETAF.

When you travel, go by automobile if possible. It's cheaper than by rail or air, and of course it's U.S. gasoline you'd be using. If you don't have a car, you may be able to buddy-up with someone who does.

A quick review of your monthly purchases will show you where you can cut on foreign spending. Buying American whenever possible is a good policy. You'll find most of your usual purchases can be made at U.S. facilities, and that prices there are reasonable. Post exchanges will be stocking more and more American items. They offer a convenient mail-order service for items not carried, and recently instituted a layaway plan. Another way to cut your foreign spending is to patronize U.S. snack bars, clubs, and messes more often for entertainment and when you eat out. If you're thinking of buying an automobile, just remember: your own country makes good ones.

These are just a few of the ways you can help in alleviating the gold shortage. None of them demands much of a sacrifice; all of them will help keep the U.S. dollar strong. Just a little cooperation will go a long way toward strengthening the U.S. economy.

(Program for the reduction of individual dollar expenditures.)

THE GOLD FLOW

(Address by Gen. Bruce C. Clarke, Cincusareur, before Frankfurt Women's Club, March 16, 1961)

It is a pleasure and a privilege to have the opportunity to meet with the Frankfurt Women's Club, and to express my sincere interest in the work of your organization.

Your president, Mrs. Johnson, in her letter of invitation gave me a succinct history of the club since its founding in 1946. With her letter, she enclosed some very informative pamphlets outlining the aims of the

club, and its achievements. In addition, a list of welfare donations from July 1959 to February 1961 was enclosed. You can rightfully be proud of your accomplishments.

At times I marvel at the scope of activities undertaken by women's organizations such as this. But then I remember that unforgettable phrase in a prominent women's magazine—probably coined by a smart woman in the firm—"Never underestimate the power of a woman." Remembering that phrase, my amazement is changed to acceptance of an indisputable fact. You, the members of the Frankfurt Women's Club, have shown yourselves as "power for good."

Keeping a house and making a home for your husband and your children is job enough for anyone. Busy as you all are with your many household duties, your children and your church activities, I am pleased to note that you are busy about many other things—things that have a direct bearing on the accomplishment of the mission of the U.S. Army, Europe; busy about matters that project a true image of our people, and our Nation.

No doubt, some members of the club have been in Europe since your organization was first chartered. Many are on their second tour in the Frankfurt area, and are thus able to make a comparison between the past and the present. All are aware of the conditions which existed in the early years after the war. Want and poverty stalked the land in the wake of the war's destruction. All around us, were misery and distress.

Moved by compassion, your club and many others composed of all American women, and clubs which combined members of our host nations with American women throughout the U.S. Zone, went into action. Supplementing governmental agencies and providing the warm, human touch, the record of service by these clubs speak for itself; it is a source of great pride and an inspiration to all of us.

With the resurgence of the German economy, the Frankfurt Women's Club broadened its objectives. Now, they include not only help for the needy, but also the provision of service, cultural, and social assistance to American wives; help for handicapped children; and a multitude of other services.

Now we have a new problem facing us—one in which you can be of immeasurable assistance to USAREUR and to our Nation. In my judgment, our American Women's Clubs can and should play a key role in the resolution of this problem.

This problem is the balance-of-payments deficit. It is important, and we all should take vigorous steps within our capabilities to curtail the gold flow.

As I visualize this matter, it affects your activities in several areas. It affects the way in which you spend your money, the amounts of money required for your activities, and the methods of raising this money. To put it another way, it affects many of your basic objectives.

I believe that all women's clubs operating in USAREUR should reexamine their objectives to determine if they are in conflict with the gold flow problem. Having isolated these areas, I think it would be wise to consider if the objectives should be retained, modified, or eliminated.

I do not intend to convey the impression that all charitable activities should be suspended. Some charities cry out to us with a voice which cannot and should not be ignored. These might include support of refugee aid, old folks homes, and handicapped children or sponsorship of exchange scholarships. But each charitable activity might be surveyed and re-evaluated. As a suggestion, you might ask yourselves the following questions:

First, can you substitute American food or goods for dollar support of the charity concerned? Or, can you give materials purchased from PX's instead of items bought

on the economy? These substitutions may be made with prior clearance through your local Military Police Customs Unit.

Second, having made such substitution, if possible; how many dollars are going into the local economy as the result of the charitable effort?

Third, what is the benefit of your participation in the activity to host nation relations, or, the adverse impact on these relations should your participation be eliminated?

Finally, does the benefit of these relations, considering the amount of dollars involved justify continuing the charitable activity?

If answering these questions doesn't solve a specific case, then the decision will have to be based on the desires and good judgment of the woman's group concerned. Admittedly, in almost every case the decision will involve two somewhat conflicting objectives. On the one hand we must avoid unnecessary impairment of our present good relations with our German, French, and Italian hosts, but, at the same time, we should strive to show an annual net decrease in economy spending.

Having realized your spending objectives with the gold flow in mind, I suggest you next compute the amount of money you will need to attain these objectives. How will you raise this money?

Before suggesting means and methods of raising the funds for your activities, I must deal with the negative aspects of the situation—what is no longer permissible.

In the past, the women's clubs have normally relied heavily upon commissions received through the sponsorship of vendors of foreign goods. In many instances, this has been the principal source of revenue for their charitable activities. It has been a very effective and a pleasant way of adding to your welfare funds.

This can no longer be given military blessing. In accordance with Presidential directives to stem the flow of gold, I have issued orders to all commanders that USAREUR facilities can no longer be used by vendors of foreign goods. This order was effective yesterday, 15 March 1961. I might add that I was pleased to note in a recent newspaper article that your club has already decided to discontinue your annual fund-raising bazaar, which was basically a fund-raising measure of the type I have been discussing. I also want to congratulate you, the Heidelberg Women's Club and many others on your use of savings bonds as prizes in place of articles purchased on the economy.

In the future, fund raising will require considerably more effort and organization—and imagination. However, I don't visualize this as a serious problem. Women's clubs in the States have never had the commissions from the sale of foreign goods to draw on as a source of funds, yet many of them raise sufficient money to support large activity programs.

I offer the following money-raising suggestions with some hesitance, realizing full well that I am speaking to a group of fund-raising experts.

There are a number of tried and true means of raising funds. They have been used in the States and overseas with considerable success. Some of these are white elephant or rummage sales. The German-American Women's Club in Heidelberg calls this type of a sale a "pfennig bazaar". I am informed that it has been quite successful as a source of raising money. I am sure that you are familiar with this type of sale.

Thrift Shops. I recommend more emphasis and support of thrift shops as a normal women's club activity. Operation of these shops can produce substantial amounts of money. At the same time, these shops assist in attaining two other important objectives—they help our people who cannot

afford to purchase certain items at full price and they serve to keep others from spending on the economy. Please remember that, under the Status of Forces Agreement, thrift shops cannot sell to host nationals.

Sponsorship of large parties such as frontier days fiestas can produce large amounts of money; you might try western barbecues and folk dances. I am confident that you can visualize many more.

Stateside-type carnivals featuring the games and exhibits found in American fairs and midways are a source of entertainment as well as considerable profit. Also sponsorship of amateur shows, theatricals, and musicals.

Bake sales. I know of no more profitable business. It is a businessman's dream. No labor costs, no overhead at all, and your product is donated. I have been informed that within USAREUR bake sales average \$100 per sale for 4 or 5 hours of effort.

These suggestions are but a few which have occurred to me. I know that your resourcefulness will produce many more.

Having estimated how much money you can raise through the various means available to you, I suggest that you compare this amount with the sum needed to support your revised objectives. Should you feel that you cannot raise enough funds for such support, you must, of course, further curtail your objectives or raise your dues.

Now I should like to take a few minutes to discuss an entirely different aspect of women's club support of the gold flow reduction. I refer to your actions as individuals.

Much concern was felt when restrictions were placed on dependent travel and we were faced with peacetime separation of military families.

When the restrictions were lifted, there was joy and a feeling of gratitude. But saying "Thanks, Mr. President," while it is the courteous thing to do, is not enough. We have to act individually and voluntarily to help solve the basic problem which caused the original no-dependents directive—the reduction of the gold flow.

Women are the key to the success of the individual spending program. You have a controlling influence on the purse strings in most families. A woman's expertness in household financial matters—getting the money, keeping it, and disbursing it only for good and sufficient reasons—is a fact of life which we men realize.

Our President realizes that fact; he has appointed a woman as Treasurer of the United States—Mrs. Elizabeth Rudel Smith. She succeeded another woman, whose signature graces the currency in your purse—Mrs. Ivy Baker Priest.

Total abstinence from buying on the economy is not expected. The objective should be moderation. This should include moderate touring, visitations to places of historical interest, and the usual vacation trips.

We are not required to lead Spartan lives, but we must each seek means to reduce our oversea expenditures. As you recall, the initial figure cited by the President was \$80 per individual a year. You may have read recently in the Stars and Stripes that the Department of Defense announced a goal of \$100 per year. We in USAREUR have publicized an "\$80-plus" program per year and we will continue to support this hoping that each individual will reduce his expenditures by as much over \$80 as is possible.

Keep in mind that this "\$80-plus" per person is not going to be taken away from you and will not be reflected in your daily diet, shelter, or clothing. Commissaries, exchanges, medical service, and housing are still available. Clubs, theaters, and excellent recreational facilities are still available for your use. Actually, the only thing required of you is to spend at least \$80 less on the local economy.

You may have also read recently that the administration has suggested we limit our purchases of foreign goods to \$100 per year per person except for those which are purchased in exchanges and other U.S. outlets, or those which are required for operation of your household and which cannot be procured from U.S. sources. I think you will find that, except for those living on the economy, this proposed spending limitation is about the same as reducing our purchases by at least \$80 per person annually. I suggest that most of us can accomplish this by watching closely our purchases of luxury items not necessary to our health or welfare.

Aside from careful monitoring of economy purchases, we can assist in slowing the flow of gold by exercising care in the use of our utilities. Wasting gas, water, and electricity is always frowned upon in efficient households. Now, such waste of our utilities will directly contribute to the gold flow, since the dollars which pay for utilities go into the economy of the host nation. The money saved by those in Government quarters can be used for other essential improvements.

I am certain there is one question which arises in the minds of all of you: How does this program affect my family vacation plans? I believe that trips and vacations are necessary for your health and cultural development—it is not our intention to suggest any severe limitations. Rather, we do suggest that you make maximum use of our Armed Forces recreational facilities and that you budget your trips carefully so as to keep within the spirit of our savings program.

I realize that the admonition to decrease or limit spending on the economy by various amounts per person per year is putting the accent on the negative. It is better to stress the positive.

Invest in U.S. savings bonds or if your husband is a soldier, sailor, or airman he can use soldier, sailor, or airman deposits—you serve your country and yourself; put your savings into any stateside investment or savings account. Thus, you will not only help to stem the gold outflow, but you build security for yourself.

There is still one more aspect to this problem of individual application where you can help. That is passing the word to women who are not members of your club. This is most important.

As I see it, this matter of passing the word has two aspects. First, we need all the help we can get to insure that all the dependents in the command are fully aware of the problem and their individual responsibilities in connection with it. The second aspect is maintaining interest in the matter. Eventually, the enthusiasm generated by the Presidential announcement that dependents would be permitted to remain in Europe will begin to wane. However, the urgency of reducing the gold flow will not lessen until our Government's balance-of-payments problem is solved.

I feel that the women's clubs of the command will provide an ideal medium for maintaining lively interest in the program and for making sure that all of the wives of a particular area keep informed about the matter. These clubs, through their welcoming and hospitality groups and possibly through such means as panels and discussion groups, drives, individual calls, and similar means, can make a real contribution to our effort. In fact, I suggest that this be made one of the continuing objectives of your overall program.

You will note that I have said nothing today about the clubs which have joint American-host nation membership, such as the many fine German-American clubs here in Germany. I have omitted such mention on purpose. Needless to say, I will be pleased to note any actions taken by these groups in support of our gold-flow program; however,

I feel that I would be out of order in making any suggestion to groups whose membership is not entirely American. The American members of such groups can derive guidance from what I have said previously.

It has been a genuine pleasure to be with you today, and I hope that my remarks will be of some assistance to you.

Please remember that my suggestions are only that, not directives. I suggest you watch the Stars and Stripes for further directives that may be issued by the Department of Defense on this subject. Of course, if they are in conflict with what I have said, then the new directives will apply. I know that you are fully aware of the moral obligation placed upon us to demonstrate in our own way that we as individuals will gladly share our country's problems and contribute to their solution. I also know that our American women will respond willingly to this challenge.

REDUCTION IN THE OUTFLOW OF GOLD

Background: Since receipt of the President's directive of November 16, 1960, this command has constantly explored ways and means of reducing the outflow of gold and has significantly reduced expenditures on the foreign economy. The actions taken can be divided into three areas. These areas together with reductions effected during calendar year 1961 are:

(A) APPROPRIATED FUNDS

(1) Eliminations, consolidations, reductions, or transfer to the United States of activities and facilities.....	\$467, 182
(2) Reduction of military personnel, civilian employees and foreign-national civilian employees.....	246, 198
(3) Reduction of procurement oversea (supplies, services, and construction)	41, 134, 800
Total	41, 848, 180

(B) NONAPPROPRIATED FUNDS

(1) Consolidation, curtailment, or elimination of activities and facilities.....	513, 160
(2) Reduction of nonappropriated fund employment overseas.....	2, 105, 256
(3) Replacement of foreign-national employees by dependent and off-duty military personnel	1, 727, 259
(4) Reductions of programed expenditures for foreign goods and services.....	40, 299, 131
(5) Reduction in concessionaire gross sales	131, 495
Total.....	44, 776, 301

Total of (a) and (b)..... 86, 624, 481

Individual expenditures: It is not possible to measure with accuracy the reduction of oversea expenditures by individuals; however, major command emphasis and publicity have been given to this program and the following available statistics indicate USAREUR personnel's support of the program:

(1) The monthly dollar savings in USAREUR savings program have increased as follows for period January 1, 1961, through November 30, 1961:

	Dec. 31, 1960	Nov. 30, 1961	Increase
U.S. savings bond.....	\$2, 208, 603. 75	\$2, 908, 447. 05	\$699, 753. 30
Soldiers' deposit.....	279, 132. 78	468, 638. 81	189, 506. 03
Total.....	2, 487, 826. 53	3, 377, 085. 86	889, 259. 33

(2) Parcel post shipments to CONUS, January through November 1961, totaled 10,147,516 pounds versus 15,014,104 pounds for same period of 1960; decrease of 32 percent.

(3) Postal money order sales January through September 1961, were \$34,206,617 versus \$31,820,793 for same period 1960; increase of 7.5 percent. Encashments for same periods were \$3,089,545 in 1961 versus \$3,676,827 in 1960; decrease of 16 percent.

(4) AMEXCO facilities in Germany sold money orders totaling \$20,317,905 during period January through September 1961 versus \$16,697,272 for same period 1960; increase of 22 percent.

(5) The number of individual checking and savings accounts in Germany increased between January 1, 1961, and September 30, 1961, by 6,633 (11 percent). The dollar value in these accounts also rose by \$1,521,087 or approximately 7.5 percent.

(6) Membership in the various savings clubs organized throughout the command exceeds 85 percent.

(7) Savings bond participation rate increased to 70 percent in November 1961; 1 year ago it was 62 percent.

(8) Soldiers' deposits participation rose from 13 percent in January 1961 to 16 percent in November 1961.

(9) Gross sales in clubs and open messes have increased indicating greater patronage of the facilities by individuals.

Status: Continuing actions are being taken to develop new means of reducing the outflow of gold. A permanent committee has been established within Headquarters, USAREUR, to coordinate all matters which will improve the balance of payments. The most significant recent and current actions taken are:

(a) A list of possible means of further reducing the outflow of gold was provided to Secretary Ailes during his visit to USAREUR.

(b) This command is actively participating in plans for further negotiations with host countries to eliminate or reduce the imbalance of military expenditures through cooperative logistics, joint utilization of facilities, etc.

(c) Renewed command emphasis is being given to reduce the outflow of gold in all areas. A continuing publicity campaign is being prepared and conducted to inform USAREUR personnel of the facts and solicit additional voluntary reductions in expenditures on the economy.

HEADQUARTERS, U.S. ARMY, EUROPE,

OFFICE OF THE COMMANDER IN CHIEF,

APO 403, July 13, 1961.

Subject: Dollar shortages, fiscal year 1962.

To: Each commander, staff officer, and civilian supervisor, U.S. Army, Europe (down to and including company and detachment level).

1. The purpose of this letter is to insure that all USAREUR commanders, other officers, and civilian supervisors are fully oriented on the funding deficiencies facing USAREUR in fiscal year 1962. In view of these deficiencies, I desire that each responsible individual in USAREUR examine those things he is doing or plans to do against this criteria: "Is this item important? Does it have priority meriting the expenditure of resources involved? Is this the most economical way of getting the job done?"

2. Each commander, staff officer, and civilian supervisor has developed a plan or program covering the activities for which he is responsible in fiscal year 1962. Some of these are stated in training schedules or formal programing documents. Others may be in the minds of the individuals concerned. Most of them require an expenditure of resources, either materiel which must be bought or replaced or actual dollars themselves. The sum of all these plans, programs, and ideas sets the courses of action

for USAREUR in fiscal year 1962. The consolidation of these courses of action, together with the dollar resources required to implement them, are set forth in the USAREUR operating program.

3. The USAREUR operating program for fiscal year 1962 is faced with a funding deficiency of over \$47 million. This situation has been caused principally by a lack of approximately \$10.5 million for the initial issue of repair parts for new items of equipment such as the M-60 tank and the new rifles; \$15.2 million to cover added dollar costs because of the recent deutsche mark revaluation; and \$15.5 million for unprogrammed pay raises for our essential local national labor employees. Funds currently available to USAREUR commands and field agencies are not adequate to provide either for these increased costs or for the mounting costs of goods and services which we contract for here in Europe. In addition, we are faced with the problem of the reorganization of USAREUR combat divisions. Therefore, to achieve our readiness objectives, we must spread our resources even further than we did last year.

4. I am proud of and have every confidence in the well trained and dedicated personnel of USAREUR. A good job is being done, but even more care and selection of those things we must do, as opposed to those things we would like to do, is now required. Our objectives for fiscal year 1962 are sound and must be met. Our ability to accomplish them rests with each of us. However, in my visits throughout USAREUR I have noticed certain things being done which to my mind are of questionable priority when measured against the current resource availability. There are many areas of possible savings. Those of you at the operating level are in the best position to identify those peculiar to your area of responsibility. To give you an idea of what I have in mind, the following examples—each involving large expenditures of funds—are cited:

(a) Consumption of supplies and equipment: Requisitioning should be based on actual needs only; hoarding or stockpiling must be eliminated.

(b) Transportation: Combining trips; fitting the load to the vehicle; riding to and from close-in training areas when marching would contribute to or not detract from training; elimination of unnecessary trips.

(c) Utilities: In spite of continuing command emphasis in this area, there is evidence of waste of this costly service.

(d) Modification and rehabilitation of facilities: Emphasis must be placed on necessary projects; those associated with beautification or nice-to-have will be eliminated.

(e) Civilian labor forces: All manpower requirements must be reviewed to insure most effective utilization.

5. I enjoin all military and civilian personnel in USAREUR to be aware of this problem in order that we can continue to accomplish our mission within the limited resources presently forecast for USAREUR. Savings, no matter how small, must not be overlooked in order that this command can maintain the highest possible state of combat readiness.

BRUCE C. CLARKE,
General, U.S. Army,
Commander in Chief.

DEPENDENT OVERSEAS—GOLD FLOW—TOUR LENGTH

(Revised February 5, 1962)

(General Norstad) (Mr. Secretary)

This first chart (chart No. 1 on) shows why the U.S. Army is in Europe. It is equally applicable to the soldier's dependents, who are similarly oriented. This why, in poster form, is always before the

USAREUR soldier and his dependents. It gives them visible evidence of our objective and assists them in their motivation.

The subject of dependents overseas has been under close scrutiny since November 1960 because of the balance-of-payments problem. The emphasis and approach vary at the level considering the problem. This variance is understandable. (Chart No. 1 off.) With both the internal and external situations changing, the problem becomes increasingly complex.

Recognizing that overlap exists at each level, my next chart probably depicts at least the major areas of interest. (Chart No. 2 on.) Certainly General Norstad, wearing his SHAPE hat, is concerned with all of these considerations as they apply to NATO. Each area is integral to our overall readiness posture. (Chart No. 2 off.)

I propose to examine the effect caused by dependents in USAREUR on dollar spending, gold outflow, service attractiveness, and host country relations. Then I would like to compare the various impacts caused by reducing the dependents from their current level to lesser levels to include eliminating them from authorized status.

In developing this problem, many related studies from USAREUR, 8th Army in Korea, and other headquarters were considered. Any study on this subject must consider the length of tour and the type of replacement system required. In our present situation—that is, with the dependent population at its present level—there is no doubt but what the present tour system is optimum. It is based entirely on a system of individual replacements. Obviously, our present system could be replaced in its entirety or in part with a system of unit rotation in which the military members of affected units would serve shortened tours without dependents. The extreme, of course, is to envisage overseas service without dependents, and here again it is necessary to determine the most desirable length of tour and type of replacement system.

Let me touch briefly upon various types of unit replacement systems. I believe that you are familiar with the rotation of divisions and battle groups as was conducted under the Gyroscope program. Gyroscope was not successful because of the loss in operational readiness and the size of the increased CONUS base with its attendant costs. Previous estimates made by DA indicate that to support division rotation in Europe alone would require an additional 190,000 spaces in CONUS, with an initial cost of approximately \$2 billion and an annual operating cost of \$1.4 billion.

The DA next tried a different type of system in Korea called OVUREP (overseas unit replacement). This was at battle group level and was a distinct improvement with respect to training and operational readiness. It was, however, applicable to only one division in Korea and by the time of the Berlin crisis only two of the five battle groups had been replaced. Due to the increased manpower and dollar costs, it was limited to the one division. We now understand that this system has been suspended indefinitely. Except for the extended tour under the present crisis, the normal tour remains in Korea at 13 months without dependents and is based on individual replacements.

Last March the commander in chief, USAREUR, Gen. Bruce C. Clarke, made the strongest possible representations against any form of peacetime unit rotation—this without consideration as to the presence of dependents. From his viewpoint of 16 years of command experience from brigade through 7th Army and USAREUR command, and his vantage point as the previous commanding general, USCONARC, he set forth major

disadvantages that far outweighed any possible benefits to be gained. These views are still considered valid and I have copies available if desired.

It must be understood that the types and distribution of units in the Army severely restrict our ability to support a unit rotation system. Units which lend themselves to rotation are primarily of combat and combat-support nature. Many CONUS units have continuing support missions such as school troops; others, such as the Strategic Army Corps (STRAC), have other critical missions; and few if any table of distribution (TD) units have a counterpart overseas.

The rotation of an entire unit into and out of USAREUR reduces the availability of a combat-ready unit by a length of time proportionate to the size and strength of the unit. This ran 6 to 9 months for divisions under Gyroscope. This lessened the availability of units and the requirements for continuing reorientation of commanders and staffs reduces our ability to meet contingency commitments. Certainly it would be most difficult to rotate armored cavalry regiments engaged in border surveillance special weapons units with critical maintenance and custodial support missions or service-type units supervising large numbers of indigenous employees.

Realizing that the ratio of the present support establishment which is 60 percent CONUS and 40 percent overseas, it is considered that the ratio to support overseas forces maintained solely by unit rotation would run as high as 3 to 4 to 1 depending upon the length of the tour and the extent to which unit replacement was used. This might even run higher due to the size, complexity, and diversity of missions assigned to the U.S. Army in Europe.

Were there an increase in the CONUS base and assuming the required funding support, it would be possible to rotate combat units at battalion and battle group levels on a 6-month or comparable basis as long as the number being rotated does not become excessive at any one time in the division or other formation. The 6-month rotation of battle groups of the 4th Infantry Division following Exercise Long Thrust may provide a limited basis for testing the feasibility of such a plan. Of course, the question of per diem while on temporary change of station (TCS) would increase overall rotation costs; however, we understand that this is under advisement at the present time and that the morale implications will also be considered.

Other factors to consider are the increased transportation costs; the increased maintenance workload and costs; the aforementioned loss of combat readiness; not only overseas but in CONUS; and, finally, the difficulties inherent in coming up with a unit in which all personnel have a retainability of at least 6 months.

Any plan of unit replacement which would effectively reduce numbers of dependents would have to be on a large scale, and this would undoubtedly keep the strategic Reserves in CONUS in a constant state of turbulence.

Under Gyroscope we could not continue and still retain STRAC as a ready force. The alternate is a vastly increased Army strength that would meet all our manning-level requirements.

We feel that these considerations are major obstacles to any form of short tour unit rotation on a USAREUR-wide scale. It can be done on a limited basis, but we feel even that would result in greater dollar spending and an insignificant reduction in gold outflow.

Our next step was to examine a situation overseas without any authorized dependents and to determine the most desirable length of tour on that basis. Since we do not have the long turn-around time that exists in the

Far East nor its economic and sociological austerity, it was indicated that we could exceed 13 months. A longer tour such as 24 to 36 months without dependents seemed out of the question; otherwise we would find career soldiers spending over half of their military service in oversea tours without their families.

The makeup of our Army today consists of 85 percent who can be called career soldiers and 15 percent selective service. We could enlarge the Regular Army base with some deterioration in quality and an older army, but the best way to meet the increased manpower needs necessitated by the larger CONUS support base would be to increase our number of draftees—unless, of course, we did away with STRAC.

Our best estimate is that if we maintained troops overseas in Europe without authorized dependents, that about 50 percent would have to be draftees. This ratio would be even higher with the unit rotation system. Draftees serve for 24 months; their basic, advance, and specialist training and leave and travel time are such that we could get about 16 months proper utilization from them on an individual replacement basis. Nevertheless, we would still find the married career soldier serving practically all of his oversea service without his family.

To effect real dollar savings and to be fully operationally ready, we also looked into the shortened oversea tour—6 to 16 months without dependents—under austere field conditions. This would mean moving out of existing facilities in order to eliminate the required maintenance and upkeep and to improve tactical positioning. Unfortunately, this is just about impossible because bivouac and training areas are just not available in Germany or elsewhere in Europe. Even 6 months is a long time in peacetime to be training under adverse conditions. The use of personnel in time of peace has to follow a more lenient process than that required under the emergency powers of the President.

Considering these factors, and also our large investments in existing facilities, we felt that whatever the length tour and type rotation system, whether individual or unit basis, we should continue to utilize existing facilities under our current moderate standard of troop living.

While we feel that unit rotation is not acceptable except on a small scale, we do feel that a 16-month tour without dependents on an individual replacement basis is fully supportable based on its lessened impact on our training program and operational readiness and to insure the maximum utilization of draftees. Such a system is about the least costly in dollars, morale, and operational readiness of any of the alternates. A lesser tour or an extensive unit replacement system is too costly. A longer tour on any basis, except for the present system, is even more costly in its loss of service attractiveness. I trust that this will establish the parameters of the briefing.

I now propose to show how much it costs to have dependents in USAREUR, as at present, and I will compare this to the dollar costs of not having authorized dependents in the theater. I will then present the advantages and disadvantages without dependents, touching briefly on those areas having a major impact. Lastly, I will summarize the costs in both dollar spending and gold outflow; I believe that you will find this comparison to be most revealing.

This chart (chart No. 3 on) indicates the costs of dependent support for a USAREUR dependent population of 180,000 which is about what we have now. For political reasons Berlin has been excluded. It considers a military strength in USAREUR of 240,000.

Here we show both the appropriated fund and nonappropriated fund costs. We also

show the gold outflow represented by wages, services, and materials to include offshore procurement for dependent use in commissaries, exchanges, and class VI. Without the dependents we would eliminate the dependent education program and the University of Maryland branch at Munich, as well as the construction costs related to additional schoolrooms. We would also eliminate the services and support activities reflected on this chart although, as I will show on another chart, it will be necessary to crank some of these costs back in when we use the housing for other military purposes.

Even the cost of transportation to bring dependents to and from overseas is not necessarily a true savings as the transportation organization, principally MSTs and MATS, currently supporting the movement of dependents, must remain in being anyhow for necessary troop movements and contingency planning. The efficiency with which Roundout and Long Thrust units were recently moved to the European theater is a good example of the benefit derived from an inhouse shipping capability. We would eliminate most of the cost of dependent medical care, but again, some of this will reappear as an added cost because we are obligated by law to provide medical support even for unauthorized dependents.

We would, of course, eliminate the requirement for supporting youth activities and community centers; but some of these costs reappear when community centers are converted to service clubs. Minimized will be the cost of the planned evacuation of dependents, for which \$193,000 is now expended annually in testing of plants, and rotation and security of stocks. Thus we see savings in the initial amount of \$153,700,000 in appropriated funds and \$16,700,000 in nonappropriated funds. Approximately \$132 million can be related to the outflow of gold through wages, services, and materials.

In support of these activities there are 1,100 military, 3,400 U.S. civilians, and 22,000 LWR full-time and full-time equivalent personnel being utilized. In the case of military personnel, some would be retained in their current assignment as the function will still exist (e.g., supervisory personnel in the European Exchange System (EES)) while others would be reassigned to, or otherwise utilized in, purely military duties. The 3,400 U.S. civilians are mostly dependent schoolteachers who would no longer be required.

Despite these apparent savings, a key consideration when thinking of "no authorized dependents" is that there are over 43,000 sets of family quarters in Germany, built by the Germans at no cost to us, which saves the rental allowance for the U.S. Treasury. Our only cost is for normal repairs and utilities which were included in chart No. 3. These rental savings for the Treasury amount to more than \$46 million annually. (Chart No. 3 off.)

Now in the event there were no authorized dependents in the theater, there would still be added annual costs which would accrue to USAREUR. This next chart (chart No. 4 on) shows these areas and estimated costs.

We would continue to utilize the former dependent quarters as BOQ's for officers and NCO's and for other military purposes. Repairs and utilities, together with other required upkeep would continue in the amount of \$41,100,000.

With an increase in Selective Service input and in unaccompanied sponsors, we would have to expand our general education development program for military personnel to the tune of \$1 million a year. Similarly, we would have to expand our special services program to include the hire of special service workers by \$650,000 in order to meet the demand for increased athletic and recreational activities.

An interesting point to note—at the present time special services activities in USAREUR are 90 percent supported from nonappropriated funds. We receive our nonappropriated money from the central welfare fund which is supported by profits from the post exchanges. But with no authorized dependents in Europe, the European Exchange System (EES) estimates a major reduction in their profits—on the order of \$5 million, which would not be returned to us as dividends. Hence, with a reduced ability to fund from nonappropriated funds, and an expanding special services activity, our only recourse would be to offset the loss in revenue with appropriated money in order to maintain even a moderate athletic and recreational program.

Our best estimates are that we will have unauthorized dependents in USAREUR to the extent of 13,000 families, totaling 40,000 dependents. Medical care, required by law, will total \$2,200,000 alone. Thus we see \$50 million accruing as a new annual USAREUR cost for the remaining military personnel.

One item not included in the foregoing consideration has to do with the shipping costs of privately owned motor vehicles, which were costed under the situation of having dependents overseas. Unless denied by proper authority, these will continue coming overseas even though the dependents themselves are not coming. While there will be fewer vehicles, nevertheless, we estimate 5,000 a year coming from CONUS and 4,500 (attrition) a year returning from overseas. Factored at \$339 shipping cost per vehicle, this amounts to \$3,200,000 which would probably have to be paid by DA. Prohibiting transportation of autos overseas at Government expense would bring about a major increase in local purchase. There would also be a major increase in demand for official Government transportation. Private vehicles are used now by the owner for a major part of his official travel. An estimated 75 percent officers and 25 percent enlisted men could be expected to acquire cars. This would constitute a continuing gold outflow problem for which controls would be most difficult to enforce (chart No. 4 off).

Additionally, there are certain costs in CONUS which DA must support. This next chart (chart No. 5 on) lists those areas and estimated costs. First it will be necessary for DA to pay basic allowances for quarters (BAQ) to those personnel whose dependents are forced to remain in CONUS, for as I mentioned before, there are over 43,000 families now living in Germany alone in quarters which cost the U.S. Government nothing to build. There will be an increase in military travel to USAREUR from CONUS and return. This will average 12,000 enlisted and 2,000 officers a month over the present rate. Factored at an average cost of \$220, this amounts to approximately \$37 million yearly.

Also, each time a military sponsor is ordered to or from overseas, DA must pay the cost of his family's movement with CONUS as well as the dislocation allowance for permanent change of station (PCS). The more frequent the tour, the greater the number of dislocations. Tuition grants to schoolchildren returned from USAREUR to CONUS will have to be paid for by the Federal Government under the Health, Education, and Welfare program. The number and size of grants will be dependent upon the localities involved. The cost of Medicare will be increased by the difference in oversea medical support and CONUS support.

With regard to rental guarantee housing in France, the DA would have to pay \$1,200,000 annually to fulfill their remaining contractual commitments, some of which extend into late 1964. Even if these were to be used by unaccompanied sponsors, the

same rental costs would be incurred by the Army. All of these total \$158,400,000.

In order to support the 16-month oversea tour in USAREUR some increase to the CONUS support base will be necessary. For support of USAREUR alone, we envisage an increase of 35,000 in the training base, 8,000 in the required post-camp-station augmentation and the aforementioned pipeline of 2,000 officers and 12,000 enlisted personnel. Based on this increase in the support base of 57,000 to maintain the 16-month unaccompanied tour we arrive at a figure of \$384,500,000. Please note that this covers per capita costs for the training base, augmentation and pipeline only. This does not represent the overall DA figure which could conceivably be much higher when O&MA, MCA and PEMA costs are added. The additional DA cost to support a 16-month unaccompanied tour in USAREUR is estimated to be \$542,900,000 (chart No. 5 off).

Up to this point I have dealt primarily with costs and numbers of personnel. I would now like to discuss the advantages and disadvantages of a 16-month tour in Europe without dependents. This next chart (chart No. 6 on) lists the advantages.

I believe that these are self-explanatory. The first does represent a substantial dollar savings and the indigenous wages are gold outflow. There will be some administrative relocation possible for improved convenience, but tactical regrouping will not be feasible. Including the LWR salaries in item I, the gold outflow in appropriated and non-appropriated fund areas under item 4 will total almost \$132 million. Item 5 is probably the most significant advantage; however, it is only fair to point out that we do have carefully tested plans for the evacuation of dependents under all types of emergency situations and we feel their evacuation can be accomplished with minimum interference with tactical operations (chart No. 6 off).

This next chart (chart No. 7 on) lists the disadvantages (chart No. 7 off).

Some of these disadvantages I've already touched upon, and others are obvious and need no explanation. However, I would like to elaborate on the impact in certain key areas. First, to cover the community and host country relations. Within USAREUR the stabilizing influence of families is considered to be one of our greatest assets in host country relations. At higher levels it is a country-to-country relationship, but at the grassroots of the command, it exists as a person-to-person relationship. This also applies to the British and French forces as well, since they have their dependents with them in Germany. With a weakening of this relationship, more incidents, accidents and serious crimes can be expected to result in a greater proportion of adverse publicity which would be subject to Communist exploitation. If there should be a resulting demand for U.S. troops to go home as was started in 1956, we would have already lost the cold war and maybe the strength of NATO.

A serious and most likely consequence of the withdrawal of dependents would be the impression created in the minds of allies and neutrals alike that this move was a prelude to the withdrawal of U.S. Forces or that such a move in case of trouble would come about. It would be difficult to counter this impression even with a rational argument.

The impression once created would jeopardize the very existence of the free world security structure which has been painstakingly developed over a number of years at great expense. A daily perusal of English translations of local newspapers indicates their constant hope for continued security manifested by the presence of American servicemen and their families in Europe.

The next impact area is continuity of operations. There are many implications caused by the shortened tour, which causes a much higher rate of movement both into and out of the command. Combat ready units would be in existence for shorter periods of time, and training would be in a constant state of flux. Considerable personnel turbulence would be experienced. This would be felt particularly at headquarters at all tactical echelons and in service-type units and installations. Key staff officers involved in programs, policy, and planning would be lost right at the peak of their effectiveness. The requirement for people of this caliber and background, already a scarce commodity, would double. No longer would rotation of senior officers between command and staff be feasible as is now under the stabilized tour. There would also be a lack of continuity in command and staff direction. Long-range projects would suffer.

More rapid turnover of personnel and fewer professional soldiers in units would tend to degrade readiness. In addition, it would not be possible to insure the degree of stability in assignments within CONUS, including STRAC units, as is currently done.

In specialized areas, such as Intelligence and Special Forces activities, the impact would be all out of proportion. Linguists and interpreters, specialists, and personnel engaged in special operations would be in the theater such a short period that the time and effort spent on their specialized training would be scarcely justified. Hard core civilian career personnel would be difficult to obtain and a reduction in the quality of those we do recruit could be expected. These civilians now occupy positions which are either difficult or impossible to fill with military personnel.

The rapid turnover of maintenance, custodial, and management personnel would reduce efficiency in these areas. This is a responsibility of the Army which costs the American taxpayer over \$3 billion a year.

The problem of continuity of operations in Korea is very real with the 13-month tour. This is now being overcome in part by a 24-month tour with dependents authorized for key personnel. To effect such a plan in Europe places dependents back with us again and the problem of support starts all over. Certainly they are already being demanded by unified command, MAAG's, missions and attachés; however, General Clarke has indicated he would not want USAREUR Headquarters on a privileged basis compared to the rest of his command. The next question is where would you stop? In Korea, because of the locations of the fewer headquarters involved, the existing austerity and the lack of attractiveness, the problem has a smaller impact than in Europe. Here, preferred treatment for certain dependents could conceivably lead to a charge of having two sets of standards for military personnel in Europe—the "haves" and the "have nots."

The next area I would like to mention is morale and attractiveness of the services. Inasmuch as the frequency of the oversea tour will increase, military personnel can expect to be separated from their families over 50 percent of the time. Compassionate leaves and transfers will increase. A higher cost of living accrues to married personnel since they would be required to maintain two domiciles. The rate of divorce, broken homes, and juvenile delinquency can logically be expected to increase.

Recruitment and reenlistment would understandably drop off sharply since the service will have lost its attractiveness in many areas. The DA advises that a 1 percent drop in E-4 reenlistments costs \$8 million. Retention of officers and key NCO's would

become increasingly difficult. Junior officers, particularly those from ROTC sources, will move into private industry because of prospects of higher pay, career stability and lack of attractiveness of a service career. We must not overlook that the one thing that causes most young officers to resign is the dissatisfaction of their wives. Many military personnel already meeting the minimum requirements will apply for retirement, thus adding to the drain on the Treasury. The outstanding 10 percent of the officers and 25 percent of the NCO's who are so badly needed in an emergency would probably not then be available.

Under normal conditions, the average waiting period for quarters in Germany is about 9 months. Thus service in Germany, where the bulk of USAREUR is located, already carries with it about a 9 months separation for families unless they come over and live on the economy until they get quarters. We cannot see how any enforced separation, such as waiting 1 year before dependents are authorized, would significantly lower the dependent population.

It appears that there are no ends to which many servicemen will not go, within their financial limitations, to keep their families together. From October 9 to November 26, 1961, there were 1,666 families representing 3,493 dependents that arrived in USAREUR in unauthorized status at their own expense. About two-thirds of these sponsors were enlisted men. We estimate that about 40,000 unauthorized dependents will be in this command at any given time, regardless of the restrictions and even the possible elimination of all dependent support. We might point out that eliminating all support is highly doubtful. Certain support, such as medical service, is directed by law. Other support—commissary and PX—by custom of the service are fringe benefits that are tied directly to career attractiveness and by Department of Defense direction may not be taken away by reason of unauthorized status. It would be impractical to give commissary and PX support to a sponsor and not to his family.

Part of the current attractiveness of the service since World War II is due to the fact that Europe has always been a desirable oversea tour with dependents. Military personnel serving a hardship tour in the Pacific area without dependents now feel reasonably certain that their next oversea tour will be with dependents in Europe. This has a favorable influence on reenlistment. It is interesting to note that on this particular point, General Meloy in Korea recently said: "Morale of personnel in Korea is now reasonably high in spite of family separations because the unaccompanied tour in Korea is accepted as necessary in (the) Army career pattern. Personnel serving in Korea look forward to return to CONUS duty and an accompanied tour in Europe. An unaccompanied 16-month tour in Europe would be a blow to morale and could result in increased loss of many competent officers and NCO's."

I would now like to summarize where we stand on the costs of having dependents overseas as compared to having dependents remain in CONUS (chart No. 8 on).

There is a summary of costs taken from charts you have already seen. You will note the cost to the Department of Army to support the dependents back in CONUS, the partial cost to DA to expand the enlarged CONUS base, and finally, the new annual cost to USAREUR. From this total, we have subtracted the cost of our current USAREUR dependent support program. Therefore, based on our best appraisal and considering the impact on both USAREUR and Department of Army, we have concluded that it

would cost the Army a minimum of \$422 million more by not having dependents in the theater.

Thus far we were able to identify approximately \$90,400,000 more in gold outflow required for the support of USAREUR dependents in this theater than if they were to remain in CONUS. This figure is directly related to the wages of LWR and U.S. civilians, services, commodities and transportation (chart No. 8 off). One facet we have not yet discussed is the gold outflow on the local economy through personal expenditures of military personnel and their dependents (chart No. 9 on). At the present time we have all five categories shown present in USAREUR. The big spenders are those sponsors on the economy and, perhaps understandably, the unmarried officers and enlisted men. Those percentages shown are within the range of similar studies made last spring in connection with balance of payments problems. They were confirmed just last week when, using the five categories shown on this chart, we ran a 10 percent survey throughout all of USAREUR including France and Italy as well as Germany. We are advised that surveys of this nature can be considered as 95 percent accurate (chart No. 9 off). This survey also provided us with the annual average expenditures on the economy for each category by pay grade. This is reflected on the next chart (chart No. 10 on).

Here we show the numbers in each category times their yearly expenditures in the form of gold outflow and you will see that we spend about \$105 million in personal expenditures. Incidentally, these figures include local purchases, gifts, travel, entertainment, rentals, and the like.

Now assuming the same spending habits or percentages of gold outflow from personal expenditures, the right-hand column reflects the total that would be spent if there were no authorized dependents in the theater. We would continue having about 13,000 unauthorized families living on the economy with demonstrated high gold outflow tendencies. With a higher percentage of draftees in the theater, we would probably have more unmarried enlisted men who have also shown a proclivity for spending on the local economy, although this consideration is not reflected on this chart. Here we see that there is about \$12 million less gold outflow by virtue of not having authorized dependents in the theater.

This figure is suspect, however, because our experience in the past indicates that the personal expenditure habits of military individuals goes up considerably without the stabilizing influence of families overseas.

I am sure that the experiences of U.S. corporations doing business overseas will bear this out. Going back to chart No. 9 (chart No. 10 off—chart No. 9 on) I show (flap No. 1 on) in red after categories III, IV, and V our best estimate as to the level of these changed spending habits. Applying these percentages to chart No. 10 (chart No. 9 and flap off—chart No. 10 on) you will see a projected upswing (flap No. 1 on) in personal expenditures based on these increased spending habits. Here we see a definite reversal in gold outflow and while we cannot base valid estimates solely on the premise of increased spending habits, nevertheless I believe it does lead to conjecture that perhaps there would not be any less gold outflow from personal spending should there be no authorized dependents in the theater (chart No. 10 and flap No. 1 off).

Several interesting facts were uncovered during the course of the development of this presentation.

1. The Survey of Current Business, dated June 1961 (vol. 41, No. 6), published by

the U.S. Department of Commerce, indicates 832,000 American tourists visited Europe during 1960 and spent an estimated \$840 each, excluding transportation, at a total cost of \$704 million with the 1961 figure predicted as being slightly higher. The total is raised to \$934 million when \$230 million transportation on foreign flag vessels is added.

2. Inflationary factors in the local economies will increase next year's USAREUR operating costs over this year's by \$73 million, of which \$56 million will be gold outflow. This points out that the factors influencing the gold outflow, by virtue of the troops being in Europe, are dependent upon much more than the presence of dependents. In fact, if no dependents were in USAREUR, the increase in gold outflow, because of these inflationary factors, would not be materially reduced.

3. Despite the trying and critical times in which we live, as of my departure, only one military sponsor out of all of the personnel in USAREUR had asked to send his dependents home because of his concern over the international situation.

4. Last September General Clarke instituted a measure to improve operational readiness which required all military personnel not on duty to be in their quarters by midnight. Aside from the increased readiness of the soldier to perform his training tasks, and the reduced number of incidents and traffic fatalities, there has been a marked decrease in gold outflow because previously practically every dollar spent after midnight necessarily had to go into the local economy.

5. Not counting Berlin, USAREUR is now giving some measure of support to over 10,000 nonmilitary U.S. dependents. These being in Europe affect the outflow of gold as much or more than a comparable number of military dependents.

6. The drive to reduce the outflow of gold last spring was entered into enthusiastically by the soldiers and their dependents in USAREUR. In fact, the President's goal was more than exceeded for some time. The program partially died when it became apparent that the bulk of the gold outflow problem was being placed on the serviceman and his family. Nevertheless, over 80 percent of all USAREUR personnel are continuing to participate in a formal savings program—to the best of our knowledge this is not equaled anywhere else within the

Defense Establishment. However, the curbing of gold outflow can easily be reemphasized within USAREUR with good results if our military personnel and their families realize that the gold flow problem is a major one and that—on a national scale all Americans should be, and are, helping—not just the serviceman.

In summary, I believe that I can state fairly that without dependents there will be an increased dollar outlay, a lessening of morale and service attractiveness and poorer host country relations. Operational readiness will suffer in most areas except for minimizing the burden of noncombatant evacuation.

Between these two extremes there are varying degrees of unit rotation that might be considered. We feel that almost any extensive use of unit rotation will cost more money and that both operational readiness and host country relations will suffer.

The Army in Europe is conducting a \$3-billion-a-year business. We cannot manage this efficiently if management is to be treated on a transient basis.

General Clarke does feel that it might be feasible to try out some type of unit rotation on a very limited and pilot model basis. When tested and thoroughly evaluated, we should have a practical and valid basis for costing and factoring the impacts of such a system.

Meanwhile, it is felt that the present system of tour length, individual replacements, and maintaining dependents at their present levels has been developed over a considerable period of time and, in addition to being thoroughly workable, it is probably the least expensive considering all factors.

Sir, this concludes my briefing.

CHART No. 1

SOLDIER—THIS IS WHY YOU'RE IN EUROPE
To play your part on the NATO team.
To help maintain the peace by being constantly combat ready.
To be a good neighbor to our allied neighbors.
To fight, if necessary, for the rights of freemen in a free world.

CHART No. 2

HOW DEPENDENTS ARE VIEWED
DOD, SHAPE, DA, USAREUR: Dollar savings, political considerations, service attractiveness and morale, operational readiness.

CHART No. 3

Annual USAREUR dependent support costs

[Million dollars]

	Aprop funds	NAF	Total	Gold outflow
I. Education.....	27.6	1.2	28.8	8.4
Deg.....	(26.4)	(1.2)	(27.6)	(7.3)
University of Maryland.....	(.05)		(.05)	(.04)
MCA.....	(1.1)			(1.1)
II. Services and support.....	125.6		125.6	83.9
Housing.....	(41.1)		(41.1)	(38.5)
Transportation.....	(52.8)		(52.8)	(5.7)
Medical.....	(9.9)		(9.9)	(3.0)
Commissary.....	(21.8)		(21.8)	(36.4)
Bakeries ¹				(.05)
Dry cleaning and laundry.....				(.29)
III. Miscellaneous.....	.5	15.5	16.0	39.7
AYA-Scouts-Comm. Cen.....	(.34)	(.5)	(.84)	(.14)
Class VI.....		(.1)	(.1)	(.40)
EES.....		(14.9)	(14.9)	(39.0)
NEO.....	(.19)		(.19)	(.04)
Total.....	153.7	16.7	170.4	132.0

¹ Reimbursable.

CHART No. 4

Added annual USAREUR costs, 16-month tour, without dependents

[Million dollars]

	Aprop funds	NAF	Gold outflow
1. Housing (BOQ, troop housing).....	41.1	-----	38.5
2. Expansion GED.....	1.0	-----	-----
3. Expansion spec SVC.....	.7	-----	.1
4. Loss to central welfare fund.....	5.0	(5.0)	-----
5. Support unauthorized dependents.....	12.2	-----	.7
Total.....	60.0	(5.0)	39.3

¹ Medical only.

CHART No. 5

Additional annual Federal costs result 16-month tour without dependents

[Million dollar]

	Aprop funds	Gold outflow
1. Increased number allowances paid for quarters.....	49.7	-----
2. Transportation costs (increased military pipeline) ¹	37.7	22.3
3. Increased travel (dependents in CONUS).....	53.0	-----
4. Tuition grants.....	11.6	-----
5. Medicare.....	5.2	-----
6. Rental guarantee housing.....	1.2	1.2
Subtotal.....	158.4	3.5
7. Expansion CONUS base.....	384.5	-----
Total.....	542.9	3.5

¹ Includes over \$700,000 for 50 percent increase in compassionate travel.

² Port handling and railroad costs in Europe.

CHART No. 6

ADVANTAGES OF 16-MONTH TOUR WITHOUT DEPENDENTS

1. Eliminate 3,224 U.S. civilian and 18,065 LWR spaces at a salary savings of \$55 million in USAREUR.
2. Effect relocation of selected administrative and logistical groupings.
3. Reduction in administrative effort required to support dependents overseas.
4. Reduction in outflow of gold in appropriated and nonappropriated fund areas.
5. Minimize encumbrance of dependents in event of emergency.
6. Permits military personnel to devote full time to primary mission.

CHART No. 10

Personal expenditures contributing to outflow gold ¹

	With dependents	Without dependents
I. Accompanied sponsor in Government quarters..... (W/depn—44,074×\$367)	\$16,175,158	-----
II. Accompanied authorized sponsor on economy..... (W/depn—11,229×\$1,225)	13,755,525	-----
III. Accompanied unauthorized sponsor on economy..... (W/depn—13,274×\$918) (W/o depn at increased rate—13,274×\$1,120) ²	12,185,532	\$12,185,532
IV. Unaccompanied sponsor..... (W/depn—15,655×\$324) (W/o depn—70,958×\$324) (W/o depn at increased rate—70,958×\$498) ²	5,072,220	² (14,866,880) 22,990,392
V. Unmarried officers and EM..... (W/depn—155,768×\$372) (W/o depn at increased rate—155,768×\$430) ²	57,945,696	² (35,337,084) 57,945,696 ² (66,980,240)
Total.....	105,134,131	93,121,620 ² (117,184,204)

¹ Based on survey findings.

² Condition without dependents at increased rate.

REORGANIZATION OF THE ARMY

Mr. LIBONATI. Mr. Speaker, it was with a deep sense of personal obligation

CHART No. 7

DISADVANTAGES OF 16-MONTH TOUR WITHOUT DEPENDENTS

1. Lower morale.
2. Deterioration of host country relations.
3. Combat effectiveness and operational readiness will suffer due to rapid turnover in personnel.
4. Loss in continuity of command and staff direction.
5. Loss in continuity of intelligence and special operations.
6. Increase in compassionate factors.
7. Increase in frequency of oversea tour and length of family separation.
8. Increase in accidents, incidents, and serious crimes.
9. Reduction in recruitment, reenlistment, and retention.
10. Loss of career civilian personnel.
11. Increase in overall dollar outlay.
12. Reduction in effectiveness of Stars in the ZI.
13. Increase in CONUS base and in the "personnel pipeline."

CHART No. 8

Summary—Added annual costs to support 16-month tour without dependents

[Million dollars]

	Appropriated nonappropriated	Gold outflow
Added (Federal) DA costs.....	158.4	2.3
Added cost to expand CONUS base (estimated).....	384.5	-----
Subtotal.....	542.9	2.3
Added USAREUR costs.....	50.0	39.3
Total.....	592.9	41.6
Less present USAREUR dependent support costs aprop funds (153.7) NAF (16.7).....	-170.4	-132.0
	422.5	-90.4

CHART No. 9

Gold outflow from take-home pay

[Percent]

	Result of survey
I. Accompanied sponsor in Government quarters.....	9.7
II. Accompanied authorized sponsor on economy.....	34.0
III. Accompanied unauthorized sponsor on economy.....	41.0 50
IV. Unaccompanied sponsor.....	13.0 20
V. Unmarried officers and EM.....	26.0 30

NOTE.—Figures in rightmost column represent new figures without dependents.

briefed informatively and participate in field operation and study of various phases of our assignment as Congressmen. The following Congressmen attended: Messrs. LIBONATI, as chairman, SHIPLEY, SLACK, FINNEGAN, GONZALEZ, BARRY, AND SCHWENDEL.

The distinguished escorting officers who bent every effort to supervise arrangements, conduct, advise and control our actions as well as adding to our comfort and well-being. These superb military leaders honored us by their interest and presence. The pleasing personalities of these gentlemen of class made our fatiguing and exhausting tour a proud and happy one. We owe a debt of gratitude to Maj. Gilmen I. Larson, Capt. Ben W. Sherrill, Jr., Capt. Ray Smittle, Jr., Maj. William E. Seil, Capt. Wentworth Brackett, S. Sgt. John I. Ellis, T. Sgt. Orson L. Kelly, Jr., and T. Sgt. Kenneth E. Mayo, the flight crew and attendants, for their many contributions to the success of our undertaking.

The reorganization of the Army was proposed by the Secretary of the Army, Elvis J. Stahr, Jr., in a statement released by him as follows:

STATEMENT BY SECRETARY OF THE ARMY ELVIS J. STAHR, JR., ON REORGANIZATION OF THE DEPARTMENT OF THE ARMY

I am announcing today a six-point plan to accomplish a major reorganization of the Department of the Army.

This plan is based upon a comprehensive study prepared over a period of many months by a group of some 60 highly qualified Army officers and DA civilians, under the direction of Mr. Leonard W. Hoelscher, Deputy Comptroller of the Army. The group was appointed by me last February, and was drawn from all branches of the Army and from a variety of commands and logistical installations armywide. Its report was completed in early October 1961 and then reviewed by a select group of senior officers on the Army Staff. The recommendations of the Hoelscher committee and of the reviewing group were then considered at length by the Chief of Staff and me in conjunction with our principal military and civilian advisers. The resultant plan has been approved by the Secretary of Defense and the President.

The objectives of the reorganization are to:

1. Eliminate duplication of effort and excessive fragmenting of functions, responsibilities, and resources.
2. Consolidate responsibilities for personnel management, training, combat developments, research and development, and logistics functions in the smallest practicable number of commands and agencies.
3. Provide an organization which is better aligned to changes in the general defense environment which have evolved since 1953, the date of the last comprehensive study of the Department of the Army organization.
4. Improve effectiveness by more clearly fixing responsibility for accomplishment of major tasks and by simplifying and strengthening the command and management structure.
5. Provide for more flexible use of the skills and capabilities of military personnel and for correspondingly broader technical opportunities.
6. Delegate to subordinate commands and agencies all functions which need not be performed at the level of the Secretary of the Army and the Army General Staff.

The reorganization plan calls for these six main actions:

1. Establishing a Materiel Development and Logistic Command to perform the materiel development, procurement, and sup-

and a rooted feeling of appreciation that each of us accepted the invitation to travel across the sea at Eastertime to be

ply functions currently divided among several of the technical services, and the service test and evaluation function currently assigned to the Continental Army Command.

2. Establishing an Army Combat Developments Command to perform combat development functions presently assigned to CONARC, the technical and administrative services, and other agencies.

3. Assigning to the U.S. Continental Army Command responsibility for almost all individual and unit training throughout the Army.

4. Relieving the Department of the Army General Staff of certain commandlike and operating functions to permit greater emphasis on planning, programing, policymaking, and general supervision of the overall effort.

5. Establishing an Office of Personnel Operations at the Special Staff level to control centrally the career development and assignment of military personnel—both officer and enlisted.

6. Realigning the Department of the Army Special Staff and operating agencies to reflect the establishment of the two new commands, the expansion of CONARC's training responsibilities, and centralized control of military personnel management.

I anticipate that approximately 18 months will be required to carry out the reorganization. When this task is completed, I am confident that the Army will be able to operate with greater effectiveness, efficiency, and economy.

MATERIEL DEVELOPMENT AND LOGISTIC COMMAND (MDLC)

The Materiel Development and Logistic Command (MDLC) will perform the wholesale materiel functions—research and development, procurement and production, inventory management, storage and distribution, maintenance and disposal—now assigned to the Technical Services. It will test new weapons and equipment, a mission now assigned to both the Continental Army Command and the technical services.

The MDLC will control the development, testing, production and supply of materiel, including operation of laboratories, arsenals, proving grounds, test ranges, depots, and transportation terminals. It will provide command supervision over the critical transitions from development to production to supply. This will enable the Army Staff to look to one source for information on wholesale materiel matters and associated transportation services.

This change will not discontinue the Technical Services as branches; nor will there be any significant changes in the arsenals, laboratories, depots, test ranges, or installations. Rather, the control and direction of these installations will change from the Technical Services to the Materiel Development and Logistic Command.

The organizational structure of the MDLC will permit broad utilization of the project management concept.

Placing development, production and supply functions in a single command will facilitate combined engineer and service testing, reduce requirements for lateral coordination, and shorten leadtime.

Test agencies and other elements of the command will be staffed with combat arms personnel, as well as technical service personnel to insure that combat requirements of the ultimate user are clearly met.

MDLC will have five development and production commands which will have central responsibility for procurement in support of the wholesale materiel area of the Army. Procurement at installation level will be limited to support of local operating requirements. Each of these commodity commands will place and administer contracts at its headquarters installations, thereby centralizing administrative and technical decisions.

ARMY COMBAT DEVELOPMENTS COMMAND (ACDC)

An Army Combat Developments Command (ACDC) will accomplish combat development functions presently assigned to CONARC, the Technical and Administrative Services, and other agencies. These functions will include the development of organizational and operational doctrine, materiel objectives and qualitative requirements, war gaming and field experimentation, and cost-effectiveness studies.

ACDC will include personnel now in the combat development system and personnel in the Army school system who are responsible for doctrine, field manuals, and preparation of tables of organization and equipment.

It will include the Combat Development Experimentation Center at Fort Ord, Calif., and many small agencies normally found at each Army school. Its establishment will facilitate the development and introduction of forward-looking combat concepts throughout the Army.

CONTINENTAL ARMY COMMAND (CONARC)

The U.S. Continental Army Command (USCONARC) will accomplish virtually all individual and unit training for military personnel of the Technical and Administrative Services, as well as the combat arms training of the Army in the field. This will include the Army National Guard and the Army Reserve, as well as the Active Army.

USCONARC will assume responsibility for Army units which now belong to the Technical Services, and for 3 major installations, 3 training centers, and 17 schools assigned to Technical and Administrative Services. USCONARC no longer will be responsible for combat developments, current doctrine, tables of organization and equipment, and field manuals. These activities will be transferred to the Army Combat Developments Command. Test boards, now a part of CONARC, will be reassigned to the MDLC.

USCONARC's strength at field installations will be somewhat increased through expansion of its training mission, assignment of units formerly under the Technical Services, and acquisition of responsibility for certain installations.

USCONARC's new mission permits centralized direction of the training of both combat arms and Technical Service personnel, whereas in the past that headquarters has been responsible for the individual training of combat arms personnel only.

The consolidation of training functions will facilitate the Army's providing of combat-ready forces, on short notice, to meet operational requirements, including those of Army components of unified and specified commands.

DEPARTMENT OF THE ARMY GENERAL STAFF

The Department of the Army General Staff will be relieved of many commandlike and detailed operating functions. It will be organized to strengthen planning, programing, systems management and compatibility with the operating procedures of the Office of the Secretary of Defense and of the Joint Chiefs of Staff.

As a result of the simplified subordinate command structure to be established, many detailed operations and authority to perform them will be delegated below the Headquarters, Department of the Army level. Accordingly, the General Staff will be able to devote more attention to planning, programing, policymaking, and supervision of the overall effort.

A Director of Programs will be established as the principal assistant to the Chief of Staff and Vice Chief of Staff for direction of the Army program system.

By programing, I mean the detailing of plans into well-defined and measurable projects, to include the costs of such projects over an extended period of time.

OFFICE OF PERSONNEL OPERATIONS

An Office of Personnel Operations (OPO) will be established as a special staff agency of Headquarters, Department of the Army. OPO will integrate in a single office the personnel management operations now performed by many other agencies and will control centrally the career development and assignment of both officer and enlisted personnel.

While officers of the combat arms, technical services and administrative services will be managed by OPO, the branch system has been retained. These branches will continue to provide the framework for officer personnel management, and the existing personnel offices of each branch (e.g., Infantry, Engineers, Ordnance) will retain their identities as branch assignment sections.

Other organizational elements of OPO will be staffed with officers from all branches. With these staffing arrangements, OPO will possess knowledge of personnel needs and resources in all fields. The only personnel not subject to control by OPO will be commissioned officers of the Army Medical Service, the Judge Advocate General Corps, and the Chaplains.

As a result of this consolidated management of military personnel, improvements will be made in providing support for Army elements of unified commands and in matching of personnel requirements with training capabilities. More effective utilization of personnel on an Army-wide basis will be possible; career patterns can be broadened where appropriate, and promotion opportunities will be increased for many personnel.

DEPARTMENT OF THE ARMY SPECIAL STAFF AND OPERATING AGENCIES

Department of the Army Special Staff and Operating Agencies will be realigned to provide continuing support services at the Headquarters level in the areas of engineering, medical, communications, administrative, and certain other support services. This realignment reflects changes in responsibilities of the Chiefs of the Technical and Administrative Services which will be brought about by the establishment of the two new commands, the reorganization of USCONARC and the centralized control of military personnel management.

I emphasize again that the changes in responsibilities of the Chiefs of Technical and Administrative Services do not mean that any branches are eliminated. Rather, these branches will have much the same status as the Infantry, Armor, and Artillery whose personnel have been effectively managed by the Deputy Chief of Staff for Personnel rather than by branch chiefs.

The reorganization will be accompanied by removal of the statutory provisions for the Chief Signal Officer, the Adjutant General, the Quartermaster General, the Chief of Finance, the Chief of Ordnance, the Chief Chemical Officer, and the Chief of Transportation. This will be accomplished by action of the Secretary of Defense pursuant to the National Security Act of 1947, as amended. In accordance with the statute, his action cannot be effective until 30 days after it is reported to the Armed Services Committees of the Senate and of the House of Representatives. The Secretary of Defense's report was laid before these committees this morning.

Certain armywide services now performed by the offices I have mentioned will continue to be performed by officers on the Army Special Staff. The Offices of the Chief of Ordnance and the Chief Chemical Officer will no longer be required since ordnance and chemical functions will be reassigned. The remaining staff and service functions of the Quartermaster General will be performed by an officer designated Chief of Support Services. The staff and armywide service functions of the Chief Signal Officer, Chief

of Transportation, Chief of Finance, and Adjutant General will be performed by special staff officers with the same titles. The Chief of Engineers will remain a statutory position because of his civil works functions which will remain unchanged. Similarly, the statutory position of the Surgeon General is retained.

The reorganization will be accomplished gradually in accordance with implementing plans to be developed in greater detail. In each major area affected by the reorganization, planning groups are being established to work out the implementing measures. The implementation will be carefully controlled to insure that our combat capability is fully maintained and that the transition is made in an orderly manner with minimum personnel disruption.

Although this plan involves major changes in the command and management structure, it calls for little change in military and civilian personnel situations at the operating level in the field. The main impact of this plan is on the Headquarters of the Department of the Army, USCONARC, and the two new commands. For example, some personnel will be transferred from Headquarters, Department of the Army, to headquarters of field commands. However, most of those transferred will remain in the Washington area. Below these headquarters, installations and personnel, by and large, are undisturbed. The emphasis is on simplifying and clarifying command responsibilities and on improving managerial efficiency, while preserving the operating structure in the field.

While this reorganization is being accomplished, maximum consideration will be given to human factors. Careers will not be interrupted or altered needlessly. When the reorganization is completed, I confidently expect that our dedicated military and civilian personnel will find that their career opportunities have been considerably broadened. The new structure permits talents to be utilized on a service-wide basis to a greater extent than ever before.

The primary purpose of this reorganization is to develop an Army with the best possible command structure, management, training, doctrine, weapons, equipment, and morale. I am certain that national security will be strengthened by this undertaking.

(Charts omitted in Record.)

Last Easter interim, a group of Congressmen were invited by the Secretary of the Army to visit Germany, for a study in various phases of U.S. military activity, including the guerrilla and mountain troops and the effects of trade relationship, credits, and military expenditures on the U.S. economy and gold reserves outflow.

At the military level, several expert critics of the military family had questioned the emphasis placed on guerrilla group training of the troops, in lieu of mass military movement.

The hope of the Army for the city's freedom from the curse of street disorders lies so much in the riot training street formations of specially trained troops to cope with the problem.

The hidden, lunatic fringe of an enraged mob, incited by pushers, posing as patriots, can only be suppressed by determined and decisive action by troops that advance in special, oblique formations, menacingly, in slow and determined cadence, with weapons that are so handled as to demand the respect and obedience of those demonstrators who created and support the disorderly conduct—a retreat and dispersal is the

result. The advance movements of the troops are not given to commit violence but are rather calculated to show terrific strength and a fixed purpose to an end which, if tested, would be overwhelming in effectiveness. The would-be rioters are brought to a quick realization that the troops mean business, panic is averted, and all disperse.

Thus the right kind of planning, weeks of riot formation training, the spirited and individually conditioned and physical perfection of each soldier for this special assignment, prevents and disperses disorders in the city streets.

Thus the good citizens of the city who have built the right kind of a city in which to live by a moral and religious code, are safe in their homes and are better able to combat the enemy of their freedoms and safeguard the influences toward decency, to guide the integrity of their future citizens.

The courage, hope, love, and fidelity of the Berlin citizens is shown everywhere for the U.S. troops. Let us pray that this feeling will always prevail.

THE BERLIN WALL

At 2 a.m. on Sunday, August 13, 1961, the Communists sealed off the borders between East and West Berlin, the escape route used by more than 2 million persons seeking refuge from tyranny. East German tanks rumbled up to the Brandenburg Gate. Communist guards pulled men and women off subway and elevated trains. At dawn, workmen began tearing up the streets of Potsdamer Platz, the threshold of freedom for many refugees. Later, a 5-foot-high concrete barrier was erected. Barbed wire was strung along other border points.

Such was the beginning of the Berlin wall—a wall that stretches for 27 miles along the dividing line between East and West Berlin.

The circumstances that surrounded the erection of the Berlin wall are probably still fresh in your minds today. You will recall that in June 1961, Khrushchev presented President Kennedy at Vienna Soviet demands for settling the Berlin and German problem. The main Soviet objective was to force the Western Powers to liquidate their political position in West Berlin notwithstanding durable international agreements insuring their continued presence. The mood which surrounded the Khrushchev-Kennedy talks at Vienna was, in the words of Mr. Kennedy, "somber." And indeed they were; for within a matter of weeks the Soviets began to build up pressures to compel the West to submit to the Soviet dictate. In an almost unending chorus the Soviets reiterated their familiar threat to conclude a peace treaty with East Germany if the West did not accede to their demands. This was accompanied by provocative actions and verbal threats.

In the midst of pressures and counterpressures in the ensuing weeks, thousands of refugees fled to freedom through West Berlin. By August 13 the flow had reached an estimated average of 2,000 a day. It is significant to note that according to official West German sources an estimated 3,600,000 to 3,700,-

000 refugees fled Communist Germany during the period 1945 to the end of last year.

These figures in themselves clearly reveal the main purpose underlying the Communist decision to construct the wall in Berlin. East Germany was fast losing its economic and intellectual elite. Among the refugees were engineers, doctors, teachers, and others from the professional level of society. The youth of East Germany, too, was fast evaporating in the hasty flight to freedom through Berlin. Vital manpower was thus being drained off, threatening a crisis far greater than the one then gripping East Germany.

The Communist response to this threat was swift and ruthless: they built the wall. This was a desperate act to save communism in East Germany. Since August 13, the flow of refugees has been reduced to a virtual trickle. Only a relatively few lucky souls have succeeded in tunneling under the wall or vaulting over it. Some found other means for escape, equally dangerous. According to the State Department, 11,300 have succeeded in fleeing during the period August 13, 1961, to June 1, 1962. The total figure for 1961 was 205,000. Old and young alike have literally jumped to freedom—some even to death. By early June of 1962 an estimated 40 refugees have been killed trying to escape. Even young boys are numbered among the fatal casualties.

One does not have to search very deep to discover the significance of the Berlin wall. In all its grotesque ugliness, the wall has become a symbol of many things:

It is a symbol of Communist failure in a country that had all the practical elements for success, except one, the vital necessity of human freedom.

It is a symbol of a divided Germany and the dangerous political problem this perpetuates in East-West relations.

It is a symbol of communism's desperate defensiveness when faced with resolute power and strength.

Finally, it is a symbol of tyranny, and as such, it stands as a constant reminder to us all that Soviet power is a continuing threat to our peace, our security, and our freedom.

We visited the 7th U.S. Army Noncommissioned Officer's Academy, Flint Kaserne, at Bad Tvelz, Germany. The academy was established originally as the U.S. Constabulary NCO Academy due to a shortage of noncommissioned officers in the constabulary—first enrollment October 17, 1949. In November 1951 the academy was redesignated as presently named and removed from Johnson Barracks, Munich, Germany, to its present location. We were briefed by Col. S. H. Matheson, commandant.

The school was opened for the purpose of training noncommissioned officers in subjects such as leadership and command tactics and personnel and administration for a period of 6 weeks, presently reduced to 4 weeks.

The subjects common to all noncommissioned officers, be they personnel sergeant or rifle platoon sergeant, are taught to so develop those professional

attributes which will assure the necessary self-confidence and sense of responsibility required of military leaders.

Its scope seeks to develop in leadership:

First. An ability to recognize and assume his responsibilities.

Second. The confidence to apply his knowledge.

Third. The leadership techniques that apply to his life.

Fourth. The high personal and professional standards that must be maintained in the noncommissioned officer corps.

The need of formalized schooling for noncommissioned officers of the Army in order to develop or improve leadership by increasing confidence, inspiring assumption of the responsibility of office, and learning standards of conduct, appearance, and action as expected of a noncommissioned officer was stressed.

While at the academy, the student is given every possible opportunity to display his leadership capability. He is rotated through command positions in the company and so satisfies himself that he is capable of commanding.

The student in his academic and leadership is evaluated by his fellow students, by student supervisors—cadre noncommissioned officers—who are with each student platoon, and by those personnel of the staff and faculty who are observers of his actions. Thus, everyone is interested in solving his difficulties—counseling, advising, and assisting to overcome his deficiencies. If results are disappointing, he is dropped from the course.

Standards of discipline, housekeeping, personal appearance, and other activities are strictly enforced and rated through a demerit system. Also meritorious service and extra effort are credited to the student—one merit eliminates two demerits. Excessive demerits may prevent graduation unless offset by excellence in leadership and academics.

Students received 190 periods of instruction in 4 weeks. The subjects presented under the general heading of leadership include "Basic Concepts of Military Leadership," "Human Behavior," "Leadership Traits," "Leadership Principles," "Indications of Leadership," and other subjects teaching Army doctrine in the field. These subjects are designed to nurture a basic understanding of the fundamentals of leadership. Other subjects such as "Leader-Subordinate Relationship," "On the Spot Corrections," "Problems of Training and Command," and "Combat Leadership" prepare the student to understand and apply the fundamentals of leadership to his responsibilities as a noncommissioned officer.

The study of leadership also applies to a military situation, and thus becomes the technique used by the successful leader.

The majority of the formal instruction given at the Academy is conducted by cadre noncommissioned officers. The program of instruction has been developed to support the mission of the Academy.

Col. S. H. Matheson, commandant of the Academy, personifies the true spirit

of dedication of a brilliant officer to the purposes of the institution. His superior talents bent to the accomplishments to be realized, his literate and practical approach to the training methods necessary to realize the ultimate goal of each student, insures its success, and gives to the Army its most cherished noncommissioned leadership.

We were proud to be in attendance at his briefing period and as guests.

There have been 57,728 enrolled in the Academy—46,641 graduates; 11,081 non-graduates, 120 civilians. Four hundred students enter every 8 weeks, thus totaling approximately 1,100 to 1,200 students attending the institution at a given time. The basic maxim is "learning by doing"—consequently, the majority of the student's time is spent in practical work, and conducted in such a manner as to reflect credit on the highest standards of a noncommissioned officer.

Young noncommissioned officers are recommended by their commanding officers by selection, determined by benefit to the individual and the Army. Specialists in certain grades may be admitted because of potential leadership. Individuals qualified as officer candidates also are eligible. Other services are admissible.

Failures are due to lack of leadership ability, or to meet the academic work or required standards in personal appearance and attention to detail.

The graduate of the 7th U.S. Army Noncommissioned Officer's Academy returns to his unit with a better understanding and appreciation of the standards expected of a noncommissioned officer, thus increasing his prestige and contribution to the efficiency and leadership of the Army.

We saw the American soldier in Europe skilled in the art of war for defense or offense and personally schooled in the maintenance of peace on the field or city streets. He is a glowing example of the determined patriotic dedication of man to God and country. The man at arms today is a symbol of true American spirit in action trained by superb specialists in the modern conception of military tactics to insure the peace and freedom of the free nations of the World.

Every American, especially those in business, executive, journalistic, and political leadership in our Nation should have the opportunity to personally observe and study the American soldier as an individual in his social and spiritual life and as a member of the greatest fighting unit in the history of military arms. They give and receive a demanding respect of all nationals in the areas they protect.

The major contribution to the land forces of the North Atlantic Treaty Organization and without question considered the greatest fighting unit force in the world and progressively more formidable is the U.S. 7th Army.

The legislative group was thoroughly briefed for hours at each installation. Every phase and facet of military offense and defense operations were ably presented and discussed. Slides of mapped areas of defense and statistical

data clarifying every military situation and organization problem were explained. New weapons and modern military tactics were demonstrated both in the field and hearing room. The material was a complete study of our Armed Forces—its strength numerically and even broken down into the various man-unit specialized weapon operations of the battalion and company. The supply line proximity to Army units and the protective cover of the material were expertly treated, including alternate lines of supply for replacement in case of destruction.

We visited the Czech border under armed protection and viewed through an observation post the activity of the Czech patrol and their manned observation towers on the other side of the Iron Curtain. These armed forces extend along the border from the Austrian Alps north—500 miles—to Fulda Gap. The protection of these borders are assured by the requisite supply of nuclear weapons.

The 7th Army is equipped with the most modern weapons—rifles, machine-guns, helicopters, tanks, and rockets—including the deadly Davy Crockett. It can be used in the field and will destroy any armored vehicle or tank, and has devastating power. It is manned by two men.

The President of the United States is the sole authority to order the use of nuclear heads and their distribution.

The 7th Army is ever on the alert and each man takes pride in his dedicated contribution to the welfare and protection of his country. Whether his lot is to participate in alerts, tap a wire, follow a barbed wire fence, man the watch tower, patrol the area, carry a message—he is proud of the responsibility of his task.

The 7th Army is always prepared to go into operation. The alerts are practiced every month, half of the corps can be on the line in half an hour; in several hours the remainder can be combat ready and mobile. The 7th Army patrols operate constantly.

The 7th Army soldier receives every type of Army training—under all sorts of conditions in the field, in the study or lecture room, day and night exercises, garrison instruction, formal school, tank firing, and rifle instruction on target.

The large-scale Army maneuvers including a full division are conducted at near combat conditions. The specialized groups in Ordnance, Quartermaster, Signal Corps, Medical Corps, also work in the field as realistically as if in combat.

The 7th Army protects millions of people—22 million in the American zone including Germans, American residents and tourists, Army and Air Force personnel and their dependents.

The shift of individuals during the year are over 100,000 Army personnel and close to the same number of dependents.

The 7th Army lists as its basic function—to help maintain the peace by being constantly combat ready to fight if necessary for the rights of freemen and a free world, and further to be a good neighbor to our German neighbors.

We also witnessed target practice by tanks. Its crews demonstrated the deadly accuracy and simultaneous consecutive firing of heavy armaments. The pride of accomplishment was reflected in the eyes and carriage of the officers and men. We were intrigued by the rapidity of measured action of the firing teams in setting up a curtain of devastating piercing power. It was with a heavy grip of acknowledged appreciation when, as proud Americans, we shook hands with the officers and men in our departure.

It is to the credit of the Armed Forces in foreign lands that the classified material whose nature and concept is known to thousands that the cloak of silence covers all men. About 95 percent of our briefing on critical matters concerning Army personnel and operations were in this area, and yet we have in a fleeting moment after each secret statement divorced the same from our minds. The will to have it so makes it so.

The mountain troops of the German Alps are expert in their field. We have the honor and pleasure of being witnesses to certain operations and maneuvers.

These troops were specially trained by crack specialists of the British, French, Italian, Austrian, Belgian, and Swiss mountaineer armed forces.

In a traced way, we were part of the operations, climbing to a 2,000-foot-Alps rise, to better view the operations of the teams in mountain practice safety evacuation of the wounded.

We were privileged to watch a vanishing breed of courageous men. The present-day training of the soldier, trapped in a nuclear haze of operations, is an index of the passing of the great land armies, tanking, trucking, and bayoneting their way across nations, digging into trench and foxhole for defense terrain fighting and setting up machinegun nests and house-to-house combat teams.

Nuclear war, from the sky, will silence every gun, seep into every hole, tank, structure—deadening every living thing in a split second flash. The old way of making war is gone, we are in a push-button era of warfare. No one can win a war for long.

The brutality of war sometimes brought out the heroics of men of an individual breed, but today the heart of a man never can be tested. It is as if the hand of God unleashes the forces of infamy against all men, as if in measured judgment, by man himself, he deserves complete extermination. Yes; by his own genius of inventive mind, he has condemned the Lord to enter his last judgment that the earth will be destroyed by fire.

With the advent of the cold war many aspects resulted in special warfare terminology such as special warfare, unconventional warfare, special forces, civil action, paramilitary force, and other related items with precise meanings.

Following are a few definitions commonly associated with cold war activities:

Cold war is the use of political, economic, technological, sociological, and military measures, short of overt armed

conflict involving regular military forces, to achieve national objectives.

Special warfare is a term used by the U.S. Army to embrace all the military and paramilitary measures and activities related to unconventional warfare, counterinsurgency, and psychological warfare.

Unconventional warfare includes the interrelated fields of guerrilla warfare, evasion and escape, and resistance. Such operations are conducted in enemy held or controlled territory, and are planned and executed to take advantage of or stimulate resistance movements or insurgency against hostile governments or forces. In peacetime, the United States conducts training to develop its capability for such wartime operations.

Guerrilla warfare is the conduct of combat operations inside a country in enemy or enemy-held territory on a military or paramilitary basis by units organized from predominantly indigenous personnel. The aim is to weaken the established government of the target country by reducing the combat effectiveness of the military forces, the economic means, and the overall morale and will to resist.

Paramilitary forces are those existing alongside the Armed Forces and are professedly nonmilitary, but formed on an underlying military pattern as a potential auxiliary, or diversionary military organization.

Counterinsurgency includes all military, political, economic, psychological, and sociological activities directed toward preventing and suppressing resistance groups whose actions range in degree of violence and scope from subversive political activity to violent actions by large guerrilla elements to overthrow a duly established government.

U.S. Army counterinsurgency forces comprise special forces, civil affairs, psychological warfare, engineer, medical, light aviation, signal, and other elements as required. They are capable of operating in disturbed areas, if invited by the host government, to provide training and operational advice and assistance to indigenous military forces engaged in maintaining or restoring internal security.

U.S. Army special forces groups are specially trained and organized to train and assist indigenous leaders and forces in measures, tactics, and techniques required to prevent or eliminate hostile resistance and guerrilla groups. Other Army elements extend and complement the activities of special forces groups. Assistance and training provided to indigenous forces may include operational advice. The wartime mission of special forces groups is to organize, supply, train, and direct predominantly indigenous forces in the conduct of guerrilla warfare in enemy-held or controlled territory to support the overall military effort.

Civic action is any action performed by military forces of a country utilizing manpower and skills, in cooperation with civil agencies, authorities, or groups, designed to improve the economic or social betterment of that country.

Advances in weapons system over the past few years have forced many

changes in tactical organization and operational concepts. The basic emphasis placed on these operational concepts in the modern army are mobility, dispersion, and small unit operation. These goals complied with many new instruments of war, required greater reliance upon the officers and noncommissioned officers of the Army.

The result was a complete reorganization of the Army at all levels to meet the highest standard of its capabilities. Behind these plans developed at the Pentagon was the ultimate desire to cover virtually every kind of military facet to attain these ends.

First. The Davy Crockett rocket is capable of launching either nuclear or conventional warheads across battlelines at ranges about the same as those employed by conventional artillery, perhaps up to 9 miles. The Davy Crockett, which looks like a large recoilless artillery rifle, was designed for low yield tactical atomic warheads, but can also fire warheads of conventional explosives. Both a heavy and light version have been developed. The projectile looks much like a conventional bomb, bulbous in shape, with four stabilizing fins. The large version is about the size of an office wastebasket.

The launcher for either version can be mounted on a jeep or similar vehicle and operated by as few as two men. The exact weight is a secret, but it is said to be light enough to carry. The weapon has been designed to give small infantry units a volume of firepower hitherto associated only with massed artillery. When used with a nuclear warhead, the rocket has a tremendous force, yet its effective radius is about 2 miles, small enough so that the troops who use the weapon, nearby friendly troops and civilian populations, are not endangered by the blast.

Davy Crockett is the smallest weapon the United States has in use capable of firing atomic missiles.

Davy Crockett is an atomic weapon system designed for tactical use by the infantry battle group. There are two versions of the Davy Crockett weapon system, a light version weighing about 200 pounds and a heavy system weighing about 400 pounds. Both are recoilless rifles which fire spigot projectiles—that is, projectiles that are larger in diameter than the gun tubes, and are therefore fastened to the ends of spigots or pistons which are inserted in the gun tubes. Both the light and heavy versions, with their ground mounts, can be disassembled and carried by the guncrews. Both will also be mounted on various tactical vehicles. Davy Crockett, with its low yield atomic warhead, will increase the firepower of the infantry battle group tremendously, and will enable it to combat the numerically superior enemy forces it may encounter on a future battlefield.

This weapon fired demonstration round at Grafthofen for Members of Congress.

Second. The M-113 armored personnel carrier is a new lightweight battlefield vehicle that can transport 12 fully armed infantrymen or a cargo and can mount a .50 caliber or a .30 caliber ma-

chinegun. The M-113 is both amphibious and air transportable. It is capable of a maximum speed of 38 miles per hour on land and 3 or 4 knots per hour in the water. It replaces the M-59 armored personnel carrier. The infantry battle groups of three infantry divisions have been mechanized with the M-113. A full-tracked vehicle, the M-113 gives the soldiers a degree of protection and mobility hitherto unknown outside of armored divisions. An armored personnel carrier carrying a squad of men is immune to all artillery fire except direct hits or misses so close that a track is blown off. Small arms such as machineguns, rifles, and grenades are useless against the armed personnel carriers.

**CARRIER, PERSONNEL, FULL-TRACKED, ARMORED
M-113**

1. Purpose: To provide general information on the M-113 armored personnel carrier.

2. Facts:

(a) The M-113 personnel carrier was developed to replace the M-59 APC with a lighter vehicle for armor and infantry units. It is an armored, airborne, amphibious vehicle carrying a squad of 12 men plus a driver, and having superior cross-country mobility. It is adaptable to multiple functions through kit application or modification of its basic structure.

(b) To obtain maximum production economy, preliminary studies and evaluations were made of prototype vehicles to adapt commercial engines and transmissions for utilization of existing industrial power plant-power train capacity.

(c) To reduce its weight, the maximum use has been made of both aluminum armor and a multitude of aluminum components.

(d) In May 1959 a quantity production contract was awarded to Food Machinery & Chemical Corp., San Jose, Calif. Deliveries from the contract commenced in February of 1960.

(e) Characteristics of M-113 APC: Weight (air drop), 18,600 pounds; engine, Chrysler A710-B, liquid cooled; transmission, Allison TX200-2; primary weapon, .50 caliber M-2 machinegun; maximum speed, 38 miles per hour; cruising range, 200 miles.

Third. The M-60 tank replaces the M-48 Patton-type tank, which has been outclassed by Soviet tanks. The M-60 tank is powered by a diesel engine; its 105-millimeter gun provides a devastating artillery punch on the battlefield. The M-60 tank employs a high velocity 105-millimeter gun with a simplified fire-control system and removable tube that can be swiftly replaced in the field when it becomes worn out. The M-60 is also armed with a 7.62-millimeter machinegun mounted to the main gun cradle and fired through its shield. There is also a new 50-caliber machinegun, located in the cupola of the turret, which can be loaded, aimed, and fired from within the tank. There are two manually operated 45-caliber submachineguns carried inside the vehicle.

The M-60 can climb a 60-percent grade, go over a 36-inch wall, and move through a 4-foot deep stream without trouble. The maximum speed on the average road is 32 miles per hour. The cross-country speed is about 15 miles per hour. The M-60 carries a crew of four. A larger cupola provides more interior room for the commander than in previous models.

FACT SHEET ON M-60 TANK

I. Nomenclature: Tank, medium, M-60.

II. Characteristics:

1. One hundred and five millimeter gun as main armament.

2. Diesel engine; 750 horsepower.

3. Similar in appearance to the M-48 with an improved hull, gun, and engine and over 50 other component improvements.

4. Weight; 51 tons.

III. Advantages:

1. One hundred and five millimeter gun gives significantly greater penetration than the 90-millimeter gun on current medium tank.

2. Diesel engine provides 30 to 40 percent more range and has less fire hazard because fuel is less volatile. This simplifies supply problems and lower volatility retards waste by vaporization. The new 750-horsepower diesel engine was designed by the Continental Motors Corp. under the direction of the U.S. Army Ordnance Corps.

The company started with the basic components of the current medium tank engine and developed a diesel engine. This engine has been under development and test during the past 3 or 4 years. It was installed and tested in an M-48 tank, beginning in 1957. Continental Army Command tested intensively in 1958.

3. The weight of 51 tons is expected to be reduced with future improvements. Reduction of weight will increase speed and maneuverability.

IV. The new 105-millimeter guns and diesel engines can be installed in the M-48 when they are turned in for overhaul.

V. The first M-60 tanks procured with money in the fiscal year 1959 budget.

Many units in Europe still have M-48 tanks. M-60 replacing these as fast as possible.

Fourth. The Hawk surface-to-air missile is a solid-fueled, radar-guided missile designed especially for antiaircraft defense. With the development of the Ajax and Hercules missiles, the Army was fairly well supplied with weapons which could cope with modern combat aircraft at high altitudes, but was weak in defenses against intruders at low altitudes. The Hawk was designed to meet this need, and is capable of dealing with supersonic aircraft flying at low altitudes, below the effective zones of the Ajax and Hercules.

Fifth. The Honest John surface-to-surface rocket is a tactical missile capable of carrying a nuclear warhead. It is not a guided missile, however, but rather a free rocket, aimed in the same manner as conventional artillery, with the data for elevation and direction corrected for weather conditions. Its size and weight permit it to be launched from a truck which can be maneuvered in and out of position within a few minutes. The particular importance of its mobility lies in the fact, that like any weapon with a nuclear capability, the Honest John would be a priority target for the enemy; hence the need to be able to move quickly from one firing position to another. As mobile as a light cannon, the Honest John can supply artillery power far greater than any combination of batteries used in World War II. The missile and its launching system is air transportable in conventional military transports.

Sixth. The M-14 rifle replaces the M-1 Garand. It is a lighter rifle than the Garand and fires the standard North

Atlantic Treaty Organization round, the short 7.62-millimeter cartridge that is now standard small-arms ammunition for the NATO allies. This cartridge is shorter and somewhat lighter than the M-1 ammunition. Normally, the M-14 is a semiautomatic rifle, like the Garand. Thus the trigger must be squeezed for each shot, although the empty cartridge case is automatically ejected. But, unlike the Garand, a simple adapter fits the M-14 to fully automatic fire. That is, so long as the trigger is squeezed the rifle will fire bursts of 700 rounds a minute. The M-14 is less inclined to jam or malfunction than the Garand. The reduction in size of the cartridge makes possible the use of the magazine principle, a more efficient principle than the old clip, and also permits the soldier to carry more rounds in his belt.

Adoption of this new rifle, which replaces four current U.S. Army shoulder weapons, rounds out a program for a new weapons system, long planned and partly consummated recently with the adoption of the M-60 general purpose machinegun. Both the new rifle and the new machinegun fire the 7.62-millimeter NATO cartridge, which will be common to our NATO allies.

RIFLE 7.62-MILLIMETER, M-14

Weight of rifle, 7.62-millimeter, M-14 (with empty magazine, less sling), 8.7 pounds.

Length of rifle (with flash suppressor), 44.14 inches.

Length of barrel, 22 inches.

Rifling, four grooves, right-hand twist, 12 inches.

Sight radius (at 100 yards), 26.75 inches.

Type of mechanism, rotating bolt.

Method of actuation, gas-operated.

Loading device, 5-round charger.

Cyclic rate, 750 revolutions per minute.

Cooling, air.

Trigger pull, maximum, 7.5 pounds; minimum, 5.5 pounds.

Muzzle velocity, 2,800 feet per second.

Magazine capacity, 20 rounds.

Chamber pressure, maximum, 50,000 pounds per square inch.

Ammunition types, Ball, A.P., tracer.

Cartridge, ball type, caliber 7.62 millimeters, M-59.

Maximum range, 3,500 yards.

Troops in the United States and Far East still are using the World War II M1 rifle in lieu of the new M-14 rifle.

Seventh. Launcher, rocket, 4.5 inches, M12A2. Purpose, launch from ground installation a projectile similar in explosive effect to 105 millimeter HE shell against all types of targets. Distinct characteristics, smoothbore magnesium tube with carrying sling; rocket issued inside launcher, ready for firing; mounted on hinged tripod, two legs fixed, one adjustable.

M12A2

Launcher: Weight, 22 pounds. Length, 48 inches. Diameter, 4.5 inches. Muzzle velocity, 830 feet per second. Range, 5,300 yards. Rate of fire, launcher discarded after rocket is fired. Firing mechanism, battery or 10-cap exploder. Igniter, percussion-electric. Sight, white line on launcher, front and rear open sights, or folding rear peepsight and a fixed front stud. Basic model, M12 (LS), plastic tube, fuzed rocket. Modifications, M12A1 (LS) unfuzed rocket, fuze in fiber container in front spacer; M12A2 (S), magnesium alloy tube.

Rocket: Types, HE spin type, M20. Weight, 42.5 pounds. Length, 31.5 inches. Diameter, fins in flight, 12 inches.

Eighth. The new M-60 machinegun fires about 600 rounds per minute. It can be repaired quickly under fire, can be fired from either shoulder or hip or from a tripod, and uses a feed-link belt of ammunition, which disintegrates as it is pushed through the chamber.

M-60

I. Nomenclature: Gun, machine, caliber 7.62 millimeter, M-60.

II. Significant features of the weapon which represent advances in ordnance materiel:

1. The M-60 machinegun is a lightweight general purpose machinegun developed to replace all of the present U.S. Army caliber .30 machineguns (M1919A4 and M1919A6 air-cooled, and M1917A1 water-cooled machineguns).

2. The new gun weighs 23 pounds including bipod as opposed to 32-42 pounds for the guns it is to replace. The light weight of the new gun makes it readily portable by one man.

3. The M-60 gun can be fired from the shoulder (as a rifle), from the hip, from the bipod, or from a newly developed tripod mount. This flexibility makes it a general purpose weapon capable of performing satisfactorily under all tactical conditions.

4. The ability of the M-60 gun to replace the present heavy water-cooled machinegun results from the fact that the barrel and gas system can be replaced in a matter of seconds. Also, the gun uses barrels made from new materials which give greatly improved firing life.

III. Characteristics of the M-60 machinegun:

1. Weight, 23 pounds, including shoulder stock and bipod.

2. Overall length, 43 inches.

3. Ammunition, NATO 7.62 millimeter cartridge (formerly designed as U.S. caliber .30, T65).

4. Rate of fire, 600 rounds per minute.

5. Action, rotary locking bolt (similar to Lewis machinegun).

6. Air-cooled barrel.

7. Gas operated.

8. Quick change barrel with integral gas system.

9. Feed, disintegrating metallic-link belt.

Ninth. Another light weapon is the XM-79 grenade launcher, a shotgun-like affair and the first Army weapon with an aluminum barrel. Weighing but 6 pounds, it fires a 6-ounce projectile at the relatively low velocity of 250 feet per second, yet can knock out machinegun nests, bunkers, and other enemy concentrations at up to 400 yards—a range that fills the gap between the old hand grenade and the mortar.

A new shoulder weapon, the M-79 grenade launcher, has been developed by the Army. It fires a 6-ounce high-explosive shell at a muzzle velocity of 250 feet per second and range up to about 400 meters. This range bridges the gap between the distance the hand grenade can be thrown and the minimum range of the 81-millimeter mortar.

The launcher has a steel receiver and an aluminum barrel. It resembles a short, fat, single-barrel shotgun. The launcher is 28.6 inches long and the barrel length is 14 inches. It fires a 40-millimeter projectile. Total weight of the loaded launcher is 6 pounds 11 ounces,

and the cartridge weight is 9 ounces. The front sight is a conventional military type, while the rear sight is a large folding leaf.

The launcher is fired from the usual firing stances. Its recoil is only slightly greater than that of the service rifle. This new weapon supplements the M-14 rifle and the M-60 machinegun. Distribution to the troops will begin shortly.

Tenth. The XM-72 rocket grenade is a 4½-pound antitank weapon which can be carried and fired by one man from its own disposable packing container. It is capable of knocking out any known tank. The XM-72 rocket grenade looks like a bazooka, but operates on a somewhat different principle. It can be fired from a prone, kneeling, or standing position and has proved effective not only against tanks but against earth and log emplacements, sandbag fortifications, and concrete bunkers.

A trained soldier can aim and fire the XM-72 in 15 seconds. The launcher is 25 inches long and three inches in diameter. With four rounds of ammunition, it can be carried in a canvas pack slung over the soldier's shoulder like a quiver of arrows. According to an Army report:

A solid fuel motor furnishes propulsion and burns out before the rocket leaves the tube. When the projectile emerges, several narrow magnesium fins spring into position and stabilize the rocket in flight.

Aiming is accomplished by a rear peep sight and a graduated sight printed on a clear plastic rectangle mounted at the mouth of the launcher tube. The warhead uses a powerful new explosive, developed by the Ordnance Corps, known as Octol.

The new weapon is intended for use by the infantryman, and can be teamed with the Army's new recoilless rifle to satisfy his need for protection against enemy tanks.

Eleventh. The full-fledged replacement for Korea's bazooka, which proved not good enough against the then new Russian-built tanks, are two recoilless rifles—the 90-millimeter and 120-millimeter. In the hands of infantry troops they can stop any tanks dead in their tracks as they try to filter through advanced lines. Fired and loaded by one man—although a two-man team is needed to carry all the paraphernalia—the 90-millimeter version weighs 33 pounds. It was developed by several Army arsenals and industry research teams.

Twelfth. The U.S. 7th Army in Germany also has available the Entac guided missile, which has been called the ultimate weapon against a massed tank attack at the company level and is able to destroy "any tank known to exist in present-day armies." The Entac is the third in a series of French antitank missiles which NATO and the U.S. Army have chosen as best of their kind. Light, powerful, and with a range of 6,000 feet, it can be air dropped and set up quickly. Remote controlled, it trails a lead wire, through which it is guided by radio. It can also be launched from a jeep or helicopter, and its efficiency against maneuvering tanks is devastating.

The Members of the Congress of the United States enjoy the high privilege and responsibility of protecting the public interest and guiding through enactment of legislation to preserve the economic destiny, welfare, and defense of the Republic.

One of the informative approaches to orient the membership in acquiring knowledge in these areas, preparatory to the consideration of legislation, is to travel to the sites of areas where pertinent factual data on these subjects can be accumulated for study. Many of the mentally alert and proficient Members of Congress are reticent about accepting a special study assignment necessitating foreign travel because of the criticism one may be subjected to in traveling at public expense.

There is a growing suspicion in the public mind that all travel is unnecessary and a waste of public funds. That the expense serves no public purpose in government and only satisfies the suppressed desire of the individual official to travel at public expense for his or her personal aggrandizement as participating in a junket tour.

Certainly traveling 12,200 miles by plane, close to 1,000 by helicopter and auto, being briefed 5 to 8 hours a day, climbing the Alps, watching troop operations and firing of heavy armament, studying enemy frontier activity, eating on the run, sleeping 3 to 5 hours a day with scarce 2 to 3 hours a day of open time for ourselves, giving speeches, asking questions and giving answers, and so forth, taking copious notes, writing reports, is not anyone's idea of enjoying a sojourn overseas, especially during the Easter vacation.

Yet all of this effort and more was worth the great honor paid to us by our dedicated U.S. officers and men in the field, schools, and camps that we visited. Just the warm clasp of the friendly hands of the troops from our respective States gave each of us a sense of how much all this meant to the troops and ourselves in being just another American.

It is to be understood that the purpose of this report is to treat analytically, in a limited sense, the data, facts, and material made available through the agencies, publications, and services presenting the same. The subjects at hand have enjoyed a wide and growing public interest—primarily through the exhaustive study and writings of expert columnists whose detailed articles appear in the press and journals for avid public consumption. Mr. Ator and Mr. La Rue of the Chicago Tribune, feature writers of the Star and Washington Post, officers of the armed services, and experts in the diplomatic services.

The material presented herein is a compilation of both the briefings received from experts in this field and authoritative reportings by distinguished newsmen and columnists.

The papers drawn for this report are not to be considered as having the approval of the members in attendance, but must be considered as a factual report of the subjects studied. Any comments or conclusions reached by the chairman are

subject to the specific reservation of each member. Someone had to write a report. Therefore, if in error—may it be an unintentional one.

There are references noted in this report that are complimentary to the present administration and several others that are critical. These statements are only made for the purpose of calling attention of the reader to the administration's position in the matter. Certainly my Republican colleagues have the reserved right to disagree with these conclusions—perhaps the criticisms at least should stand as accepted.

OPEN DOOR FOR MAILING OF OBSCENITY RULED BY HIGH COURT

The SPEAKER. Under previous order of the House, the gentlewoman from Pennsylvania [Mrs. GRANAHAN] is recognized for 15 minutes.

Mrs. GRANAHAN. Mr. Speaker, the highest court in the land, in the latest of an incredible series of judicial rationalizations, has opened the floodgates to pour through our postal service and into American homes even greater torrents of vile and corruptive matter than ever before.

The Supreme Court decision of last Tuesday in *Manual Enterprises versus Postmaster General Day*, and its frightening implications, unfortunately have tended to be overlooked because of the controversy raging around another Court decision of the same day. This is known as the *Womack* case, since one Herman Womack is president and entrepreneur for *Manual Enterprises*. But the *Womack* decision is fraught with far greater danger than the other.

I asked to address the House today because I believe it is imperative to alert the public to this imminent danger—and particularly the fathers and mothers and children whose defenses against filth and smut have been further breached by the decision.

Perhaps the most notable features of the *Womack* ruling are the astounding divergence of reasoning among the members of the Court as to why our mail service must carry *Womack's* filthy products and the tenuous threads of thought that are followed ad absurdum and ad nauseum to reach this end. The sharp division of views is extraordinary—if not unique.

Only two Justices felt impelled to go to the substance of the mail matter in question and say it is not obscene within the criminal statutes which prescribe penalties for mailing obscenity. Let me hasten to add my conviction as to their error. These two characterized as merely "unpleasant, uncouth, and tawdry" magazines, sent through the mails by *Womack*, intended for the edification of sexual perverts and for the propagation of perversion.

Theirs is, indeed, a masterful understatement. Perversion is defined by Webster as "diversion to a wrong end or use; a corrupted form of something, and (psychopathol) a maladjustment of the sexual life, such that satisfaction is sought in aberrant ways." It is revolt-

ing and completely abhorrent to society. It is contrary to the order of nature and to human dignity. Yet *Womack's* mailings were called unpleasant.

The other five Justices on the decision at least escaped going to that extreme. One, Mr. Justice Clark, dissented—and I salute him for his magnificently persuasive opinion, which I believe should have been conclusive.

Four of the five voiced no opinion as to whether or not the matter in question is obscene, with one making no comment at all. Three of them opined that the mails are open to its transmission on a legal technicality. They found that section 1461 of the U.S. Criminal Code—the penal statute for obscene mailings—does not authorize the administrative procedures long followed by Postmasters General in bringing offenders who mail obscenity before the bar of criminal justice. In other words, they found a loophole in a criminal law—the proverbial "hole in the dike." But there is no finger to close the hole and avert the catastrophe of a wide breach in the dike.

Regrettable as it is that this legal loophole was ferreted out, it is significant because it confirms the findings of my subcommittee that our criminal statutes to protect the public and the postal service from obscenity and pornography must be strengthened.

For the past two Congresses I have urged and implored the committee having jurisdiction to strengthen these very criminal statutes and have been joined, on a completely non-partisan basis, by other members of my subcommittee on both sides of the aisle. Right now two of my bills for the purpose, and companion bills by my colleagues, lie dormant in other Committee, and not one inch of progress has been made on them since the Members and I appeared last year in support of the bills.

I do not wish to labor the point or to appear critical or impatient with another committee or its distinguished members. However, it is my earnest hope that prompt and vigorous action will now be taken to strengthen the criminal laws and close the U.S. mails to muck merchants and vendors of pornography and propaganda of perverts. If this occurs, then the *Womack* decision may yet be recorded in history as the turning point against vileness and debauchery—the "straw that finally broke the camel's back" and led to some real teeth in our antiobscenity laws.

A word is in order, also, with respect to the nature of the beast that is to be turned loose on society in this particular case. Make no mistake, *Womack* is just one of many who stand ready, willing, and able to profit by the decision.

Womack is typical of the diseased minds that conceive, produce, distribute, and profit from, traffic in foul and antisocial writings and pictures and recordings. *Womack* already has been found guilty under another indictment for violation of the criminal statutes for sending obscene matter through the mails. He pleaded guilty and an associate pleaded not guilty, and both were found guilty. But just before sentencing of

Womack, his attorneys advanced the plea of insanity, which was rejected by the lower court. Thereafter, he was found not guilty by an appellate court because of insanity and is now incarcerated in St. Elizabeths Hospital. The guilty verdict for his associate was upheld by the court of appeals, which noted that the photographs in issue "are conclusive, autoptical proof of obscenity and filth. Photographs can be so obscene that the fact is incontrovertible. These photographs are such."

I repeat, this is the nature of the beast that will be turned loose on society unless prompt and informed action is taken to close the loopholes in our criminal statutes and to strengthen those statutes where we have incontrovertible evidence—and my subcommittee has such evidence—that strengthening is essential in the public interest. We can hardly justify burdening the Postmaster General and other responsible authorities with the duty to enforce laws that crumble into dust before the shrewd and unremitting attacks of expensive legal counsel always at the beck and call of the "mongrels" and "muck merchants" who slink on the outskirts of civilized society to prey on the public.

Mr. CUNNINGHAM. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from Nebraska.

Mr. CUNNINGHAM. I want to congratulate the gentlewoman from Pennsylvania on the fine statement she has made about the ruling of the Supreme Court and the problems involved in this subject. We have worked together for several years in this field. I think one of our colleagues put it quite well after the ruling of the Court, "Obscenity, yes; prayer, no."

This field of homosexuality is one of the most disturbing things our Committee on Postal Operations has run into. It is no wonder that we have a growing problem in this field when one of the top men on the Government payroll, who until his passing recently was the chief psychiatrist of St. Elizabeths Hospital, supports this type of behavior known as homosexuality. He was the speaker at a meeting of homosexuals in Philadelphia about a year ago, a top man in one of our Government institutions, mixed up in this field. That to me is a disgrace. I certainly want to join the gentlewoman from Pennsylvania in supporting the position she has taken.

Mr. BECKWORTH. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from Texas.

Mr. BECKWORTH. I, too, want to commend the gentlewoman from Pennsylvania for the wonderful work she has done in connection with the subject she has been discussing here. I used to be the chairman of one of the subcommittees of the House Committee on Post Office and Civil Service, working on kindred problems. They are serious problems. I know the gentlewoman has attacked this problem with great vigor and has done a splendid job.

Mr. CAHILL. Mr. Speaker, will the gentlewoman yield?

Mrs. GRANAHAN. I yield to the gentleman from New Jersey.

Mr. CAHILL. I want to congratulate the gentlewoman for her stand on this problem, and also congratulate her for her work on this subject. As the gentlewoman knows, representing a district just across the river from her district, I have come to know the great admiration and affection in which she is held by the people not only of her district but all the people of Pennsylvania and New Jersey. Again, Mr. Speaker, I congratulate the gentlewoman.

Mrs. GRANAHAN. I thank my colleague, the gentleman from New Jersey.

THE SUPREME COURT PRAYER DECISION

The SPEAKER. Under previous order of the House, the gentleman from Georgia [Mr. JAMES C. DAVIS] is recognized for 10 minutes.

Mr. JAMES C. DAVIS. Mr. Speaker, a shocking fact was brought home Monday for the first time to many people throughout the United States. That shocking fact was the realization that the Supreme Court of the United States is rewriting the Constitution to fit the philosophy and whims of the individuals who now occupy the bench of that Court.

The Court decision outlawing prayer in the public schools of New Hyde Park, Long Island, N.Y., caused many good Americans to see for the first time that we are rapidly heading into a judicial dictatorship; that the Supreme Court is chipping away the foundation stones upon which our Government of freedom and liberty is built.

Some of us have for years been aware of the Court's plan to rewrite our Constitution and remake our Government to suit its own perverted and distorted views and have vigorously protested the Court's fraudulent usurpation of authority it does not possess.

As long ago as July 18, 1953, I pointed out the usurpation of legislative functions by the Court in a speech I made at Blowing Rock, N.C., to the annual session of the South Carolina Press Association. I quote this language from my speech to the South Carolina Press Association:

This present Court has trifled with the Constitution so long and so much that now no one knows with certainty what can be relied upon as law.

The law has been tinkered with so much and stretched and distorted to validate so-called progressive and liberal doctrine that one cannot be certain now that the Court would hold that water is wet or fire is hot; that white is white or black is black.

In a speech I made in Congress on June 18, 1953, I gave a list of 32 decisions by the Supreme Court rendered in the previous 15 years, each case overruling from one to five previous decisions which had been the law of the land for varying periods of years, ranging from 1 year to 95 years, and I pointed out in that speech that by such decisions the present Supreme Court had uprooted and overturned established precedents and landmarks without the citation of a single authority to support the newly an-

nounced principle of law, and have promulgated new doctrines which rest upon no precedent and have nothing to support them except the bald statement of the present Court that this is the law now, notwithstanding the fact that previously the law was exactly the contrary.

In my 1953 speech to the South Carolina Press Association I used this language:

The Supreme Court does not possess any power to change our laws by Court decisions. Its actions in doing so in the past have been usurpations of power which do not belong to it.

It possesses no power or authority to amend the Constitution, and likewise it possesses no power or authority, under the subterfuge of construing the Constitution, to give to its provisions meanings which those provisions in fact do not have. The power to amend the Constitution does not rest in the Supreme Court. This great power rests with the people of this country. The people of this country must not submit to any such usurpation of powers by the current Supreme Court. It is a right which belongs to the people to amend or not amend the Constitution as they themselves see fit.

I have been pointing out and protesting for many years this pattern and plan of the Supreme Court to rewrite our Constitution and change that great document from an instrument to preserve freedom and individual rights into an instrument to support radicalism, atheism, obscenity, communism, centralized bureaucratic government, and internationalism as opposed to national sovereignty.

Mr. Speaker, as I have many times pointed out, this Court, which in previous years deserved and had the respect and confidence of the people, is now a Court running wild, completely without any check, or without any balance.

I am not surprised at this decision of the Supreme Court striking down prayer in the New Hyde Park public schools, for I have long been aware of the pattern of usurpation of authority the Court has been following. However, I am shocked by it. I deplore greatly the fact that this Court has the effrontery to render a decision so completely without foundation, so completely at variance with the principles and character of the American people, who founded and established our Government upon a professed and proudly proclaimed faith and belief in Almighty God, who have interwoven that faith and belief into every phase of governmental activity, both civilian and military.

As deplorable as this action on the part of the Court is, some good may be derived from it. I hope that the American people are so aroused that they will demand that the power of the Court be curbed. I hope that the Members of the House and Senate are so aroused that they will enact the necessary legislation to curb the unwarranted, unlawful, and fraudulent usurpation of authority by this arrogant, reckless, radical Court.

Bills have been introduced to approach the problem in two ways, namely by act of Congress and by amendment to the Constitution. I shall actively support these movements, and I hope that the appropriate legislation may be enacted during this present session of Congress.

ASSEMBLED AND UNASSEMBLED EXAMINATIONS AND BOARDS OF U.S. CIVIL SERVICE EXAMINERS

The SPEAKER. Under previous order of the House, the gentleman from Texas [Mr. BECKWORTH] is recognized for 10 minutes.

Mr. BECKWORTH. Mr. Speaker, I desire to submit certain information pertaining to assembled and unassembled examinations and boards of U.S. Civil Service Examiners.

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., May 1, 1962.

DEAR SIR: In hearings before the Davis Manpower Subcommittee of which I am a member, the Chairman of the Civil Service Commission stated:

"In previous fiscal years the Civil Service Commission has not developed and maintained statistics showing the percentage of new Federal appointments which were made as a result of assembled examinations versus unassembled examinations. Beginning July 1, 1961, the Commission installed a system for developing such statistics with respect to appointments made from registers resulting from examinations conducted by the Commission's own examining offices. So far this fiscal year approximately 72 percent of the appointments from registers maintained by the Commission's examining offices were from assembled examinations. Statistics of this type are not available on the breakdown of appointments from examinations conducted by boards of U.S. Civil Service examiners located in the agencies." I desire these statistics from your agency.

Please return.

Regards,

LINDLEY BECKWORTH.

INTERSTATE COMMERCE COMMISSION,
Washington, D.C., May 9, 1962.

HON. LINDLEY BECKWORTH,
House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN BECKWORTH: Thank you for your letter of May 1, 1962, requesting statistics concerning appointments to this Commission made from registers resulting from assembled and unassembled examinations.

The registers maintained by the Board of U.S. Civil Service Examiners for this Commission reveal the following figures for the period July 1, 1961 through April 30, 1962:

Twenty-seven appointments were made from registers resulting from assembled examinations.

Fifteen appointments were made from registers resulting from unassembled examinations.

Your letter is returned.

Sincerely yours,

BERNARD F. SCHMID,
Managing Director.

DEPARTMENT OF THE ARMY,
OFFICE OF THE SECRETARY OF THE ARMY,
Washington, D.C., May 22, 1962.

HON. LINDLEY BECKWORTH,
House of Representatives.

DEAR MR. BECKWORTH: The Secretary of the Army has asked me to reply to your inquiry concerning appointments from examinations conducted by boards of U.S. civil service examiners.

The information you have requested is not readily available because there has not before existed a requirement for such a statistical breakdown. To compile this data would require analysis of approximately 90,000 appointments made at more than 225 Army activities throughout the entire United States. If the Subcommittee on Manpower Utilization of the Committee on Post Office

and Civil Service of the House of Representatives desires the information, we can of course initiate the required survey. It is estimated this would require considerable time to complete at a cost in excess of \$10,000.

I trust this information will be of assistance to you.

Sincerely,

R. E. VOLLENDORFF,
Colonel, GS, Office, Chief of Legislative Liaison.

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., June 26, 1962.
To: The Honorable LINDLEY BECKWORTH.
From: History and Government Division.
Subject: Appointments from assembled and unassembled examinations.

The following table summarizes in statistical form the information received in letters from certain Government agencies concerning their appointments from assembled and unassembled examinations:

Agency	Appointments from examinations			
	Assembled	Percent	Unassembled	Percent
Department of State	(1)	(1)	(1)	(1)
Department of Defense:				
Office, Secretary	(1)	(1)	(1)	(1)
Army	(1)	(1)	(1)	(1)
Navy	9,552	40	14,444	60
Air Force	(1)	(1)	(1)	(1)
Treasury Department	1,005	36	1,797	64
Department of Interior		25		
Department of Justice	446	79	116	21
Post Office Department (Washington, D.C., post office)		95		
Post Office Department (Postal field service)		90+		
Department of Commerce	(1)	(1)	(1)	(1)
Department of Labor	0	0	197	100
Department of Health, Education, and Welfare	(1)	(1)	(1)	(1)
General Services Administration	156	21	580	79
U.S. Information Agency	(1)	49	(1)	51
Securities and Exchange Commission	0	0	10	100
Atomic Energy Commission	(1)	(1)	(1)	(1)
Federal Home Loan Bank Board	2	4	48	96
Civil Aeronautics Board	0	0	17	100
Federal Power Commission	(1)	(1)	(1)	(1)
Small Business Administration	(1)	(1)	(1)	(1)
Interstate Commerce Commission	27	64	15	36
U.S. Tariff Commission	(1)	(1)	(1)	(1)
Federal Trade Commission	(1)	(1)	(1)	(1)
Federal Maritime Commission	(1)	(1)	(1)	(1)
Federal Deposit Insurance Corporation	(1)	(1)	(1)	(1)
Housing and Home Finance Agency	(1)	(1)	(1)	(1)
National Aeronautics and Space Agency:				
Ames Research Center	53	28	139	72
Flight Research Center	28	25	83	75
Goddard Space Flight Center	0	0	195	100
Langley Research	339	41	482	59
Lewis Research	347	28	912	72
Marshall Space Flight Center	138	23	473	77
Federal Communications Commission	2	15	11	85
Federal Aviation Agency	306	16	1,634	84
Selective Service System		100		
Veterans' Administration	(1)	(1)	(1)	(1)

¹ No data.
² Estimated, only data given.
³ Estimated.
⁴ Not under Civil Service Commission. No date.
⁵ Register recently established. Not yet used.
⁶ No other data.

Summary: Based only on figures from agencies which reported fully and specifically the number of appointments from both assembled and unassembled examinations:

Appointments, assembled examinations, 12,401; 37 percent.

Appointments, unassembled examinations, 21,153; 63 percent.

The Legislative Reference Service sincerely hopes that the information contained in this table will be of value to you.

FREDERICK L. SCOTT.

U.S. CIVIL SERVICE COMMISSION,
Washington, D.C., June 28, 1962.

HON. LINDLEY BECKWORTH,
House of Representatives.

DEAR MR. BECKWORTH: This letter has reference to your communication of May 23, 1962, and your subsequent telephone conversation with Mr. Harvey regarding information you desire concerning a number of our boards of U.S. civil service examiners in the Washington, D.C., area.

Enclosed is the following information pertaining to 25 boards: (a) the names and organizational titles of the chairman, executive secretary, and continuing members; and (b) a compilation of the lists of eligibles currently being maintained by each board. Not all of the examinations listed are open to the receipt of applications at the present time.

Under the jurisdiction of the Civil Service Commission the chairman of each board serves as the chief link with the top management of the agency in establishing and planning the board programs to meet agency personnel needs promptly and effectively. He sees that the board organization is maintained, and furnishes advice or guidance whenever needed.

The executive secretary administers the board program in accord with guidelines and instructions provided by the Civil Service Commission. He is thus responsible for the day-to-day board activities.

The other continuing members of a board serve as representatives of the major organizational segments of the agency by giving the board advice and assistance on recruiting needs.

The letter with your request of May 23, 1962, is returned.

Sincerely yours,

JOHN W. MACY, Jr.,
Chairman.

BOARD OF U.S. CIVIL SERVICE EXAMINERS,
DEPARTMENT OF AGRICULTURE

Chairman: Mr. Carl B. Barnes, Director of Personnel.

Executive Secretary: Vacancy.
Continuing members: Chalmers K. Lyman, Director (Division of Personnel Management, Forest Service); Roland F. Ballou,

Assistant Deputy Administrator (Commodity Operations, Commodity Stabilization Service); Theodore C. Byerly, Deputy Administrator (Agricultural Research Service); Chester Francis, Jr., Director (Engineering Division, Soil Conservation Service); Roy W. Lennartson, Associate Administrator (Agricultural Marketing Service); Erwin L. LeClerg, Director (Biometrical Services, Agricultural Research Service); Frederick Waugh, Director (Economic and Statistical Analysis Division, Agricultural Marketing Service).

Examinations

Scientific aid (cotton), GS-2, 3, 4, and 5.
Agricultural extension specialist, GS-12, 13, 14, and 15.

Agricultural economist, GS-7, 9, 11, 12, 13, 14, and 15.

Field representative (telephone operations and loans), GS-9 and 11.

Tobacco inspector's aid, GS-3.
Tobacco inspector, GS-5, 7, and 9.

Veterinarian, GS-9, 11, 12, 13, and 14.
Motion picture specialist, GS-7, 9, 11, 12, and 13.

Farm credit examiner, GS-9 and 11.
Student trainee, GS-3 and 4—agricultural economics; biological and plant sciences (agronomy, biology, botany, genetics, horticulture, plant pathology, plant physiology); entomology; home economics; plant pest control; soil scientist (research); agricultural statistics.

Agricultural engineer, GS-5, 7, 9, 11, 12, and 13.

Agricultural engineer (research), GS-7, 9, 11, 12, and 13.

Agricultural commodity grader, GS-5, 7, and 9.

Forester, GS-5 and 7.

Warehouse examiner, GS-5 and 7.

Federal service entrance examination—Agricultural economist, GS-5; agricultural marketing specialist, GS-5; agricultural market reporter, GS-5; agricultural writer and editor, GS-5 and 7; plant pest control inspector, GS-5 and 7; plant quarantine inspector, GS-5 and 7; agricultural statistician, GS-5 and 7.

Cotton technologist, GS-7, 9, 11, and 12.
Student trainee (veterinarian), GS-7.

Entomologist (plant pests), GS-9, 11, and 12.

Plant pathologist, GS-9, 11, and 12.

Agricultural research scientist, GS-7, 9, 11, 12, and 13.

Agricultural marketing specialist, GS-7, 9, 11, 12, 13, and 14.

Agricultural market reporter, GS-7, 9, and 11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BOLLING AIR FORCE BASE, DEPARTMENT OF THE AIR FORCE

Chairman: Edward B. Pry, Jr., Civilian Personnel Officer.

Executive Secretary: Miss Mildred Ashton, Placement Officer.

Continuing members: Mrs. Anna A. Cranell, Test Rating Examiner; J. Howard Malone, Chief (Placement Branch); George C. Pullin, Chief (Propulsion Branch); Arthur E. Shirley, Personnel Officer (Air Force Systems Command); William R. Stevens, Chief (Engineering Design Branch).

Examination

Dental assistant, GS-2, 3, 4, and 5.
Dental hygienist, GS-3, 4, and 5.

Finishing worker, W-4.
Firefighter, GS-3, 4, 5, 6, and 7.

Fuel distribution systems operator, W-8.
Greens and garden worker, W-5.

Laborer, food service attendant, W-2 and 3.
Meatcutter, W-8.

Nursing assistant, GS-2 and 3.
Office appliance repairer, W-10 and F-08.

Operations research analyst, GS-9, 11, 12, 13, 14, and 15.

Packer, W-3 and 5.
Parachute repairer and packer, W-8.

Radio repairer, W-10.
 Training officer (Link trainer), GS-7.
 Stenographer, GS-3 and 4.
 Typist, GS-2 and 3.
 Warehouseman, W-4 and 6.
 Air conditioning and refrigeration service, W-5, 8, 10, and F-08.
 A/C hydraulics systems mechanic, W-8 and W-10.
 A/C instrument mechanic, W-8 and 10.
 A/C jet engine mechanic, W-8 and 10.
 A/C materials dispatcher, W-6 and 8.
 A/C mechanic, W-8 and 10.
 A/C piston engine mechanic, W-10.
 A/C power unit assembler, W-9.
 A/C powered ground equipment mechanic, W-8 and 10.
 A/C propeller mechanic, W-8 and 10.
 A/C radio repairer and installer, W-10.
 A/C servicing electrician, W-8 and 10.
 A/C sheet metal manufacturer and repairer, W-8 and 10.
 A/C welder and heat treater, W-10.
 Auto steel body repairer, W-10.
 Carpenter, W-9.
 Criminal investigator, GS-11, 12, 13, 14, and 15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, CIVIL AERONAUTICS BOARD

Chairman: Miss Doris M. Connelly, Chief (Personnel Section).
 Executive Secretary: Miss Flora Crawford, Personnel Assistant.
 Continuing members: Marvin Bergsman, Associate Chief (Office of Administration); Rita A. Degen, Administrative Officer (Office of Director, Bureau of Economic Regulation); Robert L. Froman, Associate Director (Bureau of Safety); George L. Stillwagon, Assistant Chief (Research and Statistics Division); Joseph W. Stout, Jr., Chief (Investigations Division); Leon H. Tanguay, Associate Director (Investigations, Bureau of Safety).

Examinations

Air safety investigator, alrworthiness, GS-9, 11, 12, and 13.
 Analysis, GS-9, 11, and 12.
 Hearing and reports, GS-9, 11, and 12.
 Operations, GS-11, 12, and 13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, COAST AND GEODETIC SURVEY, DEPARTMENT OF COMMERCE

Chairman: Lansing G. Simmons, Physical Scientist.
 Executive Secretary: Mrs. Edna Johnson, Personnel Assistant.
 Continuing members: Bernard C. Byrnes, Supervisory Geophysicist (Geomagnetics); A. Edward Craig, Supervisory Geodesist; James H. Nelson, Geophysicist; Samuel P. Hand, Geodetic Engineer; Bennett G. Jones, Supervisory Photogrammetric Engineer.

Examinations

Geodesist, GS-5 through GS-15.
 Geophysicist, GS-5 through GS-15 (earth physics) (geomagnetism) (seismology).
 Surveying aid and technician, GS-1 through GS-7.
 Printing plant and lithographic trainee, WB-4.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF PUBLIC ROADS, DEPARTMENT OF COMMERCE

Chairman: John P. Razmus, Assistant Chief (Employment and Employee Relations Branch).
 Executive Secretary: Vacancy.
 Continuing members: Carl A. Carpenter, Highway Physical Research Engineer; Joseph H. Powers, Bridge Engineer (Design); Henry A. Sawchuk, Highway Engineer; Robley Winfrey, Chief (Highway Needs and Economy Division); Erwin J. Zelasko, Appraiser.

Examinations

Engineer (highway), GS-5 through GS-13.
 Engineer (bridge), GS-7 through GS-13.
 Right-of-way appraiser, GS-11 and GS-12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, U.S. WEATHER BUREAU, DEPARTMENT OF COMMERCE

Chairman: John J. Davis, Chief (Personnel Management Division).
 Executive Secretary: Charles B. Lee, Placement Officer.

Continuing members: Dr. Helmut E. Landsberg, Chief (Climatological Division); Edward M. Vernon, Chief (Synoptic Reports and Forecasts Division); Dr. Harry Wexler, Chief (Meteorological Research); Albert K. Showalter, Chief (Observation and Station Facilities Division); William E. Hiatt, Chief (Hydrologic Division); David S. Johnson, Assistant Director (Meteorological Satellite Activity); Dr. George P. Cressman, Director (National Meteorological Center).

Examinations

Meteorologist, GS-5 through GS-13.
 Meteorological technician, GS-4 through GS-9.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, INTERSTATE COMMERCE COMMISSION

Chairman: Curtis F. Adams, Director of Personnel.

Executive Secretary: James R. Holland, Personnel Management Specialist.

Continuing members: Phillip J. Brannigan, Supervising Mechanical Engineer, Bureau of Safety and Service; Franklin L. Black, Chief, Investigation and Compliance Branch, Bureau of Safety and Service; George W. Spangler, Chief, Signals and Train Control Branch, Bureau of Safety and Service; Herbert Qualls, Director, Bureau of Motor Carriers; Davis R. Ledford, Jr., Assistant to the Director, Bureau of Traffic; William Powell, Special Assistant, Bureau of Accounts.

Examinations

Safety inspector, GS-5.
 Transportation tariff examiner, GS-8.
 Accountant, GS-7.
 Inspector of locomotives, GS-12.
 Inspector of railway and train control, GS-12.
 Safety and service agent, GS-12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, GENERAL ACCOUNTING OFFICE

Chairman: Thomas A. Flynn, Director of Personnel.

Executive Secretary: Mrs. Iris E. Joy, Supervisory Placement Specialist.

Continuing members: John F. Feeney, Executive Officer and Budget Officer; Robert F. Keller, Legislative Attorney (General); Vincent J. Kirby, Assistant Director of Personnel; Herschel Parham, Chief of Placement; Leo Herbert, Director (Office of Staff Management).

Examinations

Accountant and Auditor: Systems accountant, GS-11 through GS-15; supervisory accountant, GS-11 through GS-15; accountant, GS-9; accountant, GS-7.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, FEDERAL COMMUNICATIONS COMMISSION

Chairman: Irving L. Weston, Chief (Monitoring Division).

Executive Secretary: Mrs. Ruby F. Caldwell, Administrative Assistant to Chief Engineer.

Continuing members: Charles R. Cowan, Electronic Engineer (Wire Communications); Herman Garlan, Supervisory Electronic Engineer (Radio); Gilbert H. Hatfield, Personnel Officer; Robert Stolarski, Supervisory Placement Specialist.

Examinations

Electronic engineer, GS-5, 7, 9, and 11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, FEDERAL HOUSING ADMINISTRATION, DISTRICT OF COLUMBIA INSURING OFFICE

Chairman: Thomas C. Barringer, Director (District of Columbia Insuring Office, FHA).

Executive Secretary: John G. Bosholm, Administrative Officer.

Continuing members: John R. Blakistone, Chief Underwriter; Florence Dalton, Administrative Assistant; Edward Simpson, Chief Construction Examiner.

Examinations

Appraiser, GS-9.
 Loan examiner (realty), GS-9.
 Architect examiner, GS-7 and GS-9.
 Construction representative, building and utilities, GS-9.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, CHILDREN'S BUREAU, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Chairman: Margaret A. Emery, Assistant to Chief for Legislation.

Executive Secretary: Margaret O. Schnoor, Personnel Assistant.

Continuing members: Dr. Arthur J. Lesser, Supervisor (Social Administration Research Analyst Service); Phillip G. Green, Juvenile Delinquency Service; Helen L. Witmer, Director (Division of Research); Mildred M. Arnold, Public Welfare Adviser.

Examinations

Child welfare advisers and specialists, GS-12, 13, and 14.
 Nursing consultant in maternal and child health, GS-13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, OFFICE OF EDUCATION, DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE

Chairman: Dr. Wayne O. Reed, Deputy Commissioner of Education.

Executive Secretary: Ruth M. Magin, Placement Officer.

Continuing members: Dr. Lloyd B. Blauch, Assistant Director of the Retired Professor's Registry; Dr. Finis E. Engleman, Executive Secretary of the American Association of School Administrators, National Education Association; Joseph M. Shea, Chief (Personnel and Organization Section).

Examinations

Education research and program specialist, GS-9 through GS-15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF MINES, DEPARTMENT OF THE INTERIOR

Chairman: Paul Zinner, Assistant Director (Programs).

Executive Secretary: Harvey V. Pearce, Chief Personnel Officer.

Continuing members: Roscoe A. Cattell, Physical Science Administrator; T. Reed Scollon, Chief (Division of Bituminous Coal); James Westfield, Assistant Director (Health and Safety); Charles W. Merrill, Chief (Division of Minerals).

Examinations

Mining engineer, GS-5, 7, 9, 11, 12, 13, 14, and 15.
 Commodity industry analyst (minerals), GS-5, 7, 9, 11, and 12.
 Coal mine inspector, GS-9, 11 and 12.
 Safety representative, GS-5, 7, 9, 11, 12, and 13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, GEOLOGICAL SURVEY, DEPARTMENT OF THE INTERIOR

Chairman: William T. Pecora, Geologist (General).

Executive Secretary: Lewis Menen, Supervisory Placement Specialist.

Continuing members: Dr. Gilbert Corwin, Geologist (General); Tate Dalrymple, Supervising Hydraulic Engineer; Dr. Henry R. Joesting, Geophysicist (Exploration); John A. Law, Civil Engineer (Surveying); Charles L. McGuinness, Geologist (Ground Water); John C. Miller, Administrative Geologist (General); Roy E. Oltman, Supervising Hydraulic Engineer (Water Resources Investigations); Ralph E. Van Alstine, Geologist (Mineral Deposits).

Examinations

Geologist, GS-5 and 7.
Geologist, GS-9 through GS-15.
Geophysicist (exploration and experimental), GS-5 through GS-15.
Hydraulic engineer, GS-5 through GS-15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF INDIAN AFFAIRS, DEPARTMENT OF THE INTERIOR

Chairman: Mrs. Evelyn W. Adams, Placement Officer.

Executive Secretary: Mrs. Kathleen Teague, Placement Officer.

Continuing Members: Lucile A. Hastings, Director (Social Service); Vinita Lewis, Adviser Specialist (Public Welfare).

Examinations

Social worker: (General) GS-9 and GS-11; (child welfare) GS-9 through GS-12; (family service) GS-9 through GS-13.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, IMMIGRATION AND NATURALIZATION SERVICE, DEPARTMENT OF JUSTICE

Chairman: James F. Greene, Deputy Associate Commissioner for Domestic Control.

Executive Secretary: Mrs. Catherine M. Smith, Placement Specialist.

Continuing members: Donald R. Coppock, Assistant Commissioner (Enforcement); Claude C. Franklin, Placement Officer; Thomas G. Casey, Assistant Personnel Officer; Laurence R. Kesler, Supervisory General Investigator.

Examination

Immigration patrol inspector, GS-7.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, GODDARD SPACE FLIGHT CENTER

Chairman, John W. Townsend, Assistant Director (Space Sciences and Satellite Application).

Executive Secretary: Mrs. Catherine S. Steele, Personnel Assistant.

Continuing members: Herbert J. Fivehouse, Management Analyst; Fred J. Friel, Jr., Supervisory Electronic Scientist (General); Dr. Allen O. Gamble, Manpower Evaluation and Development Officer; Nemo P. Miller, Chief (Construction Engineering Division); Leopold Winkler, Chief (Office of Technical Services).

Examinations

Aerospace technology, GS-5 through GS-15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, DEPARTMENT OF THE NAVY

Chairman: Edwin A. Wigginhorn, Director (Departmental Civilian Personnel Division).
Executive Secretary: Mrs. Marian S. Pedraza, Qualifications Rating Examiner.

Continuing members: Edwin P. Bledsoe, Contract Officer; Nathan R. Gilbert, Assistant for Special Studies; Paul W. Daisey, Supervisory Marine Transportation Officer (General); Fernand V. Demaret, Administrative Officer Management (Financial); Lawrence P. Fern, Deputy Administrative Officer; Albert P. Kenyon, Education Specialist; Owen H. Oakley, Supervisory Naval Architect; John C. Phillips, Ordnance Design Engineer; W. Robert Stinchcum, Supervisory General Engineer; Howard F. Uphoff, Head (Personnel Analysis Branch).

Examinations

Engineer—Aeronautical, chemical, electrical, industrial, marine, materials, mechanical, naval architect, GS-5 through GS-15.

Equipment specialist, GS-7 through GS-12.

Patent adviser, GS-7 through GS-12.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SCIENTIFIC AND TECHNICAL PERSONNEL OF POTOMAC RIVER NAVAL COMMAND, DEPARTMENT OF THE NAVY

Chairman: Dr. B. P. Ramsay, Chief (Electrical Evaluation Division, Underwater Eval-

uation Department, Naval Ordnance Laboratory).

Executive Secretary: Everett H. Woodward, Executive Secretary (Board of Examiners).

Continuing members: Harry L. Rich, Supervisory Physicist; Francis P. Scott, Astronomer; Benard V. Stuber, Supervisory Flight Test Engineer; Horace M. Trent, Physicist; Robert E. Waxman, Supervisory Electronic Engineer; John W. Wrench, Jr., Supervisory Mathematician; J. H. Blythe, Oceanographer; Elmer R. Csanady, Head (Process Development Division); Frank W. Kasdorf, Head (Technical Evaluation Division); D. W. Stoner, Deputy Director (Weapons Development, Evaluation Laboratory); Julius Sendroy, Jr., Chief Chemist; Robert H. Randall, Jr., Deputy Director (Marine Sciences Department); Horner W. Carhart, Head (Fuels Branch, Chemistry Division); J. R. Lightfoot, Assistant Program Chief (Engineering).

Examinations

Astronomer, GS-5 through GS-15.

Chemist, GS-5 through GS-15.

Engineer, GS-5 through GS-15.

Engineering aid, GS-2, 3, and 4.

Engineering draftsman, GS-2 through

GS-7.

Engineering designer, GS-9 and GS-11.

Engineering technician, GS-5 through GS-

12.

Electronic technician, GS-5 through GS-

12.

Industrial hygienist, GS-5 through GS-15.

Mathematician, GS-5 through GS-15.

Mathematics aid, GS-2 through GS-4.

Mathematics technician, GS-5 through

GS-9.

Metallurgist, GS-5 through GS-15.

Navigation specialist (air), GS-5 and GS-7.

Navigation specialist (marine), GS-7 and

GS-9.

Oceanographer, GS-5 through GS-15.

Physical science aid, GS-2 through GS-4.

Physical science technician, GS-5 through

GS-12.

Physicist, GS-5 through GS-15.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SECURITIES AND EXCHANGE COMMISSION

Chairman: William E. Becker, Management Analyst.

Executive Secretary: Harry H. Pollack, Director of Personnel.

Continuing members: Philip A. Loomis, Jr., Director (Division of Trading and Exchanges); Manuel F. Cohen, Commissioner; Andrew Barr, Chief Accountant.

Examinations

Financial analyst, GS-7 through GS-12.

Securities investigator, GS-9 and GS-11.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, SMITHSONIAN INSTITUTION

Chairman: Dr. A. Remington Kellogg, Assistant Secretary.

Executive Secretary: Mrs. Helen R. Fentress, Chief (Recruitment and Placement Section).

Continuing members: Thomas M. Beggs, Museum Director (Art); Dr. Robert P. Multauf, Museum Director (Science and Technology); Mr. Mendel L. Peterson, Museum Director (History); Dr. Theodore H. Reed, Director (National Zoological Park); Dr. Leonard P. Schultz, Systematic Zoologist (Fishes); Mr. Frank A. Taylor, Director (Museum of History and Technology).

Examinations

Exhibits technician, GS-2 through GS-5; and exhibits specialist, GS-6 through GS-13.

Animal keeper (zoo), W-5 and W-7.

Museum aid, GS-3 through GS-5.

Historian, museum option, GS-9, 11, 12,

13, 14, and 15.

Agricultural research scientist, systematic

zoology option, GS-9, 11, 12, 13, and 14.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, BUREAU OF ENGRAVING AND PRINTING, TREASURY DEPARTMENT

Chairman: Miss Winifred Loring, Assistant Chief (Office of Industrial Relations).

Executive Secretary: Vacancy.

Continuing members: Genevieve M. Lint, Assistant Head (Employment and Training Branch); Herbert A. Gage, Chief (Office of Surface Printing and Ink Manufacturing); James A. Conlon, Chief (Office of Currency and Stamp Manufacturing); Andrew J. Wilson, Associate Controller; Etheridge F. Kent, Head (Security Control Branch); John C. Hatley, Administrative Officer.

Examination

U.S. securities processor, level 1.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, U.S. INFORMATION AGENCY

Chairman: Lionel S. Mosley, Director of Personnel.

Executive Secretary: Neil A. Porter, Personnel Officer.

Continuing members: Gordon A. Ewing, Director (Information Center Service); Henry Loomis, Director (Broadcasting Service); Ray Mackland, Director (Press and Publication Service); Thomas C. Sorensen, Deputy Director (Policy and Plans); George C. Stevens, Jr., Director (Motion Picture Service Information).

Examinations

Foreign language specialist, GS-5 through GS-13.

Radio broadcast technician, WB-1.

Transmitter and receiver operator and maintenance technician, levels, 1, 2, 3, 4, and 5.

CENTRAL BOARD OF U.S. CIVIL SERVICE EXAMINERS, VETERANS' ADMINISTRATION

Chairman: John S. Arledge, Jr., Chief (Employment Division, Department of Medicine and Surgery).

Executive Secretary: Marion S. Zalon, Placement Specialist.

Continuing members: Dr. Benjamin Miller, Director (Radiology Service); Roger Cumming, Director (Social Work Service); Lee Mork Director (Design Service); Dr. Joseph Samler, Supervisory Staff Psychologist.

Examinations

Architect, GS-5 through GS-13.

Biochemist, GS-7 through GS-13.

Bacteriologist, GS-7 through GS-13.

Serologist, GS-7 through GS-13.

Psychologist, GS-11 through GS-15.

Counseling psychologist (VR&E), GS-12

and GS-13.

Corrective therapist, GS-5 through GS-9.

Occupational therapist, GS-5 through

GS-9.

Physical therapist, GS-5 through GS-9.

Biochemist radioisotopes, GS-7 through

GS-14.

Biologist radioisotopes, GS-9 through

GS-14.

Physicist radioisotopes, GS-7 through

GS-14.

Medical record librarian, GS-5 through

GS-12.

Resident in hospital administration.

Clinical social worker, GS-7 through GS-

13.

Pharmacist, GS-7 through GS-12.

Dietitian, GS-5 through GS-10.

BOARD OF U.S. CIVIL SERVICE EXAMINERS, VETERANS' ADMINISTRATION HOSPITAL, VETERANS' ADMINISTRATION

Chairman: Vacancy.

Executive secretary: William G. Charlton, supervisory personnel management specialist.

Continuing member: Dr. Walter Kurland, personnel physician.

Examinations

- Histopathology technician, GS-3, 4, 5, and 6.
 Medical radiology technician, GS-3, 4, and 5.
 Medical laboratory technician, GS-5 and 6.
 Nursing assistant, GS-2.
 Dental technician, GS-5, 6, and 7

INDIANA DEEP WATER PORT AT
 BURNS DITCH

The SPEAKER. Under previous order of the House, the gentleman from Indiana [Mr. ROUSH] is recognized for 10 minutes.

Mr. ROUSH. Mr. Speaker, I have addressed the House several times on the subject of the Indiana Deep Water Port at Burns Ditch, on the Indiana shoreline of Lake Michigan. The Corps of Engineers of the U.S. Army has published a report suggesting that a public harbor at the site would be feasible and recommending that the United States participate in its construction.

In the course of preparing the report for submission to the Congress, a copy of the report was directed to the Department of the Interior and their views on the report were solicited. On June 20, the comments of the Department were forwarded by the Secretary of the Interior back to the Chief of the Corps of Engineers.

The comments of the Department are very disturbing. While the Department has considered the project several times over the past decade, and while it is considering an area adjacent to the harbor as a national seashore site, the report contains inaccuracies in facts and a lack of understanding of the proposed development. In addition to this, the Department has ventured opinions in certain areas completely contrary to the opinions of other competent governmental authorities.

Now, Mr. Speaker, I do not for one minute deny the right of the Department of the Interior to disagree with me and the Governor of Indiana, our U.S. Senators, our congressional delegation, our State legislature, and millions of our citizens plus the Corps of Engineers, the Department of Commerce, the Department of Health, Education, and Welfare, and various agencies subordinate to the Department of the Interior. It has the right to disagree, but its disagreement should be based on facts, not fiction. Its disagreement should be based on considerations in areas where the Department is competent and authoritative.

There is inconsistency in the comments. On one hand the Department of the Interior suggests that that development of the port and industrial area, and what the Department terms "the inevitable pollution which would necessarily follow the construction" would have a detrimental effect on the public recreation potential of the area several miles away. On the other hand the Department supports a proposal which would conserve land in a crazy quilt pattern which would completely surround an authorized and existing private harbor and industrial plant. The Department concludes that the port construction

would foreclose the possibility of establishing a unit of the National Park System by suggesting that there would not be an area left of sufficient size and possessing sufficient scenic and recreational values to be considered appropriate. On the other hand the National Park System contains parks with 20 percent of the area of the remaining duneslands which the Department has described as outstanding.

The Department of the Interior raises what it considers two significant questions: First, it suggests that the Engineers report did not consider the loss in park and recreational resources in its analysis of the cost-to-benefit evaluation of the harbor project. Some time ago I asked the Department of the Interior if there was some formula by which a benefit price could be established for esthetic properties. They told me that it is impossible to put a dollar sign on the beauty of a sunset on a remote beach or some other natural phenomena. Now, the same Department complains that another agency has not done what they told me was impossible for them to do.

Next, the Department suggests that the corps did not seriously weigh the Burns Ditch site against other potential sites along the 45-mile Lake Michigan shoreline in the State of Indiana. First, let me say that the Department of the Interior gives Indiana several more miles of shoreline than it possesses. Perhaps on these uncharted and undiscovered miles of shoreline there could be a place for a port. But on the charted area of our shoreline which has been recognized for 143 years as our shoreline, there is no alternate site. The corps did not reinvestigate the entire shoreline of the State of Indiana in preparing its report. None of the existing harbor locations would be practically improved to construct a port of the scope planned. They did not survey the Indiana Dunes State Park shoreline since it was considered in valuable usage. They did not survey the residential areas on the shore in the cities of Gary, Michigan City, Hammond and others on the industrial sections of the shore where it would be impossible to construct support facilities. They only surveyed the area which is practical for construction of a port, which has some public or private support as a harbor site and which has the economic activities needed to support and justify a port. There is just one such site and that is at Burns Ditch.

In raising this question, the Department infers that the port is being positioned at Burns Ditch to give undue benefits to a single business firm, Midwest Steel Corp. In quoting from the Engineers' report the Department of the Interior suggests that "this site was selected because it is the only one which will serve * * * the needs of the Midwest Steel Corp." Further statements are quoted to infer that this project has as its sole beneficiary the Midwest Steel Corp. Now, let me read the phrase which was so delicately deleted. Let us put the quote back together and see how it takes on a different meaning. The full quotation on page 19 of the corps' report says that this site was selected because it is

"the only one which will serve the public harbor facilities planned by the State and the needs of Midwest Steel Corp." I suggest that this deletion was a deliberate attempt to mislead an unknowing reader of the comments and to make it seem that this was a highly irregular and suspicious project.

Earlier I quoted the Department of Interior as suggesting that pollution would be caused by the harbor and the industrialization of the area which would have a detrimental effect on the recreation potential of the area. I suggest that the Department is not consistent with other agencies of the Government more competent to testify in this area. The Public Health Service maintains a qualified agency which is responsible for studies of pollution and they disagree with the conclusion reached in the Department of the Interior. In their comments on the same project the real experts say, "It is concluded that both existing and potential water pollution from Burns Ditch and the proposed Waterway Harbor can be adequately controlled to protect local beaches and water supplies." They said earlier that the project would not affect the Public Health Service program.

The comments of the Department of Interior suggest that there are now 5½ miles of beach and 9,000 acres of suitable park area. Two years ago, the very thorough Great Lakes shoreline survey suggested that there were only 5,000 acres of any conservation value and their letter of 1959 to the Corps of Engineers suggested that they were considering only 4 miles of suitable beach. It is amazing that the land has improved in natural beauty so much in such a short period of time.

The comments of the Department of the Interior on the report on the Burns Waterway Harbor project cannot be taken seriously. They obviously contain errors in fact, and inconsistencies with Department policies and previous statements.

There will be a port constructed at the Burns Waterway Harbor site. It has been authorized and it is planned as a private port by the Midwest Steel Corp. There will be industrialization of that area because factories are already established there. The natural dunes have already been destroyed by Chicago developers to build the beaches, roads, and buildings of Chicago.

The State of Indiana plans to take advantage of an opportunity presented by the interest of Midwest and Bethlehem Steel Cos., and many other commercial companies in this site to construct a public harbor to provide additional commercial transportation facilities for the producers and consumers of the Midwest. It has suggested a plan which would offer a national seashore area of nearly 5,000 acres in the area of the finest dunes-land. This is the practical solution to this controversy.

There are reasons why some people in Illinois should oppose the Indiana port project. But these reasons seem greedy and they are trying to conceal these real reasons for opposition behind a facade of conservation. I suggest that the op-

ponents of the Indiana harbor seek to conserve the economic welfare of the Calumet port in Illinois, not the beautiful dunes of Indiana.

The Indiana port will compete with the Calumet port for all transshipments of coal, grain, and general cargo from the area. When the Indiana port opens, it will offer shippers a faster and cheaper harbor facility. The following chart will show the comparison with the Calumet port:

Transportation savings for transhipped traffic comparing Burns Waterway Harbor with Calumet Harbor, Ill.

Commodity	Savings in time (hours) ¹	Savings on vessel operation per trip	Tug savings per trip ¹
Coal.....	4	\$ 788	\$780
Grain.....	5	955	1,055
General cargo.....	5	500	1,145

¹ Based on round-trip vessel time from outer harbor to terminals on Calumet River as determined by study of actual transit and detention time, 1959 records.

² Weighted average hourly rates of prospective bulk cargo and self-unloader fleets, each type handling 1/4 of coal traffic.

³ Weighted average hourly rates of prospective bulk cargo fleet.

⁴ Daily operating costs, C-2 type vessels in port.

It is obvious why our friends from Illinois oppose the project. They have built a white elephant, and they are trying to protect it.

If there are those in the Department of the Interior or elsewhere who are legitimately interested in the conservation and protection of the Indiana dunes, let them join with us from Indiana and fight to save the remaining 5,000 acres of dunesland. By joining with those who seek to block Indiana's valuable port under the guise of conservation of the dunes, they risk the loss of the dunes. I urge that the Department of the Interior reevaluate its position and develop a statement which is factual, consistent, and in the interests of true conservation. I urge that those Members who will be responsible soon for consideration of these projects in congressional committees consider the inaccuracies in the Department of Interior's comments when evaluating those comments. I hope that a more accurate analysis of the harbor project from the standpoint of the conservationist will be available from the Department of the Interior when the bills authorizing the public harbor are being considered.

PERSONAL ANNOUNCEMENT

Mr. HAYS. Mr. Speaker, at the request of the distinguished gentleman from Hawaii [Mr. INOUE] whose State is vitally interested in the sugar bill, I withdraw my objection to the request of the gentleman from North Carolina to go to conference.

SUGAR ACT AMENDMENTS OF 1962

Mr. COOLEY. Mr. Speaker, I ask unanimous consent to take from the Speaker's desk the bill, H.R. 12154, to amend and extend the provisions of the Sugar Act of 1948, as amended with the Senate amendments thereto, disagree to the Senate amendment, insist on the

position of the House, and agree to the conference asked by the Senate.

The Clerk read the title of the bill.
The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

The Chair hears none and appoints the following conferees: Messrs. COOLEY, POAGE, JONES of Missouri, INOUE, HOEVEN, MCINTIRE, and TEAGUE of California.

Mr. COOLEY. Mr. Speaker, I ask unanimous consent that the conferees on the bill, H.R. 12154, may have until midnight Friday night to file a conference report for printing under the rule.

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

There was no objection.

NATION'S LAND-GRANT COLLEGES AND UNIVERSITIES

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. WILSON] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. WILSON of California. Mr. Speaker, I am especially happy to join others of my colleagues today in saluting the Nation's land-grant colleges and universities, and to note that July 2 will be the 100th anniversary of the signing of the Morrill Land-Grant Act by President Lincoln.

In my own State, the University of California, with five Nobel Prize winners now on its faculty, is a notable example of the high academic standards the land-grant institutions have built for themselves. All five of these scholars earned one or more degrees at land-grant institutions.

But perhaps more significant is the fact that our land-grant colleges and universities recognized early that higher education should not be exclusively the preserve of the intellectually elite, but also the right of those who will follow careers in agriculture and the industrial and commercial arts.

Who would deny that much of this country's leadership in these areas stems from the recognition of this principle? Learning should not be undertaken wholly for its own sake, but in the hope of benefitting mankind.

With these goals, I am confident our land-grant institutions will continue to be a credit to our country, and am happy to wish them well.

SUPREME COURT DECISION ON PUBLIC SCHOOL PRAYER

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Texas [Mr. ALGER] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ALGER. Mr. Speaker, the decision of the Supreme Court outlawing

nondenominational prayer in the public schools is frightening in its implications. The Court has gone far afield in its interpretation of the constitutional guarantees of separation of church and state to forbid public recognition of Almighty God.

In writing the language of the first amendment the framers of our Constitution clearly indicated its purpose, to prevent the establishment of a state religion or to force upon the people a particular church affiliation. Nowhere in the Constitution is there any suggestion that communication with the Supreme Being is out of keeping with our national precepts. In fact, the very articles upon which our Nation is founded are replete with appeals to our Maker to guide us in wisdom and in strength.

The Supreme Court now denies the right of the people to offer prayers in the public schools, giving as the basis for its decision that through the use of such prayers the state is, in effect, establishing a religion. I agree wholeheartedly with Justice Potter Stewart who, in dissenting from this view, said the Court is "denying schoolchildren the opportunity of sharing the spiritual heritage of our Nation." I would like to include as a part of these remarks at this point Justice Stewart's masterful words in his dissent:

[Supreme Court of the United States—No. 468—October term, 1961]

STEVEN I. ENGEL ET AL., PETITIONERS, v. WILLIAM J. VITALE, JR., ET AL.

(On writ of certiorari to the Court of Appeals of New York)

(June 25, 1962)

Mr. Justice Stewart, dissenting.

A local school board in New York has provided that those pupils who wish to do so may join in a brief prayer at the beginning of each schoolday, acknowledging their dependence upon God and asking His blessing upon them and upon their parents, their teachers, and their country. The Court today decides that in permitting this brief nondenominational prayer the school board has violated the Constitution of the United States. I think this decision is wrong.

The Court does not hold, nor could it, that New York has interfered with the free exercise of anybody's religion. For the State courts have made clear that those who object to reciting the prayer must be entirely free of any compulsion to do so, including any "embarrassments and pressures. Cf. *West Virginia State Board of Education v. Barnette*, 319 U.S. 624. But the Court says that in permitting schoolchildren to say this simple prayer, the New York authorities have established "an official religion."

With all respect, I think the Court has misapplied a great constitutional principle. I cannot see how an "official religion" is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing in the spiritual heritage of our Nation.

The Court's historical review of the quarrels over the Book of Common Prayer in England throws no light for me on the issue before us in this case. England had then and has now an established church. Equally unenlightening, I think, is the history of the early establishment and later rejection of an official church in our own States. For we deal here not with the establishment of a state church, which would, of course, be

constitutionally impermissible, but with whether schoolchildren who want to begin their day by joining in prayer must be prohibited from doing so. Moreover, I think that the Court's task, in this as in all areas of constitutional adjudication, is not responsibly aided by the uncritical invocation of metaphors like the "wall of separation," a phrase nowhere to be found in the Constitution. What is relevant to the issue here is not the history of an established church in 16th-century England or in 18th-century America, but the history of the religious traditions of our people, reflected in countless practices of the institutions and officials of our Government.

At the opening of each day's session of this Court we stand, while one of our officials invokes the protection of God. Since the days of John Marshall our Crier has said, "God save the United States and this Honorable Court."¹ Both the Senate and the House of Representatives open their daily sessions with prayer.² Each of our Presidents, from George Washington to John F. Kennedy, has upon assuming his office asked the protection and help of God.³

¹ See Warren, "The Supreme Court in United States History," vol. 1, p. 469.

² See rule III, Senate Manual, S. Doc. No. 2, 87th Cong., 1st sess. See rule VII, Rules of the House of Representatives, H. Doc. No. 459, 86th Cong., 2d sess.

³ For example:

On April 30, 1789, President George Washington said:

"It would be peculiarly improper to omit in this first official act my fervent supplications to that Almighty Being who rules over the universe, who presides in the councils of nations, and whose providential aids can supply every human defect, that His benediction may consecrate to the liberties and happiness of the people of the United States a government instituted by themselves for these essential purposes, and may enable every instrument employed in its administration to execute with success the functions allotted to His charge. In tendering this homage to the Great Author of every public and private good, I assure myself that it expresses your sentiments not less than my own, nor those of my fellow citizens at large less than either. No people can be bound to acknowledge and adore the Invisible Hand which conducts the affairs of men more than those of the United States.

"Having thus imparted to you my sentiments as they have been awakened by the occasion which brings us together, I shall take my present leave; but not without resorting once more to the benign Parent of the human race in humble supplication that, since He has been pleased to favor the American people with opportunities for deliberating in perfect tranquillity, and dispositions for deciding with unparalleled unanimity on a form of government for the security of their union and the advancement of their happiness, so His divine blessing may be equally conspicuous in the enlarged views, the temperate consultations, and the wise measures on which the success of this Government must depend."

On Mar. 4, 1797, President John Adams said:

"And may that Being who is supreme over all, the Patron of Order, the Fountain of Justice, and the Protector in all ages of the world of virtuous liberty, continue His blessing upon this Nation and its Government and give it all possible success and duration consistent with the ends of His providence."

On Mar. 4, 1805, President Thomas Jefferson said:

"I shall need, too, the favor of that Being in whose hands we are, who led our fathers,

The Court today says that the State and Federal Governments are without constitutional power to prescribe any particular form of words to be recited by any group of the American people on any subject

as Israel of old, from their native land and planted them in a country flowing with all the necessaries and comforts of life; who has covered our infancy with His providence and our riper years with His wisdom and power, and to whose goodness I ask you to join in supplications with me that He will so enlighten the minds of your servants, guide their councils, and prosper their measures that whatsoever they do shall result in your good, and shall secure to you the peace, friendship, and approbation of all nations."

On Mar. 4, 1809, President James Madison said:

"But the source to which I look * * * is in * * * my fellow citizens, and in the counsels of those representing them in the other departments associated in the care of the national interests. In these my confidence will under every difficulty be best placed, next to that which we have all been encouraged to feel in the guardianship and guidance of that Almighty Being whose power regulates the destiny of nations, whose blessings have been so conspicuously dispensed to this rising Republic, and to whom we are bound to address our devout gratitude for the past, as well as our fervent supplications and best hopes for the future."

On Mar. 4, 1865, President Abraham Lincoln said:

"Fondly do we hope, fervently do we pray, that this mighty scourge of war may speedily pass away. Yet, if God wills that it continue until all the wealth piled by the bondsman's 250 years of unrequited toil shall be sunk, and until every drop of blood drawn with the lash shall be paid by another drawn with the sword, as was said 3,000 years ago, so still it must be said 'the judgments of the Lord are true and righteous altogether.'

"With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us strive on to finish the work we are in, to bind up the Nation's wounds, to care for him who shall have borne the battle and for his widow and his orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

On March 4, 1885, President Grover Cleveland said:

"And let us not trust to human effort alone, but humbly acknowledging the power and goodness of Almighty God, who presides over the destiny of nations, and who has at all times been revealed in our country's history, let us invoke His aid and His blessing upon our labors."

On March 5, 1917, President Woodrow Wilson said:

"I pray God I may be given the wisdom and the prudence to do my duty in the true spirit of this great people."

On March 4, 1933, President Franklin D. Roosevelt said:

"In this dedication of a nation we humbly ask the blessing of God. May He protect each and every one of us. May He guide me in the days to come."

On January 21, 1957, President Dwight D. Eisenhower said:

"Before all else, we seek, upon our common labor as a nation, the blessings of Almighty God. And the hopes in our hearts fashion the deepest prayers of our whole people."

On January 20, 1961, President John F. Kennedy said:

"The world is very different now. * * * And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights

touching religion.⁴ The third stanza of "The Star-Spangled Banner," made our national anthem by act of Congress in 1931,⁵ contains these verses:

"Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation!
Then conquer we must, when our cause it is just,
And this be our motto 'In God is our Trust.'"

In 1954 Congress added a phrase to the "Pledge of Allegiance to the Flag" so that it now contains the words "one Nation under God, indivisible, with liberty and justice for all."⁶ In 1952 Congress enacted legislation calling upon the President each year to proclaim a National Day of Prayer.⁷ Since 1865 the words "In God We Trust" have been impressed on our coins.⁸

Countless similar examples could be listed, but there is no need to belabor the obvious.⁹ It was all summed up by this Court just 10 years ago in a single sentence: "We are a religious people whose institutions presuppose a Supreme Being." *Zorach v. Clauson*, 343 U.S. 306, 313.

I do not believe that this Court, or the Congress, or the President has by the actions and practices I have mentioned established an "official religion" in violation of the Constitution. And I do not believe the State of New York has done so in this case. What each has done has been to recognize and to follow the deeply entrenched and highly cherished spiritual traditions of our Nation—traditions which come down to us from those who almost 200 years ago avowed their "firm reliance on the protection of divine providence" when they proclaimed the freedom and independence of this brave new world.¹⁰ I dissent.

of man come not from the generosity of the state, but from the hand of God.

"With a good conscience, our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own."

"My brother Douglas says that the only question before us is whether government "can constitutionally finance a religious exercise." The official chaplains of Congress are paid with public money. So are military chaplains. So are State and Federal prison chaplains.

⁴ 36 U.S.C. sec. 170.

⁵ 36 U.S.C. sec. 172.

⁶ 36 U.S.C. sec. 185.

⁷ 13 Stat. 517, 518; 17 Stat. 427; 35 Stat. 164; 69 Stat. 290. The current provisions are embodied in 31 U.S.C. 324, 324a.

⁸ I am at a loss to understand the Court's unsupported ipse dixit that these official expressions of religious faith in and reliance upon a Supreme Being "bear no true resemblance to the unquestioned religious exercise that the State of New York has sponsored in this instance." See p. —, supra, n. 21. I can hardly think that the Court means to say that the first amendment imposes a lesser restriction upon the Federal Government than does the 14th amendment upon the States. Or is the Court suggesting that the Constitution permits judges and Congressmen and Presidents to join in prayer, but prohibits schoolchildren from doing so?

⁹ The Declaration of Independence ends with this sentence: "And for the support of this declaration, with a firm reliance on the protection of divine providence, we mutually pledge to each other our lives, our fortunes and our sacred honor."

Further, it seems to me, the Court in overreaching itself to avoid the establishment of religion is itself establishing agnosticism and is denying those who believe in God the right to worship according to our individual consciences.

The strength of America has been in its spiritual foundation and woe is the day we deny our Creator and His authority in the establishment of this Nation. We will, on that day, have lost the war of morality and being without spiritual substance, our enemies will triumph.

In concluding these remarks I would like to include the following editorial, "In the Name of Freedom," from the Wall Street Journal of June 26, 1962:

IN THE NAME OF FREEDOM

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country."

This is the simple, nondenominational prayer which the U.S. Supreme Court has now ruled an offense to the Constitution. It was devised by the New York State Board of Regents and recommended for use in that State's public schools.

The Court decision is significant not only in itself but also as symptomatic of a broader move in the Nation toward the rigid exclusion of all traces of religion in the public schools. We think this attitude bespeaks considerable confusion and no abundance of commonsense.

Justice Black, writing for the 6 to 1 majority, contends that the New York prayer violates that part of the first amendment which says: "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof." Specifically, he charges that it does establish religion.

Now if it were true that the prayer constituted an establishment of religion, it would be a serious matter indeed. The authors of the Bill of Rights wrote the establishment clause because they understood very well the perils of state religion and the tyranny which can go with it—which in fact had driven many from the Old World to the New to find religious freedom.

But only a violent wrenching of language can produce the interpretation that the prayer establishes a religion. If one looks at its 22 innocuous words, it must be asked: What religion? Nor does it interfere with anyone's constitutional right of free exercise of religion, including the right to practice no religion and believe in none. It is nondenominational; it is not mandatory in any school; no pupil is required to recite it.

It is simply one among innumerable official governmental references expressing what the Court itself said 10 years ago, that by and large Americans are a religious people. As Justice Stewart observes in his dissent in the present case, "to deny the wish of these schoolchildren to join in reciting this prayer is to deny them the opportunity of sharing the spiritual heritage of our Nation."

If the majority opinion prevails, however, it must logically require the excision of all those countless other official references to God—such as in the Declaration of Independence, the "Pledge of Allegiance," "The Star-Spangled Banner," the words used to inaugurate the President, open the Congress and convoke the Supreme Court itself. Justice Douglas, concurring with the majority, seems to say it does and should apply to these and all the other official instances.

And that is by no means all. If the majority doctrine stands, then anything that smacks of religious instruction or the subtle

imparting of a religious viewpoint in the public schools becomes suspect. Do not suppose this to be a fanciful exaggeration. Already the Bible is banned from some school-rooms. Already a Florida court decision has declared school observances at Easter and Christmas to be unconstitutional, and similar efforts are afoot elsewhere. (Poor kids, if they can't even sing Christmas carols.)

As for banning the Bible, with its magnificent poetry and philosophy, that is but the bare beginning, since so much of our culture is Biblical in derivation. In Matthew Arnold's phrase, the main streams of Western civilization are Hebraism and Hellenism, and by Hebraism is meant the whole Judeo-Christian tradition and ethics.

Shall we then uproot it? Out the window with everything from Dante to Donne, from Milton to Dickens? Or how can public-school teachers teach about Bach or Michelangelo, when the context is so inescapably religious? What is left of history?

Thus, carried to its conclusion, the argument reduces itself to absurdity. That is why we would enter a plea for the exercise of a little commonsense. Any actual attempt to establish a specific state religion is a danger that ought to be easily recognizable. But it is something entirely different to suppose that, short of unimaginable police tactics, teaching about religion can be divorced from the American education with which it is inextricably bound up as a central fact of our heritage.

Those who persist in such attempts had best take care lest, in the name of religious freedom, they do real damage to free institutions.

RESULTS OF 17TH DISTRICT PUBLIC OPINION POLL

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. ASHBROOK] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ASHBROOK. Mr. Speaker, I am including at the end of these remarks the results of the second annual public opinion poll of the 17th Ohio District. For the past 2 months I have been conducting this poll and studying the results. In 1961, I received 12,622 replies to the district questionnaire and this year topped that amazing response with 13,840 replies. It is interesting to note that 98 percent of the questionnaires were signed and over 50 percent of them had additional views written by my constituents.

The questionnaires were sent out throughout my seven-county district to an equal number of Republicans, Democrats, and independents. I have no way of knowing how the answers would break down according to those three groups but I detect in the answers a very strong general belief that we are following unwise fiscal and spending policies here in Washington—that one thought would be a common denominator. Most of the answers would indicate they cross party lines. Sixteen of the nineteen questions were either opposed or supported by a 2 to 1 margin and, in fact, nine of the questions had an 85 percent negative or affirmative reply.

It has been my goal while serving here in Congress to endeavor to acquire a firsthand knowledge of the views of my constituency. This is not an easy job—especially when we are in session here in Washington for 9 months a year. Through this questionnaire, courthouse tours, and hundreds of conferences I have gained the very definite idea that the majority of the citizens in the 17th district want more responsibility here in Washington, not more centralization of power. On the international scene, there is an increasing awareness that we are not successfully leading the free world, that we need a clearer and stronger voice in pointing the way to victory over world communism.

Several thousand persons returning the questionnaire included letters on a variety of subjects—some contained on the poll and some not. It is impossible to categorize them except to reflect the basic concern which seems to be common throughout.

I am also including the results of the 1961 questionnaire. Many of the questions on that poll are of current interest. I endeavored to avoid duplication in the 1962 public opinion poll.

The results are as follows:

Results of 1962 public opinion poll of 17th Ohio District

[In percent]

	Yes	No	No opinion
Do you favor—			
1. Diplomatic recognition of Red China?.....	7.6	89.6	2.8
2. Continued economic aid to the uncommitted or neutral nations?.....	29.1	61.7	8.2
3. Foreign aid to Communist countries?.....	.2	96.6	3.2
4. Congressional approval of the purchase by the United States of up to \$100,000,000 worth of United Nations bonds?.....	23	69	8
5. Continued disarmament and nuclear ban negotiations with the Communists?.....	52.2	42.6	5.2
6. A statement by the United States of its intention and will to achieve victory over world communism by means other than war?.....	76.1	14.9	9
Do you believe—			
7. The United States should resume testing of nuclear weapons in the atmosphere?.....	71.1	20	8.9
8. That assistance to unemployed workers (caused by imports) and subsidies to businesses (hurt by imports) would develop into massive and unworkable Federal programs?.....	73.8	17.6	8.6
9. We should endeavor to decrease the national debt of \$300,000,000,000?.....	90.6	6	3.4
10. We should create a new Cabinet Department of Urban Affairs and Housing?.....	15.2	76.4	8.4
11. The United States should support the United Nations action in the Congo against Katanga?.....	33.8	40.3	25.9
12. That the United States should borrow money to use in the \$5,000,000,000 foreign aid program?.....	3.5	92.1	4.4
Do you favor—			
13. Pay increase for 2,500,000 Federal employees of approximately 15 percent spread over 3 years?.....	21.9	69.5	8.6
14. A higher education scholarship program financed by the Federal Government?.....	29	66	5
15. President Kennedy's request for power to raise and lower taxes?.....	6.1	92.6	1.3

Results of 1962 public opinion poll of 17th Ohio District—Continued

	[In percent]		
	Yes	No	No opinion
Do you favor—Continued			
16. President Kennedy's request for standby authority to spend \$2,000,000,000 on public works when and where he deems it advisable?-----	13	84.7	2.3
17. A Federal subsidy to the arts?-----	5.3	88.7	6
18. Legislation to ban postal delivery of foreign Communist propaganda?-----	87.7	9.9	2.4
What would you do—			
19. The 1962 budget will be approximately \$10,000,000,000 out of balance. The prospects for 1963 look like further deficits. Should the budget be balanced?-----	90.8	2.2	7
If so, by—			
A. Less Federal spending in the defense and space programs-----	29.6		
B. Less Federal spending in foreign aid and related fields-----	87.7		
C. Less Federal spending in the nondefense and noninternational area-----	72.7		
D. Increased taxes-----	13.7		

Results of 1961 questionnaire

	[In percent]		
	Yes	No	No opinion
1. What are your thoughts on Federal aid to education (answer 1):			
(a) I do not favor a program of Federal aid to education-----	51		
(b) I favor Federal aid to education only if there is no control of our traditionally local school matters-----	35		
(c) I favor Federal aid to education-----	9		
No opinion-----	5		
2. Do you favor Federal aid or loans to private or parochial schools?-----	10	87	3
3. Which more adequately reflects your position on medical care:			
(a) I support a compulsory Federal program of medical care for the aged under social security with the cost of program paid for by increased taxes on employees and employers-----	16		
(b) I support a voluntary program of medical care for the aged with costs shared by Federal and State Governments out of general tax revenues-----	29		
(c) I do not believe in Government participation in this field-----	48		
No opinion-----	7		
4. Do you favor a farm program which will—			
(a) Move in the direction of less controls and subsidies-----	84		
(b) Endeavor to improve farm income by adopting strict farm controls and price supports-----	8		
No opinion-----	8		
5. Do you support the President's request for extension of the 1-cent tax on gasoline (which expires this year) to finance improvements in our Interstate Highway System?-----	59	36	5
6. Should Red China be diplomatically recognized by this Government?-----	14	74	12
7. Should Congress raise the minimum hourly wage to \$1.25 and extend it to local businesses heretofore considered in State or local commerce?-----	36	57	7
8. Do you favor the President's multibillion dollar foreign aid program?-----	13	77	10

Results of 1961 questionnaire—Continued

	[In percent]		
	Yes	No	No opinion
9. Do you believe that Congress should enact laws protecting domestic industries from competition of products imported for sale in the United States?-----	64	24	12
10. Do you believe in extending unemployment compensation benefits from 26 to 39 weeks?-----	35	58	7
11. Do you favor a "softer" U.S. attitude toward the Communist bloc?-----	2	94	4
12. Should we abolish the House Un-American Activities Committee?-----	10	76	14
13. Do you favor a general increase in the services of Government as proposed by the President?-----	16	73	11
14. Do you support the proposed Peace Corps?-----	37	43	20

SUPREME COURT DECISIONS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Nebraska [Mr. CUNNINGHAM] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. CUNNINGHAM. Mr. Speaker, it is heartening to hear the many expressions of concern by our citizens about the Supreme Court decision affecting the recitation of a prayer by schoolchildren. Certainly this is a nation founded and conceived in the belief and acknowledgment of a Supreme Being.

We seek His guidance throughout our Government. We are by and large a God-fearing nation, a people who believe in God and yet a people who recognize the separation of church and state.

But it is almost beyond belief that voluntary prayer services or Bible readings cannot continue in schools and other public places. That certainly is not the will of the people, nor could it have been the intent of our forefathers.

Accordingly I am joining my colleagues who have proposed that this be submitted to the people for their final decision. I am today introducing a proposal calling for a decision by the people—a constitutional amendment which must be considered by the people through their representatives here in the Congress and in their State legislatures.

This resolution would allow nonsectarian prayers in public schools and other public places on a voluntary basis. It would not compel anyone who is an atheist or nonbeliever of some other type to listen or participate.

But it would acknowledge that for the overwhelming majority of Americans we are God-fearing people who acknowledge the existence of a supreme power in our lives, in our Nation's affairs and in our common destiny.

I now include a resolution sent to me by the Exchange Club of Omaha, a group of leading businessmen and professional men, concerning this Supreme Court ruling:

Whereas, the Supreme Court of the United States has by a decision handed down June

25, 1962, forbidden the reading of the regents prayer in the State of New York;

Whereas the wording of this opinion is such as to forbid the voluntary reading of any prayers in our public schools;

Whereas the United States of America is regarded as a Christian nation and it is hoped it will continue to be so regarded;

Whereas this opinion seems calculated to give great comfort to atheists and Communists and other nonbelievers in the existence of a god;

Whereas the membership of the Exchange Club of Omaha is made up of 96 men from all the professions and executives from all lines of business;

Whereas such men are Christian God-fearing gentlemen and believe in the acknowledgment of the supremacy of God;

Whereas it now appears that in its present form and as presently interpreted our National Constitution prevents the voluntary participation in such prayers in our public schools: Therefore be it

Resolved, That the Exchange Club of Omaha in regular meeting assembled this 26th day of June 1962, at the Omaha Athletic Club at Omaha, Nebr., herewith petitions you, GLENN S. CUNNINGHAM, our U.S. Congressman, to use all of your power and influence to initiate and adopt a constitutional amendment permitting the voluntary participation in such prayers and encouraging the further recognition that the United States of America is a Christian nation.

TRADE EXPANSION ACT OF 1962

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. OSMERS] may extend his remarks in the body of the RECORD at this point.

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

There was no objection.

Mr. OSMERS. Mr. Speaker, I rise in support of H.R. 11970, the Trade Expansion Act of 1962.

Without doubt, Mr. Speaker, the future economic health of our Nation requires that we move in the direction of more trade with other nations of the world if we are to maintain peace and increase prosperity in the great American tradition. Let me say that I feel very strongly that it would have been far better for the House to have had a less rigid rule under which to consider a bill of this type, particularly with reference to the sections which provide for adjustment assistance to workers and firms who are adversely affected by its effects. It is quite obvious, Mr. Speaker, that most Americans fall into one of three general groups with respect to foreign trade legislation. The first group are those involved in local business activities and services who are simply not directly affected at all. The second group are those engaged in the production of products and raw materials which have a low labor quotient. This group will be greatly benefited by the passage of the act, of course. The third group are those who make products with a relatively high labor component. This latter group has much to fear because of the much lower basic wage rates that prevail abroad.

It is vitally necessary that we have sensible adjustment assistance, but we must not create another monster simi-

lar to the farm program by which we will support unsuccessful, inefficient producers forever.

There are two very disturbing aspects about the future of our foreign-trade program, assuming this Trade Expansion Act becomes law. First, the extremely poor handling of complicated programs by the present administration, coupled with its callous use of Executive power for partisan political purposes, is disturbing in the extreme. Such handling of this program will destroy the great hopes and confidence which many of us have in it. Second, let me say flatly, that the very heart of our economic system is free enterprise. The American worker and businessman can compete with nearly everybody everywhere if given the same set of rules. The reason for our sluggish growth rate, as compared to other free nations, is quite easy to explain. We simply have not taken the necessary steps here in Congress to remove the punitive and confiscatory taxes and regulations which were placed on the free-enterprise system during the depression of the thirties. Excessive rates of taxation, coupled with antiquated depreciation formulas, are more responsible for our lack of growth and relatively high permanent unemployment than any other factors.

Mr. Speaker, I urge my colleagues to support this bill, but at the same time let me emphasize that we must have tax reform and tax-rate reduction if our economy is to grow and prosper. We can create new employment opportunities in no other way. Also, Mr. Speaker, this significant program must be administered honestly, impartially, and efficiently.

A TRIBUTE TO RICHARD RODGERS

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. LINDSAY] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. LINDSAY. Mr. Speaker, I rise today to pay tribute to a person for whom I have endless admiration and respect, on the occasion of his 60th birthday. That person is Richard Rodgers, whom I am pleased to call my friend as well as my constituent.

From the time he was a small boy, Dick Rodgers knew that he wanted to be a composer. Through years of composing for camp groups, benefits, charity affairs, and several early Broadway efforts; through his years of study at Columbia University and the Juilliard School of Music, he persevered to reach his goal. One day in 1925 when the future was looking especially grim and Dick Rodgers was contemplating the possibility of abandoning composing for a job as an underwear salesman, a former friend asked if Dick Rodgers and his partner, Larry Hart, would write the songs for a special revue which the Theater Guild was putting on to raise money to buy new tapestries for its theater. Dick Rodgers, Larry Hart, and a friend,

Herbert Fields, set to work on the show. The result was the immensely successful Garrick Gaieties and the launching of a notable career in the musical theater.

Not only did the lilting strains "Manhattan" and "Sentimental Me" succeed in "gilding the guild" but the American musical stage had a triumvirate in Rodgers-Hart-Fields, who filled the buoyant days of the late 1920's with a steady outpouring of marvelous shows that captured so much of the innocence of that carefree era. Shows like "Dearest Enemy," "The Girl Friend," "Peggy-Ann," "A Connecticut Yankee," "Present Arms," and "America's Sweetheart" moved musical comedy out of its old formula-ridden grooves, and on to a level of sophistication and freshness which had seldom been seen on our musical stage. Today, these shows are best remembered for their wonderful songs. The stories, which were pretty realistic stuff in those days, have long been forgotten except by the most long-memory of connoisseurs. Not so with the songs. If Richard Rodgers were only remembered as a composer of such songs as "Manhattan," "The Blue Room," "My Heart Stood Still," "Thou's Swell," "You Took Advantage of Me," and "I've Got Five Dollars," to name only a few, he would have more than secured a hallowed place in the Hall of Fame of our musical stage.

During the depression the music of Richard Rodgers never succumbed to the despair of the times. After a brief sojourn in Hollywood, Rodgers and Hart made a triumphant return to Broadway in 1935 when they fashioned the score for Billy Rose's colossal extravaganza "Jumbo." From 1936 until the death of Larry Hart in 1943, the team turned out one spectacular success after another, including "On Your Toes," "The Boys From Syracuse" and "Pal Joey." By the arrival of "Pal Joey" in 1940, one columnist humorously suggested that the team of Rodgers and Hart so dominated the American musical stage that they should be prosecuted for violation of the antitrust laws.

In 1943 an obscure Theater Guild offering named "Away We Go" became "Oklahoma" in New Haven and the team of Rogers and Hammerstein was launched, commencing the most successful collaboration in the history of our musical theater. The best of their shows, "Oklahoma," "Carousel," "South Pacific," "The King and I," and "The Sound of Music," are among the most beloved works in the annals of our musical stage.

Throughout his years with both Hart and Hammerstein, Richard Rodgers brought the highest level of craftsmanship and artistry to every song in every show. It is interesting to note that some of the least known of his songs are perhaps some of his very best. With the passing of his beloved collaborator, Dick has gone on to a new career on Broadway. The extraordinary success of "No Strings" bears ample testimony to the enduring quality of his genius.

Not only is Dick Rogers one of America's greatest composers, he is also a distinguished producer and contributor to many cultural endeavors in the city of New York and throughout the country.

His efforts in aiding the work of Columbia University, the Juilliard School of Music, ASCAP, the New York Philharmonic; the scholarships he has set up for deserving young people in the field of music; the civic work which he has accomplished for the city of New York—all these have brought distinction and betterment to his community and his country.

It is truly amazing, Mr. Speaker, that one minute this extraordinary man can be sitting at his desk discussing the production costs of a show, or on the telephone with a friend or associate, or maybe even breakfasting in a waffle shop in Detroit, as he recently was, during the writing of "No Strings," and then in the next moment can turn out a song which Americans are likely to be singing for years and years to come.

Of course, Dick Rodgers will never stop writing. He loves his work far too much to consider such an eventuality. Fortunately, during the coming year, our lives will once again be brightened by a show with music by Richard Rodgers. It is an event to which we look forward with great anticipation, as we have always looked forward to Rodgers' openings. For almost 40 years Rodgers' openings have brought distinction to the American musical stage and joy into our lives.

Mr. Speaker, I am deeply honored to pay tribute to Richard Rodgers today, to his lovely wife, Dorothy, and to his lovely daughters, Mary and Linda. Dick Rodgers is truly "a wonderful guy." I wish him a very, very happy birthday.

RECIPROCAL TRADE AGREEMENTS PROGRAM

Mr. CAHILL. Mr. Speaker, I ask unanimous consent that the gentleman from Oregon [Mr. DURNO] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. DURNO. Mr. Speaker, one of the most important and far-reaching issues to come before the Congress this year is the administration's trade agreements program. Depending on the way it is enacted and the way it is administered, it can make or break vast segments of our American economy.

The program amounts to a complete rewriting of the Reciprocal Trade Agreements Act that has been our basic foreign trade policy for 28 years. It would give the President unprecedented broad powers in the field of regulating foreign trade. He and his advisers would be empowered to negotiate new trade treaties with other countries or groups of countries sharply lowering, even eliminating in some cases, the tariffs we impose on imports of their products into this country. Theoretically, the other countries would grant us compensatory reciprocal tariff concessions in return.

In his January 25 message requesting the necessary legislation, the President emphasized the changing world conditions of this jet-age era. He pointed to the growth of the European Common Market; he noted that if the United

Kingdom and others successfully conclude negotiations to enter the group, almost 90 percent of the free world's industrial production will be concentrated in the United States and the European Economic Community.

The President called attention to the need to increase our exports to help offset the drain on our gold reserves resulting from our foreign aid and overseas military operations. Furthermore, he said, increasing our exports will help accelerate our overall economic growth.

He also referred to the need for increased trade among free world and underdeveloped nations to offset the Communist trade offensive.

I think most Americans would agree that greater international trade is urgently needed, and that in this day and age it is impossible for any nation to exist in economic isolation. Nevertheless, there are fundamental questions about methods of achieving the goal and the extent to which they should be carried. Legitimate and valid inquiries are being raised about some points in the administration program.

Specifically, the President wants two sweeping authorities in the tariffmaking field.

First, he wants "general authority to reduce existing tariffs by 50 percent in reciprocal negotiations."

Second, he wants "special authority to be used in negotiating with the European Economic Community—the Common Market—to reduce or eliminate all tariffs on those groups of products where the United States and the EEC together account for 80 percent or more of world trade."

Furthermore, as a subsidiary to this second point, he asks another authority. It is "to reduce or eliminate all duties and other restrictions on the importation of tropical agricultural and forestry products supplied by friendly less-developed countries and not produced here in any significant quantity, if our action is taken in concert with similar action by the Common Market."

The vagueness and generalities of this particular request should be noted. The President said he needs it to help develop markets for tropical products that are the staple exports of many less-developed countries. He said he referred to items that are not produced in the United States, and mentioned, specifically, only coffee and bananas. But it raises a question that is particularly pertinent to our Northwest; could the clause be used to boost imports of tropical lumber and plywood? This is a question which has not yet been answered but which I, for one, intend to explore thoroughly.

But to get back to the President's program. He conceded in his message that increased imports brought about by the new tariff-lowering agreements he contemplates, will harm some American companies, farmers, and workers.

His answer to this admitted problem is in familiar vein: more new authority for the President.

On this one, he proposes what he calls trade adjustment assistance. It would permit him to provide special assistance

to any workers unemployed or underemployed as a result of increased imports. This assistance would be in three forms:

First. Readjustment allowances of up to 65 percent of the worker's average weekly wage for up to 52 weeks for all workers, plus 13 additional weeks for workers over 60. Normal unemployment insurance compensation would be deducted from the amounts paid under this program, with the Federal Government making up the difference. Thus, what it amounts to is a guarantee, to any worker idled by increased imports, of 65 percent of his normal pay for a year or 65 weeks, depending on his age.

Second. Vocational education and training assistance to train the displaced workers in higher and different skills—meaning, to train them for a new trade or type of work.

Third. Financial assistance, for those who cannot find work in their present community, to relocate to a different place in the United States where suitable employment is available. What this means is that the Federal Government would foot the bill for a worker who loses his job because of increased imports, to move to another community where he can get a job.

The President also wants authority to help businessmen or farmers harmed by imports. This would include providing technical information and advice, tax benefits to encourage modernization and diversification, and loan guarantees and loans not commercially available to aid modernization and diversification.

Quite a package.

The President says his program would help American business, farmers, and workers because it would increase our exports more than it would our imports. He says also that the peril-point and escape-clause provisions of the existing tariff law would continue to operate to save some industries which we need to maintain but which would be hurt by imports. Other industries hurt by imports obviously would be allowed to go down the drain, with Federal assistance to displaced workers as I have just outlined.

There are several disturbing facets to this program. For one thing, it is a blatant grab for greater power for the executive branch of our Government.

The Constitution of the United States specifically lodges in the Congress—not in the President—the power to levy duties and imposts, and to regulate commerce with foreign nations. The President's recommended trade agreements legislation most assuredly would give to him the power, which the Constitution gives to the Congress, to levy duties and to regulate commerce with other nations.

Admittedly, the Congress gave up some of its constitutional power in this area 28 years ago when it passed the original reciprocal trade agreements legislation. But that delegation of power in the 1934 act was sharply limited. Here we have the New Frontier going infinitely further than did its predecessor administration of the same ultraliberal political tinge, the New Deal. Here we have the New Frontier saying it must have au-

thority to eliminate tariffs completely in a broad variety of cases. It is in effect demanding the right to impose a death sentence on selected American industries.

This request for transfer of these broad powers from the Congress, where they were placed by the Constitution, to the executive branch is part and parcel of the New Frontier's basic philosophy. It is simply another phase of the New Frontier's unspoken but unrelenting effort to expand the President's powers over our entire life. It is a logical followup to the innumerable requests for so-called back-door spending authority—authority for the President to spend Federal money without going through the normal congressional appropriation process, with its inquiries into how the money is being spent. The dictatorial farm programs proposed by the New Frontier have been in the same pattern. So is the President's request for authority to juggle income taxes. So are innumerable other New Frontier programs aimed at enlarging the powers of the Executive, always at the expense of the rights and powers of Congress and of local and State governments, and at the expense of the freedoms and liberties and rights of individual citizens.

All of this represents a big reason why many Members of Congress are seriously considering the advisability of providing for congressional reviews of new tariff agreements negotiated by the executive branch before they can become effective.

There are other reasons, too.

The President carefully notes that his legislation would continue the peril-point and escape-clause procedures which have been in the law many years, but in what he calls modernized and improved form.

The fact is, of course, that these procedures have been virtually useless as they stand. The peril-point provision has grown rusty from lack of use. The escape clause, which was intended to provide tariff relief for American industries that can show harm from imports, has been almost as bad. Figures show that since 1948, industry has gone to the trouble and expense of filing petitions for escape-clause relief in 130 cases. The Tariff Commission has recommended relief in 40 of the cases—less than one-third of the petitions filed. And of these 40 recommendations for tariff relief, the White House has rejected 23 and acted favorably on only 13. Four others still are awaiting White House action. This means that escape-clause relief has been granted in only 1 out of 10 petitions filed with the Tariff Commission. It seems fair to say that it has not provided much help to industries harmed by increased imports.

Actually, the New Frontier thus far has shown no signs whatsoever of any intention or desire to attack the real root of our economic problems, including our international trade. The real root of the problem lies in the relentless inflation that has been eroding the value of our dollar for nearly 30 years and our constantly increasing costs of production.

Massive Government deficit spending has been a prime contributing factor in this inflationary spiral. What is the

New Frontier doing about it? In his first full year in office, President Kennedy is creating a \$7 billion deficit. For the coming year, he has submitted the biggest peacetime budget ever laid before Congress; he says it will be in precarious balance, but the odds are heavily that in practice it will wind up with another deficit next year. Now he is being forced to ask for a new, alltime high limit on the national debt.

Fiscal responsibility on the part of the Federal Government could contribute much to ending, or at least slowing down, our inflationary spirit. All we have seen from the New Frontier has been fiscal irresponsibility.

The spirit is vicious. As prices have increased for goods and things we must have to live, labor has demanded increased wages. Labor is in with further wage demands this year, and undoubtedly will win at least a part of their demands. Prices then will inch further upward. The round-robin process feeds itself. Governmental fiscal responsibility would cut down its feed.

The point of this discussion in connection with the President's trade program is that our soaring costs of production have made it more and more difficult to find markets abroad for American-made goods. Many items already have been completely priced out of world markets. An administration that truly wants to boost our international trade should start by practicing governmental economy, thus stabilizing our costs of production. On this, however, the New Frontier's braintrust obviously disagrees.

We are fully aware of the need for expanded international trade, and the variety of factors that require this expansion of international trade. We realize the vital need to find new foreign markets for our agricultural products. But we have questions about the program endorsed by the New Frontier.

We want to know whether there is any chance that hardwood plywood imports might be made duty free as a tropical forest product from friendly less-developed countries.

We want to find assurance that the trade agreements contemplated under the program will be truly reciprocal. We seek reason to feel confident that any new trade agreements will bring concessions from other countries of equal value to the concessions we grant to them.

We wonder whether the trade adjustment assistance will be sincerely conducted to relieve hardships resulting from increased imports or whether it will be just another leftist political boondoggle.

These and other questions add up to the reason why many of us in the Congress are determined to read the fine print and find some answers before voting for this broad delegation of power.

Undoubtedly, there will be some form of reciprocal trade legislation enacted this year since the present program expires on June 30.

Whether it will be in the form sought by the administration is problematical. If it can provide satisfactory answers to our questions, it could well be. If its

answers are unsatisfactory, there is a good chance the program finally enacted may be in substantially altered form.

The Congress faces a grave responsibility in this legislation. We must be careful lest we do more harm to the American economy than we do it good.

THE PEOPLE'S COLLEGES KEEP PACE: THE UNIVERSITY OF DELAWARE AND THE LAND-GRANT MOVEMENT

Mr. LIBONATI. Mr. Speaker, I ask unanimous consent that the gentleman from Delaware [Mr. McDOWELL] may extend his remarks at this point in the Record and include extraneous matter.

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

There was no objection.

Mr. McDOWELL. Mr. Speaker, today America celebrates the 100th anniversary of the Morrill Land-Grant College Act. On July 2, 1862, burdened with the military decisions of the Civil War, President Lincoln signed the first Morrill Act into law. Could it be that even Lincoln, the Congress, and the people of that trying era could have foreseen the tremendous benefits of this legislation for future generations of Americans? For, clearly, more than any other single measure, this act has shaped significantly the educational and, perhaps, the economic development of our Nation.

Several reasons have been advanced why the Land-Grant Act received the approval in the 1860's which it had failed to achieve earlier. Obviously, the events of the Civil War dramatized most effectively some of the existing technical and military deficiencies of the Nation. Also, at the war's beginning, the college curriculums had not yet been adapted to the industrial revolution to which America was already deeply committed. Newly developing areas of the curriculum were obviously overlooked at the older established colleges. Unquestionably, then, the Civil War forced educators to recognize those emerging needs resulting from the development of new academic and social disciplines. At the same time, Congress and the public were becoming alert to serious gaps in America's agricultural and industrial leadership.

Yet, I am convinced that there was an even more fundamental reason why the land-grant college movement attained the popularity which led to its enactment and subsequent expansion in 1890 and in later acts. From its beginnings, many of the Nation's leaders had been committed in principle to fostering the education to the common people, the working classes. To be sure, some State universities were founded even before the States were admitted to the Union. Yet, for some 200 years only sporadic interest was shown in extending this democratic concept to include publicly supported higher education for a majority of average citizens throughout all the States. George Washington's idea of a national university was never realized. We were, as a people, still looking back to Europe for our examples. Inevitably,

however, the American people found need to revise or reject many of the Old World customs and began to adapt them to New World conditions. Perhaps it took America those long generations to develop a clear and sure awareness of her unique commitments as a nation of many peoples, and many backgrounds. The aristocratic tradition of gentlemen's colleges inevitably gave way to the more democratic ideal of equal learning opportunities for all, regardless of economic or social status. Today we are told that more equality of opportunity for post-secondary training exists in the United States than in any other nation in the world.

Of equal significance and representative of the unique spirit of the land-grant college movement are the diverse backgrounds of the individuals who helped actualize the first Morrill Act. Jonathan B. Turner was a Yale graduate, a product of private higher education in the finest tradition.

As early as 1850, Turner recommended that Illinois endow a State university with money it had received from the sale of public lands. He was convinced from his experiences that farmers and mechanics were as much in need of education as those entering the traditionally respected fields of law and medicine. Turner once observed:

We need a university for the industrial classes in each of the States.

Ironically enough, it was the son of a Vermont blacksmith, a non-college-trained Member of the Congress, who succeeded in convincing the Nation's leaders of this same need. But the struggle was all uphill. The land-grant bill was first introduced in 1857. Congress passed the measure, but President Buchanan vetoed it on the grounds that it was unconstitutional for Congress to appropriate money for education.

In a fiery speech on the House floor, Morrill replied:

If we can legislate for the deaf and dumb, may we not legislate for those who can hear and speak? If we can legislate for the insane, may we not legislate for the sane?

Yet the President's veto was upheld, and it was not until 1861 that Morrill reintroduced his bill with the additional provision that instruction in military tactics be required at the proposed land-grant institutions. This was an advantageous change in view of the wartime situation, and the Morrill bill was enacted the following year after passing the Senate 32 to 7 and the House 91 to 25.

These, then, are some of the beginnings of the land-grant movement as it progressed on a national level. Surely, each State can boast of some special contribution to that movement and note with pride its part in the progress made during these 100 years.

My own State of Delaware accepted the Morrill Act in 1867, and 2 years later Delaware College was opened to students as a land-grant institution. Like many early American colleges, the University of Delaware began as a small, church-related institution; and it had been in existence 124 years before Lincoln signed the first Morrill Act. For example, as

the Newark Academy in 1769, the school trained Presbyterian divinity students. Then, several decades after the Revolutionary War came the merger with Delaware College—1834. The 19th century saw a mounting interest in establishing a degree-granting institution in Delaware. As early as 1821, the State legislature had passed an act granting an early proposal for Newark College, as an endowment fund, the receipts from steamboat and stagecoach licenses.

Finally, in 1833 the General Assembly of the State officially granted the charter to establish a college at Newark to instruct students in languages, arts, and sciences, with power to grant degrees. Ten years later, Newark College's name was changed to Delaware College. However, following 1859, the college became defunct and was able to reopen its doors only after the legislature made it the beneficiary of the 90,000 acres of land which Delaware received under the Morrill Act. Educational offerings were broadened then in keeping with the responsibility to teach such branches of learning as are related to agriculture and the mechanic arts in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions in life.

When the college did reopen, it offered an engineering course of 3 years, an agricultural course of 4 years, and a classical program of 4 years to a total of 22 students.

Later in 1888, in accord with the provisions of the Hatch Act, Delaware College established an agricultural experiment station as a service to the farm population. Appropriations from this and other Federal acts, supplemented substantially by funds from the State legislature, commercial grants, and fellowships have resulted in much broadened agricultural research for which 800 acres—including the facilities of the university farm at Newark and the sub-station farm at Georgetown—are currently being utilized—for research on plants, animals, poultry, and food production distribution.

The late Dr. George A. Harter, of the university, has given the Hatch Act a similar degree of credit for the university's continuation as the Morrill Act received for its reopening. As Dr. Harter noted:

The establishment of the experiment station probably saved the college. * * * The Federal aid * * * gave us a great impetus. In this period the State was making no contribution to the expenses of the college. (President's report, University of Delaware, 1960-61, p. 14.)

Another highlight in the university's history was the enactment of the Smith-Lever Act of 1914. This legislation created in each land-grant institution a Cooperative Extension Service associated with the U.S. Department of Agriculture. Under its provision, county agents were to disseminate practical research findings on subjects relating to agriculture and home economics.

This cooperative program, supported by State and Federal funds, still enjoys a unique role and fine reputation among Delaware's people as it does throughout

the country. For the past 41 years the institution has had the official name of the University of Delaware. As President John A. Perkins so aptly states in his 1960-61 report on the university:

Justin Morrill's admonition to disseminate higher learning more widely has meant taking it to the farmer's dooryard and country kitchen, the individual establishment and the schoolhouse occupied evenings by adults (1960-61 report, p. 25).

It would be a mistake to assume, however, that the ultimate goals of the land-grant college movement have already been achieved. To be sure, those aims will continue to grow as long as this democracy maintains its dynamic character. In this centennial year, the American Association of Land-Grant Colleges and State Universities has outlined two principal goals of consideration:

First. To assess and evaluate the work the land-grant institutions are now doing toward the end that they may identify more clearly their special responsibility to the people of this country and the world during their second century of service.

Second. To build public understanding of the land-grant college and university movement, especially as this may contribute to solving present problems and meeting future needs of all colleges of the Nation.

In Delaware, we can find evidence of honest reappraisal of how our land-grant university is meeting the challenges and responsibilities which new circumstances demand. Along with past accomplishments, President Perkins has pointed out some current shortcomings and potential needs. Among the problems challenging Delaware's position as a land-grant school, of late he has noted the following: a drop in engineering enrollments; comparatively low enrollment in home economics; some deficiencies in the high school preparation of youth for scientific college-level training in agriculture; the large number of Delaware youth who go out-of-State to college; the high per-student costs of educating small enrollments in the traditional land-grant areas of instruction; and the problems of educating and keeping qualified teachers in the State—one of the implied responsibilities of democracy's colleges.

Yet there are also clear evidences of efforts to remedy current problems and to further the tradition that brought the land-grant institutions into being—to provide quality education for the many at minimal cost. For example, in fall 1961 200 students were admitted to the university as part of a limited-admissions program. Many of these were not degree candidates but rather were enrolled in 2-year terminal courses. The purpose of this step was to open opportunities to those with somewhat below-average high school records in keeping with the democratic concept which encourages all young people to develop their talents to the fullest—even in some cases where they have been off to a rather slow start academically. Yet, at the same time, university academic standards have not been compromised. For example, one recent freshman class

had among it 30 high school valedictorians and at least 40 finalists and semifinalists from the National Merit Scholarship competition.

Other signs of increased quality are: Progress in the fields of research and graduate study made especially since World War II; growth of adult evening courses; increases in library holdings recently of about 10,000 books per year; and an enrollment rise of 14 percent in a recent year as compared with the national percentage of approximately 7 percent. Moreover, the university has dropped from 4th to 14th of late in the cost of its fees as compared with other State-assisted universities. Nor can we ignore the sizable contribution of private benefactions to university progress. Whatever advances have been made are the result of individual as well as State and Federal cooperation and support.

Teaching, research, and service—these remain the primary goals of Delaware as a land-grant institution. Dedicated to the things of the mind, the university cherishes and practices the highest standards of instruction and scholarship. Research is seen as a coordinated function of teaching, an integral part of institutional life, but certainly must not usurp the primary goal of excellent teaching.

The future will be no less demanding than the past. Times are changing more quickly than many of our citizens realize. Delaware, once a rural State, is now a predominantly urban one. This decline in the farming population holds far-reaching implications for the land-grant institutions and the kinds of services which they shall be expected to offer. As President Perkins has noted:

In an earlier and simpler organization of rural society, the land-grant institution could best be of service by helping the individual farmer and his wife with their problems. Now the children of these farmers have moved to the cities. Their problems, aside from employment, have become less individual and more an outgrowth of urban life. The solutions depend not so much upon individuals as upon their governments and social and civic organizations.

Mr. Speaker, the National Manpower Commission once referred to the Morrill Act as "the most important single governmental step in connection with the training of scientific and professional personnel." Moreover, as our university's president has also observed, a Hoover Commission task force in 1949 called it the most effective grant-in-aid ever made by the Federal Government. Today these 68 land-grant institutions, ranging in enrollment from about 44,000 to 550, continue to flourish. Such growth requires constant vigilance for maintaining quality and for exploring new areas of service to meet the expanded needs of the people. From those early decades of relatively low standards and a scarcity of qualified teachers, 40 percent of these publicly supported institutions now have university status. Furthermore, about 60 percent of all living American Nobel Prize winners hold earned degrees from land-grant colleges. These institutions, representing only 5 percent of all U.S. colleges and universities, enroll approximately

20 percent of all students and grant 40 percent of the Ph. D.'s awarded. Offering comprehensive training for many varied careers and professions, they retain a dedication to solid preparation in the liberal arts in accordance with the intent of the original Morrill Act.

With an outstanding record of service to the Nation in both war and peace, the land-grant colleges now look to the future—a future of unprecedented challenges in the areas of science and technology as well as in international understanding. Directed by bodies responsible to the people in the individual States, these schools are uniquely equipped to recognize and meet whatever requirements our national progress demands. Their effectiveness will, to a great extent, determine the outcome of many of our efforts in the direction of scholarship, economic progress, and the vitality of the democratic life. At this, the outset of their second century of service, the institutions which led America into the industrial and technical age look forward to continued responsible leadership and dynamic service.

SURVEY ON IMPACT OF DEFENSE PROCUREMENT UPON VARIOUS STATES AND SECTIONS OF THE NATION

Mr. ASHLEY. Mr. Speaker, on March 15 I inserted in the CONGRESSIONAL RECORD the results of a study which I undertook in an effort to analyze the trend of the last decade with respect to defense procurement and its impact upon various States and sections of the country.

This study revealed that of the total net dollar value of military procurement throughout the entire United States, California registered an astonishing increase from 12.6 percent of the total in 1952 to 23.9 percent in 1961. Texas share of U.S. defense procurement, though considerably less, showed healthy growth from 3.4 percent of the total in 1952 to 5.1 percent in 1961. These two States, then, accounted for 16 percent of total U.S. defense procurement spending—\$6 billion—in 1952 and 29 percent—\$6.3 billion—in 1961.

As I also pointed out in my study, Ohio, Michigan, Illinois, and Pennsylvania registered a sharp decline from 29.4 percent of the total value of defense procurement in 1952 to 12.8 percent in 1961—a drop from \$11 billion to \$2.7 billion. As against a national decline of 42.2 percent in total U.S. procurement spending between 1952 and 1961, it was shown that Ohio, Michigan, Illinois, and Pennsylvania suffered a loss averaging nearly 30 percent greater than this national average. Had these four Midwestern States merely suffered a cutback equivalent to the 42.2 percent national cutback, the value of their combined defense business from 1952 through 1961 would have been between \$15 and \$20 million greater than it was for this period.

These and other facts and data contained in my March 15 analysis have recently been confirmed by a Department of Defense study entitled "The Changing Patterns of Defense Procurement." This study traces the geographic shifts

in contract awards from region to region and between States.

With respect to military prime contract awards, the Defense Department study reveals clearly that the major shift has been from the Midwest to the Far West. During the Korean period—fiscal years 1951–53—Ohio, Indiana, Illinois, Michigan, and Wisconsin received 27.4 percent of the total value of prime contract awards. In 1961 they received only 11.8 percent, a change of minus 15.6 percent.

In the Far West, we find a reverse shift. During the Korean period the Pacific Coast and Mountain States accounted for 18.6 percent of the total value in prime contracts. In 1961, however, this percentage had jumped to 32.6 percent, or a gain of 14.1 percent.

Perhaps an even more significant and revealing aspect of the Department of Defense study relates to the military prime contract awards for experimental, developmental, test, and research work. In 1961 these contracts totaled \$6 billion, or about one-fourth of all military prime contract awards in the United States. As the Department of Defense study makes clear, the research, developmental, testing, and evaluation effort is of major importance because any company which has conducted or managed the research, design development, and test work on a new weapon system—or a major component—and has assembled the engineering talent and experience for this purpose, is obviously in an exceptionally strong position to compete for the follow-on production contracts, and for new developmental contracts, as well.

The report goes on to state:

It is logical, then, that production contracts for the newer sophisticated items, which will figure heavily in future procurement, may tend to be placed in areas where R.D.T. & E. effort has been centered.

Let us look, then, at where the research, developmental testing, and evaluation effort has been centered.

In 1961, California received a whopping 41.3 percent of all the money spent for research, developmental testing, and evaluation work, amounting to nearly \$2.5 billion. New York was second, receiving 12.2 percent of research, developmental, testing, and evaluation funds, followed by Massachusetts with 5.8 percent.

But as the Department's study reveals with candor, the really significant trend has been the strong concentration of research, developmental testing, and evaluation contracts on the east and west coasts. In 1961 the Atlantic Coast States received 32.5 percent of research, developmental, testing, and evaluation awards, while the west coast and Mountain States received 54.8 percent.

Thus we find nearly 90 percent of the research, developmental, testing, and evaluation funds centered on the east and west coasts, with two States—California and New York—receiving more research, developmental, testing, and evaluation funds than the other 48 States combined. We find, too, that the top seven States account for more than 75 percent of the Nation's research, developmental, testing, and evaluation effort. Ohio, Michigan, Illinois, Indiana,

and Wisconsin, the great industrial Midwest, together received only 7.5 percent of research, developmental, testing, and evaluation funds in 1961. Ohio, with 71 fine universities and colleges and rich in technological and manufacturing experience, received 2.2 percent. This amounted to \$137.5 million for the Nation's sixth largest taxpaying State.

Mr. Speaker, the implications of this pattern are devastating.

The Defense Department itself admits that the production contracts that will figure heavily in future procurement will likely be placed in areas where research, developmental, testing, and evaluation effort is now concentrated. It thus appears clear that the shifts in defense prime contract procurement that have taken place since World War II and more especially since the Korean hostilities will be sharply accentuated in the immediate years ahead if the chips are allowed to fall where they may. The Defense Department recognizes this fact but recommends no course of action.

It should be recognized—

We are told by Deputy Secretary of Defense Roswell L. Gilpatric—

that Defense must seek its needs where capability exists in order to be responsive to the technological requirements of modern warfare.

On March 15, I asked the Secretary of Defense if the direction which military procurement has taken since 1952 was, from the military, economic, and social standpoints, in the best interests of all Americans. I also raised the question of whether, if the truth were told, our military procurement policy has not been given credit for judgment and foresight which is largely undeserved. I even made so bold as to inquire, after having an Army depot in my district closed down for alleged failure to meet safety requirements, whether California was blessed with invulnerability in this nuclear age or whether Ohio was considered to be accident prone.

Mr. Gilpatric has provided honest answers to these questions and they should be of utmost concern to every Member of the Congress.

Experience has taught us, and every other modern nation, that there is a close relationship, geographically and in many other modern nations, that there is a close and the production of goods and services for the consumer. Are we to close our eyes to these facts, to be led blindly by a Military Establishment whose only policy is to seek its needs where capability exists? If so, then we can only expect economic and social dislocations such as this country has never known.

Mr. Speaker, it is clear that our country is engaged in a sweeping technological revolution which will have many ramifications. It is a revolution in which our Military Establishment, because of the enormous appropriations voted annually by Congress for research, development, testing, and evaluation, is playing a tremendously significant role. If the transition from conventional methods of production to the technology of the future is to be orderly, then it is incumbent upon the Congress and the

administration to establish policies which will be productive of the general welfare.

Mr. Speaker, I represent an industrial district in Ohio on which the changing pattern of military procurement has had a severe impact. Not only have contracts for the manufacture of military hardware largely gone elsewhere but an Army depot, one of the largest employers in the district, has been closed down in favor of military installations in other areas of the country. I recognize that these shifts are inevitable in a changing world and that they are bound to affect adversely a community such as mine.

But let me make it plain, Mr. Speaker, that I do not intend to sit idly by and watch while Ohio and other Midwestern States which traditionally have been the backbone of industrial America go down the drain. The Defense Department study tells us loud and clear that its future procurement will tend to be placed in areas where research, development, testing, and evaluation effort has been centered. The study tells us loud and clear that these areas are almost entirely along the west coast and the east coast. In brief, the study tells us loud and clear that unless policy is forthcoming from outside the Pentagon, an ever greater percentage of military procurement will go to California, New York, Massachusetts, and one or two other areas which already receive more than all of the other States combined.

If this is allowed to happen, Mr. Speaker, this Congress and this administration will have been derelict in its responsibility. The Department of Defense, which has talked so much about dispersion of our industrial strength as a requisite of national security is now satisfied to allow unparalleled concentrations on the coastal strips of the United States—certainly prime targets in a nuclear conflict.

But our responsibility goes further. If we are going to continue to spend between \$20 and \$30 billion a year for military hardware, certainly we have an obligation to see that vast sections of our country are not excluded. Defense tells us that it must seek its needs where capability exists. My reply is that capability exists not only in California, New York, and Massachusetts despite the fact that lack of Defense Department policy—if what the Department professes is true—has been largely responsible for their ever-increasing competence in the research and developmental field. My further reply is that if Ohio's 71 universities and colleges and the industrial base that has been so heavily relied upon in immediate years past does not constitute "capability" as defined by the Department of Defense, then perhaps the Department should long since have given thought to developing this capability in Ohio and other States similarly situated.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted to:

Mr. CORMAN, for June 29 and 30, 1962, on account of official business.

Mr. EDMONDSON, for June 29 and 30, 1962, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mrs. GRANAHAN, for 15 minutes, today.

Mr. ROUSH, for 10 minutes, today.

Mr. ROOSEVELT, for 10 minutes, on Monday, July 2, 1962.

Mr. JAMES C. DAVIS, for 10 minutes, today.

Mr. BECKWORTH, for 10 minutes, today.

Mr. DULSKI (at the request of Mr. LIBONATI), for 30 minutes, tomorrow.

Mr. NIX (at the request of Mr. LIBONATI), for 30 minutes, tomorrow.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks was granted to:

Mr. HULL.

Mr. CRAMER, the remarks he will make on the trade bill and to include extraneous matter.

Mr. ALEXANDER and to include extraneous matter.

Mr. DENT and to include extraneous matter in his remarks made during debate on H.R. 11970.

Mr. WRIGHT and to include quotations from two newspaper editorials in his remarks today while in the Committee of the Whole.

Mr. BRADEMAs (at the request of Mr. LIBONATI) to revise and extend the remarks he made in the Committee of the Whole today in two instances and include extraneous matter.

(The following Members (at the request of Mr. CAHILL) and to include extraneous matter:)

Mr. FINO.

Mr. SEELY-BROWN.

Mr. CUNNINGHAM.

Mr. OSMERS.

Mr. WEAVER, notwithstanding it exceeds the limit and is estimated by the Public Printer to cost \$210.

Mr. JENSEN.

Mr. SCHADEBERG.

Mr. LAIRD to include extraneous matter in the remarks he made in Committee today.

(The following Members (at the request of Mr. LIBONATI) and to include extraneous matter:)

Mr. BARING.

Mr. POWELL.

Mr. LESINSKI.

Mr. BUCKLEY.

Mr. FASCELL.

ENROLLED BILLS SIGNED

Mr. BURLISON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members

of the reserve components who are involuntarily released from active duty, and for other purposes; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal-tax rate and of certain excise-tax rates, and for other purposes.

ADJOURNMENT

Mr. LIBONATI. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 6 minutes p.m.) the House adjourned until tomorrow, Friday, June 29, 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:

2248. A communication from the President of the United States, transmitting a proposed supplemental appropriation for the fiscal year 1963 in the amount of \$850,000 for the Office of Science and Technology (H. Doc. No. 462); to the Committee on Appropriations and ordered to be printed.

2249. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963 involving an increase in the amount of \$382,000 for the civil functions of the Department of the Army (H. Doc. No. 463); to the Committee on Appropriations and ordered to be printed.

2250. A letter from the Secretary of Agriculture, transmitting a draft of a proposed bill entitled "A bill to extend Federal meat inspection and to permit cooperation with State meat inspection services, and for other purposes"; to the Committee on Agriculture.

2251. A letter from the Director, Congressional Liaison Staff, Agency for International Development, Department of State, transmitting a report on contingency fund use as of May 31, 1962, pursuant to section 451(b) of the Foreign Assistance Act of 1961; to the Committee on Foreign Affairs.

2252. A letter from the Secretary of the Army, transmitting a letter from the Chief of Engineers, Department of the Army, dated April 30, 1962, submitting a report, together with accompanying papers and illustrations, on a beach erosion control and interim hurricane survey of Raritan Bay and Sandy Hook Bay, N.J., authorized by the River and Harbor Act approved July 3, 1930, as amended and supplemented, and Public Law 71, 84th Congress, approved June 15, 1955 (H. Doc. No. 464); to the Committee on Public Works and ordered to be printed with eight illustrations.

2253. A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of a proposed bill entitled "A bill to amend the Social Security Act and related provisions to extend for 2 months certain temporary public assistance provisions"; to the Committee on Ways and Means.

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. DAWSON: Committee on Government Operations. Twentieth report on evaluation of the donable surplus property program (Rept. No. 1943). Referred to the Committee of the Whole House on the State of the Union.

Mr. CANNON: Committee on Appropriations. House Joint Resolution 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes; without amendment (Rept. No. 1944). Referred to the Committee of the Whole House on the State of the Union.

Mr. WILLIS: Committee on Un-American Activities. H.R. 11363. 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; with amendment (Rept. No. 1945). Referred to the Committee of the Whole House on the State of the Union.

Mr. PILCHER: Committee on Foreign Affairs. Report of the Special Study Mission to the Far East, south Asia, and the Middle East (Rept. No. 1946). Referred to the Committee of the Whole House on the State of the Union.

Mr. FALLON: Committee on Public Works. H.R. 12135. A bill to authorize appropriations for the fiscal years 1964 and 1965 for the construction of certain highways in accordance with title 23 of the United States Code, and for other purposes; with amendment (Rept. No. 1948). Referred to the Committee of the Whole House on the State of the Union.

Mr. PATMAN: Committee of conference. S. 3161. An Act to provide for continuation of authority for regulation of exports, and for other purposes (Rept. No. 1949). Ordered to be printed.

Mr. HARRIS: Committee of conference. S. 1969. An Act to amend the Federal Aviation Act of 1958, as amended, to provide for a class of supplemental air carriers, and for other purposes (Rept. No. 1950). Ordered to be printed.

Mr. COOLEY: Committee on Agriculture. S. 3062. An Act to amend the Soil Bank Act so as to authorize the Secretary of Agriculture to permit the harvesting of hay on conservation reserve acreage under certain conditions; without amendment (Rept. No. 1951). Referred to the Committee of the Whole House on the State of the Union.

Mr. COOLEY: Committee on Agriculture. Senate Joint Resolution 201. Joint resolution to amend section 316 of the Agricultural Adjustment Act of 1938 to extend the time by which a lease transferring a tobacco acreage allotment may be filed; with amendment (Rept. No. 1952). Referred to the Committee of the Whole House on the State of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. LANE: Committee on the Judiciary. H.R. 9603. A bill for the relief of Lt. Comdr. Joseph P. Mannix; with amendment (Rept. No. 1947). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAKER:

H.R. 12345. A bill to provide that all sessions of all courts of the United States be opened with prayer to Almighty God; to the Committee on the Judiciary.

By Mr. McFALL:

H.R. 12346. A bill to amend the act of December 22, 1944, relating to recreation at certain civil works projects of the Corps

of Engineers; to the Committee on Public Works.

By Mr. MARTIN of Massachusetts:

H.R. 12347. A bill to provide for the establishment of a National Board of Cancer Control; to the Committee on Interstate and Foreign Commerce.

By Mr. RAINS:

H.R. 12348. A bill to amend section 202 of the Housing Act of 1959 to increase the amount authorized thereunder to be appropriated for loans for the provision of housing for the elderly; to the Committee on Banking and Currency.

By Mr. BURKE of Massachusetts:

H.R. 12349. A bill to provide for the temporary suspension of the duty on cork stoppers; to the Committee on Ways and Means.

H.R. 12350. A bill to provide for the temporary suspension of the duty on corkboard insulation; to the Committee on Ways and Means.

By Mr. PILLION:

H.R. 12351. A bill to amend title III of the act of March 3, 1933, commonly referred to as the "Buy American Act," as it relates to the determination of the reasonability of cost of steel, steel products, and steel materials; to the Committee on Public Works.

By Mr. MADDEN:

H.R. 12352. A bill to amend section 109 of title 38, United States Code, to provide medical care for certain veterans of armed forces allied or associated with the United States during World War I; to the Committee on Veterans' Affairs.

By Mr. MARTIN of Massachusetts:

H.R. 12353. A bill to establish a National Citizenship Commission, and for other purposes; to the Committee on Education and Labor.

By Mr. SANTANGELO:

H.R. 12354. A bill to amend the Internal Revenue Code of 1954 to exempt from the manufacturers' excise tax certain automobiles furnished without charge to schools for use in driver training programs; to the Committee on Ways and Means.

By Mr. EDMONDSON (by request):

H.R. 12355. A bill to amend the law relating to the final disposition of the property of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

By Mr. CANNON:

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

By Mr. BARING:

H.J. Res. 770. Joint resolution proposing an amendment to the Constitution of the United States pertaining to the offering of prayers in public schools and other public places in the United States; to the Committee on the Judiciary.

By Mr. TOLLEFSON:

H.J. Res. 771. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. CHELF:

H.J. Res. 772. Joint resolution proposing an amendment to article III, section 1, of the Constitution of the United States, limiting the tenure of office of members of the Supreme Court to 15 years; to the Committee on the Judiciary.

By Mr. MOULDER:

H.J. Res. 773. Joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

By Mr. WIDNALL:

H.J. Res. 774. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. BOYKIN:

H.J. Res. 775. Joint resolution proposing an amendment to the Constitution relating to the offering of prayers in public schools; to the Committee on the Judiciary.

By Mr. CAREY:

H.J. Res. 776. Joint resolution to authorize the President to proclaim the 13th day of September as Commodore John Barry Day; to the Committee on the Judiciary.

By Mr. CUNNINGHAM:

H.J. Res. 777. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian prayer in public schools or other public places if participation therein is not compulsory; to the Committee on the Judiciary.

By Mr. HIESTAND:

H.J. Res. 778. Joint resolution proposing an amendment to the Constitution of the United States permitting the offering of prayers and the reading of the Bible in public schools in the United States; to the Committee on the Judiciary.

By Mr. KING of California:

H.J. Res. 779. Joint resolution to authorize the President to proclaim the 8th day of February of each year as Boy Scouts of America Day; to the Committee on the Judiciary.

By Mr. MERROW:

H.J. Res. 780. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mrs. HANSEN:

H.J. Res. 781. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood, and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mrs. PFOST:

H.J. Res. 782. Joint resolution requesting the President to enter into negotiations with Canada with respect to imports of softwood and authorizing the establishment of temporary import quotas for softwood; to the Committee on Ways and Means.

By Mr. McDOWELL:

H.J. Res. 783. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.J. Res. 784. Joint resolution granting consent of Congress to the State of Delaware and the State of New Jersey to enter into a compact to establish the Delaware River and Bay Authority for the development of the area in both States bordering the Delaware River and Bay; to the Committee on the Judiciary.

By Mr. HALPERN:

H. Res. 715. Resolution expressing the sense of the House of Representatives that the President should call a White House Conference on Highway Safety; to the Committee on Interstate and Foreign Commerce.

MEMORIAL

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the Territory of Guam, memorializing the President and the Congress of the United States relative to requesting the enactment of legislation excluding the territory of Guam from the provisions of the Shipping Act of 1916, as amended, and the Intercoastal Shipping Act of 1933, as amended, which was referred to the Committee on Merchant Marine and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FISHER:

H.R. 12356. A bill for the relief of Mrs. Margaret L. King; to the Committee on the Judiciary.

By Mr. MULTER:

H.R. 12357. A bill for the relief of Halina Szumilas; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.R. 12358. A bill for the relief of Panagiotis Basile Kladis; to the Committee on the Judiciary.

By Mr. WILSON of California:

H.R. 12359. A bill for the relief of Gabriel Jorge Rocha; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

371. By Mr. HOEVEN: Petition of the Patriotic Evangelical News Service adopted in executive session at Sioux City, Iowa, on May 16, 1962, expressing the sense of its membership that the Congress of the United States should not buy United Nations Bonds in any amount, nor under any circumstances; to the Committee on Foreign Affairs.

372. Also, petition of the Patriotic Evangelical News Service adopted at Sioux City, Iowa, on May 8, 1962, urging repeal of the Reciprocal Trade Act; to the Committee on Ways and Means.

373. By Mr. REUSS: Petition of Operation Support, West Allis, Wis., Unit, Democratic Party, calling upon the Congress to enact the King-Anderson bill providing health care for senior citizens under the social security system; to the Committee on Ways and Means.

SENATE

THURSDAY, JUNE 28, 1962

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

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

Our Father, God, we come in the assurance, not of our feeble hold of Thee, but of Thy mighty grasp of us.

Whatever the toiling hours of this day upon which we have entered may bring, keep our hearts with Thee as we keep step with Thy will.

Because of Thy sustaining grace, may we face in quiet confidence vexing social problems which our fallible judgments are unable to solve without a wisdom greater than our own.

As stalwart forms disappear from our sight and side, and potent voices are suddenly stilled, we pray that the mantle of those who have fought the good fight and finished the course may fall upon the shoulders of those who in this shrine of each patriot's devotion are striving in the most difficult days of the Republic to make our free land as great in virtue and truth as she is mighty in power.

We ask it in the name of the One whose coming broke the ages in two, and who now is revered and adored while the violent are forgotten. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, June 27, 1962, was dispensed with.

**MESSAGES FROM THE PRESIDENT—
APPROVAL OF BILLS**

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

On June 23, 1962:

S. 2990. An act for the relief of Caterina Scalzo (nee LoSchiavo).

On June 25, 1962:

S. 1881. An act for the relief of Maria La Bella;

S. 2143. An act for the relief of Mrs. Eva London Ritt; and

S. 2565. An act for the relief of Michael Najeeb Metry.

On June 27, 1962:

S. 1742. An act to authorize Federal assistance to Guam, American Samoa, and the Trust Territory of the Pacific Islands in major disasters;

S. 2186. An act for the relief of Manuel Arranz Rodriguez;

S. 2340. An act for the relief of Shunichi Aikawa;

S. 2418. An act for the relief of Elaine Rozin Recanati;

S. 2486. An act for the relief of Kim Carey (Timothy Mark Alt);

S. 2562. An act for the relief of Sally Ann Barnett;

S. 2893. An act to declare that certain land of the United States is held by the United States in trust for the Prairie Band of Potawatomi Indians in Kansas; and

S. 2895. An act to provide for the conveyance of certain lands of the Minnesota Chippea Tribe of Indians to the Little Flower Mission of the Saint Cloud Diocese.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, in which it requested the concurrence of the Senate.

**HOUSE JOINT RESOLUTION
REFERRED**

The joint resolution (H.J. Res. 769) making continuing appropriations for the fiscal year 1963, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

**LIMITATION OF DEBATE DURING
MORNING HOUR**

On request of Mr. HUMPHREY, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

**COMMITTEE MEETINGS DURING
SENATE SESSION**

On request of Mr. HUMPHREY, and by unanimous consent, the following subcommittees were authorized to meet during the session of the Senate today:

The Subcommittee on Refugees and Escapees of the Committee on the Judiciary.

The Permanent Subcommittee on Investigations of the Committee on Government Operations.

EXECUTIVE SESSION

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

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

EXECUTIVE MESSAGES REFERRED

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

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

**EXECUTIVE REPORTS OF
COMMITTEES**

The following favorable reports of nominations were submitted:

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

Ben C. Green, of Ohio, to be U.S. district judge for the northern district of Ohio;

Jesse L. Dobbs, of Texas, to be U.S. marshal for the western district of Texas;

Drew J. T. O'Keefe, of Pennsylvania, to be U.S. attorney for the eastern district of Pennsylvania; and

Roger D. Foley, of Nevada, to be U.S. district judge of the district of Nevada.

**EXECUTIVE REPORTS OF COMMITTEE
ON ARMED SERVICES**

Mr. SALTONSTALL. Mr. President, from the Committee on Armed Services, I report favorably 1,738 nominations in the Regular Army in the grade of major and below. All of these names have already appeared in the CONGRESSIONAL RECORD, so in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk, for the information of any Senator.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations will lie on the desk, as requested by the Senator from Massachusetts.

The nominations are as follows:

Wheeler E. Laird, and sundry other officers, for promotion in the Regular Army of the United States;

Miguel E. Cabezas, and sundry other persons, for appointment in the Regular Army of the United States; and

Robert M. Ake, and sundry other distinguished military students, for appointment in the Regular Army of the United States.

The VICE PRESIDENT. If there be no further reports of committees, the nomination on the Executive Calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Cambodia.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

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

LEGISLATIVE SESSION

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

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

Mr. HUMPHREY. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the proceedings under the quorum call be rescinded.

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

EXECUTIVE COMMUNICATIONS, ETC.

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

EXTENSION OF FEDERAL MEAT INSPECTION

A letter from the Secretary of Agriculture, transmitting a draft of proposed legislation to extend Federal meat inspection and to permit cooperation with State meat inspection services, and for other purposes (with accompanying papers); to the Committee on Agriculture and Forestry.

AMENDMENT OF SOCIAL SECURITY ACT TO EXTEND FOR 2 MONTHS CERTAIN TEMPORARY PUBLIC ASSISTANCE PROVISIONS

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Social Security Act and related provisions to extend for 2 months certain temporary public assistance provisions (with an accompanying paper); to the Committee on Finance.

PUBLIC HEALTH SERVICE ORGANIZATION AMENDMENTS OF 1962

A letter from the Secretary of Health, Education, and Welfare, transmitting a draft of proposed legislation to amend the Public Health Service Act to provide greater flexibility in the organization of the Service, and for other purposes (with an accompanying paper); to the Committee on Labor and Public Welfare.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. ANDERSON, from the Committee on Interior and Insular Affairs, with amendments:

H.R. 5144. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Lower Brule Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1636); and

H.R. 5165. An act to provide for the acquisition of and the payment for individual Indian and tribal lands of the Crow Creek Sioux Reservation in South Dakota, required by the United States for the Big Bend Dam and Reservoir project on the Missouri River, and for the rehabilitation, social, and economic development of the members of the tribe, and for other purposes; (Rept. No. 1637).

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

S. 3039. A bill for the relief of Bartola Maria S. La Madrid (Rept. No. 1638).

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

S. 1974. A bill for the relief of Stefan Copilu (Rept. No. 1639);

S. 2698. A bill for the relief of Antonio Gutierrez Fernandez (Rept. No. 1640);

S. 2902. A bill for the relief of Sumiko Takahashi (Rept. No. 1641);

S. 2908. A bill for the relief of Rosa Fumarola Balice (Rept. No. 1642);

S. 2992. A bill for the relief of Michelangelo Comito (Nati) (Rept. No. 1643);

S. 3111. A bill for the relief of Ernest Haeusserman (Rept. No. 1644);

S. 3121. A bill for the relief of Dinh Khon Ngo (also known as Robert (kun Ting) Wu) (Rept. No. 1645);

H.R. 1609. An act for the relief of Demitrios Duns (Rept. No. 1646);

H.R. 1899. An act for the relief of Stavros Michael Mourkakos (Rept. No. 1647);

H.R. 2337. An act for the relief of Maria Stella Todaro (Rept. No. 1648);

H.R. 3483. An act for the relief of Mrs. Marguerite de Soepkez (Rept. No. 1649);

H.R. 3492. An act for the relief of Sebastian Sanchez Hermosilla (Rept. No. 1650);

H.R. 3912. An act for the relief of Chikoko Shinagawa (Rept. No. 1651);

H.R. 8862. An act for the relief of Miss Elanore Redi (Rept. No. 1652);

H.R. 9180. An act for the relief of Noreen Joyce Baden (Rept. No. 1653);

H.R. 9468. An act for the relief of Dr. Charles C. Yu (Rept. No. 1654);

H.R. 9588. An act for the relief of Claude Homann-Herimberg (nee Wagner) (Rept. No. 1655); and

H.R. 10960. An act for the relief of Rosina Luisi (Sister Mary Rosina) and Maria Fatibene (Sister M. Valentina) (Rept. No. 1656).

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

S. 2807. A bill for the relief of Mrs. Juliane C. Rockenfeller (Rept. No. 1657);

S. 2844. A bill for the relief of Alice Amar Froemming (Rept. No. 1658);

S. 3026. A bill for the relief of Jenő Nagy (Rept. No. 1659);

S. 3144. A bill for the relief of Marcello Chiovelli (Rept. No. 1660);

S. 3177. A bill for the relief of Michael (Mike) Bessler (Rept. No. 1661);

H.R. 1469. An act for the relief of Mrs. Leslie M. Paterson, Janet Paterson, and Mary Paterson (Rept. No. 1662); and

H.R. 7369. An act for the relief of Gerda Godin (Rept. No. 1663).

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

S. 1461. A bill for the relief of Krystyna Rataj (Rept. No. 1664);

S. 2835. A bill for the relief of Mrs. Yang Yin (Yang Chee Hung) nee Tsai Sieu Yoeh (Rept. No. 1665); and

S. 3267. A bill for the relief of Gunther M. Hillebrand (Rept. No. 1666).

By Mrs. SMITH of Maine, from the Committee on Armed Services, without amendment:

H.R. 8045. An act to change the name of the Hydrographic Office to United States Naval Oceanographic Office (Rept. No. 1667).

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

H.R. 8982. An act authorizing the Dow Chemical Co. to construct, maintain, and operate a bridge across the Rio Grande at or near Heath Crossing, Tex. (Rept. No. 1668).

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

H.R. 9883. An act to authorize the San Benito International Bridge Co. to construct, maintain, and operate a toll bridge across the Rio Grande near Los Indios, Tex. (Rept. No. 1668).

INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS—REPORT OF A COMMITTEE

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357); which was referred to the Committee on Rules and Administration, as follows:

Resolved, That S. Res. 250, Eighty-seventh Congress, second session, agreed to February 7, 1962, is amended by striking out the amount "\$400,000" in line 19, page 5, and inserting in lieu thereof the amount "\$500,000".

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY—REPORT OF A COMMITTEE

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358), which was referred to the Committee on Rules and Administration, as follows:

Resolved, That section 4 of S. Res. 265, Eighty-seventh Congress, second session, authorizing an investigation of juvenile delinquency in the United States, agreed to February 7, 1962, is amended by striking out "\$178,000" and inserting in lieu thereof "\$198,000".

REPORT ON DISPOSITION OF EXECUTIVE PAPERS

Mr. JOHNSTON, from the Joint Select Committee on the Disposition of Papers in the Executive Departments, to which was referred for examination and recommendation a list of records transmitted to the Senate by the Archivist of the United States, dated June 18, 1962, that appeared to have no permanent value or historical interest, submitted a report thereon, pursuant to law.

BILLS INTRODUCED

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

By Mr. LONG of Missouri:
S. 3482. A bill for the relief of Lila Everts Weber; to the Committee on the Judiciary.

By Mr. SPARKMAN:

S. 3483. A bill to increase the authorization for loans to provide housing for the elderly; to the Committee on Banking and Currency.

By Mr. CANNON (by request):

S. 3484. A bill to allow a deduction or credit against tax for contributions to national and State political committees; to the Committee on Finance.

S. 3485. A bill to promote the orderly transfer of the executive power in connection with the expiration of the term of office of a President and the inauguration of a new President; to the Committee on Government Operations.

S. 3486. A bill to amend title 39, United States Code, to provide free mailing list services to election boards, registration commissions, political parties, and for other purposes; to the Committee on Post Office and Civil Service.

S. 3487. A bill to provide for the reporting and dissemination of information with regard to contributions and expenditures made for the benefit of persons who seek nomination and election to the offices of President and Vice President, and for other purposes; to the Committee on Rules and Administration.

Mr. CANNON. Mr. President, a fifth legislative recommendation was transmitted by the President to Congress and referred to the Committee on Rules and Administration. That recommendation proposed a suspension, for the 1964 presidential campaign, of equal opportunity requirements of section 315 of the Communications Act of 1934.

I have since learned that the senior Senator from Rhode Island [Mr. PASMORE] has already introduced, on May 29, 1962, Senate Joint Resolution 193 which was referred to the Commerce Committee where it is already under study.

The Presidential proposal is identical, in every respect, to Senate Joint Resolution 193. Thus, the administration's recommendation is now being considered by the Commerce Committee and there is no need to duplicate that effort by the introduction of another identical bill.

CONCURRENT RESOLUTION—PROPOSED IMPROVEMENT OF CONGRESSIONAL RECORD

Mr. CLARK submitted a concurrent resolution (S. Con. Res. 80) authorizing the Joint Committee on Printing to conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, and so forth, which was referred to the Committee on Rules and Administration.

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

RESOLUTIONS—INCREASED LIMIT OF EXPENDITURES BY COMMITTEE ON GOVERNMENT OPERATIONS

Mr. McCLELLAN, from the Committee on Government Operations, reported an original resolution (S. Res. 357) increasing the limit of expenditures by the Committee on Government Operations under

Senate Resolution 250, 87th Congress, which was referred to the Committee on Rules and Administration.

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

INCREASED FUNDS FOR INVESTIGATION OF JUVENILE DELINQUENCY

Mr. EASTLAND, from the Committee on the Judiciary, reported an original resolution (S. Res. 358) to increase the amount of funds for the investigation of juvenile delinquency, which was referred to the Committee on Rules and Administration.

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

MODERNIZATION OF THE CONGRESSIONAL RECORD

Mr. CLARK. Mr. President, ever since I first came to the Senate I have received complaints from readers of the CONGRESSIONAL RECORD about its form and also its content. There are in our country a few devoted readers of the CONGRESSIONAL RECORD and, I suspect, a somewhat larger captive audience of those who feel they must read the CONGRESSIONAL RECORD in order to be fully aware of what is going on in the Senate and in the other body. But I think it is fair to say that the CONGRESSIONAL RECORD as a news medium or, indeed, as an efficient method of disseminating to the country what is going on in both Houses of Congress, has few, if any, staunch supporters.

On June 18 Representative EDITH GREEN of Oregon submitted a concurrent resolution in the House of Representatives. The concurrent resolution recites the need for a careful study of the form and content of the CONGRESSIONAL RECORD in order to modernize it, to bring it up to date, and to make it a more effective instrument for advising the country as to what goes on in the Congress.

The concurrent resolution would provide that the Joint Committee on Printing should conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and it suggests that the Joint Committee on Printing should call upon experts in the communications media and public spirited citizens, including civic and governmental officials and scholars, for consultation and advice.

I am heartily in favor of the concurrent resolution submitted by Mrs. GREEN. Accordingly, I submit for appropriate referral an identical concurrent resolution, which I hope will meet with somewhat greater favor than the proposed changes in the rules of the Senate which I have from time to time advocated have met in the past and are meeting at present.

Mr. President, I ask unanimous consent also that a fine editorial published in the Washington Post of June 27, entitled "Brightening the RECORD," commending Representative GREEN of Oregon for her concurrent resolution be printed at this point in my remarks.

The VICE PRESIDENT. The concurrent resolution will be received and appropriately referred, and, under the rule, will be printed in the RECORD, and, without objection, the editorial will be printed in the RECORD.

The concurrent resolution (S. Con. Res. 80) was referred to the Committee on Rules and Administration, as follows:

Whereas the CONGRESSIONAL RECORD is established as substantially a verbatim report of proceedings of both Houses of the Congress; and

Whereas Congress is the staging area for the discussion and resolution of the major national issues confronting the United States; and

Whereas this "national dialog" reaches a climax in the passage or the defeat of legislation; and

Whereas thousands among the leaders of our country in both public and private stations depend upon the CONGRESSIONAL RECORD for details of these dialogs: Therefore be it

Resolved, That the Joint Committee on Printing, which is assigned control and supervision of the RECORD under sections 181 and 182 of chapter 6, title 44, United States Code, conduct a study of the CONGRESSIONAL RECORD with a view to improving its format, index, typography, organization of materials, and other aspects relevant to such a study; and be it further

Resolved, That the Joint Committee on Printing, if it deems it provident, shall call upon experts in the communications media and possibly public spirited citizens, such as civic leaders, Government officials, and scholars, to sit as an advisory committee in order to render such help as may be needed; and be it further

Resolved, That the Joint Committee on Printing shall, if it deems it advisable, be empowered to incur whatever expenditures are necessary to the proper carrying out of this study, but that in no event shall the sum exceed the amount of \$50,000; and be it further

Resolved, That the joint committee shall report its findings to the Congress within one year after date of passage of this concurrent resolution.

The editorial presented by Mr. CLARK is as follows:

[From the Washington Post, June 27, 1962]

BRIGHTENING THE RECORD

Does the CONGRESSIONAL RECORD have to be so typographically dull, so difficult to use and so hard on the eyes? Representative EDITH GREEN thinks not, and she has introduced a concurrent resolution that would enable Congress to do something about improving the RECORD. The resolution authorizes the appointment of a citizens' advisory committee that would study the format and organization of the RECORD. It is Mrs. GREEN's hope that a proper table of contents would help the daily user; she also suggests that the binding be changed so that pages may be removed without employing surgical instruments.

The suggestion is worthy. The CONGRESSIONAL RECORD has a relatively small but occupationally devoted group of daily readers who have learned to dread exploratory excavations in its pages. Something surely could be done to organize the RECORD more

sensibly and to provide a better key to its contents. But we also hope that any proposal for reform would consider abolishing the present custom whereby Members of Congress may alter for the Record the words they utter on the floor. The Record ought to be more attractive and usable. It also ought to be more accurate.

Mr. CLARK. Mr. President, there will be some who will take the concurrent resolution facetiously, but I suggest that we live in a dream world in this body and, to some extent, in the other body. We are full of self-congratulations. We are all such wonderful fellows that we are not really aware of the very critical attitude on the part of many American people toward the obsolete practices, procedures and rules of the Congress. I hope very much indeed that the committee to which the concurrent resolution will be referred, which I assume will be the Committee on Rules and Administration, will really begin to take a careful look at some of the problems about which I have spoken, which I do not believe should any longer be swept under the rug.

PUBLIC WELFARE AMENDMENTS OF 1962—AMENDMENTS

Mr. BUSH submitted amendments, intended to be proposed by him, to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes, which were ordered to lie on the table and to be printed.

NOTICE OF RECEIPT OF NOMINATION BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that today the Senate received the nomination of Leonard Unger, of Maryland, a Foreign Service officer of class I, to be Ambassador to the Kingdom of Laos.

In accordance with the committee rule, this pending nomination may not be considered prior to the expiration of 6 days of its receipt in the Senate.

NOTICE OF HEARINGS ON NOMINATIONS OF WILLIAM C. HANSON TO BE U.S. DISTRICT JUDGE, NORTHERN AND SOUTHERN DISTRICT OF IOWA, AND EDWARD J. McMANUS TO BE U.S. DISTRICT JUDGE, NORTHERN DISTRICT OF IOWA

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that public hearings have been scheduled for Tuesday, July 10, 1962, at 10:30 a.m., in room 2228, New Senate Office Building, on the following nominations:

William C. Hanson, of Iowa, to be U.S. district judge, for the northern and southern districts of Iowa—new position; and

Edward J. McManus, of Iowa, to be U.S. district judge, for the northern district of Iowa, vice Henry N. Graven, retired.

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

The subcommittee consists of the Senator from South Carolina [Mr. JOHNSTON], the Senator from Nebraska [Mr. HRUSKA], and myself, as chairman.

NOTICE OF HEARING ON NOMINATION OF EDWARD C. McLEAN TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF NEW YORK

Mr. EASTLAND. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Wednesday, July 11, 1962, at 10:30 a.m., in room 2300 New Senate Office Building, on the nomination of Edward C. McLean, of Connecticut, to be U.S. district judge, southern district of New York, vice Edward J. Dimock, retired.

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

The subcommittee consists of the Senator from Connecticut [Mr. DONN], chairman, the Senator from Missouri [Mr. LONG], and the Senator from New York [Mr. KEATING].

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

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

By Mr. ROBERTSON:

Letter addressed to Mr. Charles Mooshian, editor of the Carroll County Times, Westminster, Md.

By Mr. DOUGLAS:

Address delivered by Senator DONN before the convention of the International Upholsterers' Union of North America, at Cleveland, Ohio, on June 8, 1962; and introductory remarks of Sal B. Hoffman, international president of the Upholsterers' Union of North America.

THE DEBT CEILING

Mr. ROBERTSON. Mr. President, according to the press, the distinguished senior Senator from Virginia [Mr. BYRD] offered in committee an amendment to the House bill that would limit the debt to \$306 billion, later to go down to \$300 billion, by June next year. According to the press report, that amendment was defeated by a majority of one. I regret that the amendment was defeated, because I would be very glad to support a debt ceiling of \$306 billion that would go down to \$300 billion next June; but I am not willing to go to \$308.

Recently, when the Under Secretary for Monetary Affairs of the Treasury Department, Mr. ROOSA, was testifying before the Senate Banking and Currency Committee on a bill to extend the

privilege of the Federal Reserve Board to buy up to \$5 billion worth of bonds directly from the Treasury, I asked him some questions about what the total obligations to the Government would be, with a view to having some indication of what the debt limit should be.

He testified that he anticipated the maximum demand would come about the middle of December, at which time it would be a little less than \$305 billion.

I asked him then why they would not want a ceiling of \$306, with the understanding that when new money came into the Treasury at the first of the year, the limit would go back to \$300 billion. He said, "We need the leeway of the additional \$3 billion."

But, Mr. President, I feel that the debt limit should mean something. It would mean we are not going to invite people to do unnecessary spending. We had a limit of \$300 billion, to go back this June 30 to \$285 billion. We cannot do it. The debt is now \$299 billion. If we put the limit at \$308 billion, with the expectation that it will go back to \$300 billion, it might stay at \$305 or \$306 billion, or it might go up to \$308 billion. So I say let us try to make the debt ceiling mean something.

The motion of the senior Senator from Virginia lost by one vote. I assume it will be made again on the floor. Let us fix the debt limit at \$306 billion, which will give a \$1 billion leeway. Of course, if Congress gets reckless and goes above the present budget—which it should not do—we can raise the ceiling again next year. But in the meantime let us not invite anybody to try to reach a debt of \$308 billion.

Mr. President, I ask unanimous consent to have published in the Record at this point excerpts from the testimony of Mr. ROOSA before our subcommittee when he said he anticipated the peak demand next December would be a little under \$305 billion.

There being no objection, the excerpts were ordered to be printed in the Record, as follows:

The CHAIRMAN. Of course, this committee does not have jurisdiction over the legislation pertaining to how many bonds you can have outstanding at one time. But we are interested because we do have jurisdiction over the Federal Reserve Board, and we have to a large extent delegated to that Board the constitutional power of Congress to coin money and fix its power. By its powers over discount rates, reserve requirements, and open market operations, the Federal Reserve can largely determine the value of our money. Under present law, it can issue money far in excess of what is circulating now, simply by printing a dollar banknote, which is money, against a dollar bond, as long as these notes have a 25-percent gold backing.

The House has recently passed a bill jumping the legal debt limit from \$285 billion to \$308 billion.

What do you think will be the size of the actual debt by the end of this calendar year?

Mr. ROOSA. At the end of this calendar year, 1962, the debt will be very close to \$305 billion; the peaks are hard to predict from day to day. Usually the peak occurs at the middle of the month and our present estimate is that that would be \$304.9 billion, but this is an estimate that was prepared on the

basis of the expenditure and revenue estimates in the original budget document. Other changes have occurred and certainly there is a risk already that changes have occurred in expenditures that could involve as much as a half a billion more than that; whether that amount would all be spent before the end of December is doubtful, but we can't be precise within—in these terms—certainly less than a billion dollars on any given date.

The CHAIRMAN. In March of this year we raised the debt limit to \$300 billion.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Doesn't the House bill (H.R. 11990) provide for \$308 billion through next March, then for \$305 billion through June 24 of next year, and finally for \$300 billion for the remainder of fiscal 1963?

Mr. ROOSA. The present legislation, sir, as I understand it, will expire at the end of June 1962, so that the only remaining debt limit will be that which stands permanently—the \$285 billion, so that there must be given the size of the present debt and the prospective seasonal requirements through the autumn of this year, some legislation in order to validate that. The question is really why should it be \$308 billion, I believe.

The CHAIRMAN. That is what bothers me.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. I am willing to vote for whatever is necessary to pay the debts that the Congress has incurred, but I don't want to put a debt limit up \$2 or \$3 billion above that and invite somebody to see if they can't get up to it. If \$306 billion will take care of the debts that the Congress has authorized in the budget that we have been asked to approve, why put an extra \$2 billion in there?

Mr. ROOSA. The reason for that arises from experience we have had in Treasury administration under the debt limit for the last 10 years. I think you may recall that when you had an opportunity to discuss this with Mr. Baird or Mr. Burgess, my predecessors, they would have explained the same way I am going to, that try as we may the precise timing of these debt requirements cannot, this far in advance, be pinpointed as to individual dates. For simple operating efficiencies the Treasury has asked for, and the Congress has provided, a \$3 billion leeway above the expected, best estimate.

The CHAIRMAN. I don't challenge that, but the trouble is we have been making much of a farce of debt limitation. It was supposed at one time to mean something; now, if we put \$2 or \$3 billion more above what you are actually going to spend, it looks as if we are challenging Congress—can you get up to that, and if so, we will raise it still higher.

You are our best money experts. Are you just a little disturbed about the balance-of-payments situation?

Mr. ROOSA. Yes, indeed, more than a little.

The CHAIRMAN. We will take that up later. Are you a little worried about the possibility of inflation—possibility, not as it now is, but the possibility?

Mr. ROOSA. The possibility; yes, sir.

The CHAIRMAN. All right. Isn't the gross national product running close now to the annual rate of nearly \$550 billion?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. It didn't go up to the \$570 billion that some people thought, but it is at a grand and glorious high.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Don't we face a possibility of a \$7 or \$8 billion deficit in this fiscal year?

Mr. ROOSA. Yes, sir; this fiscal year the present estimate is approximately \$7 billion.

The CHAIRMAN. Don't we face the possibility of deficit in the next fiscal year?

Mr. ROOSA. That possibility; yes, sir. But that—

The CHAIRMAN. Of course, if we have a tax cut, whatever the deficit is will be that much bigger?

Mr. ROOSA. Indeed; yes, sir.

The CHAIRMAN. That is right.

So, while we don't have inflation now, and while the speculators on the stock market are making out as though they fear a deflation—we are not in any depression, of course, but they make it sound that one is coming—there is always the possibility that if we would get reckless we could have inflation.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Do you, as our top money expert, figure that there is going to be such a great drop in production between now and December that you will have to spend \$2 billion more than you anticipate right now, and borrow the money?

Mr. ROOSA. No, sir; it isn't for that reason that we ask for this leeway, and find from time to time that we need it. I should make very clear that our present presentation of the request for the \$308 billion, in the form in which it has passed the House, would only get by if the budget is balanced in fiscal 1963. The way in which the limit is scaled down in March and again in June could not be satisfied if the budget were out of balance; so I think this formulation has put in a signaling system which makes it imperative, if there is a move away from balance, that a new request would have to be introduced for additional authority on the debt limit in the beginning of calendar 1963. But for the period—

The CHAIRMAN. About balancing the budget, do you want to go to the hocus-pocus of saying that the funds we put in so-called public works or Federal buildings or other things of a public character are investments that don't count in the budget?

Mr. ROOSA. No, sir; there is a—

The CHAIRMAN. It is money out of the Treasury. Any way you cut it, we will still end up in a deficit, whether you call it a budget deficit or other kind of a deficit.

Mr. ROOSA. I am particularly sensitive to that, sir, because my special responsibility in the Treasury is to borrow the money.

The CHAIRMAN. Is to what?

Mr. ROOSA. Borrow the money.

The CHAIRMAN. Borrow the money?

Mr. ROOSA. Borrow the money, whichever way it goes.

The CHAIRMAN. That is right.

And are you endorsing the conventional budget? What other kind of budget would you prefer, so that the people you have to borrow money from would know the status of the Government Treasury?

Mr. ROOSA. Well, of course, there are these various concepts of the budget. I think all of them serve a purpose. I think it is useful to see the way in which each one would work out. From the point of view particularly of Treasury debt management there are two of these concepts that are relevant. The usual administrative budget is important, primarily important, and it tells us what the change in the outstanding debt will be. Then sometimes there are adjustments between the outstanding debt and the debt held by the public itself because part of the debt may be acquired by trust funds. Those Government trust funds then, when they are introduced as a special item in the calculation, change the budget from the administrative to the cash budget. So, from our point of view in the handling of the debt, it is important for us to know both.

The CHAIRMAN. Yes. But isn't it true that you also have outstanding liabilities that are not subject to the debt limit?

Mr. ROOSA. Yes, there are a great number of contingent liabilities.

The CHAIRMAN. Would you mention some of those? What are the liabilities that are not subject to the debt limit?

Mr. ROOSA. There is in preparation, I think, a new tabulation of these because they vary in the degree to which they represent a liability. But as an illustration, of course, the Federal Deposit Insurance Corporation, while already possessing large reserves collected through assessments on the banks, has, in addition, the right to borrow on demand from the Treasury in the event of need, as I recall, an additional \$3 billion—the Savings and Loan Insurance Corp., an additional \$750 million, and so on. There are a number of these—

The CHAIRMAN. But don't let's say "and so on." Give us a total.

Mr. ROOSA. The degree to which this liability represents a meaningful liability, of course, varies, and there are a good many which are extremely difficult to think of adding together. One could say that the Treasury is ultimately liable for all of the currency issued by the Federal Reserve System or all of the deposits issued by the banking system. There have been such tabulations made, they get to very large but not very meaningful figures. In more realistic terms, the liabilities that are incurred by Government-sponsored institutions for which the Government has some responsibility, the figure is now between \$8 and \$9 billion.

The CHAIRMAN. Well, that gives us definite information.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. How has the increase in liabilities not subject to the debt compared with the increase in the debt itself? Have they both been going up by leaps and bounds?

Mr. ROOSA. Yes, sir, they have.

The CHAIRMAN. They have all been going up?

Mr. ROOSA. These have been going up, if anything, percentagewise a little faster. I should have here—

The CHAIRMAN. Do you anticipate any immediate change in the amount of Federal securities outstanding that are not subject to the public debt limit?

Mr. ROOSA. There is a continuing increase in those. In the last calendar year there has been an increase of about a half a billion dollars, such issues as the Tennessee Valley Authority borrowing another \$50 million, and others of that kind. I have a list of the recent ones here if I can put my hand on it, and these, of course, are all carried out under authorizations made by the Congress. The 1963 proposed budget, looking forward in items that may further be approved by the Congress, although action has not yet been taken, include an additional 50 for the TVA, \$475 million for FNMA, \$40 million for the Bank for Cooperatives, \$200 million for the Federal home loan banks, \$125 million for the Federal intermediate credit banks, \$135 million for the Federal land banks, which, of course, are no longer federally owned at all, and that adds up to a total of a billion dollars. That will increase a total that now is nearly 9 to a total that is nearly 10.

The CHAIRMAN. It seems that since a Government bond is as good as Government money, you can exchange one for the other. So we have been investing funds in Government bonds.

Mr. ROOSA. Yes, sir.

The CHAIRMAN. If we don't pay any regard to the limit of public debt and keep on, what is going to happen to those trust funds?

Mr. ROOSA. The trust funds are basically dependent upon the Government's credit.

The CHAIRMAN. Of course. Don't you think it is desirable not only for the taxpayers to know what they owe but also for the people who have their trust funds in Government bonds to know what may be the future value of those bonds? Then they can determine whether we have acted wisely

in putting the trust fund in Government bonds, or whether we should put them in the bonds of some of these utilities and General Motors and what not?

Mr. ROOSA. Yes, sir. Well, I agree, it just happens that this also is the area of the Treasury which I deal with primarily.

The CHAIRMAN. It might be helpful if you would indicate, for the record, what trust

funds you are now managing that have been invested in Government bonds. The biggest is the social security. So we owe it to ourselves, don't we?

Mr. ROOSA. Yes. The principal funds that we are administering and there are—I can just hold up the list from our annual report of the Secretary of the Treasury.

The CHAIRMAN. We are making a record here that somebody might read.

Mr. ROOSA. I will just submit this for the record because it is perhaps longer than you would like to hear and I can read the principal items, if you wish.

The CHAIRMAN. You can do that. But hit the highlights of them now.

(The information referred to follows:)

TRUST FUNDS AND CERTAIN OTHER ACCOUNTS OF THE FEDERAL GOVERNMENT

TABLE 64.—Holdings of Federal securities¹ by Government agencies; and accounts, June 30, 1952-61

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
HANDLED BY THE TREASURY²										
Major trust funds and accounts:										
Civil Service Commission:										
Employees health benefits fund.....										12,324
Employees life insurance fund.....					3,137	8,310	43,910	101,888	149,604	196,625
Federal Deposit Insurance Corporation.....	1,422,300	1,510,700	1,612,750	1,711,200	1,815,200	1,919,000	2,034,400	2,158,000	2,291,996	2,439,517
Federal disability insurance trust fund.....						325,363	1,054,544	1,607,200	2,101,160	2,386,452
Federal employees retirement funds:										
Civil service retirement and disability.....	4,998,402	5,586,418	5,829,646	6,152,373	6,697,179	7,497,551	8,166,751	9,122,980	9,991,227	11,051,014
Foreign Service retirement and disability.....	16,592	16,130	15,229	16,568	19,451	22,387	24,252	26,416	29,178	32,180
Judicial survivors annuity.....						760	1,000	1,104	1,346	1,556
Federal Housing Administration funds:										
Armed services housing mortgage insurance.....	9,450	12,750	10,550	12,950	12,250	15,500	11,974	11,749	13,454	36,285
Housing insurance.....	4,450	5,950	3,300	3,300	4,400	7,000	4,648	7,068	7,268	7,318
Housing investment insurance.....	800	850	800	800	800	850	870	897	907	910
National mortgage insurance.....	194,167	235,067	212,667	268,267	305,688	363,088	411,326	458,851	501,078	556,223
National defense housing insurance.....		11,500	8,100	5,100	5,720	5,270	5,200	2,370	1,495	530
Sec. 220 housing insurance.....				750	750	650	1,100	1,770	2,820	4,300
Sec. 221 housing insurance.....				750	750	750	900	1,030	920	100
Servicemen's mortgage insurance.....				750	1,250	2,650	4,100	5,160	8,163	10,413
Title I housing insurance.....			1,400	1,700	2,400	2,450	2,180	2,070	2,015	2,200
Title II insurance.....				38,000	44,400	56,350	69,529	77,189	87,308	103,523
War housing insurance.....	75,900	77,300	20,600	23,200	28,750	30,820	27,222	29,222	34,118	35,232
Federal old-age and survivors insurance trust fund.....	16,268,037	17,814,387	19,337,092	20,579,051	22,041,438	22,262,664	21,764,964	20,478,466	19,756,158	19,552,914
Federal Savings and Loan Insurance Corporation.....	209,540	218,240	228,940	241,690	256,690	275,190	294,350	311,000	329,500	363,500
Highway trust fund.....						404,444	822,226	429,214	1,355	234,034
Postal Savings System.....	2,558,209	2,481,042	2,246,642	1,997,038	1,741,053	1,459,053	1,206,253	1,052,703	845,703	720,703
Railroad retirement account.....	2,863,144	3,142,803	3,345,255	3,485,903	3,606,505	3,642,058	3,608,953	3,573,604	3,837,767	3,759,509
Unemployment trust fund.....	8,644,000	9,236,000	8,988,000	8,442,915	8,700,688	8,974,894	7,719,944	6,710,565	6,669,557	5,719,956
Veterans life insurance funds:										
Government life insurance.....	1,300,500	1,299,000	1,234,000	1,232,685	1,216,833	1,200,427	1,144,116	1,127,235	1,106,540	1,071,433
National service life insurance.....	5,190,644	5,249,479	5,272,479	5,345,628	5,481,068	5,570,310	5,665,319	5,741,548	5,803,089	5,759,371
Special term insurance.....		425	3,025	9,589	20,234	34,082	48,267	66,164	84,613	106,280
Other trust funds and accounts:										
Adjusted service certificate fund.....	5,115	5,113	4,643	4,589	4,580					
Ainsworth Library Fund, Walter Reed General Hospital.....	10	10	10	10	10		10	10	10	10
Allen property trust fund.....	4,958	7,200	6,650	4,442	4,567	1,732	984	615	570	570
Canal Zone Postal Savings System.....	7,100	7,100	7,100	6,850	6,750	6,752	6,250	6,050	5,350	5,050
Central hospital fund, U.S. Army, Office of the Surgeon General.....	1,570	1,845	1,845	2,045	2,275	2,275	2,075	2,075	1,945	1,945
Comptroller of the Currency.....				4,140	5,140	5,950	5,950	5,335	5,085	4,749
District of Columbia:										
Department of Occupations and Professions.....						266				
Fees and other collections, Recreation Board.....										10
General funds.....	13,974	25,029	21,994	28,190	31,200	39,996	49,679	32,862	27,862	9,213
Highway fund.....		5,779	6,757	10,769	11,985	11,760	11,234	5,288		
Miscellaneous trust funds.....					219	2		19	34	34
Motor vehicle parking fund.....		327	870	1,194	1,391	1,686	2,077	2,576	2,882	3,378
Redevelopment program, Redevelopment Land Agency.....							15,324	4,017	5,165	409
Sanitary sewage works fund.....				851	1,951	2,134	2,534	729	1,361	2,429
Stadium fund, Armory Board.....									12	10,140
Teachers' retirement and annuity fund.....	20,310	21,810	23,510	25,434	27,237	28,890	30,626	32,792	34,793	37,088
Water fund.....	1,773	1,773	1,773	1,673						
Welfare funds.....							15	15	15	10
Exchange stabilization fund.....	20,000	20,000	25,000	25,000	95,000	95,000	35,000	87,120	60,000	46,000
Farm tenant mortgage insurance fund.....	1,250	1,250	1,250	1,250						
Federal ship mortgage insurance escrow fund, maritime activities.....										45,916
General post fund, Veterans' Administration.....	2,666	2,666	2,866	2,866	2,868	2,660	1,734	1,064	1,086	1,288
Individual Indian money deposit fund and trust funds.....	35,425	34,076	31,831	32,982	33,669	36,081	37,572	42,497	40,541	38,359
Library of Congress trust funds.....					46	136	16	16		
Longshoremen's and Harbor Workers' Compensation Act, relief and rehabilitation.....	632	657	727	759	769	772	772	730	690	588
Merchant marine memorial chapel fund.....				424	424	424	554	509		
National Archives trust fund.....								102	102	102
National Capital Housing Authority.....						49	50	4,027	1,452	1,031
National park trust fund.....	18	18	18	18	18	20	21	21	21	21
Office of Naval Records and History fund.....		44	44	44	44	44	44	100	100	153
Pershing Hall Memorial fund.....	199	199	199	199	199	199	199	211	211	211

See footnotes at end of table.

TABLE 64.—Holdings of Federal securities¹ by Government agencies; and accounts, June 30, 1952-61—Continued

[Par value. In thousands of dollars]

Investments of agencies	1952	1953	1954	1955	1956	1957	1958	1959	1960	1961
Other trust funds and accounts—Con.										
Philippine Government pre-1934 bond account	15,138	7,471	6,467	6,351	6,251	5,481	5,166	5,068	1,844	1,571
Preservation of Birthplace of Abraham Lincoln, National Park Service	63	63	63	63	63	63	63	63	64	64
Public Health Service:										
Gift funds	86	86	86	81	81	76	71	71	141	166
Patients' benefit fund, Public Health Service hospitals	7	7	7	7	7	7	7	7	7	7
St. Elizabeths Hospital unconditional gift fund										1
Tennessee Valley Authority									51,289	28,500
U.S. Army and Air Force Motion Picture Service	1,000	500	500							
U.S. Department of the Air Force:										
Cadet fund									1	1
General gift fund									5	5
U.S. Department of the Army—General gift fund						22	22	22	22	31
U.S. Naval Academy—General gift fund	85	85	85	102	102	102	102	109	109	109
U.S. Naval Academy—Museum fund	1	1	1	1	1	1	1	1	1	1
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation	97	101	101	101	110	110	110	110	110	126
Total handled by the Treasury	43,887,613	47,041,552	48,524,873	49,730,633	52,243,838	54,339,629	54,335,252	53,340,841	53,941,949	54,393,000
HANDLED BY THE AGENCIES ⁴										
Banks for cooperatives	43,038	43,038	52,078	42,463	42,463	44,263	42,963	42,963	42,963	45,990
District of Columbia: Miscellaneous trust funds					139	138	149	133	118	116
Farmers Home Administration, State rural rehabilitation funds						217	222	2,816	2,173	856
Federal home loan banks	310,398	378,198	670,254	660,567	1,085,141	1,018,325	1,364,258	1,065,040	1,167,070	1,454,060
Federal Housing Administration, mutual mortgage insurance fund				1,228	14,165	14,165	11,737	6,493	6,493	6,493
Federal intermediate credit banks	48,329	51,252	49,933	59,524	59,524	99,331	99,520	104,535	106,313	107,800
Federal National Mortgage Association	198	154	12	1,479	11,060	36,253	42,333	56,593	72,423	80,203
Housing and Home Finance Administration liquidating programs						17				
Merchant marine memorial chapel fund						33	33	33	33	
Panama Canal Company	10	15	15	15	15	25	25	25	25	25
Production credit corporations	42,488	44,593	41,761	41,924	39,762	(⁵)				
Reconstruction Finance Corporation	1,158									
Workmen's Compensation Act within the District of Columbia, relief and rehabilitation									15	
Total handled by agencies	445,618	517,250	814,053	807,200	1,252,269	1,212,766	1,561,241	1,278,632	1,397,626	1,695,543
Total holdings of securities by Government agencies and accounts	44,333,231	47,558,802	49,338,926	50,537,833	53,496,107	55,552,395	55,896,493	54,619,473	55,339,576	56,088,544

¹ Revised.² Public debt, and guaranteed obligations of the Federal Government.³ For further details of certain of these accounts, see tables 65 through 88.⁴ Includes series F and J savings bonds at current redemption value.⁵ Some of the investment transactions clear through the accounts of the Treasurer of the United States.⁶ Production credit corporations were merged in the Federal intermediate credit

banks as of Jan. 1, 1957, pursuant to the act approved July 26, 1956 (12 U.S.C. 1027(a)). Certain assets, including the Federal securities, and the liabilities of the corporations were transferred to the banks.

⁷ Excludes securities in the amounts of \$19,365,000, \$19,222,000, and \$19,247,000 held by the Atomic Energy Commission as of June 30, 1959, 1960, and 1961, respectively, which in turn are held by trustees for the protection of certain contractors against financial loss in event of a catastrophe.

Mr. ROOSA. The civil service retirement and disability which now—this is the report as of the end of 1961—has, in terms of funds that are handled by the Treasury, a total of just over \$11 billion.

The CHAIRMAN. And how much is the Federal Government delinquent in paying its share of funds into the trust funds? I happen to be on the Appropriations Committee. How much do we owe on that?

Mr. ROOSA. I am not aware of any sidestepping.

The CHAIRMAN. What do you call it when an obligation matures but we don't honor it simply because participants are not drawing out that much right now and we expect that they are going to put in more in the future? We are supposed to put in so much into these trust funds so they will be actuarially sound, but we don't. What do you call that besides sidestepping?

Mr. ROOSA. I am also Chairman of the Investing Board of that body, and I meet with the actuaries twice a year, and we are under the impression that on an actuarial basis and with regard to the accumulation of additional funds over the years as against the incurring of additional obligations that we are on an actuarially sound basis.

The CHAIRMAN. How would you recommend that we meet our recurring obligation to keep these funds actuarially sound, when time after time we have had a budget esti-

mate to pay it in and then we deliberately ignore it and say that we are under the budget. That has been the favorite House way of cutting under the budget by ignoring the liability to the civil service fund.

Mr. ROOSA. Yes, sir; I understand the point now; yes.

The CHAIRMAN. All right.

Mr. ROOSA. Of course, we can't go on doing this. At present the fund is up to this moment sufficiently large; the yield that we are paying on the special Government securities held by the fund is 3½ percent, and on these assets at this average rate of yield, we are, for the presently foreseeable requirements, actuarially sound.

We will have to be certain, of course, as we go forward in the future, that there is no impairment of the payment by Congress to the fund.

The CHAIRMAN. Now, take these civil service funds, the railroad retirement funds, and the social security funds. When you invest them, do you give them the top paying bonds, the bottom paying bonds, or the medium paying bonds? What kind of bonds do you give them?

Mr. ROOSA. We try in each case to administer them according to the provisions of law affecting each, and so they differ, but I can give you an example. On these larger funds I was mentioning, we now have them so invested that civil service gets an average yield on its special issues at the moment of

3¾ percent; the Federal disability insurance the same; the Federal old age the same; the Government life insurance, 3½ percent; some of these are the result of having more investments committed at an earlier period when interest rates were somewhat different—

Senator BUSH. These are all long-term bonds?

Mr. ROOSA. Yes, sir; the highway trust funds, 3¼ percent; the national service life insurance, 3¼ percent; the unemployment trust fund, because according to law there must be more liquidity, shorter holdings there, the average is 3½ percent; and the veterans special term insurance fund is 3½ percent; both of those reflecting the fact that it is a higher liquidity composition.

In addition, some of these agencies have another special privilege in their relation with the Government; they are able to hold special notes which bear, as a rule, only 2 percent, but they have the right to turn those in for cash on demand at any time. They get 2 percent, year in and year out, whether the Treasury bill rate is 1 percent or 3 percent.

The CHAIRMAN. What is the total interest you are paying now?

Mr. ROOSA. The total interest on the public debt now is running \$9 billion annually.

The CHAIRMAN. I thought it was in the budget for \$9.3 billion.

Mr. ROOSA. It is for next year, sir.

The CHAIRMAN. I see. Well, it is going up. Mr. ROOSA. Yes, sir.

The CHAIRMAN. If we have inflation and prices go up and wages go up, will the cost of borrowing money go up, too?

Mr. ROOSA. With inflation, interest rates always rise, yes.

The CHAIRMAN. Is there anything that the Government can legitimately do to keep interest rates down if Congress deliberately goes ahead and spends money and borrows money and has inflation?

Mr. ROOSA. There are things the Government can legitimately do; there are risks in it trying to do it wrongly, very grave risks.

The CHAIRMAN. After World War II, didn't we in effect force the Federal Reserve Board to buy Government bonds below what their actual interest rates would be if it was a free market?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. All right. You don't favor that, do you?

Mr. ROOSA. No, sir.

The CHAIRMAN. Well, neither do I. I am monopolizing these questions. I think it is a rather interesting subject.

Senator TOWER. Mr. Chairman, may I ask a question?

The CHAIRMAN. Yes. The Senator from Texas.

Mr. TOWER. In your estimation, what effect does the increase in interest on Government debt obligations have on the investment of capital in stocks?

Mr. ROOSA. The Government interest rate, if we have the free market we should have, will vary roughly in line with the rate on all outstanding long-term fixed indebtedness and in general interest rates on fixed indebtedness tend to rise when stock prices rise. This isn't always true, but this is the general pattern. This means that bond prices tend to decline when stock prices rise.

Senator TOWER. Hasn't the general tendency been for interest yield to compete with dividend yield—very favorably, as a matter of fact?

Mr. ROOSA. Yes, sir, and, of course, no one can be so brave, particularly in the presence of an experienced investment banker, as to venture views on the recent developments. But among the factors is certainly the influence coming from interest rates that were higher than the average yield available on purchases of common stock. This, as it became realized, was an influence in shifting new investment funds from further purchases of stock into the purchase of fixed interest obligations, including to some extent Government securities.

The CHAIRMAN. Mr. Secretary, we mentioned your concern about the balance of payments. What do you mean when you use that term "balance of payments"?

Mr. ROOSA. In its broadest sense, the balance of payments is the schedule of our receipts and expenditures that cross the national frontier, the things that we spend money for abroad and the sales we make that provide receipts coming in from abroad. This includes, and this is where the analysis becomes more difficult, not only the sale of goods or the purchase of goods but it includes a whole range of services, it includes the receipt of interest on investment made abroad, or the payment of interest and dividends on stocks held here by foreigners, and it includes such other things as tourist remittances, but this whole total—

The CHAIRMAN. Do you think that our balance-of-payments statistics are adequate to reflect what we are talking about, or do they need some revision?

Mr. ROOSA. I don't mean to be sounding critical of the work now done but I would say that it is not adequate. I think the people who are engaged in this statistical work would agree that for a long time the United States has, in comparative terms, ig-

nored its balance of payments; we have not developed statistical measurements that were equal to the needs we face at the moment. We are making strides, and I would point out that beginning in March of this year for the first time the Survey of Current Business—this is from the Department of Commerce—began to publish what we will now get from now on, a second major table on the balance of payments in which you get a much finer breakdown of the actual exports and imports so that you can tell what we are really selling, what is going abroad as aid shipments and what is being spent abroad because of military authorities.

Those things are now clearly subdivided and we are getting that kind of data for the first time, but we have been at it trying to evolve that since about the 20th of January a year ago. It has only begun now.

We have a number of other things that will come along, but we don't have all we should have yet.

The CHAIRMAN. Of course, it is very misleading if we include our military aid and give-away programs as exports.

What do you mean when you say that we have a deficit in the balance of payments?

Mr. ROOSA. The deficit, again, I apologize for seeming to equivocate, but there are two kinds of deficits.

The CHAIRMAN. I want to hear your comments about them.

Mr. ROOSA. Yes, sir.

The first important one is the overall deficit and that means the difference between the total receipts of the United States and the total out-payments of the United States. That difference—the deficit—is then made up in one of two ways. Either we sell gold—ship gold out in effect in order to pay for the deficit—or we increase our short-term dollar liabilities to foreigners. That means they may hold currency, they may hold Treasury bills, or they may hold bankers acceptances. But it is a short-term liability, the close equivalent of cash.

The CHAIRMAN. All right. The deficit winds up in a reduction in the gold supply if we issue short-term securities and if foreigners buy them and then ask for gold. We have to give them gold, haven't we?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. So a deficit in our balance of payments all winds up as a threat upon our gold supply?

Mr. ROOSA. Yes.

The CHAIRMAN. How much have those deficits caused us to lose in gold in the last 3 years?

Mr. ROOSA. The gold loss has run about \$3.5 billion, the deficit has been—well, I better say 3 years plus calendar 1962, then the total of gold becomes larger. If we take calendar 1959, 1960, 1961, and thus far in 1962, the gold loss is in the rough magnitude of \$4 billion. I will put the precise figure in. Mr. Morris can check this. And the balance-of-payments deficits, giving rise to this, have been over \$3.5 billion for 2 of those years, \$2.5 billion last year, and is currently running \$1.5 billion.

(The information referred to follows:)

U.S. overall balance-of-payments deficit and portion of deficit representing U.S. gold loss, 1959 to date

[In millions of dollars]

Calendar year	Overall balance-of-payments deficit	Gold loss
1959	3,743	1,075
1960	3,925	1,703
1961	2,461	857
1962 to date	1,500	455

¹ Includes \$344,000,000 gold subscription to IMF.
² Based on available data at a seasonally adjusted annual rate.
³ Change in Treasury gold stock through June 15.

The CHAIRMAN. Well, then, the balance-of-payments deficit has exceeded the gold loss?

Mr. ROOSA. Yes, sir.

The CHAIRMAN. Simply because foreigners haven't asked to cash in all of the dollars?

Mr. ROOSA. That is right.

The CHAIRMAN. How many dollars, in terms of private and public short-term demands and whatnot, could they demand gold for? What is the total?

Mr. ROOSA. The total of claims that are almost immediately available is roughly \$20 billion. But I should quickly add that that total can be much larger because this figure includes only the short-term holdings of foreigners.

The CHAIRMAN. I heard it was \$21 billion.

Mr. ROOSA. That is right, because in addition, we have to include some of the international institutions, but we don't regard them as likely to draw.

The CHAIRMAN. All right, \$21 billion that they could demand against our gold. How much gold do we have?

Mr. ROOSA. Our present stock is \$16,434 million.

The CHAIRMAN. We have to have a 25-percent backing for Federal Reserve bank deposit liabilities and for Federal Reserve bank notes that are acceptable for all taxes and debts and so forth; how much gold does it take to back our currency?

Mr. ROOSA. The 25-percent requirement now takes in round numbers \$11.8 billion, against the notes and deposits.

The CHAIRMAN. When did it drop from \$12 billion?

Mr. ROOSA. No; it hasn't dropped from \$12 billion. Twelve billion dollars is just a rounded number that has been used.

The CHAIRMAN. Twelve is a rounded number?

Mr. ROOSA. Yes.

The CHAIRMAN. How much free gold does that leave?

Mr. ROOSA. A little over 4½—

The CHAIRMAN. About \$4.5 billion against a potential demand of \$21 billion. Is it important for us to prevent inflation or not?

Mr. ROOSA. Indeed it is. I would like to make one correction, though, if I may, sir.

I didn't mean to imply that only the \$4.5 billion would be available in the event of a gold drain—

The CHAIRMAN. We could borrow a little from the International Monetary Fund maybe.

Mr. ROOSA. No, sir; under the provision, I believe, of the Banking Act of 1935, the Federal Reserve Board may waive the requirements for an initial 30 days, renewing it for successive 2-week periods. Thus in the event there were any concern by foreigners that somehow or other they ought to draw their gold because we are approaching close to a firm and absolute limit, they shouldn't worry. They shouldn't speed up their gold purchases for that reason, because the requirement can be waived.

The CHAIRMAN. The Federal Reserve Board in an emergency can now print money without any gold behind it—is that what you are saying?

Mr. ROOSA. In effect, sir, I'm saying the law allows—it doesn't have to be an emergency—the law allows the Board on its finding to waive the application of the requirement for additional 2-week intervals. This, of course, becomes a matter of public notice and the Board is required in this circumstance to impose a fee or penalty on the Federal Reserve banks for doing so. I make this point only, sir, because this is an important part of the explanation which our foreign holders of dollars should know, if it is in their minds at any time doubtful that the Federal Reserve Board could provide this waiver in the event of a run on gold. It would, of course, increase the chances of a run on gold.

The CHAIRMAN. Well, I don't mean to discount either the wealth or the productive capacity of our Nation. Some persons have suggested that there should be more pay for less work; I don't think this is going to help us. At any rate, we are far from being broke.

You have mentioned the effect of inflation upon the balance of payments. If inflation would happen, foreigners would lose confidence in the dollar. We could then be in a situation requiring us to decide whether to suspend gold reserve requirements, or to revalue the dollar. No matter what we would do would hurt, wouldn't it?

Mr. ROOSA. We can't let ourselves get into the situation where we would have to think of either of those things, so I agree with you emphatically.

The CHAIRMAN. So we have to watch that situation when we vote on how much we are going to raise the debt ceiling. We have to watch that on any proposal to go above the budget and take a second look at some of the budget items. What other steps do you have in mind to protect this diminishing gold supply?

Mr. ROOSA. Our effort is mainly directed toward eliminating the deficit in the balance of payments.

This includes primarily the points you have already been making, that we must avoid inflation, we must keep expanding American industry competitive and improve, if we can, its competitive position—I say we, speaking of the American people, I don't think Government does this by some heroic act of its own—and then in addition we must do all we can to reduce the balance-of-payments burden of our governmental expenditures abroad. We could do that—

The CHAIRMAN. That means we can cut down a little bit on what we give away?

Mr. ROOSA. We are doing it largely by giving away goods in kind, and in that way not making dollars available which can be a drain on our gold.

The CHAIRMAN. I want to recognize at this time one of our advocates of economy. He is a Harvard-trained man in economics and he didn't even want the Congress to authorize a new airplane carrier in the defense appropriation bill because it costs too much. The Senator from Wisconsin.

CENTENNIAL OF MORRILL LAND-GRANT ACT OF 1862

Mr. LONG of Hawaii. Mr. President, next week, on Monday, July 2, the United States will observe the centennial of the enactment of one of its most dramatic departures in education—Abraham Lincoln's approval of the Morrill Land-Grant Act of 1862.

This event, which culminated 5 years of dedicated effort by champions of a federally inspired system of higher learning, ushered in a century of remarkable progress in American education.

During the past 100 years, our land-grant colleges have extended the educational horizons of thousands of Americans, both men and women, fitting them with the skills and perspectives essential to a dynamic economy and to an enlightened society.

There are now 68 land-grant institutions in all 50 States and Puerto Rico. They comprise only 4 percent of our Nation's colleges and universities, but provide instruction to 20 percent of our undergraduates and account for 40 percent of the doctorates awarded.

The Association of State Universities and Land-Grant Colleges is to be con-

gratulated for the outstanding centennial program which it has organized. Since official recognition of this anniversary by both Congress and the President in August, the association has undertaken a complete schedule of special events and special studies, both to commemorate the centennial and to inquire into the opportunities and challenges that all higher education will encounter in the years to come.

I am pleased to say that the University of Hawaii, an active member of the association, is engaged in a full-scale self-evaluation study as a part of the centennial program.

We in Hawaii are proud of our university, the land-grant college for the Pacific. Since its establishment 55 years ago as the college of agriculture and mechanic arts, it has been uniquely important in the modern development of Hawaii.

Its enrollment has doubled to more than 10,000 during the past 10 years, and current estimates foresee a growth to 19,000 students by 1975. More funds have been invested in its physical facilities during the past 4 years than were invested in all prior years together. The university is the only large institution of higher learning in Hawaii and must therefore provide most of the higher educational opportunities for a State population that is one of our Nation's youngest.

Its college of tropical agriculture has been instrumental in the development of one of the world's most highly mechanized and scientifically operated agricultural industries. Even the university's Reserve Officers' Training Corps is unique: it is the only corps in the country entitled to fly a battle streamer, in recognition of its action during the Pearl Harbor attack. As one example of the University of Hawaii's impact upon our citizens, it may be noted that, of the 53 members of both houses of the State legislature who attended college, 40 studied at the university.

But the University of Hawaii promises even more unique educational contributions in the future. The reason is the recent establishment, under the administration of the university, of the center for cultural and technical interchange between East and West.

The East-West Center is an imaginative extension of the land-grant concept of education to the international sphere. At the Center, young men and women from Asia and the Pacific, as well as from the United States, have the opportunity not only to pursue undergraduate and graduate studies but to participate as well in numerous inservice training programs offered by Hawaii business firms and State agencies.

As Vice President JOHNSON has said, the Center gives us an occasion "for an adventure down a new road." It is a refreshing expression of our faith in international understanding and a tribute to the wisdom of the U.S. Congress.

I am indeed pleased to join my colleagues in recognizing the centennial of American land-grant college education and its contributions to our respective States.

VISIT TO THE SENATE BY SIR ALEXANDER BUSTAMANTE, PREMIER OF JAMAICA; HON. DONALD SANGSTER, MINISTER OF FINANCE; HON. EDWARD SEAGA, MINISTER OF DEVELOPMENT AND WELFARE

Mr. HUMPHREY. Mr. President, we are very honored today to have in the Chamber of the U.S. Senate a distinguished visitor and a friend of democracy and a friend of the United States. I refer to Sir Alexander Bustamante, Prime Minister of Jamaica, and certain members of his government.

The Prime Minister has visited with the President. In addition, he has had meetings with the Acting Secretary of State, George Ball; the Secretary of Agriculture, Mr. Freeman; the Secretary of Labor, Mr. Goldberg; and other officials of the U.S. Government who are concerned with Jamaican affairs.

The Prime Minister had a fine visit with our President on Wednesday.

As we know, Jamaica will receive its independence from the United Kingdom August 6, 1962. The Prime Minister is now on his way for discussions and talks with the British authorities in London.

The Prime Minister is accompanied today by Hon. Donald Sangster, Minister of Finance, and by Hon. Edward Seaga, Minister of Development and Welfare.

Mr. President, I ask unanimous consent that biographical notes concerning our distinguished guest, the Premier of Jamaica, may be printed in the RECORD at this point.

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

HON. SIR WILLIAM ALEXANDER BUSTAMANTE,
PREMIER OF JAMAICA

Sir Alexander was born in 1884 and educated at schools in Jamaica, at the Royal Academy, Madrid, and LaSalle Extension University, Chicago. He lived and worked abroad for many years. He returned to Jamaica in 1932 and immediately took an interest in public affairs, taking part in various public controversies.

In May 1938 when strikes and labor disputes were occurring all over Jamaica, Sir Alexander assumed leadership of the workers and founded the Bustamante Industrial Trade Union. He was arrested and charged with sedition, but the charge was withdrawn. He called an islandwide strike in 1939 and as a result was interned under the Defence Regulations Act from 1940-42. On his release he reorganized the Bustamante Industrial Trade Union, and later in 1943 he founded the Jamaica Labour Party. Sir Alexander's party won the first (1944) election in Jamaica under universal adult suffrage. He was head of the Government 1944-54 and leader of the opposition 1954-62. Sir Alexander was knighted for service to Jamaica in 1955.

Sir Alexander's Jamaica Labour Party campaigned for Jamaica's secession from the West Indies Federation. Jamaica voted to secede in September 1961.

In April 1962 Sir Alexander's Jamaica Labour Party was again elected to office and will form Jamaica's first Government in independence. Sir Alexander will be Jamaica's first Prime Minister.

The Premier is responsible for the preindependence planning of matters relating to foreign and Commonwealth affairs and international relations; the preindependence planning of matters relating to defense and the Army and Air Cadet Force.

Mr. HUMPHREY. Mr. President, I extend to Hon. Sir William Alexander Bustamante, Premier of Jamaica, the heartiest greetings of the Senate of the United States and our good wishes.

Mr. President, I move that the Senate stand in recess for 3 minutes, in order that Senators may extend personal felicitations to the Prime Minister.

The motion was agreed to; and (at 12 o'clock and 21 minutes p.m.) the Senate took a recess until 12 o'clock and 24 minutes p.m., when the Senate reassembled, and was called to order by the Vice President.

PRESIDENTIAL REVERSAL OF BUY AMERICAN WAIVER

Mr. HUMPHREY. Mr. President, some time ago there appeared a notice in the American press that an order had been issued in the administration which would have waived the so-called buy-American requirement under our Foreign Aid Act. However, I am happy to note that the President of the United States has overruled some of his associates and subordinates and has restored the buy-American provisions relating to the foreign aid program.

The original notice as to the waiver of the "Buy American" provision related to certain goods which were going to the Government of South Vietnam. The alleged purpose of the original waiver was to permit the Government of South Vietnam to "shop around," so to speak, to try to obtain better bargains in reference to certain commodities.

The President, according to this news story, after studying the situation concerning our foreign aid program in South Vietnam, has taken action to restore the "Buy American" provision. I quote from the news clipping in the New York Times of June 27:

President Kennedy has reversed a decision made by administration aids last week that would have permitted South Vietnam to spend about \$22 million of U.S. aid funds outside the United States.

Instead of approving the waiver of the "Buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.

Only by holding cash transfers to a minimum in foreign aid loans and grants can the nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

Mr. President, I ask unanimous consent that the entire article from the New York Times to which I have referred may be printed in the RECORD at this point.

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

"BUY AMERICAN" RULE RESTORED FOR SAIGON (By Felix Belair, Jr.)

WASHINGTON, June 26.—President Kennedy has reversed a decision made by administrative aids last week that would have permitted South Vietnam to spend about \$22 million of U.S. aid funds outside the United States.

Instead of approving the waiver of the "buy American" requirement, the President insisted that U.S. aid should be limited wherever possible to providing American goods and services.

Only by holding cash transfers to a minimum in foreign aid loans and grants can the Nation hope to reduce and eventually eliminate the deficit in its international payments, the President said.

The international payments position reflects the difference between U.S. receipts from foreigners and U.S. payments to foreigners. Last year there was a deficit of \$2,500 million and there was a corresponding loss in the Nation's gold reserves. Cash transfers resulting from U.S. aid operations accounted for \$1,300 million of the payments deficit.

As a result of the President's intervention, officials of the Treasury and the Agency for International Development are trying to tighten loan and grant procedures. Their goal is a blanket \$1 billion ceiling on net cash transfers resulting from U.S. aid operations.

DILLON AGREES TO EXCEPTION

Last week, Secretary of the Treasury Douglas Dillon and Fowler Hamilton, Director of the Agency for International Development, reluctantly agreed to a proposal advanced by the Saigon Government and strongly supported by Secretary of Defense Robert S. McNamara that \$12 million already obligated for aid to South Vietnam be made available without the "Buy American" conditions usually attached.

The money had been authorized in the category of "supporting assistance" and in the form of materials and supplies and industrial machinery for which importers would pay American export prices and turn over the cost in plasters to the treasury of Vietnam.

The local currency thus generated would then be used by the Saigon Government to pay its troops as well as to buy roadbuilding machinery, radio communications equipment and other supplies needed in consolidating areas from which the Communist guerrillas had been driven.

Unless the money was made available without the usual conditions, Saigon warned that it would be forced to retrench and slow its counterinsurgent activities. The South Vietnamese Government said the step was necessary because importers regarded U.S. aid shipments as too expensive to be disposed of at a profit.

Government revenues, which are based mainly on import levies, had fallen to a point where South Vietnam was faced with a budget deficit for the first time in its short history, according to the U.S. aid mission in Saigon.

So impressed was the mission with Saigon's position that the mission proposed that it receive an additional \$10 million to buy plasters from the Saigon treasury to make the dollars available for expenditures anywhere in the world.

Secretary McNamara backed the Saigon government's request as an urgent military necessity. Vice President Johnson and Gen. Maxwell Taylor, military representative of the President, endorsed the request. Treasury and United States and sources confirmed that Mr. Dillon and Mr. Hamilton had agreed to the plan.

According to official sources, the President read a newspaper article reporting the agreement. The result, according to these sources, was that the agreement was rescinded.

How much aid money authorized for South Vietnam will be spent outside the United States is conjectural. Officials emphasized, however, that if the "buy American" provision was waived for any of the funds, it would be done only after Treasury and aid officials had evolved a formula to hold down cash transfers.

President Kennedy's reversal of the waiver was a victory for the policies of Secretary Dillon and Mr. Hamilton. The main objection of United States and authorities was that "waivers breed waivers" and an excep-

tion for Vietnamese importers might lead to an increase of such a practice.

The Vietnamese importers wanted to buy machinery, fertilizer, and roadbuilding equipment and many other items in Japan, Hong Kong, West Germany, France, and any other countries where equivalent items were available at lower than U.S. prices.

U.S. officials contend that if aid recipients want less expensive imports they should take advantage of export credit facilities available in the countries providing the bargains.

Mr. HUMPHREY. Mr. President, I wish to express my full support of the President's action. I mentioned some time ago in the Senate my concern over the proposal to waive the "Buy American" provision. The American people have a heavy burden of foreign aid. I believe they have the right to expect that whenever it is possible the countries which receive our assistance under foreign aid will utilize those moneys to purchase goods and services from the United States of America. This ought to be particularly true in respect to those countries to which we are extending large amounts of military assistance and military aid, where we have military missions.

The President, in taking the action he has taken, I believe has strengthened the support for the foreign-aid program, and likewise has given notice to persons within the administration, as well as to the countries and the political leaders of the countries which receive our help, that we expect to apply the provisions of foreign aid in a manner which will be helpful to the countries for which the foreign aid is directed or designed, and also helpful to the American economy.

CONSUMER PRICE INDEX NOW STEADY

Mr. HUMPHREY. Mr. President, I ask unanimous consent to have printed in the RECORD the report of the Labor Department concerning the Government's Consumer Price Index, as carried in an article published in the New York Times.

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

PRICE INDEX STEADY AFTER 3-MONTH RISE

WASHINGTON, June 26.—The Government's Consumer Price Index was unchanged in May, the Labor Department reported today.

Robert J. Myers, Deputy Commissioner of Department's Bureau of Labor Statistics, called the pause "a welcome little respite" from the steady rise during the 3 preceding months. In April the index reached a record of 105.2.

Mr. Myers predicted that the index for June would show a slight rise.

Behind the stability of the aggregate figure last month was a myriad of offsetting price movements in individual categories. The principal ones were lower prices for food, solid fuels, and gasoline and higher prices for services and used cars.

The Consumer Price Index measures changes in the prices of about 300 goods and services that city residents buy. The changes are measured against the average of prices in 1957-59, which is taken as a base of 100.

In simple terms, the May index of 105.2 means that living costs are slightly more than 5 percent higher now than they were in the base period.

UP 1.3 PERCENT IN YEAR

Over the year, the index has gone up 1.3 percent. Government price experts do not regard that as excessive, particularly in view of the stability of underlying wholesale prices. These have been steady for 4 years.

The most important increases over the year have been for medical care services, up 2.8 percent; housing, up 1 percent; public transportation, up 3.2 percent; food, up nine-tenths of 1 percent; used cars, up 11.1 percent; and gasoline, including taxes, up 3 percent.

Over the month, average retail food prices dropped two-tenths of 1 percent. The decline was principally the result of lower prices for eggs, meats and poultry, dairy products, and most fresh fruits. Prices of fresh vegetables continued to rise.

Medical care prices rose two-tenths of 1 percent in May. Labor Department price experts attributed the rise to higher professional fees, hospital room rates and health insurance rates. These were partly offset by reductions in the prices of prescriptions and drugs.

Although gasoline prices were down 1 percent in May and new-car prices were down four-tenths of 1 percent, overall transportation prices were up one-tenth of 1 percent, primarily because of a 2-percent rise in used-car prices.

The number of used cars on the market is low in relation to the demand for them. Used-car prices are now nearly 45 percent above the low of March 1956, the Labor Department said.

Clothing prices remained stable in May. The Labor Department said that about 185,000 workers would receive cost-of-living increases of 1 to 3 cents an hour based on quarterly, semiannual, or annual movements in the index.

The Labor Department also reported today that average spendable weekly earnings of factory workers rose to a record \$78.37 in May for workers without dependents and \$86.05 for those with three dependents. The previous record of \$78.04 and \$85.70, respectively, was set last December.

The rise—50 cents over the month and \$4 in the year—was attributed to a longer workweek and higher hourly earnings.

Real spendable earnings, which are spendable earnings adjusted for changes in the price index, were about 4 percent higher in May than in May of 1961.

INDEX DECLINES HERE

The Consumer Price Index for New York City declined 0.3 percent in May, to 105.7. This was the first dip since November 1961, when a decline of 0.1 percent was recorded.

Last month's decrease reflected lower average prices for food, housing, apparel, and personal goods and services. The housing index did not include rent, for which figures were not available. Increases were reported for medical care and transportation.

A drop of 1 percent in food prices was attributed primarily to lower prices for meats and dairy products. Lower average prices were reported for milk, down 1 cent a quart; oranges, down 7 cents a dozen; eggs, down 2 cents a dozen; chuck roast, down 3 cents a pound; frying chickens, down 1 cent a pound, and fresh strawberries, down 14 cents a pint.

Higher food prices were reported for lettuce, up 7 cents a head; fresh tomatoes, up 3 cents a pound; and apples, up 1 cent a pound.

Higher average prices also were reported for gas ranges, broadloom carpeting, vinyl floor covering, house reshingling, men's shoes, and used cars.

Lower prices were reported for anthracite coal, fuel oil No. 2, sheets, dinette sets, mortgage interest rates, women's hose, and toothpaste.

Medical care, at 114.7, reached a new high.

Mr. HUMPHREY. Mr. President, I am happy to note that the Consumer Price Index has been steady in the past month. There has been no inflation. In fact, the specter of inflation seems to have been relegated for some time to the past.

This is a reassuring note both for consumers and for investors. I am hopeful that this kind of economic good news will help in a very substantial way to restore confidence in the market.

Mr. President, on that same note I ask unanimous consent to have an article which was published in the Wall Street Journal entitled "How's Business?" printed in the RECORD at this point.

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

DESPITE STOCK MARKET PLUNGE, THE ECONOMY HAS MANY BRIGHT SPOTS

(By Alfred D. Malabre, Jr.)

How's business? Stockholders writhe in a shakeout of high-flying stocks. Economists speak of a mild recession next year. Washington worries over a lack of "growth."

Against this background a glance at major measures of the economy as things stand at the latest reading shows little evidence of illness.

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958-60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960-61 recession, reached in February 1961.

KEY INDICATORS COMPARED

Some key measurements of the economy appear in the table below. Dollars are in billions. Industrial output is a percentage of the 1957 average. Nonfarm employment is in millions, housing starts in thousands. Consumer spending and corporate profits are for the second quarter of 1960 and the first quarters of 1961 and 1962. Current totals are for May in categories reported monthly. Annual rates are used, except for retail sales, which are monthly. Seasonal adjustments are made.

	May 1960	February 1961	Latest
Personal income.....	\$403.6	\$403.1	\$440
Consumer spending.....	\$329.9	\$330.7	\$352
Corporation profits.....	\$23.3	\$20	\$26
Retail sales.....	\$18.5	\$17.8	\$19.5
Industrial output.....	109	102	118
Nonfarm employment.....	61.4	60.9	62.8
Housing starts.....	1,333	1,169	1,587

The sharp drops in the stock market recently, of course, cast a pall over the healthy glow of the latest figures. Many of the Nation's 16 million stockowners have seen much of their assets wiped out in recent weeks. They're likely, as a result, to spend less in coming months than they otherwise would. Moreover, other consumers, worried by the stock market, may also decide to cut down spending.

For the time being, however, there's little question that business, generally, looks good. Here's a capsuled review of some key parts of the economic picture:

Inventories: The supply of durable goods held by manufacturers to meet demand is considerably smaller in relation to sales than either a year ago or in February 1961, at the trough of the 1960-61 recession, latest figures indicate.

At last count in April, durable goods inventories of manufacturers amounted to \$32.5 billion, or 1.98 times the \$16.4 billion April sales of such goods.

A year earlier, by comparison, durable goods inventories totaled 2.14 times monthly sales. And in February 1961, the inventory-to-sales ratio was 2.30.

Retail sales are at a near-record clip. The May total was 1 percent below April but higher than in any other month on record, after adjustment for seasonal factors.

Sales of automobiles and appliances are booming. Shipments to dealers of refrigerators, ranges, freezers, air conditioners and home laundry equipment were 23 percent higher in May than in the comparable 1961 period. Automobile sales in the first third of June totaled 20,247 cars, up 21 percent from a year before. Auto industry economists talk confidently of full-year car sales around the 6.9 million mark, 17 percent above 1961. A sluggish item: Furniture.

Construction is a bright spot. Housing starts in May, at a 1,587,000 annual rate, were 3 percent higher than in April and 23 percent above May 1961. The latest total is the highest recorded since the debut of the Government's current housing starts series in January 1959.

Contract awards for construction work were 18 percent higher in the first 4 months of this year than in the comparable 1961 period, according to F. W. Dodge Corp., a construction industry statistical service. The April total was 17 percent above a year earlier.

Construction contracts, of course, foreshadow the actual start of building activity. Construction contracts awarded for commercial and industrial buildings are among the so-called leading indicators of business cycles, developed by the National Bureau of Economic Research, a nonprofit business research organization. Such indicators supposedly signal movements of the economy.

Consumer income: On a per person basis, disposable personal income of consumers is on the rise. In the first quarter of this year, it reached a record \$2,039 annual rate, up from \$2,032 the previous quarter and \$1,940 in the like 1961 quarter.

Over the long term, per capita income also has moved ahead, even after allowing for price increases. In terms of 1961 prices, it totaled \$2,021 on a yearly basis in the first 1962 quarter, compared with only \$1,692 in 1950.

The average weekly pay of factory workers is also increasing. It climbed to a record \$97.20 in May, up from \$89.31 in February 1961 and \$91.37 in May 1960, at the peak of the last business expansion.

Despite many signs of bounce in the Nation's business, there are also factors, besides the stock market, causing concern among economists and businessmen. Here are a few:

Unemployment: Although nonfarm employment is at a record, many months of expansion have failed to cut unemployment sharply. In mid-May, 5.4 percent of the civilian labor force wanted work, but said they couldn't find any. That's well below the 6.8 percent recession rate of February 1961. But it's considerably higher than at comparable periods in previous postwar expansion cycles. The unemployment rate after 15 months of the 1958-60 expansion—a weak upturn—was 5.1 percent.

The current rate, however, is still far below the depressed level from 1931 to 1940 when unemployment never dipped lower than 14.3 percent of the labor force.

New orders for durable goods, considered a key barometer of business weather, have weakened in recent months. After hitting \$16.4 billion in January, after seasonal adjustment, they steadily declined to \$15.8 billion in April. Orders in May remained at the April level.

The backlog of durable goods orders at the end of last month was \$44.4 billion, \$1.1 billion below April and down for the third consecutive month. The end-of-May backlog, however, still was \$1.8 billion above a year earlier.

Steel: Despite the fact some of its key customers—appliance makers, auto producers, and contractors—are enjoying booms, the steel industry is operating at about half of its full capacity. Many steel executives fear operations will sink below 50 percent of capacity in the weeks ahead. They anticipate a moderate pickup later in the year.

The low production rate in the steel industry may partly reflect inroads by competitors, as well as sluggish demand, some observers say. Several days ago, for example, Aluminum Co. of America announced plans to lift its production to 86 percent of capacity next month. The company's current rate is about 82 percent of capacity. A few days before, Kaiser Aluminum & Chemical Corp. announced plans to increase its output of refined aluminum to 90 percent of capacity from 86 percent.

Corporate profits: In the first quarter, after-tax profits of corporations, though above the recession level of a year before, fell to a \$26 billion annual rate, down from a record \$28.5 billion in the previous quarter. Corporate profits are among the leading indicators of business activity.

Profit margins of manufacturers, moreover, narrowed to 4.3 percent of sales in the first quarter, down from 4.8 percent in the previous 3 months.

The squeeze on profits, many economists fear, will crimp business spending for plant and equipment in the months ahead. Businessmen spent about \$35.7 billion on an annual basis on plant and equipment in the first quarter, according to estimates. That's slightly higher than the level of the previous few years, but under 1957's record \$36.96 billion total.

It has been hoped plant and equipment expenditures will provide steam for the economy in the months ahead, if consumer spending starts to lag.

Mr. HUMPHREY. This particular article notes that personal income, jobs, and factory output are at alltime highs. I quote in part from the article:

Personal income is at a record level. So is consumer spending. So is industrial production. So is nonfarm employment.

The economy has kept on growing long after passing the peak of the 1958-60 recovery, reached in May 1960. It has marched briskly forward since the pit of the 1960-61 recession, reached in February 1961.

I also note that one of the most encouraging signs is that businessmen are spending about \$35.7 billion on an annual basis on plant and equipment in the first quarter of this year, according to estimates.

That is slightly higher than the level of the previous few years, but it is under the 1957 record of \$36,960 million. Those figures indicate that the economy is essentially strong, as I have said in the Senate on other occasions. Despite the gyrations and downward trend of the stock market in recent weeks, every index of the American economy, every factor that can be analyzed, indicates a basic health in the economy. Farm income is up, jobs are up, retail sales are improving, automobile sales are moving at the rate of approximately 7 million cars a year. Housing construction is now well over a million and a half units. Indus-

trial production is up. Consumer saving is at an alltime high. As I pointed out, when we add to those factors the fact that corporation profits are running at approximately \$26 billion a year after taxes, the American economy is moving ahead in a steady course.

The only question that we must face is whether or not the rate of growth and expansion is adequate. It is the contention of the Senator from Minnesota, as I have said in public meetings as well as in the Senate, that we must step up the rate of growth. So long as we have a rate of unemployment over 5 percent, and so long as approximately 8 percent of our industrial plant remains unused, there is need for further acceleration of the economy.

For that reason I have been a staunch advocate of tax reduction, both corporate and individual, this year, feeling that such a reduction would have a stimulating effect upon the economy, accelerate its growth, improve the job situation, and expand investment. I believe it would do much to put us in a forward movement that would sustain the economic growth for many months and years to come.

The kind of reduction I have advocated would not unbalance the budget. If it were to unbalance the budget any further, it would be for only a brief period, because, after all, tax revenues are based upon the total vitality, the gross national product, and the total business activity of the American economy. I hope the administration will keep a watchful eye on the economy; and as we watch and analyze it, if we sense that there is a sizable or significant drop, we will not hesitate a single day, but will move with a modest reduction of both corporate and individual income tax levies to permit the economy to have a greater flow of free cash for the purposes of consumer spending and capital improvement and investment.

Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

BLESSINGS OF A FREE SOCIETY UNDER GOD

Mr. STENNIS. Mr. President, at a recent breakfast group meeting of Senators, the Senator from Georgia [Mr. TALMADGE] made a brief talk concerning the dignity and blessings which flow to the American people through their right to labor at tasks of their own choosing in a free society under God.

As always, the Senator's address was timely, clear and forceful, and this message particularly was filled with logic and wise counsel. I commend its reading to the membership of this body and to the American people, and I ask unan-

imous consent that it be printed in the RECORD.

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

BLESSINGS OF A FREE SOCIETY UNDER GOD (An address by Senator TALMADGE, of Georgia)

My friends, at no time in our history as a free nation have events made us more aware of the continuing threat of the godless forces of the world to destroy us and our liberty under God.

It is important, therefore, that we and all Americans never take for granted the all-important difference which distinguishes our way of life from the enslavement of communism—the right to live, work, and worship in freedom, in dignity and in accordance with the dictates of our consciences.

This morning I would like to direct our thoughts to the blessings which are ours through the right to labor at tasks of our own choosing in a free society.

Here in America we have perfected a nation free of the slave-master relationship.

Here in America we have perfected an economic system in which labor and capital meet on equal terms and work together for the benefit of both.

Here in America we have perfected a society in which the individual can determine his own destiny and enjoy the fruits of his own labor.

That our system of free enterprise is the embodiment of God's will for man is attested to by no less a spokesman than the inspired St. Paul himself. For he wrote in his "First Letter to the Corinthians," verses seven through nine:

"So then neither is he that planteth anything, neither he that watereth; but God that giveth the increase.

"Now he that planteth and he that watereth are one; and every man shall receive his own reward according to his labor.

"For we are laborers together with God."

There in one brief passage we have a clear exposition of the divine ordination of the labor-management relationship—that one cannot exist without the other any more than the seed can grow without the soil or the plant thrive without the sun.

It stands in sharp contrast with the Communist ideology that each man will work only according to his ability and all men will receive according to their needs.

That is nothing more than a high-sounding definition of slavery.

The contrast leaves no room to wonder why the atheists of the Kremlin have sworn our destruction. It is a contrast so marked that it can be maintained short of our destruction only by the walls, bayonets, and tanks of an Iron Curtain.

When engaged in the performance of a particularly demanding task, it is perhaps difficult to think of work as a blessing. But in surveying its completion there comes the satisfaction of a job well done and, in enjoying its reward, the value of it becomes apparent.

Even Almighty God experienced that satisfaction, for it is recorded in the very first chapter of the Bible that at the end of each day of creation, He looked back upon His handiwork and "saw that it was good."

It is true that physical toll was ordained by God as the primeval curse after the sin of Adam and Eve. At that time, He condemned man to earn his bread by the sweat of his brow. But, happily, labor—instead of being an everlasting and degrading curse—rather has become a blessing which the Scriptures definitely show to be pleasing to the Lord.

In Ecclesiastes Solomon characterized labor as the gift of God and said that man should

rejoice in it. He also observed in Proverbs that "he that gathereth by labour shall increase."

Jesus, himself, prepared for His life's ministry by working as a carpenter. He demonstrated His feeling for the working man in His declaration to His Disciples that "the labourer is worthy of his hire" (Luke 10:7).

The critics of Jesus sneered at him for being a lowly carpenter. But who can cite the name of a single one of them? History has forgotten them, while all enlightened mankind gives thanks to a merciful and all-seeing God for the inspiration and hope given us by the hands of the Carpenter.

Aside from intangible satisfaction and material rewards, work gives purpose to life. As Theodore Roosevelt declared in his Labor Day address in 1903:

"No man needs sympathy because he has to work * * * Far and away the best prize that life offers is the chance to work hard at work worth doing."

A pundit once thought he was being very clever in observing: "I like work; it fascinates me. I can sit and look at it for hours." But he was put in his place by another who retorted: "Doing nothing is the most tiresome thing in the world, because you can't quit and rest."

The story is told of a newspaper's interview with three men working on the same job. Each was asked what he was doing.

"I'm making \$5 a day," said the first.

"I'm cutting stone," replied the second.

"I'm building a cathedral," answered the third.

They were all earning the same wage. They were all cutting stone. They were all working on a cathedral. But one held it in his mind that he was helping build a great edifice. For him work gave purpose to his life.

It was purpose which animated Ignatius Loyola to endure persecution, captivity, and physical suffering and he persisted to found the Society of Jesus which has had a remarkable influence on the history of the world.

It was purpose which motivated Martin Luther to achieve the Reformation.

It was purpose which placed Oliver Cromwell on the seat of the English kings.

It was purpose which led Mohammed to build a mighty empire and fix the firm foundation of a new creed.

History is replete with examples of the fact that the man who concentrates his energies upon the fulfillment of a goal will assuredly wring success from the hands of a reluctant fortune. Such a man views impossibilities as challenges.

No man ever encountered and disproved more "impossibilities" than Thomas A. Edison. And, commenting upon his successes, he said:

"I never did anything worth doing by accident, nor did any of my inventions come by accident; they came by work."

Napoleon exclaimed that "there is nothing impossible. It is a word only found in the dictionary of fools."

A great newspaper once observed editorially that the difference between genius and mediocrity is purpose—"for true genius has, what mediocrity usually wants, the capacity for labor."

Or as aptly expressed by John Ramsey McCulloch:

"It is to labor and to labor only, that man owes everything of exchangeable value. Labor is the talisman that has raised him from the condition of the savage; that has changed the desert and the forest into cultivated fields; that has covered the earth with cities, and the ocean with ships; that has given us plenty, comfort and elegance, instead of want, misery, and barbarism."

The thought was put into moving verse by Angela Morgan in her "Battle Hymn of Labor" thusly:

Work.

Thank God for the swing of it,
For the clamoring, hammering ring of it,
Passion and labor daily hurled
On the mighty anvils of the world

Oh, what is so fierce as the flame of it?
And what is so huge as the aim of it?

Thundering on through dearth and doubt,
Calling the plan of the Maker out.

Work, the Titan, the friend,
Shaping the earth to a glorious end,
Draining the swamps and blasting the hills,
Doing whatever the spirit wills—

Rendering a continent apart,
To answer the dream of the Master heart.

Thank God for a world where none may
shirk—

Thank God for the splendor of work.

Someone once remarked that perfect freedom is reserved for the man who lives by his own work and in that work does what he wants to do.

What better summation could there be of the American heritage of free enterprise?

It is a heritage unmatched by all the achievements of all the civilizations history heretofore has recorded.

It is a heritage summarized by the proclamation in the preamble to the Clayton Antitrust Act that "the labor of a human being is not a commodity or article of commerce."

It is a heritage which, according to Grover Cleveland, "recognizes the dignity of labor and the fact that honor lies in honest toil."

It is a heritage which demands our dedication to improve and our determination to protect and preserve.

The cherished gains which have made the American system of free enterprise the envy and ideal of a troubled world must never be sacrificed or compromised.

As Americans and as Christians we have no higher duty to ourselves, our country, our freedom, and our God. To that end our unwavering resolve should be to pledge—as did our Founding Fathers—our lives, our fortunes, and our sacred honor.

And in so doing we can say with the great poet, Henry Van Dyke, in his "Gospel of Labor":

He cancels the curse of Eden, and brings them a blessing instead,

Blessed are they that labor for Jesus partakes of their bread, He puts His hand to their burdens, He enters their homes at night:

Who does his best shall have as his guest the Master of life and light.

And courage will come with His presence, and patience return at His touch;

And manifold sins be forgiven to those who love Him much;

And the cries of envy and anger will change to the songs of cheer,

For the tolling age will forget its rage When the Prince of Peace draws near.

This is the gospel of labor, ring it, ye bells of the kirk—

The Lord of Love comes down from above to live with the men who work,

This is the rose that He painted, here in the thorn cursed soil—

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

Heaven is blessed with perfect rest, but the blessing of earth is toil.

study by every Member of Congress, and I ask unanimous consent that it may appear in the RECORD at this point.

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

THE WRITING ON THE WALL

If ever there has been handwriting on the wall with an urgent warning for Washington, it has been provided by the Government of Canada in the desperate measures it has been obliged to take in order to shore up an already devalued dollar. Loans and credits of more than \$1 billion have been obtained from foreign governments and international agencies to reinforce the Canadian reserve in gold and U.S. dollars, which has dwindled to \$1,100 million.

Ironically enough, the United States has committed \$650 million to Canada's effort to defend her national currency—\$250 million from the Federal Reserve System and \$400 million from the Export-Import Bank. This help is extended at a time when the American economic position is at least as precarious as that of Canada, with constant deficits, soaring debt, a chronic deficit in the international balance of payments, and mounting distrust of the U.S. dollar abroad.

The ills that plague Canada are precisely those which are undermining the United States. In 6 years the government of Prime Minister Diefenbaker has run up deficits of \$3 billion (the equivalent of 42 billion in U.S. budget). The Canadian budget will continue in deficit this year, despite emergency measures by the prime minister to reduce spending by \$250 million and to impose stiff import surcharges.

All of these frantic exertions to put Canada's house in order to follow the drastic resort to devaluation of May 2, when the Canadian dollar, which a little more than a year ago was worth \$1.01 in the United States, was scaled down to 92½ cents. That action, more than any other, explained the results of last week's election, when Diefenbaker's Progressive Conservatives, installed at Ottawa only 4 years ago with the greatest majority since Canada became a federated nation almost a century ago, was reduced to a minority government, dependent on an uneasy coalition in order to maintain its hold on power.

Confidence in the Government dissipated, and the Prime Minister, in his announcement of the loans and credits obtained to defend the currency, was compelled to admit the fact. He referred to "an increasing degree of uncertainty and instability in the financial markets" and to the fact that "dealings in the exchange markets have been exceptionally large." The drain on Canadian reserves in the first 3 weeks of June has been estimated at \$300 million.

Exactly these same symptoms have been increasingly apparent in the United States. In the week ending last Wednesday the deficit in our balance-of-payments position was \$224 million in 7 days. The steady decline in the stock market manifested impaired public confidence. European central banks have set a deadline of next December 31 as the date on which they will no longer add to their holdings in dollars. This is a clear warning that the American Government has until then to reform its economic policies.

Add to all this the plain lesson from Canada, and the need for immediate correction is insistent. Yet the Kennedy administration goes its heedless way, and Congress vacillates and yields. It takes White House dictation to throw another \$4½ to \$5 billion after the \$85 billion already gone glimmering in foreign aid, and even the Republicans aren't restive under adminis-

FISCAL PROBLEMS OF CANADA

Mr. BENNETT. Mr. President, the Chicago Daily Tribune for June 26 had a first-page editorial concerning the fiscal problems now faced by the Government of our neighboring nation of Canada. I believe this editorial merits

tration instructions not to cut a dime. Congress appropriates for moon shots and missiles as if there were no tomorrow, and entertains endless proposals for more welfare spending.

The administration grasps for its cut of dividends and interest before they even reach the taxpayer's hands, and it reaches out for overseas earnings of American corporations before the money can be repatriated.

The day of reckoning is at hand, as the example of Canada tells us unmistakably. We had better heed the writing on the wall.

GOD AND THE LAW

Mr. BEALL. Mr. President, yesterday it was my privilege to introduce a proposed constitutional amendment to allow our Nation's public schools to provide for periods of voluntary, nonsectarian prayer.

At the time I attempted to stress several points: First, that my action was definitely not an attack on the Supreme Court, its members, or its decisions; second, that my proposal was aimed solely at the Supreme Court decision in the New York school case; and, finally, that my sole purpose in introducing the bill was to return this Nation through the orderly processes of law to a condition which we thought was protected rather than denied by the Constitution.

Many views have been expressed concerning the Court's decision, its possible implications, and proposed actions to reverse it, and some of the most thought-provoking were included in an editorial entitled "God and the Law," written by William Randolph Hearst, Jr. I read this editorial in yesterday's Baltimore News-Post and it is my understanding that it was printed in all Hearst papers. I ask unanimous consent that it be printed in the RECORD.

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

GOD AND THE LAW

The Hearst newspapers believe that the U.S. Supreme Court decision outlawing a school prayer is a misinterpretation of the Constitution.

Using the religious liberty guarantee in the first amendment as its reason, the ruling is a deprivation of liberty and a denial of the Nation's basic faith in God.

We urge immediate use of the recourse provided by the Constitution—formal amendment—to insure that the letter of the law is not again used to negate the intent of the Founding Fathers who wrote it. We will support such amendment as it is initiated in Congress.

Although the Supreme Court ruling was made in the case of a prayer in the New York State public schools, legal authorities agree that the decision has wider effect.

It could be applied to cover not only schools, but prayer in connection with any governmental or public function.

The same thinking could prohibit mention of God in public ceremonies, thus striking at court oaths, legislative formalities—even the words "In God We Trust" on U.S. coinage.

The New York school prayer had been carefully worded to avoid offending any minority faith. It was nonsectarian and not mandatory for any child. Here it is:

"Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country."

The first amendment bans any law "respecting an establishment of religion or prohibiting the free exercise thereof." Its authors, led by James Madison, made no mystery of their intention to aid "tranquillity of the public mind" by insuring that "there cannot be a majority of any one sect to oppress and persecute the rest."

We do not impugn the sincerity of most of those who favor the Supreme Court decision, many of whom are themselves devoted to religion. But they are in serious error if they think nonsectarian prayer to God, not forced on anyone, is a violation of rights.

Rather it is the Supreme Court decision which is guilty of violating the "free exercise" of religion guaranteed by the Constitution.

Eminent men of law have already spoken up against the ruling as based on mere legalistic quibble.

Let us not continue the hairsplitting, but instead amend the Constitution to clarify once and for all the right of the American people to use God's name in prayer as they wish to do.

"THE WINDS OF FREEDOM"

Mr. MANSFIELD. Mr. President, in the June 30-July 7, 1962 issue of the Saturday Evening Post, there appears an article entitled "The Winds of Freedom." It is the work of the distinguished Secretary of State, Dean Rusk.

The article sets forth the ideological basis of our revolutionary development and relates the ideals which have inspired us from earliest times to the contemporary pressure for change throughout the world.

I commend this article to the attention of the Senate and I urge my colleagues to give it their most serious consideration. It is helpful in understanding the philosophical concepts to which the Secretary of State is trying to attune our foreign policy.

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

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

THE WINDS OF FREEDOM—SECRETARY OF STATE RUSK WRITES ON THE IDEAS WHICH INSPIRED OUR REVOLUTION AND ARE STILL THE WORLD'S MOST POTENT FORCE

(By Dean Rusk)

The Fourth of July is an especially appropriate time to reflect on our political heritage and its meaning in our times. Seventeen months' experience as Secretary of State has strengthened my conviction that the ideas which inspired the American Revolution and have guided our national development are the most powerful forces at work in the world today.

These ideas were stated simply but eloquently in certain of the great lines of our Declaration of Independence: "That all men are created equal, that they are endowed by their Creator with certain unalienable rights, that among these are life, liberty, and the pursuit of happiness. That to secure these rights, governments are instituted among men, deriving their just powers from the consent of the governed."

We were born as a nation out of a commitment to government by "the consent of the governed" and the proposition that man has certain unalienable rights. We adopted and have preserved a Constitution, with its Bill of Rights, to give form to these ideas and to protect them. At home as well as

on the world scene these general commitments have, in the end, governed our policy as a nation.

Over the generations we have struggled to improve the application of these principles. We have fought to defend them. And we have the means and the will to defend them today.

As President Kennedy said in his inaugural address: "Let every nation know, whether it wishes us well or ill, that we shall pay any price, bear any burden, meet any hardship, support any friend, oppose any foe to assure the survival and the success of liberty."

IDEAS OF UNIVERSAL APPEAL

We have become the strongest nation in the world and achieved the highest level of well-being for the average citizen that mankind has known. But that is not, I think, the primary reason why these ideas are the most powerful force at work in the world today. It is because the ideas themselves have proved universal in their appeal, because the truths which the Declaration of Independence called "self-evident" have seized, or are seizing, the minds of men everywhere.

These universal ideas gave rise to the democracies of Western Europe. They inspired the liberators of Latin America. They guided the development of the British Commonwealth. Since the Second World War they have led to the creation of more than 40 independent nations in Asia and Africa. We welcome these new nations with open arms to the separate and equal station to which the laws of nature and of nature's God entitle them.

Thomas Jefferson and John Adams and the others who helped to frame or subscribed to the Declaration would not have been surprised by this. Quite the contrary. They did not pretend to have invented anything new. The burden of complaint in the Declaration was that a tyrannical king was depriving the people of the American colonies of rights and liberties they had long enjoyed. Such opposition was in the British tradition. The British people had been building their liberties bit by bit, in no small part by contending that certain rights had previously existed. Magna Carta the Petition of Rights, the Declaration of Rights, among other great documents in the growth of the British Constitution, demanded what their claimants insisted was already the law of the land. The common-law judges who, sometimes at the risk of their own lives, put their arms around a prisoner at the bar and said to the king, "No, you cannot do that to this man," were strengthening traditional rights. Old rights were gradually expanded and improved. Thus slowly evolved both the common law and British institutions of democratic government.

DEPARTURE FROM BRITISH PATTERN

The larger principles stated in our Declaration of Independence were a departure from the British pattern. They were not articulated as the special historic rights and liberties of the British people or of the inhabitants of the British colonies on the eastern edges of the North American Continent. But neither were they set forth as novel doctrine. They were presented as universal truths, arising out of a discourse on the nature and purpose of man which had begun more than 2,000 years earlier in Greece.

Likewise the French Declaration of the Rights of Man of 1789 was presented as a manifesto not just for the Frenchmen of that day, but for all men and all time.

From North America and Western Europe these ideas have spread over the world. Their strength and the willingness of men to fight for them have brought down one

despotism after another. They are challenged today by the Communist tyrannies. But even the Communists seem to recognize the appeal of the notions of liberty and democracy. They call their governments "republics" or "people's republics" or "democratic republics," although not one of them is a republic, not one rests on the consent of the governed tested in free elections. They are fond of such words as "democracy" and "freedom," although they invariably use them to mean the precise opposite. Likewise they apply the label "wars of liberation" to their efforts to impose their system on others by force. Their so-called "war of liberation" in South Vietnam is in reality a gangster war of assassination and terror against the common people of that country.

NEW NATIONS CHERISH OUR PRINCIPLES

Some people—too many—have fallen under the control of Communist regimes; but nowhere is communism as a creed deeply rooted. Communists have signally failed in their efforts to capture control of the independence movements in Asia and Africa. With partial exceptions for North Korea and North Vietnam, the new nations have come into being under the impulse of Western ideas and, in the main, under the leadership of men educated in Western universities or in local universities or mission schools where the concepts and practices of democracy, law, and liberty were taught.

As Secretary of State I have talked with many of the leaders of these new nations. It has been thrilling and reassuring to hear so many of them advocate the great principles we have so long cherished—and with an understanding of their meaning which is the same as ours. What the great seal of the United States calls the "new order of the ages" is the example which most of the people of the world seek to follow.

As Robert Frost put it in his special poem for President Kennedy's inauguration:

New order of the ages did they say?
The newest thing in which they led the way
Is in our very papers of the day.

But we of the West, and particularly we Americans, should not overstate our contribution. We have done our share in formulating and advocating these principles and in protecting their practice. We can glory in having been among the first to endeavor systematically to apply them. Had we failed, the cause of freedom would have been set back for a long time. In his first inaugural Washington said that "the preservation of the sacred fire of liberty and the destiny of the republican model of government are justly considered as deeply, perhaps as finally, staked on the experiment entrusted to the hands of the American people."

But I do not believe that these ideas and the institutions which seek to translate them into a way of life would have spread over the world if they were not, as the authors of the Declaration of Independence believed, rooted in the aspirations of men everywhere. In plain fact, these concepts are not exclusively Western. They were articulated in ancient philosophies and various religions. They appeared in rudimentary form in the traditional autonomy of villages in many lands, and even in the taboos of primitive societies.

The idea that men should be free to speak their minds is certainly not peculiar to us or to the West. The idea that raw power must be curbed, that men are entitled to justice under law, is not peculiar to us or to the West. Nor does the West have an exclusive patent on the notion of consent of the governed or, as Lincoln put it more affirmatively, "government of the people, by the people, for the people."

As President Kennedy said on July 5 of last year at the ceremonies which marked the 150th anniversary of Venezuelan inde-

pendence, the revolution whose principles were clarified in our own Declaration of Independence is a "great world revolution * * * a revolution so flexible it answers the needs of all countries, of all races, of all cultures."

FREEDOM NOT A WESTERN MONOPOLY

I have heard it contended that the failure of some of the new nations to achieve or maintain fully democratic governments proves that democracy is unsuited to the peoples of Asia and Africa. I reject that contention. It is true that democracy cannot be created overnight. It is the most difficult form of government to operate. It requires an enlightened citizenry, a wide consensus on national purposes, forbearance and much skill. Only a few nations have thus far been successful in making democracy work continuously. And none, including ourselves, can claim to operate it perfectly.

But peoples keep turning and returning to democracy, because it is the system which harmonizes with human dignity and the abiding impulse of men to organize their societies in ways which protect that dignity. We have seen that happen in every continent. I have no doubt that we shall see it happen in still other countries where democracy has momentarily broken down or not yet been fully achieved. The exact forms of democratic institutions may vary from country to country. Perhaps some of the new nations erred in trying to copy exactly the parliamentary systems of the former colonial powers. There are many conceivable forms of democratic institutions. Ours have changed in some respects over the years. I am confident that the new nations which have not yet found the way to make democratic institutions work will succeed eventually. For I believe that the basic motivations and aspirations of men are essentially the same, regardless of the color of their skin, or the continent or island on which they live. The human race is one.

THE MANDARIN AND THE PEASANT

A traditional Vietnamese story bears on this proposition. In the words of Hoang Van Chi (in his article, "Collectivization and Rice Production," in the *China Quarterly*, January-March 1962 issue) it runs this way:

"There was once a peasant who grew such excellent fruit that his fame spread far and wide throughout the land. The governor of the district in which the man lived made a special journey to visit him and to inquire about the methods he employed to produce such magnificent fruit.

"The peasant was a little overawed by the presence of such a great mandarin, but he did his best to reply to the latter's questions. 'To tell you the truth,' he said, 'I haven't any special method at all. Whenever I plant a fruit tree, I provide it with as much manure as I can, set it upright in the hole, tamp the earth back firmly around the trunk, and then leave it to itself. I never prune it, or train its branches, or chop its roots like the other people do, and it provides me with plenty of fine fruit.'

"The mandarin nodded his head in approval and then put another question to the peasant. 'You seem to be able to manage your fruit trees admirably. Can you give me any advice about how to manage men, about how to govern a district?'

"The unexpected question surprised the peasant, so he was obliged to pause for a few moments and to think before he eventually replied. 'Administration,' he said, 'has never been my profession, so I have never really devoted much thought to it, but it is my opinion that men are like fruit trees. If you provide them with the conditions in which they can live and work, and keep a fatherly eye upon them from time to time, they will be prosperous, happy and will cause you no trouble. If however, you summon them

daily to your office and order them to do this or forbid them to do that, they will prove to be a constant source of trouble, disorder, and unhappiness.'

As Mr. Hoang Van Chi pointed out, "The moral of this story is based upon centuries of experience, but the Vietnamese Communists are attempting to do just the reverse and are reaping the inevitable consequences. Man, having a mind and soul, is capable of being terrorized into submission, but only to a limited extent and for a limited time."

I share that conviction. I do not believe that even the modern police state, with all of its elaborate apparatus for repression, can permanently terrorize men into submission. I do not believe that any Iron or Bamboo Curtain can permanently insulate large numbers of people against the great ideas of freedom and human dignity.

Today, even within the Soviet Union, there are signs that men and women want more freedom to state their views, greater scope to express the uniqueness and integrity born into them. Pasternak is dead, but his poems and great novel live. And some younger Soviet writers, reaching back into the rich and long Russian tradition, are choosing to focus their thoughts on the meaning of man and the worth of the individual. These stirrings may seem feeble to us, who have so long enjoyed liberty. But they are evidence that the Communists have not succeeded in turning men into robots. The themes of young writers and poets tell much of the direction societies will take; and in the Soviet Union these writers of the new generation are the beginning of what I believe will be a continuing trend—a slow trend perhaps, but one leading inexorably toward freedom.

I turn to another aspect of the struggle between freedom and coercion: the relative capacities of the two systems to improve the material well-being of men. The Soviets have made substantial progress in developing their physical resources. That is not especially surprising. They inherited a vast domain, with immense and varied natural riches, a very considerable industrial establishment and a talented and industrious people. The Communists claim to have invented a quick way of modernizing an economy. Although I cannot prove it, I believe that their economy could have been modernized faster under a political system which would have given full scope to individual initiatives and incentives. But any of us can muster ample evidence to repudiate the Communist claim that our economic development has been slow here at home.

All Americans of my generation know firsthand of the amazing economic and social advance of our country in our own lifetimes. Many, like myself, were born in underdeveloped parts of the United States. Our society in rural Georgia when I was growing up was prescientific, pretechnical, premedical, prepublic health, preeducation—by present-day standards.

FREE SYSTEMS SURPASS SOVIETS

Forty years ago only two American farms out of 100 had any electric power; today 98 out of 100 have power for dozens of chores. Consider what has been done to lighten the burdens of the mother and housewife, to improve health and living conditions, within the past 35 years, and even within the past 10. Since the Bolshevik revolution we have added to our national production more than the entire present production of the Soviet Union.

Look at the amazing economic progress of Western Europe and Japan under free systems. Compare East Germany with West Germany, or Eastern Europe with Western Europe. Compare Communist China with almost any country you would care to name. The great leap forward has come down bottom side up. The vaunted shortcut to the

future has proved to be the shortcut to misery.

Those who are responsible for what is happening all the way from East Germany to North Vietnam have not found the answer to the central problem to which they claim to have addressed themselves—the problem of economic and social satisfaction. They have not solved even the elementary problems of food production.

So when we say to our friends in the developing countries that the Communists have not found a magic formula and that the proved way of rapid development is through free institutions, devised by each nation in the light of its own history, we speak on the basis of the solid lessons of long human experience.

The economic and social performance of the industrialized free nations has knocked the bottom out of Marxist dogma. Marx predicted that the poor would become more numerous and ever poorer and that the rich would become fewer and ever richer. The precise opposite has occurred. The advanced nations of the free world devised means of directing the flow of income and of using their resources to improve the life of the ordinary man. It is in them that one sees the highest levels of well-being most equitably distributed.

POWER OF THE HUMAN SPIRIT

Marx predicted also a chain of recurring and ever-deepening economic crises. But the advanced free nations have devised means of curbing economic cycles and stimulating economic growth. Marx failed to reckon with the mind and spirit of men, their compassion and political ingenuity, their capacity to use free institutions to advance their lot.

It is not for us to fear the great winds of change that are blowing today. They are the winds we have long known and sailed with, the winds which have carried man on his unending journey, the winds of freedom.

We don't have to argue with people in other parts of the world about what we are really after and what they are really after. Have you ever been able to find anyone who would rather be ignorant than educated? Or hungry than fed? Or sick than healthy? Or gagged instead of free to speak his mind? Or shut up behind a wall or barbed wire instead of free to move about? Or who relish the knock on the door at midnight which means terror?

These simple ideas I have been writing about are the great power of the human spirit. Because they are central to our purposes, America at her best is admired and trusted; and America is at her best when she is true to the commitments we made to ourselves and to history in the Declaration of Independence. These are the ideas and ideals which give us allies, spoken or silent, among men and women in every corner of the earth. They are part of the unfinished business which is a part of our story. This is the basis of our confidence; this is the scope of our task.

The revolution of freedom, which we have so proudly nurtured and fought for in the past and to which we pledge today, as in 1776, "our lives, our fortunes, and our sacred honor," is the true, enduring revolution, because it springs from the deepest, most persistent aspirations of men. History says this revolution will not fail.

PUBLIC DEBT LIMIT

The VICE PRESIDENT. Is there further morning business? If not, morning business is closed. The Chair lays before the Senate the unfinished business.

Without objection, the Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in

the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. KERR. Mr. President, H.R. 11990, both as passed by the House of Representatives and as reported by the Committee on Finance, provides a temporary debt limitation of \$308 billion for the period from July 1, 1962, through March 31, 1963. It then provides a temporary debt limitation of \$305 billion from April 1, 1963, through June 24, 1963. Then it provides a temporary limitation of \$300 billion through the remainder of the fiscal year 1963, at which time, under existing law, the debt limit would be \$285 billion.

The current statutory debt limitation is \$300 billion. This consists of a permanent statutory debt limit of \$285 billion and a \$15 billion temporary additional limitation which expires as of June 30, 1962, which, if I am correct in my estimate of the date of the month—after the session of last night—will be the day after tomorrow, at midnight.

Prior to March 13, 1962, the total permanent and temporary debt limitation was \$298 billion. On that date, however, the President signed a bill raising the temporary debt limitation a further additional \$2 billion for the remainder of the fiscal year, bringing the total limitation up to \$300 billion.

The proposed debt limitations for 1963 and those for the current and immediately prior years can be summarized as shown in the table published on page 2 of the committee report on the pending bill.

Mr. President, Senators might differ as to the wisdom of what the debt limit should be; but in the final analysis, the national debt is not determined by the President or by the Secretary of the Treasury, but by Congress.

As is disclosed by the House committee report and the Senate committee report on the bill, the figures contained in H.R. 11990 constitute, in the judgment of the Committee on Finance and of the Senator from Oklahoma, the irreducible minimum debt ceiling required to permit the Secretary of the Treasury to handle the public debt during the next 12 months on the basis of the appropriations which have been made by the Congress and the expenditures by the Government of the money appropriated.

I invite the attention of Senators to this additional fact: The estimate of the required debt ceiling by the Treasury, by the House Committee on Ways and Means, and by the Senate Committee on Finance is based upon the assumption that there will be a balanced budget for fiscal 1963. However, the majority of the members of the Committee on Finance do not believe there will be a balanced budget in fiscal 1963. The Senator from Oklahoma does not believe that the budget will be balanced in fiscal 1963. To the extent that it is not, in order to enable the Treasury to operate efficiently and effectively, and in accordance with the appropriations made by Congress, the debt limit fixed in H.R. 11990 will have to be adjusted by Congress when it returns after January 1, 1963, to make room for the handling of the public debt in whatever amount above that prescribed in the bill will

equal whatever deficit, if any, there is in the Government for fiscal 1963.

The current debt limit of \$300 billion as of midnight of Saturday of this week will become \$285 billion. The present national debt is very close to \$295 billion. One source of information indicates that it is \$298 billion, and I believe that that figure is more nearly correct than the other. Thus, there is no alternative—there is no reasonable alternative, there is no appropriate alternative, there is no justifiable alternative—for Congress other than to pass H.R. 11990.

The bill has passed the House of Representatives. It is now before the Senate. In view of the shortness of time and in view of the expiration of the present law within 35 hours, lacking a few minutes of this very second, in the judgment of the Senator from Oklahoma, the Senate in its wisdom, cannot do otherwise than to consider expeditiously and pass H.R. 11990 in order that it may be signed into law by the President ahead of the deadline of midnight June 30, which is Saturday night, and about 34 hours 55 minutes from this moment.

Mr. WILLIAMS of Delaware. Mr. President, for myself and on behalf of the distinguished Senator from Illinois [Mr. DIRKSEN], I call up our amendment designated "6-27-62-A" and ask that it be read.

I invite the attention of the Senator from Oklahoma to the fact that there can be a full day of debate on my amendment and still 35 hours will remain, because today is Thursday.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, line 7, it is proposed to strike out the figure "308,000,000,000" and insert in lieu thereof "\$306,000,000,000".

Mr. WILLIAMS of Delaware. Mr. President, I agree in part with what the Senator from Oklahoma has said; namely, that Congress itself must accept its own part of the responsibility for an unbalanced budget and the creation of any part of the national debt. The Secretary of the Treasury has the obligation to finance the debt and to pay the bills as they are created by Congress and by the executive branch. However, I do not believe Congress should accept all the responsibility—although I am not excusing Congress—because a substantial part of the responsibility rests with the executive branch.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. I appreciate the Senator's calling to the attention of the Senator from Oklahoma the matter of the 24-hour error which the Senator from Oklahoma made in his calculation of the time the present law still has to run.

It is now almost 1 p.m. on Thursday. It is 23 hours until noon on Friday. It will be another 36 hours from noon on Friday until midnight Saturday. So the present law still has 59 hours to run. I appreciate the Senator's calling my attention to the error. However, the error was only as to the amount of time, not as to the actuality of the expiration.

Mr. WILLIAMS of Delaware. I agree with the Senator from Oklahoma. I spoke merely in a spirit of jest for I too recognize the importance of acting on the measure. I assure the Senator from Oklahoma that the offering of the amendment will not delay the Senate for very long; however, the need for an increase in the debt limit should be reviewed.

The Constitution provides that money may be spent or borrowed by the U.S. Government only upon the approval of Congress. For approximately the first 100 years of the operation of the Government the procedure in Congress was that when the executive branch was ready to borrow money or to float a bond issue, Congress first would have to approve each individual bond issue. Later, in order to expedite the Treasury's financing, including the sale of bonds, Congress changed that requirement and adopted the procedure whereby Congress would merely raise the limit of the national debt, and so long as the Secretary stayed within that debt limit he had the automatic, blanket authority to sell bonds. It is important either that there be a ceiling on the debt which is maintained and supervised by Congress or that there be a return to the old, discarded method of having Congress approve each individual bond issue. I think the present method is far superior.

Now, as to the need for this particular increase of the debt to \$308 billion, as the Senator from Oklahoma has pointed

out, the Secretary of the Treasury said he was assuming, as of this moment, that there would be a balanced budget for the fiscal year 1963. I disagree completely with that assumption; I do not think there is 1 chance in 10 million that there will be a balanced budget in fiscal 1963 primarily for the reason that I do not think the administration wants a balanced budget. Quite to the contrary, I think it is determined to have an unbalanced budget.

But based on their assumption, they would not need the full \$308 billion and as evidence of that I ask unanimous consent to have printed in the RECORD a chart furnished to the Finance Committee by Secretary Dillon, in connection with which he called attention to the fact that as of December 15, the period when they will be shortest of money, the debt is estimated to be \$304.9 billion, and that will still give them \$4 billion in cash.

Therefore, the adoption of the pending amendment would not seriously disrupt their financing the debt—that is, if their assumption of a balanced budget is taken seriously. Neither the Secretary of the Treasury nor the Director of the Budget has any right to present a false assumption to a congressional committee.

The PRESIDING OFFICER (Mr. SMITH of Massachusetts in the chair). Without objection, the table will be printed in the RECORD.

The table is as follows:

FORECAST OF PUBLIC DEBT OUTSTANDING FISCAL YEAR 1963, BASED ON CONSTANT OPERATING CASH BALANCE OF \$4,000,000,000 (EXCLUDING FREE GOLD)

Based on 1963 budget document, plus formal modifications

[In billions]

	Operating balance, Federal Reserve banks and depositories (excluding free gold)	Public debt subject to limitation	Allowance to provide flexibility in financing and for contingencies	Total public debt limitation required
1962—June 30.....	\$4	\$293.7	\$3	\$296.7
July 15.....	4	297.0	3	300.0
July 31.....	4	297.8	3	300.8
Aug. 15.....	4	299.2	3	302.2
Aug. 31.....	4	299.0	3	302.0
Sept. 15.....	4	301.2	3	304.2
Sept. 30.....	4	295.7	3	298.7
Oct. 15.....	4	299.5	3	302.5
Oct. 31.....	4	300.5	3	303.5
Nov. 15.....	4	302.3	3	305.3
Nov. 30.....	4	302.1	3	305.1
Dec. 15.....	4	304.9	3	307.9
Dec. 31.....	4	301.5	3	304.5
1963—Jan. 15.....	4	304.7	3	307.7
Jan. 31.....	4	302.1	3	305.1
Feb. 15.....	4	302.8	3	305.8
Feb. 28.....	4	302.0	3	305.0
Mar. 15.....	4	304.4	3	307.4
Mar. 31.....	4	297.9	3	300.9
Apr. 15.....	4	301.0	3	304.0
Apr. 30.....	4	299.4	3	302.4
May 15.....	4	299.4	3	302.4
May 31.....	4	299.6	3	302.6
June 15.....	4	302.0	3	305.0
June 30.....	4	294.0	3	297.0

Mr. WILLIAMS of Delaware. Mr. President, based on this chart, the debt is estimated to be \$304.9 billion on December 15, and out of that it is assumed that there will be a full \$4 billion in cash. If that is true they certainly can get by with the \$306 billion limit on the debt. I understand that the manager of the debt, Mr. Roosa, when testifying several weeks ago before the Banking and Currency Committee, clearly stated that it

was his understanding and his impression that the Government could get by with a \$306 billion ceiling on the national debt.

I think it very important that we hold down the debt ceiling because that is one way in which we have control over expenditures.

The deficit as of June 30 has been estimated to be around \$7 billion, and the Treasury now admits that it will be

around that figure. A \$7 billion deficit for this year is certainly something with which we should be concerned. But even more than that, we should be concerned over the fact that this deficit is not the result of any unexpected decline in revenues during the past fiscal year. Instead, the deficit is almost entirely the result of increased expenditures—expenditures which were approved, authorized, and requested by the Kennedy administration.

On January 17, 1961, President Eisenhower submitted to Congress the Federal budget for the fiscal year 1962, and in that budget he estimated that the budget receipts would be \$82.3 billion. Secretary Dillon testified before our committee this week that the estimate now is that the budget receipts will be slightly over \$81 billion, or about \$1 billion less than was estimated at the beginning of 1961. However, the budget expenditures were estimated by the Eisenhower administration at \$80.9 billion for the fiscal year 1962. That was not changed substantially by President Kennedy when he first submitted his budget in February. The record shows, however, that the actual expenditures for last year, according to the newest estimate will be \$89.1 billion, or an increase of about \$8 billion in expenditures over and above the original estimate.

When the Director of the Bureau of the Budget was testifying before the committee I asked him whether he had any explanation to account for these increased expenditures.

I was astonished and shocked at the answer given to the Finance Committee by the Director of the Bureau of the Budget, Mr. Bell, as the reason for this \$7 billion deficit. The Director of the Bureau of the Budget told our committee that the deficit with which we are being confronted as of June 30, which will approximate around \$7 billion to \$8 billion, was not the result of an unexpected decline in revenue. He said it was not the result of any unexpected developments necessitating increased expenditures; but he boasted that this \$7 billion or \$8 billion deficit is directly the result of a planned deficit—and he used the words "deliberately planned." Yes, he confirmed that the administration last year deliberately planned to create this deficit of around \$8 billion. He said the administration planned this deficit as an antirecession measure. I shall quote from the testimony given before the committee, but I should state that just prior to the part of the testimony which I shall quote I had been calling attention to the fact that this deficit is accounted for as a result of increased expenditures of from \$6 billion to \$8 billion over and above the original budgets submitted in January and February 1961, by President Eisenhower and later by President Kennedy.

I quote from the testimony:

Senator WILLIAMS. I point that out to confirm what was said earlier:

That this deficit with which we are going to be confronted here on June the 30th results largely from increased expenditures during the past 12 months rather than from a reduction or an overestimation of revenue.

Mr. BELL. That is right.

It is, of course, true, Senator, as you know, that the total volume of business, of income, of production in the economy will be affected or has been affected during this year by the Federal budget, and, insofar as the recovery has been stimulated by the planned deficit in the Federal budget, the receipts of the Government are substantially higher than they would otherwise have been.

But this is an indirect effect through the impact of the budget on the economy.

Senator WILLIAMS. You used the word in that statement, a "planned deficit."

Mr. BELL. Yes, sir.

Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?

Mr. BELL. Yes, sir.

A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure * * *.

So, Mr. President, we find that the statement made by President Kennedy in his speech at Yale University was a rather belated confirmation of the action that the administration, as now confirmed by the Director of the Bureau of the Budget, has been deliberately spending these increased amounts so that they could create this \$7 billion deficit.

This acknowledgment of this brazen action proves that all during the early months of this year, when President Kennedy was talking about a balanced budget, he was deliberately kidding the American people.

Mr. Bell boasts that they have deliberately been trying to get rid of about \$500 million a month over and above what we were taking in. They have deliberately been doing that as an antirecession measure. They wanted this deficit, and they have gotten it.

Mr. President, when we are confronted with such a situation where an administration is as irresponsible as that I believe Congress not only must keep a close check but must do more than that. This situation requires a complete study by our committee of the fiscal policies being originated on Pennsylvania Avenue. I think the situation is very serious when the Director of the Bureau of the Budget, the one who is in charge of the expenditures of this Government, the one who is supposed to oversee all the agencies and to cut down on spending, says he has been deliberately planning methods to get rid of the public's money over the past several months. I was amazed at his admission that they are proceeding with a system of deliberately planned deficits.

They have added 101,115 new bureaucrats to the public payroll during the first 16 months this administration has been in office. Since January 21, when the new administration took office, it has been adding new employees—not replacements of Republicans with Democrats, but new employees over and above the numbers employed in the same agencies in preceding years—at the rate of 6,300 a month, or approximately 1,500 new employees every week; and on the basis of the Government's 5-day work-week, that means 300 new employees every day, or, in short, it means that every 2 minutes of a working day the ad-

ministration is adding one new Federal employee to the payroll. This is being done as a part of the plan—as the Director of the Bureau of the Budget has said—to create a deficit because he thought it was a healthy situation for the country to operate at a deficit.

This is a serious indictment against the fiscal responsibility of this official and the administration which he represents.

This demonstration of complete fiscal irresponsibility shows the danger of putting into high positions of government men who have never had the experience of meeting a payroll. I am ready to vote.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. BENNETT. Mr. President, I ask unanimous consent that further proceedings under the quorum call be suspended.

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

Mr. BENNETT. Mr. President, I intend to cast a protest vote against the Federal debt increase bill as an expression of my concern about the wasteful, profligate, massive spending policies of the New Frontier.

I realize that in some quarters this vote will be attacked as being inconsistent and perhaps demagogic, because I realize that, unless we are ready to go back to the situation under which Congress passes officially on each separate bond issue, we must have a debt ceiling; but the only way, apparently, that we can bring the attention of the country to the problem of excessive spending is to indicate that every Member of Congress will not automatically vote every time to increase the ceiling.

At the present time we are facing a situation in which we again must have a more or less automatic increase in the debt ceiling in the face of a record of extravagant and massive spending that I think is unparalleled.

Never before in the history of our Nation has a national administration demonstrated such complete lack of fiscal discipline and utter inability to establish priorities in Federal expenditures. Under this bill we will have the highest national debt in our entire history, and the highest of any nation since time began.

In casting a protest vote against the bill, I realize there are practical reasons for proposing an increase in the Federal debt limit, because I realize that the Federal Government must meet its obligations. I am also aware that the Treasury Department faces a seasonal problem, for tax receipts tend to be lower than expenditures during the first half of any fiscal year.

This administration has, however, by its own spendthrift policies, put itself in a box and is now asking Congress to bail it out. In testimony before the Finance Committee, the Secretary of the Treasury, Douglas Dillon, admitted that,

even assuming a balanced budget for 1963—and I want to comment on that further—the squeeze on the debt limit is due primarily to recent deficits. In the words of the Secretary:

The increase is being requested to meet the fiscal consequences of past deficits, and does not reflect the expectation of a deficit in fiscal 1963.

The squeeze has come because of an expected deficit of over \$7 billion in the current fiscal year ending June 30 which has come on the heels of a \$4 billion deficit in fiscal 1961.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BENNETT. I am happy to yield.

Mr. WILLIAMS of Delaware. I suggest that the Senator change the words "expected deficit" to "planned deficit" because in his testimony before our committee, as the Senator knows, the Director of the Budget, Mr. Bell, confirmed the fact that this deficit as of June 30 is not something that resulted from an unexpected decline in revenues or an unexpected development of increased costs but rather was a deficit deliberately planned by the Kennedy administration as an antirecession measure. In other words, they have been sitting up nights planning ways by which they can get rid of an additional \$5 or \$6 billion. They are bragging about it. They think it is a great achievement for our economy, although they do not reconcile that claim with what has recently happened in the stock market.

Mr. BENNETT. I appreciate the fact that my senior colleague on the Finance Committee has pointed this out. I had intended to put in the RECORD the exact words of the colloquy that passed between the Senator from Delaware and the Director of the Budget.

Mr. WILLIAMS of Delaware. When I asked the Director of the Budget to comment on that point, he said he was not a financial expert and therefore he did not care to make any comments to reconcile what is happening in the stock market with what had been done toward a "planned deficit." As to the statement that he is not a qualified financial expert I am in complete agreement.

Mr. BENNETT. The results of the current deficit and the deficit of the previous year are in sorry contrast to the Eisenhower budget forecast of a \$79 million surplus in fiscal 1961 and a \$1.5 billion surplus for fiscal 1962. Had Eisenhower's policies and program been in effect, there would be no need for and hence no request for a debt ceiling increase at this time. The Kennedy administration must be reminded of that religious warning, "Your sins will find you out."

At the hearings, in answer to a question from the Senator from Virginia [Mr. BYRD], Secretary Dillon approved of the practice of the debt limitation. He said:

I think a debt limitation which we have had recently provides a good occasion, each year when it is renewed, to have a review of the entire fiscal policy of the Government.

It is my purpose at this time to present such a review of the fiscal policies of the New Frontier.

When the debt ceiling issue was debated in 1953 the cry was made that if

the request were not granted it would bring financial havoc. The President, President Eisenhower at that time, requested an increase in the ceiling from \$275 to \$290 billion. The bill passed the House and was sent to the Senate. The Senate Finance Committee, after hearing the testimony of the administration witnesses, voted 11 to 4 to refuse to report the \$290 billion debt limit bill. What happened? The administration tightened its belt. The heavens did not fall. Panic did not occur. Reduced spending made it possible to stay within the statutory debt limit. As Judge Smith said in the House debate on this bill:

The only way to wean a calf is to pull it away from the cow.

We have to pull the Kennedy golden calf away from the taxpaying cow if we are going to save this country.

PRESIDENT BREAKS PROMISE OF BALANCED BUDGET

The Kennedy administration promised a balanced budget for fiscal 1963, and the \$308 billion debt limit request is based on that promise. However, in testimony before the Finance Committee both the Bureau of the Budget and the Treasury Department began to prepare the American people for a deliberate policy of unbalanced budgets, thus breaking even that promise. Secretary Dillon said that the balanced budget for fiscal 1963 was based on an estimated average gross national product of \$570 billion for calendar year 1962. The Secretary then added:

Admittedly, the expansion of the economy so far this year has not measured up to our expectations. This has substantially diminished the likelihood of achieving our goals.

Other administration spokesmen also are beginning to doubt that we will achieve that laudable goal. Add the disappointing performance of the economy to the proposed tax cuts for next year and the result will be a fiscal 1963 budget in the red by \$5 to \$10 billion. Therefore, even a \$308 billion debt limit will not meet the needs of this prodigal administration.

The Joint Committee on Internal Revenue Taxation conducted an independent revenue projection and estimated the fiscal 1963 budget would show a deficit of \$4 billion, excluding the effects of the administration's 1962 tax bill, were it to be enacted. This does not take into account the effects of any tax cut next year. I think we can look for the Treasury and Budget officials to come crying to Congress again next January to ask for a further rise in the debt limit.

This administration seems to look upon the debt limit not as a ceiling but as an escalator, designed to carry us ever higher in Federal spending.

I have wondered sometimes if we should not pass some kind of an elastic debt limit bill, providing that the debt limit shall always be at least a billion dollars higher than the national debt on any given day.

NEW FRONTIER OF DEBT—A WORLD'S RECORD

Though the President in his address at Yale University tried to pass off as myths many of our traditional financial

principles, including that of balanced budgets, the Secretary of the Treasury under questioning readily admitted that our public debt is not a myth. The interest payments alone are \$9 billion per year, an amount greater than the national debts of all but six countries; five in the free world, and Russia in the Communist bloc. This annual outlay for American taxpayers to merely service the debt is not a myth. The \$9 billion service charge is larger than any of our total Federal budgets prior to 1941, except for fiscal 1919 at the end of World War I. The U.S. debt, totaling \$299 billion, represents nearly 60 percent of the combined free world total central government debt of \$505 billion. We lead the world in debt.

The Kennedy administration is requesting a debt increase to a level unprecedented in the history of this country, including both wartime and peacetime years. The current "temporary" debt limitation of \$300 billion was equaled only in a time of extreme national emergency during World War II for the fiscal year 1946, and was promptly reduced to \$275 billion for fiscal year 1947. The proposed increase to \$308 billion would establish another "new frontier" in budget policy for the Kennedy administration.

PLANNED DEFICITS

What worries me most is the deliberate nature of the Kennedy administration's deficit myopia. Administration witnesses admitted before the Finance Committee that the \$8 billion increase in spending during the current fiscal year over the original estimates by President Eisenhower was deliberately planned, purportedly as an antirecession measure—this at a time when the administration was pulling from its other pocket a press release painting glowing forecasts of the future of the economy.

In the committee the questioning went as follows:

Senator WILLIAMS. You used the words in that statement, a "planned deficit."

Mr. BELL. Yes, sir.

Mr. Bell is the Director of the Bureau of the Budget.

I continue the quotation:

Senator WILLIAMS. Do I understand that this deficit with which we are now being confronted was deliberately planned and something that you not only anticipated but that you planned for this deficit?

Mr. BELL. Yes, sir.

A deficit was planned for the fiscal year 1962 deliberately as an antirecession measure just as the deficit in 1959 was planned as an antirecession measure at that time.

I question whether the deficit in 1959 was planned. President Eisenhower stood firm against any massive Federal intervention, although Congress thrust unwanted and unneeded billions upon him.

The decision on the part of the Kennedy administration to spend and borrow is deliberate. More Federal deficit spending is the growth formula of the New Frontier.

DEMOCRATIC AFFINITY FOR DEBTS AND DEFICITS

If the administration's "planned deficits" were based solidly on recession

cure, I would not be quite so concerned, but past history convinces me that the philosophy which the Kennedy administration espouses will lead to deficits in good times, such as the present, as well as bad. For example, in the 18 peacetime years since 1900 when the Democrats have controlled the White House, we have had deficits 83 percent of the time. For the 22 years in which the Democrats have controlled Congress, we have had deficits 86 percent of the time during peacetime years in this century. And in those years since 1900, again excluding the war years, when the Democrats have controlled both the White House and the Congress, we have never had a balanced budget. That is the situation we are in today. Thus the administration pronouncements of planned deficits, irrespective of their economic foundation, merely make official that which has been the past history of the Democratic Party.

The fiscal pattern of the Kennedy administration is clear. A balanced budget is submitted on paper to satisfy the advocates of fiscal responsibility, and to try to forestall any further drain on the gold required to meet our foreign obligations. At the same time, the administration pursues a policy of multiplying Federal expenditures, irrespective of the Federal revenues. That course satisfies the group of economists, including the White House inner circle, who advocate new Federal programs and Federal deficits as a means of spending us into hoped for prosperity.

The debt ceiling was designed to serve as a restraining influence on our overall spending totals. Congress has yielded considerable control over Federal expenditures to the executive branch through such devices as back-door spending. And the presence of unexpended obligatory authority makes it possible for the President to control the rate of expenditures for programs. In fiscal year 1963, for example, the President will have unexpended obligatory authority of over \$181 billion, of which about \$100 billion is in new obligatory authority based on 1963 budget figures and the remainder is carryover from previous budgets. The President can step up, or slow down, the rate of spending such balances as he sees fit.

NEW FRONTIER SPENDING UP \$20 BILLION

Since the Kennedy administration took over, the projected level of Federal spending based on requests for new obligatory authority has increased from \$80.9 billion estimated by President Eisenhower on January 16, 1961, for fiscal 1962, to over \$100 billion for fiscal 1963 as estimated May 31, 1962. This represents an increase of 25 percent in the 18 months this administration has been in office. If that rate of increase continues, the annual budget will be well over \$125 billion when President Kennedy leaves office in 1965. If the administration held this increase to even 10 percent, we could have been able to stay within the existing debt ceiling of \$300 billion.

A tight debt ceiling is necessary for another reason, and that is to serve as a check on back-door spending.

Back-door spending takes various forms, all of which bypass the Appropriations Committees of Congress. The most common is for an agency or department of the Government to make use of public debt receipts and go directly to the Federal Treasury for its funds.

As of June 30, 1961, a total of \$150 billion in public debt authorizations has been placed on the books of the Treasury. Only \$72 billion has been repaid. A total of \$33 billion is still outstanding, \$29 billion is yet to be borrowed, and \$16 billion has been charged off as bad debts.

The executive branch of the Government thus has a free hand at spending via the back door for certain programs, but the public debt ceiling serves as a check on the extent to which this can be indulged when added to the overall total spending in any 1 year.

LET NEW FRONTIER SACRIFICE FOR TAXPAYERS

The only sane course, and again the reason for my protest vote, is to prod the Federal Government to reduce spending, or be honest enough to increase taxes to pay for its extravagance. If the administration would make it clear by its actions that it intends to pursue a sane fiscal course, and that it knows the meaning of economy in Government, I would be willing to join in supporting a debt increase to meet the coming year's seasonal debt demands. But we have yet to see any evidence whatever that the administration is willing to make the sacrifices President Kennedy promised in his inaugural address in 1961. Rather, we have been subjected to enticement after enticement of Federal handouts, tickling the political palate, but in the process weakening character and undermining the productive vigor of the economy.

I think it is high time the administration quit asking Congress what it can do for New Frontier bureaucrats through new debt ceilings, but rather what can the administration do for Congress, the taxpayer, and the free world in bringing about fiscal integrity.

TAXES AND FEDERAL SPENDING DANGEROUSLY HIGH

There is a limit to what the economy can stand. The noted economist, Colin Clark, told the Joint Economic Committee in 1959 that if the tax burden exceeds 25 percent of our income on a regular continuing basis, the effect will be inflation in prices and a depressive effect on work incentives. At the present time our Federal taxes are absorbing 22 percent of our national income on a cash budget basis.

We are already approaching this so-called breaking point. Add to this the State and local tax burden and we are well beyond the danger point, with government taking a total of one-third of our incomes.

It is a myth to think that we can sweep a \$300 billion debt under the rug.

The New Frontier by its profligate spending and perpetual deficit policies is already imperiling international confidence in the value of the dollar and the credit of the United States. It may yet endanger the confidence of the Amer-

ican people in the fiscal integrity of the Federal Government. At a time when we are concerned about the outflow of gold abroad from the United States, which indicates foreign lack of faith, we must get our financial house in order. To continue the present spending binge invites disaster and will not restore confidence.

As an expression of my profound concern, I shall vote against an increase in the debt limit.

Mr. DIRKSEN. Mr. President, it is rather curious that there is so little spirited interest among the public generally in the so-called debt ceiling. The lack of interest perhaps stems from the fact that it seems like such a complicated subject. Members of the public do not fully comprehend what the ceiling is about. So it may be regarded as something so remote and beyond the experience and background of the average citizen that he does not want to bother himself with it.

And yet it is interesting that the debt belongs to the citizenry. It certainly was rightly named the public debt, because the citizens owe it. The point can be demonstrated by going to any bank in the country and looking at the latest report of the bank. On the asset side of the report are listed the resources of the bank. One will find a list there of the Federal obligations in which the depositors' money has been invested.

Often depositors do not put that together, but the bank has only capital in a limited amount and surplus. Beyond that it uses the money that the average citizen deposits in the bank, and with the depositors' money Federal obligations are purchased and, of course, they are good. But that is true of every bank. It is true of every insurance company. It is true of every fiduciary. It is true of every Federal savings and loan association. So, from ocean to ocean and from the Dominion of Canada to the Gulf of Mexico, the citizens, by buying Federal paper when it is issued through their banks and their bankers with the money they have deposited there, clearly own the public debt, and for that reason they ought to have a very abiding and durable interest in the debt level.

When the distinguished Senator from Utah used the word "escalator," of course, we know that it is a term which is indigenous to our own day and time. And yet the debt has been a rather escalating debt, for, as I understand the term, it means both going up and coming down; and nearly everyone is now familiar with an escalator.

I presume our first public debt was incurred right after the Revolution, at which time it was approximately \$75 million. That was a very tolerable debt as debt goes today. But over the years that debt has gone up, both in terms of total and in per capita terms. I hope my figures are correct. It took a long time to accumulate these figures without a modern computer. Back in 1789, when the war was over, the public debt was \$16 per capita. In 1860, before we got into civil strife, it had gone down to \$2.06 per capita. At the end of the Civil War it had gotten up to \$75 per capita.

Before World I it had receded to \$11.85. After World I it got up to \$228. After World War II it got up to \$1,907 per capita. So we can see, per capita wise, this debt has been "escalating," if that is the proper word.

The debt ceiling has been escalating ever since we imposed a debt ceiling in connection with the Second Liberty Loan Act in 1917. That first debt ceiling was divided as between bonds and certificates, and was carried in two accounts. The first limitation which was imposed, in 1917, was \$11½ billion. It went back to \$10 billion in the precrash period, before 1929. Then it went to \$45 billion; then to \$65 billion; to \$300 billion, in April of 1945; and from then on, until 1961, it shuttled between \$275 billion and \$298 billion.

When we talk about debt, we must talk about the whole subject; not merely what the Federal Government owes, as included in the debt ceiling, but also what everyone else owes. The best figure I can get for State and local debt presently is about \$70 billion. But the corporate debt of the country is \$350 billion. The private debt is \$290 billion. Then when we add the Federal debt of \$300 billion, it adds up to a little more than \$1 trillion. I believe that \$1 trillion is a thousand billion dollars. Therefore we are really up in orbit when it comes to our aggregate debt of all kinds.

To round out this picture, I suppose we must include contingencies. There is presently outstanding through Federal funds about \$54 billion in loans and mortgages. Certainly there are assets behind those obligations, but who knows whether ultimately there will be a loss? I am drawing strictly on memory, but I believe through the Veterans' Administration and the Federal Housing Administration there may be presently as many as 75,000 foreclosures. Whatever the property brings as against the called loan, the difference, if it is a loss, is going to be a loss to the Federal Government. So we must think of these contingencies and the unfunded obligations and guarantees.

Therefore, there is \$54 billion in mortgages and loans, \$251 billion in insurance and guarantees, and \$250 billion in all forms of trust accounts and contingent liabilities.

This is only another half trillion dollars.

When we think about this in the large, we are getting into orbit really when we get up to a trillion and a half dollars.

I suppose an argument can be made on both sides of this debt proposition, and it can be said that no ceiling ought to be imposed, because we have to pay our bills whether we set one or not, and that imposing a ceiling that might be too low is nothing except an inhibition against the Federal Government borrowing the necessary money to pay whatever bills are on the desk.

However, there is something psychological about a ceiling, because when we puncture that ceiling it sets off a great deal of steam, and it becomes something of a reminder to people everywhere that the debt has gotten to be astronomical and that something ought to be done

about it. It is a public debt. It belongs to the people. Their money, whether it is money that is laid down for an insurance premium or a deposit in a bank or in some other form, is money that is invested in Federal securities, and so in truth it can be said that it is public and that they own it.

To me it is a little interesting and also a little paradoxical that for the last several years we have had the annual ceiling review. This seems to come around every 365 days, and that is a type of escalation in itself, because we put on the ceiling and then we kick off the ceiling by spending more than the ceiling will permit, unless securities are issued and the Federal Government can borrow.

So up goes the debt. Then because of the uneven flow of revenues, it will be a larger obligation at one time of the year than it will at another. So up it goes and down it goes in this whole course of escalation. Obviously, we must be rather realistic.

It seems to me that as we discuss the debt, it points up what I have been undertaking to make manifest to the Senate from time to time; namely, that the place to put the ax is in the field of expenditures.

I believe it was Henry David Thoreau, the philosopher of Walden Pond, who once observed that for every one who is hacking at the roots, there are a hundred hacking at the branches.

I am afraid that that is all too true, because the way to keep the debt within bounds is to give some regard to the question of appropriation and the question of expenditure. If we are going to maintain the ceiling once that ceiling has been imposed, there is only one way to do it, and that is to manage our expenditures and keep them within due bounds, so that every year we do not have to be kicking off the ceiling.

I wonder where the enlargement of the debt is going to stop. All we have to do is look at the table I hold in my hand which shows that starting with 1917, the debt was \$11,500 million then \$10 billion, \$45 billion, \$65 billion, \$300 billion, \$275 billion, \$298 billion, \$308 billion. Up and up it goes, and the debt seems constantly to be finding a new plateau. Sometimes I wonder whether we will start running out of money in the Federal Government. Then we will truly be in trouble. It always intrigues me how we recite in the first paragraph of an appropriation bill: "There is appropriated out of the Treasury from funds not otherwise appropriated." How can there be any money in the Treasury, actually, when we seem to be constantly spending well beyond what is in the Treasury itself?

I often think of the lady who went to the Governor of a certain State and said to him, "Governor, I want to get my husband out of prison."

He said, "What is he in prison for?"

She said, "For stealing a ham."

The Governor asked her: "Is he a good husband?"

"No, sir."

The Governor asked her: "Is he good to the children?"

"No, sir, Governor."

Then the Governor asked her, "Well, why do you want to get him out of prison?"

She said, "Because we are out of ham again." [Laughter.]

Well, I wonder when we are going to run out of ham one of these days. I mean not only money, but confidence as well.

I remember the days when I was on the House Banking Committee, and when we had a regular cavalcade of experts. I remember the question that was put to them at that time, because a spokesman for the White House, when Franklin D. Roosevelt was President, had given to the press one afternoon the statement that this country could stand a \$55 billion debt. Then the waters came down, and the discussion began. There were those who contended that we would blow the lid off if we ever got up to a \$55 billion debt.

Here we are talking about a debt ceiling which is 5½ times that amount, and it does not seem to inspire any great concern. It causes no great apprehension that I can see. Yet this is one of the most important measures before Congress.

One other factor must be taken into account when we talk about our public debt. That is the monetizing of the debt through various funds. Again I draw on memory. I hope it is correct. I believe the last figure I saw—and I make it subject to correction—was that about \$83 billion of Government securities have been washed through trust accounts of one kind or another. One trust fund is in the form of the Civil Service Retirement Fund. That is the fund upon which those who labor for the Government will depend to pay them their retirement money when they have retired from the Government service. So that fund, certainly in large part, can be invested in Federal securities.

The social security account trust funds can be invested in Federal securities. So can the Railroad Retirement Fund, and a great many others. That amount in itself becomes staggering.

So the higher the debt goes, the further the Treasury looks for a broader base upon which to scatter the debt; and not the least of the places is, of course, those funds. Everybody who expects sometime to be a retiree under one of those funds ought to have a real interest in the public debt.

I propose, meager as it may seem, to support the amendment offered by the distinguished Senator from Delaware. Of course, it reduces the debt ceiling by only \$2 billion. But the thought was running through my mind yesterday. "In view of the present state of the economy and the apprehension that the country's economy is not moving as so many persons expected, who knows when a tax-reduction proposal will be unfurled?" I do not know whether it could come before Congress closes shop and goes home for the year. I thought it might be a sensible idea to raise the debt

limit for 60 days, because there is every reason to believe Congress will be in session for 60 days or more, unless all signs fail. Perhaps there might be unfurled some rather interesting proposals to deal with the jacking up of the economy, which would give Congress a better estimate of what we ought to do about the debt proposition. But I shall not advance such a proposal. I have not heard all the discussion before the Committee on Finance. I prefer always to follow the leadership of the distinguished Senator from Delaware [Mr. WILLIAMS], who has given so much time and attention to this problem, not only now but also over a good many years. I regard him as a very considerable expert in this field.

Mr. DWORSHAK. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Idaho.

Mr. DWORSHAK. I share the concern of the distinguished Senator from Illinois about putting the Government's financial house in order.

The Senator referred to the civil service system and the need to have funds available to provide for the former employees of the Government who are in retirement. Does the Senator know that late in the 1970's it will be necessary to appropriate about \$2 billion annually in excess of the deductions and the contributions made by those in the retirement system to take care of the financial obligations of the Government; and that also in 1975, under the retirement system for military personnel, the point will have been reached when \$3 billion annually will be required to take care of the Government's obligations to meet the Government's commitments? In other words, late in the 1970's, or about 1980, it will be necessary to raise, through regular taxation, a total of \$5 billion each year to take care of retirement obligations. That is a serious challenge, because it indicates that unless we begin to curtail spending soon, we may face a situation which will not only jeopardize but may destroy our fiscal structure.

Mr. DIRKSEN. I am fully aware of that. The Senator refers to the unfunded liabilities. Commitments have been made to retired officers' funds as well as to veterans' pension funds. There is a whole host of funds, and among them is the fund for retired civil service workers.

I remember, when I was still a member of the Committee on Appropriations, what a time we had with that very item. Of course, it was recommended that only a limited amount be contributed to that fund, an amount which by no means covered the Federal Government's share. The Federal Government has undertaken to match with the Federal workers contributions to that fund, but for a great many years that has not been done. Nevertheless, the Government has a solemn obligation; and some time, somehow, if there is any danger that there will be a large number of retirees in each of a succession of years, it will be necessary for the Government to contribute to the fund, whether we like it or not, in the in-

terest of maintaining the solvency of that fund, and of giving assurance to the people from whose paychecks we have taken the money as their part of the contribution to the fund.

Mr. President, that is the situation as I sense it. I add only this admonition. The time has come when there must be a greater diffusion of interest in the whole debt problem; for, as I said at the outset, it is a public debt. It is owed by the people. It is the people's money that is invested in the debt. Every time someone who is a trustee of the people's money buys a Federal bond or security of virtually any kind, a Federal debt is incurred. So the average citizen, when he makes a deposit in a bank, whether it is in a big town or a little town, ought to walk over to the counter, take a little look at the bank statement to see how much is invested in Government obligations, and then say to himself: "I own a part of the debt, because I am a depositor in this bank, and the bank has seen fit, in the interest of its solvency and its operations, with a proper liquidity balance, to take some of my money and invest it in these obligations."

So, since the debt is a public debt, I trust it will be possible to stir up some interest among the public in its constant escalation to new heights.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Illinois yield?

Mr. DIRKSEN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. While it is true that both the Senator from Illinois and I recognize that Congress in appropriating funds must accept some responsibility for the debt and for Federal expenditures, a responsibility we are not trying to dodge, is it not also true that Congress does not have the entire control of the expenditures of the Government through the appropriation formula, but that, by virtue of the fact that the President has continuing authority today, even without any appropriations, whereby he can spend from \$80 to \$100 million, it is that continuing authority that he uses when he wants to accelerate expenditures or slow them down to improve or to hinder the economy?

It was such financial authority that President Kennedy used last year when he deliberately created the present deficit. The Director of the Budget, Mr. Bell, said when he testified before our committee that the administration deliberately planned this \$7 or \$8 billion deficit for fiscal 1962. He seemed rather proud of the achievement. Mr. Bell emphasized that the deficit was not the result of an unexpected drop in revenue or the result of an unexpected increase in expenditures. He said that they "deliberately planned" the deficit for fiscal 1962 as a recession measure. He seemed rather proud of its success. While he did not say there was special virtue in a deficit, he did say that on occasions there were "positive benefits from a Federal deficit."

The fiscal affairs of the Government are in the control of the Director of the

Bureau of the Budget, a man who operates under the direction of the White House. It is very disturbing now to be told that this official is deliberately planning ways to get rid of the taxpayers' money and create deficits. The only way we can control such irresponsible acts is through the control of the debt ceiling. Is that not correct?

Mr. DIRKSEN. Exactly so. And when I heard the word "planned" used in connection with the deficit, I fairly marveled, Mr. President, because one does not have to plan a deficit; one can fall into a deficit—just as one can fall into the water. So one must be very careful, fiscally, in order to stay away from a deficit.

Such talk about a planned deficit goes along with the use of the term "escalation" and all the other new terminology of today.

Mr. WILLIAMS of Delaware. I should like to read a further statement by the Director of the Bureau of the Budget:

Mr. BELL. The decision to balance the 1960 budget, in retrospect, seems clearly to have been one of the factors that led to the abortive recovery and the subsequent downturn in the spring of 1960.

Mr. Bell, the present Director of the Budget, thinks it was a mistake when we balanced the budget in 1960, and today instead of planning how he can save money, he is planning how he can increase the spending. This is the height of fiscal irresponsibility.

So I think Congress must exercise controls such as we have never before placed over the Director of the Bureau of the Budget; otherwise, we shall have a very weak U.S. dollar.

Mr. DIRKSEN. I may say to the Senator from Delaware that certainly that follows out the so-called Keynesian theory of spending one's-self into prosperity. That theory was imported into our country—namely, that notwithstanding a deficit, one should spend and spend until he gets on the top side, fiscally.

However, the only thing that John Maynard Keynes ever said that I could tie to particularly was that in the long run we shall all be dead; and I guess he knows about that, because he is not here any more.

Mr. WILLIAMS of Delaware. I may say that in the discussion before our committee, the Director of the Bureau of the Budget pointed with great pride to the fact that some of the European countries have been able to expand their economies and have periods of prosperity. Apparently he thinks this prosperity results because they have had deficits over the past several years. However, I would be interested in having him comment on the historic value of the currencies of those countries. For instance, France was one country to which he pointed as a specific example. Yet we know that in the past several years the currency of France has suffered a rather complete devaluation, and we know of the problems which many of the other countries have had with their currencies. So to hold up some of these countries

which in years past have gone down the road to bankruptcy as good examples of the value of deficits for our country is certainly a grave mistake, and I have no use for an official who would advocate such a course. I wish he were out of the Government.

Mr. DIRKSEN. I can only say that in World War I, when I was a soldier, when we served in France we got roughly four francs to the U.S. dollar; but the last time I was in Paris, I think the rate was 400 francs to the U.S. dollar—which indicates what conditions can do to the value of money.

Furthermore, I wish to state that if we are not moving forward well as a country, right now, who shall say whether that is not because of the stricture in confidence, whereas confidence is so very necessary, especially in terms of the amount of spending to occur in the future; and when I speak of spending, I mean spending in the private sector. It is the private-capital spending which for the most part provides jobs and makes our country continue in the direction of prosperity. But who will invest his dollars in a long-term operation if he is not certain, at first, that the value of the money is stable, and that conditions will be stable, and that ultimately he will be able to get a return on his money, and also recapture his capital. If he has doubts about that, manifestly he will be rather careful about how he spends his dollars. So it seems to me that is one of the real difficulties which confront the country at the present time.

Mr. WILLIAMS of Delaware. I thank the Senator from Illinois.

I think we should emphasize the fact that in the past 30 years the Government has lived within its income in only 6 years, but we have had an unbalanced budget in each of the other 24 years.

I regret to say that the largest deficit during our administration was the 1959 deficit, when the deficit was in excess of \$12 billion; and all of us know the result of that: In 1959 we lost about 10 percent of the gold reserves of our Government. These were withdrawn following that deficit.

So certainly we should not go into a planned deficit. Unavoidable deficits are bad enough; and occasionally we cannot avoid them. For instance, during wars and in other periods of great difficulty deficits can always develop, but when there is a planned deficit the only result will be a further devaluation of the currency. All of us know that as a result of inflation in the United States, one-half of the purchasing power of every dollar, every savings account, every life insurance policy, and every Government bond has disappeared; and if there are some who do not believe that, let them proceed to cash a Government bond which was purchased 10 years ago. At that time \$75 was paid for a \$100 Government bond; but today one cannot buy half as much with the dollar as he could have purchased then.

So in the interest of protecting our elderly people and the savers in this country we have no alternative but to

curtail expenditures at home and keep a control over inflation.

As one Member of Congress I recognize our responsibility to the aged and want to help them, but they have been placed in their present position very largely by the actions of Congress in destroying the value of their life savings and thus destroying their ability to take care of themselves. Today many handicapped persons are unable to provide themselves with the necessities of life from their retirement income, although they would have been able to do so if we had not so greatly destroyed the purchasing value of their retirement income.

Mr. DIRKSEN. Perhaps we are on the threshold of a decade of deficits, and perhaps deficits are now the modern way of life.

Mr. WILLIAMS of Delaware. I hope not, but apparently we are in an era of a planned deficit economy.

Mr. KERR. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KERR. First, Mr. President, I ask unanimous consent that Mr. Robert Knight, General Counsel of the Treasury Department, and Mr. Frank E. Morris, Assistant to the Secretary of the Treasury—Debt Management—may have the privilege of the Senate floor, so that I may have them with me during the debate.

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

Mr. KERR. At this time I should like to ask a question of the Senator from Delaware. Did I correctly understand him to say that the purchasing power of the dollar declined 50 percent in 10 years?

Mr. WILLIAMS of Delaware. No, I said that happened over the past 15 or 18 years.

Mr. KERR. I believe the Senator from Delaware said it happened in the past 10 years.

Mr. WILLIAMS of Delaware. No, I have in my hand a chart which covers that point, and I ask unanimous consent that it be printed at this point in the Record.

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

Purchasing power of the dollar, 1939-57
[1939=100]

Year	In cents	Change, in cents
1939	100.0	
1940	99.2	-0.8
1941	94.4	-4.8
1942	85.2	-9.2
1943	80.3	-4.9
1944	79.0	-1.3
1945	77.2	-1.8
1946	71.2	-6.0
1947	62.2	-9.0
1948	57.8	-4.4
1949	58.3	+0.5
1950	57.8	-0.5
1951	53.5	-4.3
1952	52.3	-1.2
1953	51.9	-0.4
1954	51.7	-0.2
1955	51.9	+0.2
1956	51.1	-0.8
1957	49.4	-1.7
1958	48.1	-1.3
1959	47.7	-0.4
1960	46.9	-0.8

Source: As measured by the Bureau of Labor Statistics, assuming purchasing power at 100 cents in 1939.

Mr. WILLIAMS of Delaware. Mr. President, the chart shows that beginning with 1939, and figuring the 1939 dollar at 100, in 1960 the dollar was down to 46.9 percent.

Mr. KERR. Well, I very clearly understood the Senator from Delaware to say that it had gone down half in the last 10 years.

Mr. WILLIAMS of Delaware. No. If I said that, I was in error; I did not intend to say that. The decline has occurred over a longer period of time. In 1950 the value was placed at 57.8 percent. It has not declined half in the last 10 years.

Basing the value in 1939 on 100, in 1950 it was 57.8; in 1957, 49.4; and in 1960, 46.9.

Mr. KERR. What is the latest figure? Mr. WILLIAMS of Delaware. I do not have the figure for 1961.

Mr. KERR. What was it in 1960?

Mr. WILLIAMS of Delaware. 46.9 percent.

Mr. KERR. And for 1951.

Mr. WILLIAMS of Delaware. 53.5 percent.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. DWORSHAK. During the first 5 months of this calendar year the outflow of gold dollars was such as to mean a loss of about \$1 billion for this calendar year. Does not the Senator from Delaware recognize that continuing large deficits will make it extremely difficult to curtail this outflow of gold dollars, which is becoming a serious threat insofar as the fiscal stability of our Government is concerned?

Mr. WILLIAMS of Delaware. I do. In fact, I fear it will make it almost impossible to curtail the outflow of gold. There are many reasons for that. One of them is the deficit in balance of payments, but it is also due to the knowledge that the stability of the American dollar can be undermined if international bankers decide that this country is not going to try to protect its fiscal integrity.

I think it is most important that we demonstrate not only to American citizens but to the world, that we are determined to maintain control over our own financial affairs. The best evidence of what can happen to the currency of a country in the face of large deficits is the plight of our neighbor to the north and what has happened to many countries in Europe. History clearly shows that no nation, any more than a family, can spend itself into prosperity on borrowed money. We cannot continually spend more than we take in unless we want to go into national or personal bankruptcy.

Mr. DWORSHAK. I am sure the Senator from Delaware, who is a member of the Finance Committee, heard the testimony from Secretary of the Treasury Dillon and other spokesmen of this administration advocating large deficits, or at least tolerating them or condoning them, as an national policy, even in days of fair prosperity. Does not the Senator feel that this policy is indefensible at a time when we have remaining only about \$4½ billion of gold

reserves to meet demands of creditors abroad who have \$18½ billion redeemable in gold?

Mr. WILLIAMS of Delaware. Yes. Not only was that testimony given, but a few moments ago I pointed out that in testifying before the Finance Committee the Director of the Budget said that the deficit of \$7 billion or \$8 billion with which we are to be faced as of June 30 is not the result of any unexpected decline in national revenues or the result of any unexpected expenditures, but is the result of having been "deliberately planned" by the executive branch. They deliberately planned the deficit of \$7 billion or \$8 billion which we will have at the end of this fiscal year as an antirecession measure. Mr. Bell, Director of the Budget, made that statement.

Going further, Mr. Bell told our committee that he thought the decision to balance the budget in 1960 was a mistake. He thought it was wrong that we should have balanced the budget in 1960. He was rather proud of what they were doing to bring this present deficit about. Yes, the record shows that the administration deliberately planned it.

Mr. Bell went further and said to our committee that there were "positive benefits from a Federal deficit" on special occasions.

Here is a man who is supposed to be controlling expenditures but who openly states that they are planning to continue the deficits. It is ironical to note that the plan of having deficits last year of \$500 million a month was put into action and they were creating this deficit at a time when the President of the United States was addressing a joint session of Congress and said, "We are going to balance the budget in 1963." That was a farce. At that very moment they were planning a deficit of \$6 to \$8 billion.

VISIT TO THE SENATE BY HON. RAYMOND A. NJOKU, MEMBER OF PARLIAMENT OF NIGERIA

Mr. BUSH obtained the floor.

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

Mr. BUSH. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Kansas, without losing my right to the floor, in order that he may make an introduction of foreign diplomats to the Senate.

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

Mr. CARLSON. Mr. President, we are honored today to have as our guest in the U.S. Senate a Member of Parliament of one of the new countries, a country that has gained its independence and is establishing a parliamentary government, the country of Nigeria. He is not only a Member of the Parliament of that country; he is president of the Commonwealth Parliamentary Association, an organization of some 85 countries of this globe of ours interested in a program for peace. He is also Minister of Transport and Aviation of Nigeria.

We are delighted to have him as our guest today. I present to the Senate

at this time President Raymond A. Njoku.

[Applause, Senators rising.]

Mr. CARLSON. I am indebted to the distinguished Senator from Connecticut for yielding.

Mr. BUSH. I am delighted I had the privilege of yielding to the Senator for the purpose which he stated, namely, to introduce this distinguished visitor to us.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. BUSH. Mr. President, at Yale University on June 11 President Kennedy suggested a great national economic debate which will have a profound effect on the nature of our economy in the years to come.

Our discussion today on raising the debt ceiling to \$308 billion is an important part of the public debate of these larger economic issues.

In his speech, President Kennedy asked that we abandon the myths of the past and agree with him that big government is good, that deficit financing is not inflationary, but, on the contrary, may be healthy for the economy, and that the importance of the confidence factor to our economic performance has been overemphasized.

I should mention, however, that there is at least one myth that the President appears to be trying to perpetuate. In his 1960 campaign he said:

I do not know whether to regard with alarm or indignation the common assumption of an inevitable conflict between the business community and the Democratic Party. That is one of the greatest political myths of our time, carefully fostered.

Mr. President, that is one myth that is becoming increasingly hard to bury.

The issue which the President's Yale speech posed is clear: To what degree should economic decisionmaking be transferred from private to public hands, with centralized Federal planning and direction of the economy replacing the free enterprise system which has served us so well?

Let us not forget as we enter upon this debate that this—and nothing less—is the issue before the country.

The administration, itself, has repeatedly made clear that it seeks a larger role in directing the economy by intervening ever more deeply in the free collective-bargaining process, by guiding private wage and price decisions, and by using Federal budget deficits to stimulate the economy and reallocate resources in the direction it wishes.

Little wonder, then, that the business community—upon which our jobs and our economic progress rest—lacks confidence in the Kennedy administration. The business community knows all too well where the administration would take us—if it could.

The business community believes—and an increasing number of Americans

are beginning to agree—that the administration displays an alarming and dangerous lack of understanding of the dynamics of our free enterprise system.

Certainly, Government already is deeply involved in the economy and, indeed, must be. Not only is Government the watchdog of the free enterprise system, but also its actions in themselves have a profound effect on our economy.

But it has not yet taken over private economic decisionmaking. And I do not think it will succeed in doing so.

Fortunately, most Americans know that there is no satisfactory substitute for the free market in giving consumers what they want at prices they are willing to pay. No Washington economic wizard can successfully substitute his judgment for the allocative function of the marketplace.

As William McChesney Martin, the distinguished Chairman of the Federal Reserve Board, said in a speech at Harvard June 14:

Mistakes individuals make in their own affairs may offset one another, but mistakes by wielders of centralized controls are likely to be aggregative and may be disastrous.

Without this understanding, the administration will never be able to get the country moving again, except possibly backward.

What was Candidate Kennedy saying in 1960 about the ideas which he now calls myths?

He told the Nation on October 31, 1960—and on many other occasions, as well—that he was “pledged to maintain a balanced budget except in times of national emergency or severe recession.”

In a major speech October 12, 1960, he said that he was opposed to “excessive, unjustified or unnecessary intervention in the economy—to needlessly unbalanced budgets and centralized governments.”

In the same speech he said, “I do not believe in big government” but only in effective government.

Trying to allay fears, Candidate Kennedy asked why his party, if successful, should change the fundamental structure of an economic system that has performed so admirably. President Kennedy should now answer his own question. Why, indeed, change the system?

About the only justification the administration offers is that certain European nations have been achieving a faster rate of growth than the United States. Of course, most of these nations started from a much lower base and had a vast backlog of unsatisfied consumer demand. But, according to the administration, they have achieved a high growth rate by running budget deficits and by submitting to central economic planning.

Even if this were true—and there are abundant reasons for doubting it—I do not believe that these devices would work in the American environment.

Incidentally, I hope the administration will study the European tax structure to determine what part it has played in spurring rapid economic growth.

If the administration wants to look into foreign experiences, it ought to look closer to home and study recent Canadian history. The Wall Street Journal

on June 20 pointed out that the Canadian Government in recent years has been running unprecedented peacetime budget deficits. At the same time, it has been suffering a sharp outflow of dollar and gold reserves which have led to the recent decision to devalue the Canadian dollar.

On June 25, the Canadian Government announced a sweeping austerity program to relieve pressure on the Canadian dollar and help solve the nation's severe balance-of-payments problem. The program included increases in tariffs, an increase in the discount rate, and a reduction of \$250 million in government spending during the current fiscal year.

Does President Kennedy suggest that the Canadian Government is living by the fiscal myths of the past?

In view of our own gold and balance-of-payments problem, which is largely a matter of confidence, a study of the Canadian experience might be enlightening, indeed.

The administration should also investigate the remarkable economic performance of Japan. Between 1953 and 1960, Japan enjoyed an average annual growth rate of 8.5 percent. In 1961, the growth rate was 13 percent. Unemployment—a nagging problem in the United States—is almost nonexistent in Japan. The unemployment rate in 1961 averaged less than 1 percent.

Contrary to what our own easy-money advocates might think, this record of economic achievement was realized while the discount rate stood at over 7 percent and the bank lending rate at over 8 percent.

What a strange situation confronts us today. The economy is continuing to recover from the 1960-61 recession, and while the recovery is not as strong as we might wish, new high records of gross national product, gross national income, and other indexes are being set every month.

Until recently, the administration adhered to the “myth” that the budget should be balanced over the full business cycle, with the Federal Government running deficits in recession times and surpluses in good times.

Last October the President called on his Cabinet officers to cut expenditures and said he wanted a balanced budget.

Now, when times are much better and relatively good, the administration tells us that we should run deficits even in good times—and that they will not be inflationary.

The fact that budget deficits tend to impair confidence in the dollar and thus worsen our continuing balance of payments and gold problems is brushed aside. Top Treasury officials assert that European bankers and financial officials are not especially worried about U.S. budget policy unless it is inflationary.

The fact is that the Kennedy administration budget policy is inflationary. Budget deficits always provide an inflationary force.

Let us look at the Kennedy administration's fiscal record.

President Eisenhower submitted a budget for fiscal 1961 which the Treasury estimated, in December 1960, would show

a surplus of about \$1 billion. President Kennedy proceeded to convert this to a \$3.8 billion deficit. As submitted, the Eisenhower administration's fiscal 1962 budget showed a surplus of \$1.5 billion, but the latest estimates indicate that we will run a deficit in fiscal year 1962 of about \$7 billion. For fiscal 1963, President Kennedy submitted a budget with a surplus of slightly less than \$500 million. Estimates now indicate there will be a \$4 to \$5 billion deficit.

In other words, over a period of 3 fiscal years, the Kennedy administration has gone from an overall surplus of about \$3 billion to a deficit of \$15 billion—or a swing of about \$18 billion.

Senate approval of this bill to raise the debt limit to \$308 billion would put

the stamp of congressional approval on the administration's reckless spending adventures. Approval of the amendment to limit the increase to \$306 billion would, however, force the administration to establish spending priorities, which they have so far refused to do.

The \$306 billion debt ceiling, as contrasted to the administration's \$308 billion request, would force the administration to cut its spending plans by about 2½ percent.

The administration has said that most of its spending increases have been for space and defense activities. In dollar amounts, this is true.

However, it is interesting to note the percentage increases in expenditures of selected agencies between fiscal 1960—

the last complete Eisenhower fiscal year—and the estimates for fiscal 1963. While defense spending for military purposes was increasing by 16 percent during this period, expenditures by the Housing and Home Finance Agency went up 347 percent; Agriculture, 24 percent; Commerce, 51 percent; Health, Education, and Welfare, 52 percent; and Interior, 49 percent. Total budget expenditures increased 21 percent. I ask unanimous consent to have printed in the RECORD at this point a table showing the actual and estimated expenditures for fiscal years 1960 through 1963 by selected agencies.

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

Expenditures by selected agencies

[In millions of dollars]

Fiscal year	NASA	IHFA	Agriculture	Commerce	Defense		HEW	Interior	Treasury, public debt interest	Total budget expenditures
					Military	Civil				
1960	401	309	5,419	539	42,824	902	3,403	690	9,180	76,539
1961	744	502	5,929	498	44,677	971	3,685	801	8,957	81,515
1962 (estimated)	1,671	940	7,177	650	48,250	1,015	4,469	873	8,900	89,075
1963 (estimated)	3,787	1,383	6,709	815	49,700	1,071	5,183	1,031	9,300	92,537
Dollar increase, 1960-63	3,386	1,074	1,290	276	6,876	169	1,780	341	120	15,998
Percentage increase, 1960-63	844	347	24	51	16	19	52	49	1.3	21

Source: Treasury.

Mr. BUSH. One area where savings might be achieved is in personnel. The Kennedy administration has added nearly 100,000 employees to the Federal rolls. Yet Secretary of Commerce Hodges on May 23 said he could cut his personnel substantially and still turn out the same amount of work.

The Senator from Washington [Mr. JACKSON], chairman of the Senate Subcommittee on National Security Staffing and Operations, in a speech on June 12, stressed the same theme. He said that in the national security field "we should carry on with new vigor the fight against overstaffing in the national departments and agencies." We should consider, he said, "the abolition or sharp curtailment of entire activities when these have become obsolete or of marginal importance."

Maybe the administration should try some of these suggestions to cut spending and increase efficiency which are being made by responsible leaders within its own party. However, I have doubts that it will do so. It is hard to believe that only last week administration forces in the House beat back a Republican amendment to the farm bill which would have prevented the number of employees in the Department of Agriculture from ever exceeding the number of farmers in the country.

There is even a strong possibility that the administration may come back to Congress early next year to ask for another increase in the debt ceiling. Under Secretary of the Treasury Robert Roosa, in testimony before the Senate Banking and Currency Committee June 20, said:

I should make very clear that our present presentation of the request for the \$308 billion * * * would only get by if the budget

is balanced in fiscal 1963. * * * If there is a move away from balance, then a new request would be introduced for additional authority on the debt limit in the beginning of the calendar year 1963.

In a typically cavalier attitude toward fiscal responsibility, the administration is now talking about another increase in the debt ceiling before its current request has even been acted upon by the Congress.

Since there is a little likelihood of a balanced budget in fiscal 1963, the only way we can avoid another increase in the debt ceiling is for the Congress to set the limit at \$306 billion and insist—here and now—on the establishment of spending priorities and the reduction of nonessential expenditures by this administration.

Since 1939, our financial history has been largely one of deficit financing, primarily to meet the costs of both hot and cold wars. Since 1939, the money supply has increased over 300 percent, while the real gross national product has increased 139 percent. The money supply increased from 16.5 percent of the gross national product in 1939 to 28.6 percent of the gross national product in 1961.

The fact is that the expansion in the money supply was about twice the amount needed to finance the increase in gross national product at constant prices.

We all know what happened to the value of the dollar during these years. It was more than halved. The 1939 dollar is now worth about 47 cents.

The conclusion seems fairly obvious. The great expansion in the Government debt and the increase in the money supply that has accompanied it, have been highly important influences in inducing inflation.

It is true that over a short period of time deficits do not always lead to inflation. The general state of the economy may influence the results, as is the case when the economy is operating below capacity. The method of financing the deficit is also of critical importance.

For many years, the United States has financed its deficits largely through the commercial banking system, thus paving the way to an inflationary expansion of the money supply.

The Wall Street Journal, in a front-page article June 18 said:

The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Some buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.

But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money tends to rise.

In an editorial the same day, the Journal said:

What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

— Today we are continuing to finance and refinance the public debt through

the commercial banking system. The increase in the money supply thus generated has a potentially powerful inflationary impact. The impact probably will be felt most when the economy is operating near capacity. The inflation will hit when we reach full employment—precisely when upward pressures are most strongly exerted on the price level.

The administration tells us that there is no real danger because the problem of inflation has been overcome. This conclusion is based on the relative price stability which we have enjoyed for several years. However, even now, the warning signals are up and should alert us to the ever-present danger of inflation. Already this year, the Consumer Price Index has risen seven-tenths of a percentage point—equal to the increase during all of 1961.

Even if the administration were correct, and inflation had been overcome, that would be strange justification, indeed, for a policy which once again would induce inflation.

The proper role of Government, Mr. President, is to create conditions under which free enterprise can promote economic growth. An essential element of Government's function is to maintain a sound currency.

Only in this way can we encourage savings, which are the sparkplug of economic growth. Only in this way can we preserve the credit of the United States, upon which rests our military strength and security of the free world.

Others, including leaders in the administration, may think differently about the importance of fiscal responsibility and the nature of government's role in our economic life. I welcome the challenge which the administration has thrown down. It will, I hope, lead to a debate on our economic system which will result in the burial—once and for all—of the new economic myths which the Kennedy administration is trying to foster.

I ask unanimous consent to have printed at this point in the RECORD an editorial and an article published in the Wall Street Journal.

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

THE PRAISE OF DEFICITS

At one point last week President Kennedy said it is a myth that Federal deficits cause inflation. Later on he was slightly more cautious: Deficits do not necessarily cause inflation. Some of his advisers are more positive: Deficits are good for you.

However expressed, the praise of deficits is a major new administration theme-song. Well it might be, with another heavy deficit a likely prospect for the fiscal year starting next month, following a deficit of \$7 billion or more in this expiring period. Justification is needed, and any politician knows that repetition is the way to get your point across.

Are there any objective facts about this question of deficits and inflation? Or is it just squabbling in the arcane realm of economic theory, or an arid debate between preconceived political positions? We think it can be demonstrated that, beneath the overlay of theory and politics, there are certain inescapable facts, facts which officials carefully neglect to mention in their defense of deficits.

A highly relevant consideration, for example, is how a deficit is financed. The critical importance of this point is explained by Mr. Shea on page 1 of this newspaper. In brief, a deficit financed through savings, as by floating bond issues, will not be inflationary because it will not create new money.

As Mr. Vicker notes in an article on this page, that is the customary method in Western Europe, to the extent those governments can be said to have run deficits at all in recent years. Ironically, it is to Western Europe that U.S. Government officials look for support of their theory that deficits promote growth without inflation.

For absorption of savings is not how deficits are customarily financed in the United States. Rather, it is through the sale of Government debt to the commercial banking system, which paves the way for expanding the money supply; each dollar of debt can be the basis for an extension of about \$6 of credit. Whatever else it may be, this is purely and simply an inflation of the money supply.

Such monetary inflation is not by itself price inflation. It is possible to have rising prices without monetary inflation; it is possible for a time to have relative price stability with monetary inflation. Thus the full inflationary force of the great prewar and wartime deficits was not felt until after the war, when it combined with pent-up demand.

That lagging effect explains the anomaly which President Kennedy uses as devastating proof that deficits don't cause inflation: Sizable budget surpluses after the war did not prevent inflation and deficits for the past several years have not upset our basic price stability. (Actually, as measured by the Consumer Price Index, prices have been rising rather rapidly for many months.)

All this the President's advisers have misunderstood, we fear, in their assessment of the current situation. They say the inflationary period has ended and call it a healthy development.

But that merely means that prices, disregarding the recent rises, have been fairly stable for the past few years. And what that in turn means is that after a time, and in some circumstances, monetary inflation is no longer capable of providing a fillip to the economy, at least until other economic changes occur.

So the advisers find themselves in the curious position of arguing that since the inflation is over, which is good for the economy, we must for that reason have more inflation through deficits to stimulate the economy—though of course they do not admit they are pursuing an inflationary policy. In fact, no one can say for sure whether the inflation will or will not stimulate the economy in any given period.

What is certain is that so long as the Government practices this kind of deficit financing, it has not stopped inflating the money supply. The new money does not disappear; the deficits are not absorbed by savings. Therefore an explosive force is built up, ready to fuel a dizzy wage-price spiral any time something happens to trigger it. The deeper the deficits, the bigger the potential trouble.

Like all something-for-nothing gimmicks, inflation by any name is a fool's game. Those who believe it is safe, or positively beneficial, are putting their trust in one of the world's oldest myths.

THE OUTLOOK: APPRAISAL OF CURRENT TRENDS IN BUSINESS AND FINANCE

(By George Shea)

The Kennedy administration seems to have started to try to teach the public that Federal budget deficits are virtuous rather than evil. It is true that such deficits can have different effects under different circumstances, but their tendency is always ultimately to reduce the value of the currency.

The ideas the administration is currently trying to teach are a long way from those held while this country was built. Twice in the 19th century our Federal Government succeeded in paying off completely debts which it had incurred during periods of crisis. And while the more than \$25 billion borrowed during World War I was never fully paid off, it was reduced by about \$10 billion in the following decade. Even after World War II the debt was reduced for a while, from \$278 billion in 1946 to \$249 billion in 1949, though it has now grown to a new high of about \$295 billion.

The active campaign in favor of deficits began about one generation ago, and at first it was confined to the so-called compensatory theory, according to which deficits in times of poor business were to be offset by surpluses in times of good business. This marked the first departure from the old idea of trying to pay off the debt, in that it assumed the deficits would merely be offset in the good years, with no net reduction in the debt.

The next step is now being taken. The other day Budget Director Bell made a speech in which he questioned the belief that the budget should be balanced over the full business cycle. He said this standard is "clearly inadequate" when the recoveries don't bring full employment or full use of industrial capacity. He went on to suggest that the unemployment rate should be the guide to whether the budget should be balanced or not. Presumably, if the jobless number more than 4 percent of the labor force—4 percent being the administration's goal—the budget should be in the red.

The reason there is so much argument over whether budget deficits are really inflationary is that over short periods of time deficits may have little or no effect on prices. The general condition of the economic system, and the manner in which the deficit is financed, both affect the results strongly.

The financing of a deficit can be done in only two ways. Either it is financed out of savings, or it is financed out of bank credit. It is financed out of savings if the Government covers it by issuing bonds which are sold to individuals or to businesses other than commercial banks. Such buyers normally get the money to buy the bonds out of their own earnings or savings. No change in the money supply results. The same amount of money that goes to Uncle Sam from the bond buyers is then spent by him and goes back into circulation.

But when the bonds are sold to commercial banks, the banks enter on their books a deposit which didn't exist before, in the name of Uncle Sam. As he spends this deposit, the Nation's money supply tends to rise.

However, whether it actually rises depends on circumstances. In the 1930's the Nation's total private and government debt declined \$8 billion though the Federal debt increased by \$26 billion or 150 percent. Private borrowers not only used the Federal red-ink payments they received to cut down their own debts, but they saved enough through their own efforts to cut their debts \$8 billion more. Debt repayments tend to hold down the money supply.

That experience illustrates two kinds of circumstances under which Federal deficits produce no visible inflation. One is the situation where the public uses the Federal red-ink money, as just stated, to pay off its own debts. The other is the situation where economic activity is so far below capacity that supplies of workers and goods continue to exceed demand in spite of the Federal spending. How far below capacity the Nation worked in the 1930's is made clear by the fact that in no year of that decade did unemployment fall below 14 percent of the labor force, contrasted with 5.4 percent today.

Another circumstance in which the effects of red ink are concealed is, curiously enough, the one where all resources are fully engaged in production, as during World War II. Because every employable person is employed, no added employment can be stimulated, no added employment can be stimulated no matter how fast the Federal red ink is poured out. The activities for which the deficits pay merely replace other activities. But in order to keep the effects of the deficits from showing up plainly, the Government must forcibly suppress the civilian production which is replaced by war production; and it must suppress demand by rationing.

In such a situation, the cash savings of the people grow hugely because their money incomes continue but they have less and less on which to spend the money. During World War II, financial savings by individuals totaled \$30 billion to \$40 billion a year, three to four times the postwar average of \$10 billion a year. And such an enormous accumulation has its inevitable effect sooner or later; it helped finance the postwar boom in production and consumption, and also in prices.

It is after experiences such as these, in which the effects are concealed, delayed or actually enjoyed, that the critical stage begins to approach. Conditions resembling, in small degree at first, those of the 1930's return. Capacity exceeds current effective demand, and deficits have less and less visible effect.

That is when the idea of operating with even more deficits even more often begins to be recommended by growing numbers of people. Our governmental teachers begin to say it would be "sophisticated" to gauge the desired size of each year's deficit by the rate of unemployment.

The problem is that even if the people of a nation can be sold such sophisticated euphemisms, foreigners can't. And once foreigners lose confidence in a currency, they can pretty well refuse to deal with the nation. Then, about the only possible outcome is a devaluation because usually the austerity measures needed to restore the Government's credit are politically impossible except after the shock of devaluation. Today the world freely discusses the possibility of devaluation of the U.S. dollar, although the majority opinion still seems to be it won't come.

Mr. DOUGLAS obtained the floor. Mr. BYRD of Virginia. Mr. President, will the Senator yield?

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield so that we may ask for the yeas and nays on my amendment?

Mr. DOUGLAS. Two of my good friends have asked me to yield. Perhaps I should yield first to the chairman of the Committee on Finance.

Mr. BYRD of Virginia. Mr. President, the bill (H.R. 11990) now before the Senate would "temporarily" raise the statutory limit on the Federal debt to \$308 billion. This would be \$23 billion beyond the permanent limit of \$285 billion.

The Senate Finance Committee has reported the bill; and as reported, provisions of the bill are identical with those in the measure as it was passed by the House of Representatives 211 to 192.

I might emphasize that the bill passed the House by only a 19-vote majority. Ten Members who did not vote were declared against the bill. Therefore it was a very close vote.

As chairman of the Finance Committee, I have asked the committee's rank-

ing majority member, the Senator from Oklahoma [Mr. KERR], to handle the bill in its consideration by the Senate as a whole.

I have done this in fairness to the administration because, in good conscience, I cannot support this request by the President for authority to raise the national debt to \$308 billion.

I announced my opposition to this proposal in January when I first learned that it would be made. I voted against it in committee. I shall vote against it here on the floor of the Senate.

This will be the third time in 12 months that the administration has asked that the limit on Federal indebtedness be raised. With this bill, the limit will have been raised \$15 billion since last June.

I reluctantly accepted the two previous requests by the President because, obviously, they were the result of situations originating in the previous administration over which he had no control. But now he is asking for the highest debt limit of all time, in a year for which he has full responsibility, because in the year beginning July 1 there will be the first Kennedy budget. He makes that request after promising that the budget would be balanced.

The pending request to raise the debt \$8 billion higher than even the present \$300 billion limit will not be all. The country may expect another request for a higher limit in the coming year.

Secretary of the Treasury Douglas Dillon this week has testified that if a sufficient deficit develops, authority for more debt will be asked in January; and I predict the deficit will develop.

I shall vote against the \$308 billion debt limit bill with no feeling of personal responsibility for the serious fiscal condition in which the National Government of the United States finds itself.

It could have been avoided by sound financing and elimination of extravagance, inefficiency and other wasteful expenditures. My record in these respects clearly defends my position.

I have the honor of representing the Commonwealth of Virginia in the Senate. This bill would place an additional Federal mortgage on Virginia to pay for more Federal waste and extravagance.

Virginia is an average State in size, population, and payment of Federal taxes. Therefore, it would bear responsibility for some 2 percent of the \$8 billion of additional debt authorized in the bill.

Two percent of \$8 billion is \$160 million; this breaks down to some \$40 for every person in our 4 million population; and this is about the per capita average for the Nation as a whole.

I shall vote in protest against such an imposition on the people of Virginia and elsewhere which could have been avoided by the simple practice of prudence in the Federal Government.

People, the country over, in their own communities, with their own eyes, almost every day can see the kind of Federal waste and extravagance to which I am referring.

Secretary of Commerce Luther Hodges, testifying on May 24, 1962, before a congressional committee, forcefully brought nonessential Federal spending back to nationwide attention. He was widely quoted as saying, in effect, that:

All sorts of money could be saved for taxpayers, if the Government would get rid of the deadwood on its payroll * * * and that 10 percent of the employees in his Department alone were doing jobs started 40 years ago and now just are not needed.

The Budget Director is supposed to be a restraining influence against waste, extravagance and nonessential spending in all areas of the executive branch of the Federal Government.

In the hearings on this bill—a month after the Secretary's statement—I asked Budget Director David E. Bell what was being done in response to Secretary Hodges' testimony. The Budget Director said the matter was being discussed.

I asked the Budget Director whether the Secretary of Commerce was going to get rid of anyone who is not needed; and Mr. Bell said, "We will have to see."

As a matter of fact, the budget requests submitted for fiscal year 1963—beginning Sunday—asked for funds to employ 2,538,390 civilians in the executive agencies of the Federal Government.

This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. Mr. President, will the Senator repeat the figures on the comparative number of employees?

Mr. BYRD of Virginia. The budget requests submitted for fiscal year 1963 asked for funds to employ 2,538,390 civilians in the executive branch of the Federal Government. This would be an increase of 46,045 over the estimate for the current year, and 131,361 more than the actual civilian employment in the executive branch a year ago, on last June 30.

Mr. LAUSCHE. That is, there will be 131,000 more employees on the Federal payroll in the next fiscal year than there were on June 30, 1961?

Mr. BYRD of Virginia. That is correct. I have said repeatedly that Federal employment could and should be reduced by 10 percent. I say that again now. If done properly, such a reduction would not impair any essential function. Instead, the current budget proposes an increase of 5.5 percent over the employment level of last year. The Federal payroll is now up to \$14.3 billion a year. A 10-percent reduction would be \$1.4 billion.

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

Mr. BYRD of Virginia. I yield.

Mr. BUSH. My recollection is that in the 8 years of the Eisenhower administration the reduction in the number of Federal employees was on the order of about 200,000. Does the Senator from Virginia, as chairman of the Congressional Oversight Committee, recall whether that is about correct?

Mr. BYRD of Virginia. No; I do not recall that.

Mr. BUSH. I make that assertion. I think it is an interesting note, and I believe the record will prove it. I have the figures, if it becomes necessary to produce them.

Mr. BYRD of Virginia. The President, himself, on January 31 said excesses in Federal stockpiles of strategic and critical materials total \$3.4 billion, and that they should be reduced to the levels of objectives. This would mean bringing into the Treasury \$3.4 million.

What has happened? The value of strategic and critical materials stockpiled by the Government increased in February and March by \$7.3 million. Instead of the excesses being sold, the stockpile has been increasing. The reports from April and May are not yet published.

These are but samples of the inefficiency, waste, and extravagance to be found under lipservice to sound financing and efficiency in the Government. The list can be extended if necessary.

I am further strengthened in my decision to vote against the bill to increase the debt limit from my examinations of the attitudes, views, and actions of David Bell as Director of the Budget.

I have been a Governor, as have many other Members of the Senate, including the distinguished senior Senator from Georgia [Mr. RUSSELL], the distinguished junior Senator from Georgia [Mr. TALMADGE], the distinguished senior Senator from Ohio [Mr. LAUSCHE], the distinguished senior Senator from Florida [Mr. HOLLAND], and the distinguished senior Senator from Kansas [Mr. CARLSON]. As a former Governor, I know from experience, as I believe other Senators who have also been Governors will agree, the value and importance of the recommendations and restraints of a sound budget director capable of using firm influence.

Those who read the Finance Committee record on the pending bill will find Mr. Bell's attitude in the Hodges case is that he is "not standing in the Secretary's way" if he wants to pursue the matter.

Those who read the committee record will find that Mr. Bell is addicted to "planned deficits" when they suit his philosophy, and he thinks "balancing the budget each year is not the proper standard to follow."

The committee record reveals the Budget Director as saying the huge deficit we are experiencing this year was "deliberately planned" and that a smaller deficit would have been undesirable.

The committee record on this bill also shows Mr. Bell as saying it is desirable to balance the budget only when unemployment does not exceed an arbitrary figure of 4 percent. Why 4 percent is a magic level, he does not say.

The Budget Director's testimony on this bill clearly indicates that he believes all will be right if the Government spends enough to raise the gross national product enough to produce the necessary revenue for Federal spending programs.

A year ago he was in the front ranks of those who were preaching from the

housetops that the budget should be balanced over the years of a business cycle, but the period of a cycle was never defined. While the term "business cycle" has been frequently used in defense of deficits, rarely, if ever, are deficits turned into surpluses, regardless of how the so-called cycle runs.

In a New York speech this year on June 12, 1962, Mr. Bell said this business cycle "standard is clearly inadequate to deal with a situation such as we have been experiencing for the last 5 years."

The Budget Director has been emphatic in his advocacy of a confusing conglomeration of budgets as the means of presenting the Federal fiscal situation. He outlined three different procedures in his budget document on page 283.

But testifying on this bill to increase the debt, he gave silent assent to the fact that under any other kind of budget the Federal debt would still come out to its present level, which approaches \$300 billion. The money would have to be borrowed. Those who talk about capital budgets and other kinds of budgets seem to overlook the fact that if we spend more it is necessary to get the money. Such talk simply misleads the people. I sincerely hope that a so-called capital budget will not be attempted. In justice to the Secretary of the Treasury, it should be said that, in response to questions by me, he indicated that the Federal Government had no intention at this time of changing from the administrative budget.

When one reads the budget document for fiscal year 1963, which begins next week—the first budget prepared by Mr. Bell—and check the items, he finds practically no bona fide decreases, but an abundance of substantial increases.

Overall, the expenditures in the coming year would be increased by \$3.5 billion as compared with the current year. They would be 13.5 percent higher than the actual expenditures last year.

Great emphasis invariably is placed on the necessity for heavy military spending, but of the \$3.5 billion increase in Federal spending proposed for the new fiscal year, \$2 billion, or 58 percent, is not for military functions.

More than half of the \$3.5 billion is for other than military functions.

I sincerely believe that the best interests of the country would be served if Mr. Bell were replaced as Director of the Budget by a man sympathetic to the hard requirements of fiscal responsibility and discipline.

I make this statement deliberately, and out of deep concern. I intend no reflection on the incumbent Director of the Budget. He seems to be a pleasant man. There is simply no evidence that he is a strong fiscal officer.

Neither is there any evidence that he finds balanced budgets, in periods without great emergency, as fundamental to fiscal soundness. He seems to regard the Federal budget as a tool for testing economic theories. This is no time for that, considering the serious problems which confront our country both at home and abroad.

We are faced with a fiscal situation which is deadly serious. It is a situation demanding fiscal guidance of strong men of the highest caliber who are dedicated to sound financing.

The first step—the place to start is in the Bureau of the Budget.

As Governor, I found the budget director to be my right arm in the administration of measures affecting the fiscal responsibility of a great State. Such a man—dedicated to sound financing—is needed immediately as the Federal Budget Director, and he should be surrounded by men equally dedicated to elimination of every nonessential expenditure.

We had a deficit last year of \$4 billion. There will be another deficit this year of \$7 billion, perhaps more. There will be another deficit next year of at least \$5 billion and likely more. Deficit financing will total more than \$15 billion in 3 years. It is impossible to make an estimate, because times are changing so fast. I am very pessimistic about future conditions. The deficit will be not less than \$5 billion, at the very lowest; it may be much more.

Another deficit next year will be the 26th deficit in 32 years. It will be the sixth deficit since the end of the Korean war, and to date the net accumulation of deficit financing since Korea has totaled more than \$25 billion.

On the basis of 1963 budget estimates, the annual level of Federal expenditures has risen more than \$28 billion since 1955, the year following the Korean war. It is up by nearly half of that amount—by \$11 to \$12 billion—in the two fiscal years since June 30, 1961.

The budget estimates expenditures in the new fiscal year at \$92.5 billion. The President already has asked for authority to spend additional amounts. New appropriation and other spending authorization requests now total \$100 billion.

In 5 years, since 1957, the level of the Federal debt has risen by some \$30 billion—from \$270 billion to upwards of \$300 billion. Now it is proposed to raise the debt even higher, and some of the increase will not be temporary.

The value of the dollar, by the 1939 index, has been dropping steadily since the Korean war. It is dropping this year. Since 1955, it has dropped from 51.9 cents to 46 cents—where it stood in April of this year.

For years now the Nation has been laboring under two deficits—huge deficits in the domestic budget, and deficits—equally serious—in our balance of payments with foreign nations, which have resulted in withdrawal of our gold.

We have run deficits in our balance of payments in every year but one since 1949. We are running another deficit this year. The result is that foreigners have reduced our gold supply from \$24.5 billion to \$16.4 billion in the same period.

Gold backs the dollar, and nearly \$12 billion of the remaining \$16.4 billion is required for this purpose. This leaves only \$4 billion for further settlement of international accounts.

This country for years has followed the policy—and ours is the only country

in the world that has done this—of giving to foreign governments and central banks the option of taking dollars or gold in payment of our debts to them.

If we were to withdraw that option at a time when the dollar is under the pressure of huge deficits at home, there is little doubt that the value of the dollar would sharply depreciate around the world with catastrophic effects.

In 10 years we have lost two-thirds of our so-called free gold. Ten years ago we had 75 percent of all the gold in the world; now, we have 40 percent of the gold.

If the time should ever come when this country does not give the option, or is unable to give the option, of either gold or dollars in settlements with foreign countries, it would be a time of great catastrophe. But such a time could easily come, for already foreign governments have withdrawn two-thirds of our free gold.

Mr. LAUSCHE. Mr. President, will the Senator from Virginia yield for a question?

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Virginia yield to the Senator from Ohio?

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. A moment ago the Senator from Virginia stated that our gold reserves fell from \$24.5 to \$16.4 billion, and that \$12 billion of the remaining \$16 billion is needed to support our Federal Reserve notes and deposits, leaving only \$4,300 million to meet claims which may be made by our short-term international creditors. What is the outstanding amount of short-term obligations or credits handled by our international creditors? My understanding is that it is \$20 billion.

Mr. BYRD of Virginia. I think that is approximately correct; I recall a figure of \$17 to \$20 billion.

Mr. LAUSCHE. That means that there are potential claims—which could be made immediately, although that is not to be expected, of course—of \$20 billion. And only \$4 billion is available to meet them?

Mr. BYRD of Virginia. I believe that is correct.

What is very disturbing to me is that neither the Eisenhower administration nor the Kennedy administration has attempted to look this serious situation squarely in the face. One of the things the Eisenhower administration did was to bring home the dependents of our troops serving overseas—in order to correct the unbalance of payments; but that was like a flyspeck on the wall.

Later the Kennedy administration reduced from \$500 to \$100 the amount of goods a tourist could bring home duty free; but, again, that was like a flyspeck on the wall.

We must in some way correct the imbalance of payments which is brought about by the cost of maintaining the approximately 750,000 troops we have abroad, by our foreign aid, by the money spent abroad by U.S. tourists, and by the investments made abroad by American businesses.

Mr. RUSSELL. Mr. President, will the Senator from Virginia yield?

Mr. BYRD of Virginia. I yield.

Mr. RUSSELL. I am delighted to hear the Senator mention the subject of foreign aid. The principal reason why I shall vote against the proposed legislation is the fact that I attribute a great part of the necessity for increasing the national debt to the fact that we continue to increase our foreign-aid program from year to year. I have consistently voted against any increase in foreign aid; and, therefore, I feel no moral obligation to support this measure, though I am sure that those who have danced to the foreign aid tune will now be happy to pay the fiddler. The vast majority of Members of the Senate have voted not only for all the increases in foreign aid, but also for almost every other conceivable program involving huge expenditures which has been brought forward.

I have voted against increases in the foreign-aid program, and I have also voted against a number of other big-spend programs; and if a majority of the Members of the Senate had voted as I did, the budget would have been in balance every year since the Korean war. If the majority of Members of the Senate had voted in the way the distinguished Senator from Virginia [Mr. BYRD] has voted, our national debt would be a great deal less than it is at the present time.

Those who have voted for the spending programs which necessitate the increase in national borrowing will, I am sure, be glad to assume the responsibility that is properly theirs and will take care of the obligations they have incurred—at least to the extent of borrowing money.

Mr. CARLSON. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. CARLSON. I would not wish to let this opportunity pass without complimenting the distinguished Senator from Virginia [Mr. BYRD], chairman of the Finance Committee not only on his timely warning, but also on his most serious warning to the Nation on its fiscal policy. It seems that we have lost the capacity to balance expenditures with tax revenues.

When we consider past developments—for example, the fact that since 1930 there have been only 6 years in which the Federal Government has been in the black, which means that there have been 26 years of red ink—and when we note that in 1912 the Federal Government spent \$7 for each man, woman, and child in the country, but in 1960 spent \$460, and, if we follow through with the 1963 budget, will be spending \$516 for each person in the country, it is obvious that at the present time the Government is taking from the people, and spending 73 times as much, per person, as it did a short 50 years ago.

The senior Senator from Virginia is entitled to much credit for speaking frankly and seriously to the Senate and to the entire Nation in regard to a fiscal problem which affects all of us, and can have serious and devastating effects on the future of our Nation and its economy. I appreciate very much, indeed, the remarks of the Senator from Virginia.

Mr. BYRD of Virginia. I thank the Senator from Kansas.

Mr. MILLER. Mr. President, will the Senator from Virginia yield to me?

Mr. BYRD of Virginia. I yield.

Mr. MILLER. As a newcomer to the Senate, let me say that the senior Senator from Virginia has long been an inspiration to me in respect to what I regard as one of the great commandments for any Member of the legislative branch of the Government—namely, the commandment to practice fiscal integrity in order to preserve the purchasing power of the people's money.

I want to add to what other Senators have said my commendation of the Senator from Virginia for bringing these facts out, as he does continually, in an effort to try to persuade his colleagues in the Senate to practice this great commandment.

I wish to ask the Senator one question. I deduct, from what the Senator has had to say about the bad ratio between the amount of free gold we have and the amount of outstanding claims against it, that he is concerned that if we do not practice fiscal integrity, and if the purchasing power of our money is further diluted, the confidence of these foreign creditors will be shaken to the extent that they might seek to obtain payments in gold, and this would bring about the catastrophe to which he has referred.

Mr. BYRD of Virginia. I have in my hand a table dating from 1930, showing the debt at that time was \$16 billion, and then the increases year by year, and the interest year by year. We have paid \$123 billion in interest since 1930.

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

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. The Senator from Virginia has pointed out some steps that have been taken in trying to fortify the strength of our gold reserves. If I may, I would like to point out that we have not tried to reach the causes of our difficulties, but recently we passed a \$6 billion International Monetary Fund program. Our Government is putting up \$2 billion. I think 10 other nations are putting up \$4 billion.

That \$6 billion is a new pool in the International Monetary Fund, contemplated to come to our relief if and when the problem about which the Senator from Virginia is expressing fear materializes. When the International Monetary Fund was created, it was never expected that it would have to come to our rescue because our currency had collapsed.

Three weeks ago the Senate passed a bill, and the proponents of it declared it was created solely for two purposes: First, to come to the rescue of the United States, and second, to come to the rescue of the United Kingdom in the event their currency collapsed and they could not meet their international obligations.

I wanted to point out that no red signal has been flashed which as clearly demonstrates the acuteness of the fiscal problems that confront us as the creation of that International Monetary Fund. But it is merely a sedative; it is not a cure. The cure must come through

fiscal integrity practiced by the administration and the Congress.

Mr. BYRD of Virginia. The Senator is correct.

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

Mr. BYRD of Virginia. I yield.

Mr. BUSH. I was very much interested in the table to which the Senator from Virginia has referred. I notice at the top of the table it shows the gross public debt in 1930 was \$16,185 million—a very enviable figure as we look back on it.

I would like to ask the Senator if it is not so that in the preceding 10 years we had reduced the national debt from approximately \$24 billion to approximately \$16 billion, or about one-third, in a period, generally speaking, of increasing prosperity right straight through the 10 years, with relatively high interest rates—6 percent was, generally speaking the going bank rate—and when there were taking place all those things which it is now said cannot be done, and that we must have cheap money, and an inflated debt, and borrowing through banks, and an increase of the money supply.

I ask the Senator if that era of increasing prosperity and gross national product does not disprove that we have to do the things which this administration says are necessary in order to get the country moving and keep it moving.

Mr. BYRD of Virginia. The Senator is correct.

I hope Members of the Senate will read the table to which I have referred. There is great significance in the fact that the loss of the purchasing power of the dollar has been somewhat in line with the deficits and imbalances in international payments. We had a surplus in our balance of international payments of about \$500 million in 1957. Then we had deficits going all the way back to the year 1949, when we had a surplus of \$175 million in our balance of international payments. In 1950 we had a deficit of \$3½ billion in 1 year.

That has been one of the factors that has brought on the run on gold.

Our gold supply today is \$16,434 million. The highest point of our gold stock was in 1949, when it was \$24,466 million.

So what happens, apparently, is that when gold leaves this country, it never comes back. I have asked a number of persons to explain that. I think one reason is that it costs more than \$35 an ounce to produce gold. This great gold supply was not built up by mining programs, but was built up by Mr. Roosevelt—and I do not question his wisdom in this matter—when he established the price of \$35 an ounce and offered to purchase all the gold offered at that price, beginning in 1933. As a result, we built up our supply of gold because we offered to pay more for gold than it was bringing elsewhere in the world. The reverse is now true. It costs more to produce gold.

I suggested to the distinguished Senator from Alaska [Mr. GRUENING] the investigation of the feasibility of opening up the Juneau gold mine to see whether that would be a practical way to

increase our supplies of gold. Hearings were held. The result was that we learned it would cost \$70 an ounce to produce gold at Juneau—just twice as much as the value we have placed on gold. It would have to be done by subsidy. The administration opposed it. I think it was right, because, if a price of \$70 an ounce were established, or even \$40, it would diminish the value of the dollar and, by that fact, start new inflation.

So it seems impossible for us to augment our gold supply. We certainly cannot do it by mining gold in our own country, and I know we cannot buy it at that price. I am told Russia is making every effort it is possible to make to increase her gold supply.

What concerns the Senator from Virginia so much is that there is just \$4 billion between us and disaster, because every person I have talked to, whether he be a New Dealer, a conservative, or whatever he may be, believes that if it were thought we would take from foreign countries, when they make settlements on adverse balances, the choice of taking dollars or gold, they would demand gold as fast as they could get it, and that would result in an international catastrophe, not only for us, but for the whole free world.

I hope everything can be done to avoid such a catastrophe; and the way to do it, as the Senator from Ohio has suggested, is to strike at the heart of the problem and stop the imbalance of payments.

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

Mr. BYRD of Virginia. I yield.

Mr. LAUSCHE. I would like to read from the study prepared by the Brookings Institution on the national debt ceiling and debt treatment.

This is what is stated:

Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful at-

tributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Today, some 15 years after the end of World War II, instead of the debt having been reduced from its level of \$255 billion, we are asked to lift the ceiling to \$308 billion.

Mr. BYRD of Virginia. The Senator is correct.

Mr. LAUSCHE. That is \$53 billion more than it was at the end of World War II, and is completely in conflict with every experience we have had in our country.

Mr. BYRD of Virginia. As the Senator knows, the Democrats pay tribute to Andrew Jackson and Thomas Jefferson every year. Andrew Jackson said that he was more proud of the fact that he had paid off the public debt in toto and had refunded to the States certain balances in the Treasury than of anything else he accomplished.

Thomas Jefferson time and time again warned the people of the great evils which would come from public indebtedness.

To conclude the statement concerning the gold, though Mr. Dillon says the situation will be corrected to some extent later, but in the first quarter of this year there was a loss of gold at the annual rate of \$1,904 million. That is the rate for the first quarter. Assuming it should continue for the year, it would take nearly half of the free gold we have left.

Mr. President, I ask unanimous consent to have the table to which I have referred printed in the RECORD.

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

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930-63 (from official Government sources)

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents) ¹	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1930.....	\$16,185	\$659	+\$737	83.2	-\$598	\$4,535
1931.....	16,801	612	-462	91.4	+1,132	4,956
1932.....	19,487	599	-2,735	101.7	-726	3,919
1933.....	22,539	689	-2,602	107.4	-323	4,318
1934.....	27,734	757	-3,630	103.8	+1,140	7,856
1935.....	32,824	821	-2,791	101.2	+1,174	9,116
1936.....	38,497	749	-4,425	100.2	-896	10,608
1937.....	41,089	806	-2,777	96.7	+1,053	12,318
1938.....	42,018	926	-1,177	98.5	+1,482	12,963
1939.....	45,890	941	-3,862	100.0	+1,915	16,110
1940.....	48,497	1,041	-3,918	99.2	-2,890	19,963
Depression years.....		8,660	-27,642			
1941.....	55,332	1,111	-6,159	94.4	+1,119	22,624
1942.....	76,991	1,260	-21,490	85.3	-205	22,737
1943.....	140,796	1,808	-57,420	80.3	-1,979	22,388
1944.....	202,626	2,609	-51,423	79.0	-1,850	21,173
1945.....	259,115	3,617	-53,941	77.2	-2,737	20,213
1946.....	269,898	4,722	-20,676	71.2	+1,261	20,270
World War II years.....		15,127	-211,109			

See footnotes at end of table.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930-63 (from official Government sources)—Continued

Year	Gross public debt and guaranteed obligations (by fiscal year in millions)	Interest on the public debt (by fiscal year in millions)	Budget deficit or surplus (by fiscal year in millions)	Value of the dollar (by calendar year in cents) ¹	Balance of international payments (calendar year in millions)	U.S. gold stock (by fiscal year in millions)
1947.....	\$258,376	\$4,958	+\$754	62.2	+\$4,567	\$21,266
1948.....	252,366	5,211	+8,419	57.8	+1,005	23,532
1949.....	252,798	5,339	-1,811	58.3	-175	24,466
1950.....	257,377	5,750	-3,122	57.8	-3,580	24,231
Post-World War II years.....		21,258	+4,240			
1951.....	255,251	5,613	+3,510	53.5	-305	21,756
1952.....	259,151	5,859	-4,017	52.3	-1,046	23,346
1953.....	266,123	6,504	-9,449	51.9	-2,152	22,463
1954.....	271,341	6,382	-3,117	51.7	-1,550	21,927
Korean war years.....		24,358	-13,073			
1955.....	274,418	6,370	-4,180	51.9	-1,145	21,678
1956.....	272,825	6,787	+1,626	51.1	-935	21,799
1957.....	270,634	7,244	+1,596	49.4	+520	22,623
1958.....	276,444	7,607	-2,819	48.1	-3,529	21,356
1959.....	284,817	7,593	-12,427	47.7	² -3,743	19,705
1960.....	286,471	9,180	+1,224	46.9	-3,929	19,322
1961.....	289,211	8,957	-3,856	46.4	-2,454	17,550
Post-Korean war years.....		53,738	-18,836			
Total, 1930-61, actual.....		123,141	-266,420			
Estimates and latest actual:						
1962.....	295,835	8,998	-6,975	³ 46.0	⁴ -1,904	⁵ 16,434
1963.....	295,569	9,400	+463			

¹ Based on 100-cent dollars in 1939.

² Excludes additional U.S. subscription to IMF of \$1,375,000,000.

³ April.

⁴ 1st quarter.

⁵ June 21.

Mr. BYRD of Virginia. Mr. President, as matters stand the situation will grow worse, because eliminating nonessential expenditures has become a lost art at Washington. More nonessential expenditures are started and proposed.

I cite some 200 actions and proposals for increased Federal obligations of public money and credit in Presidential communications to Congress during the current administration to those in search of fertile fields for expenditures which need not be made under existing conditions.

Pressure continues on increasing Federal expenditures for housing, urban renewal, public assistance, public education, health, water resources, river basin development, and so forth.

Huge spending is contemplated in such new programs as space, moon, and ocean exploration, depressed area redevelopment, retraining of the jobless, and so forth.

More Federal spending programs are being formed in current studies on surface and mass transportation, acquisition and development of open spaces, and so forth.

New programs for grants to States and payments to individuals and institutions would be added for public assistance, health, agriculture, higher education, and so forth.

Virtually no area of domestic-civilian activity by the Federal Government has been overlooked in Presidential message proposals for increased spending.

Expansion of foreign-aid programs, including the new Peace Corps; and the military buildup, with renewed emphasis on civil defense, are in addition.

There would be vast increases in trust fund expenditures, outside of the regular budget, for unemployment and aged

health insurance, social security recipients, and continuing increases for highways—both interstate and ABC systems.

Orders were issued last year for a speedup in public works projects already underway; and accelerated planning for public works in the future was directed.

This is only a condensed description of the situation in which we find ourselves still playing Santa Claus. We have been playing Santa Claus, we have been playing banker, and we have been playing policeman for the free world for 17 years.

I submit that the history of the world does not record that any other nation has ever attempted to be Santa Claus, policeman, and banker for the world at the same time, on the scale we have attempted it.

Great Britain was the policeman for the world, because she controlled the seas. That was relatively inexpensive. Great Britain made money from the colonies and did not spend money in the manner that we are giving it away all over the world, yet Great Britain found its way into financial difficulties.

If the United States cannot carry the flag for free people, there will be no other nation in the world to assume that responsibility.

In short, our fiscal position, characterized by debt, deficits and an ever-present threat of inflation, does not inspire confidence at home or abroad; and we need confidence in the dollar as we never needed it before.

The reasons for sound and strong men in positions of high fiscal trust at this time are clear and urgent.

I shall cast my vote against this bill today as a protest against the continuance of the dangerous fiscal practices in which we are indulging.

And with this vote I urge immediate change in budget direction by replacement of the present Budget Director with a man who understands the dangers of chronic deficit financing.

The present Budget Director is a man who has asserted before the Senate Committee on Finance that he believes in deficit spending and that the deficit we have was a planned deficit to help the economy of the country.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. BYRD of Virginia. I yield.

Mr. WILLIAMS of Delaware. I join my colleagues in paying respect to the distinguished senior Senator from Virginia for delivering to the Senate and to the country this timely warning. There is no other man in the U.S. Senate who over a period of years has done more to maintain some degree of fiscal integrity at the national level than the senior Senator from Virginia. I join my colleagues today in saluting him for his excellent address.

Mr. BYRD of Virginia. I thank the Senator.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on the pending amendment.

The yeas and nays were ordered.

"THE ALL-CHANNEL BILL: CONGRESSIONAL INTENT AND INDUSTRY OPPORTUNITY"—ADDRESS BY SENATOR MCGEE

Mr. PASTORE. Mr. President, on Tuesday, June 26, the senior Senator from Wyoming [Mr. MCGEE], who is a member of the Subcommittee on Communications of the Senate Commerce Committee, addressed the Electronics Industries Association convention at New York on the subject of the all-channel television bill which recently passed this body.

In his speech, the Senator from Wyoming excellently presented the intent and implications of this important legislative proposal, and I commend it highly to the Members of this body.

Mr. President, I ask unanimous consent that the address be printed in the RECORD at this point.

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

THE ALL-CHANNEL BILL: CONGRESSIONAL INTENT AND INDUSTRY OPPORTUNITY

(An address by Hon. GALE W. MCGEE, Senator from Wyoming, at the Electronics Industries Association convention meeting Tuesday, June 26, 1962, New York City)

It's a pleasure to be here this morning and to continue in conversation with your members my own personal education in the communications industry of the country. I regret very much I was not able to meet with you at the social hour last evening where I'm sure I could have learned a great bit more; but I was attending a very interesting seminar on "How To Succeed in Business Without Trying." After sitting through this delightful spoof, I have reached the conclusion that I'm in the wrong racket.

In a far more serious vein, I want to talk to you briefly about the new all-channel legislation enacted by the Congress. I don't need to tell this group what that legislation is all about, you know all too well. But I do

think it would be helpful if I tried to set out why we, the Congress, chose to move down this road, and much more important, what your role should be in this new undertaking.

As you know, the Congress and the Commission were faced with a difficult problem. An intermixed system of VHF and UHF assignments had not worked. The experience of the last decade conclusively showed that. Over 90 percent of the UHF assignments were not being used, and there was little prospect for improvement.

During the hearing, and even since, I've heard comparisons made with the somewhat slow progress of color TV and the question asked: Will Congress be concerned and pass a law to help color television? But there's a world of difference. Whatever the progress of color TV, it does not result in a waste of one of the most valuable national resources which this country has, the radio spectrum. The plain fact is that if we do not make UHF work, we will have a television system that's inadequate for our national needs. Our population is expanding; per capita income is going up; leisure time is increasing; and new products and new companies are seeking advertising outlets. These economic and social factors strongly support an expanded commercial television system. But we cannot get that expansion, if we are constricted almost entirely to a 12-channel VHF system.

So we need UHF for expansion. We need it to bring new television service to underserved areas. Of the 278 television markets, 127, roughly half, have only 1 TV station, and 70 have only 2. Finally, we need UHF in order to promote the development of educational TV. Of the present number of channels reserved for educational television, 92 are VHF and 187 are UHF. A national study has indicated that the educators may need roughly 650 additional UHF channels in order to meet the needs of education in the years ahead. So you can see the future of educational TV is tied in large part to the future of UHF.

The Commission concluded and the Congress has agreed that the most painless, the most practical, the best way of solving this allocations problem is the all-channel receiver. Some of you, I know, disagree. But look at other possible solutions. Getting more VHF channels? The military said no, for defense reasons; and that's that.

Deintermixture? If you think that's painless, I suggest you talk with a Congressman from an area where the Commission has proposed to take out the VHF channel and substitute a UHF. It involves dislocation, the chance of taking service away from significant numbers of persons, and still would be just a piecemeal or short-range solution.

All-channel legislation will work because it goes to the root problem of receiver incompatibility. It makes time work in behalf of UHF development, both commercial and educational. The UHF operator could look forward to UHF receiver saturation not only in his home city but in the surrounding rural area as well.

We considered the possible drawbacks to all-channel, and particularly the increased cost of the all-channel receiver. We understand that at the outset that cost may be about \$25. But I would hope that with mass production, with all-out industry concentration on the UHF tuner, the price differential will be much less and the product improved. I have confidence in your ability, for I remember your magnificent accomplishments with the VHF-only set, in the period from 1946 on.

Incidentally, as a member of the Commerce Committee taking the testimony from spokesmen of the industry, I was a little surprised at the great stress put on the added cost to the purchaser. I say "surprised" because I can remember in the early days of television sets, when the prices were often

determined by what the buyer would bear, and that the price margin above cost and reasonable profit was many times greater than \$25.

Or I can recall not very long ago, as we held hearings on TV booster legislation, to learn in the course of those studies of the excessive charges made by CATV systems, apparently on the basis again of what the market would bear. Installation charges, for example, ranged from as low as \$15 to as high as \$175. In that instance a mere extra cost of \$25 didn't seem to be a disturbing factor to that segment of the communications industry. Therefore, it was my conclusion that, in terms of priorities, the small extra cost of a converter was not a very genuine deterrent to enacting this necessary legislation.

But, as I said, the most important thing I want to talk to you about is not why we settled on the all-channel legislative route, but what your role should be when all-channel becomes law. For it is an old but true cliché that to quarrel about the past is to lose the future. I know that neither you nor the Commission will make this error. I am sure that both of you will cooperate to achieve, to the fullest extent possible, the goal sought by Congress in the all-channel legislation.

The bill, as it passed the Senate, gives the Commission the authority to issue a rule to require that TV sets, shipped in interstate commerce or imported, "be capable of adequately receiving" all channels. There are, therefore, a number of areas where cooperation between you and the Commission would be most helpful in assuring the promulgation of a sound rule.

First, as you know, the word "adequately" in the bill is designed to give the Commission the narrow authority to specify two receiver characteristics. The Commission has assured the Congress that it will limit its rule to specification of the receiver noise figure at UHF relative to that at VHF and receiver sensitivity at UHF relative to that at VHF. Because the figures selected by the Commission will be relative ones, this means that you, the manufacturers, will in effect be specifying these characteristics of the set, by choosing the UHF figures. The Commission would only be requiring that the UHF component's capabilities as to noise or sensitivity be comparable to that of the VHF component. For example, if you wanted to produce a lower priced VHF set, the UHF component could also be of a similar lower priced nature.

The Commission has made one further important representation as to these two relative performance figures. It has promised the Congress that it will avoid extreme or unreasonable specifications—that it will select standards in the realm of the average characteristics of UHF receivers available on the open market today. In this way, the Commission is sure that its specifications will be well accepted by you manufacturers. Let me add here that we in the Congress were strongly assured by the Commission that it does not intend—and I repeat does not intend—to regulate sets, nor does it intend to require the establishment of VHF characteristics.

Obviously, if the standards are to prove generally acceptable, you and the Commission must have a full and frank exchange of views. I am heartened to learn that there already have been contacts between the Commission and your representatives, and only this morning I learned from the Commission that the first date for meetings to thresh out these important matters has been selected. That date is June 28, next Thursday.

These meetings must also concern themselves with the critical date to be specified in the rule, after which only all-channel sets are to be shipped in interstate commerce or imported. That date must be

chosen so as to achieve the earliest possible implementation of the bill which would not work a hardship on you people by catching you with significant stocks of VHF-only sets. I am confident that the proper date can and will be selected through these meetings.

This brings me to what I consider to be the really vital aspect of the future. So far I have been talking about the Commission's rule, and how you can help to select the right ingredients of that rule. But the core of the matter is not the formal rule. It is what you, the manufacturers, do to bring reality to the hopes of the Congress, of the Commission, of the broadcasters, of the educators, of the public. The Congress, speaking for the country, is saying to you: "We want, as soon as we can, to have every set sold in this country an all-channel set, and a good one capable of adequately receiving UHF signals, so far as the set is concerned." Some of you agreed with this plan, some disagreed. But that is all irrelevant now. I would hope that you would all, whether you agreed or disagreed, pitch in to carry out the congressional mandate, not grudgingly because of some formal agency rule but willingly because this is the course that has been democratically chosen. It is this course upon which we have staked so much for the future development of television in this country. It is you, not the Congress or the Commission, who can best assure the achievement of that goal.

So I would hope that as soon as feasible you would voluntarily and immediately take the steps to revise your production lines to produce the all-channel set; and, just as important, that many of you immediately undertake the research and experimentation to improve the all-channel set. It does not seem to me that there is any need to await final adoption of the two receiver characteristics I have mentioned. For, the Commission has said that it will choose reasonable figures within the average characteristics of UHF receivers now available on the open market. Therefore, the conscientious manufacturer will face no danger on this score.

Thus, you have two choices before you. One is to await the cutoff date in a rule—to say, "Yes, I will comply with the law but only reluctantly and as narrowly as I can." The other is to roll up your sleeves and carry out not only the letter but the spirit of the law by implementing it as soon as you, not the Commission, can. I am fully confident which course a public-spirited industry such as yours will choose. And I believe that that course, voluntary, immediate implementation, will not only benefit the country, by promoting the earlier achievement of the bill's goals, but will benefit you and your stockholders. For, it will mean a very healthy, growing television broadcasting industry, and in the final analysis, that is the bedrock of your set industry.

There is a standard phrase much used, perhaps even abused, in correspondence which goes like this: "Thanking you in advance for your cooperation, I remain yours truly." Well, speaking for myself, and I am sure all my colleagues, I do thank you here and now, for your cooperation in this all-important enterprise.

CENTENNIAL OF THE MORRILL ACT

Mr. CARLSON, Mr. President, July 2 will be the centennial of the land-grant colleges which were founded, based on the Morrill Act.

Kansas State University is proud of its growth and heritage as a land-grant institution and during this year joins with 70 other members of the American Association of Land-Grant Colleges and State Universities in commemorating the act which established the world's greatest system of higher education. The

centennial of the Morrill Act, on this July 2, 1962, is an especially significant occasion for higher education in Kansas. Although Kansas was not the first State in the Nation to make application for a college land-grant, it was the first in the Nation to designate officially, by legislative act, its land-grant college.

The Land Grant Act, signed by Lincoln, donated to each State accepting the terms 30,000 acres of land from the public domain for each Member of the House and the Senate to which the State was entitled. Kansas, having two Senators and one Representative at that time, was entitled to 90,000 acres. In each State this land was to endow at least one college, "where the leading object shall be, without excluding either scientific and classical studies and including military tacticism to teach such branches of learning as are related to agriculture and mechanics arts."

After Congress approved the Land Grant Act, and the State of Kansas accepted its provisions on February 3, 1863, trustees of Bluemont College at Manhattan offered their college building and 100 acres of land to the State. This offer was accepted on February 16, 1863, and it was also on that date that the Kansas Legislature established officially its land-grant college. Thus February 16, 1863, is the birthdate of Kansas State University as a land-grant institution. It is now preparing to celebrate its own centennial.

The early years for Kansas State were difficult ones financially, for the legislature left the institution to operate largely from the Federal endowment, which produced little immediate income. For instance, no money was appropriated for the first several years for operating expense. Before any endowed funds could become available the land grants had to be selected, then sold and the money invested.

The sale of land proceeded slowly for years, and the board of regents for Kansas State College and Kansas State administrators were reluctant to ask for appropriations for faculty salaries. The legislatures in turn were even more reluctant in granting appropriations, but they did make loans for operational expenses expecting repayment from future endowment income.

Proceeds from the sale of the land granted by the Federal Government eventually surpassed the half million dollars originally envisioned by land-grant college supporters. By 1885 less than 1,500 acres of the original endowment remained unsold.

Among the early land appraisers and agents for the grant were Gen. James H. Harvey, who later was to serve as Governor of Kansas and U.S. Senator and Issac T. Goodnow, brother-in-law of Joseph Denison, first president of Kansas State.

At the present time proceeds from the sale of the original Kansas College land grant are in the form of investments and securities and are valued at slightly more than \$680,000. Kansas State still owns the original 100 acres deeded by Bluemont College in 1863, but the present campus of 160 acres was formerly part of three farms purchased

with income from bonds floated by Manhattan Township.

In the fall of 1863 Kansas State began operation with 52 students; in the fall of 1962 there were 8,390 equated full-time students. During its 99-year history the institution has granted more than 40,000 degrees. Among its graduates are scores who have risen to top positions in many fields and are recognized for their achievements all over the world.

Kansas State has the threefold responsibility of teaching, of research, and through extension, of spreading the results of research in many subjects to people of the State and Nation. Under its 6 schools are 49 separate departments. The Ph. D. degree is offered in 24 fields, the master's in 66. Many of the 430 foreign students coming from 52 different nations are working on advanced degrees. Kansas State's educational program with India under the auspices of the Ford Foundation, and its recent affiliation with Justus Liebig University in Gressen, Germany, are two important worldwide contacts. The recent installation of a Mark II triga nuclear reactor and the continuing dramatic advances in milling technology research are only a few of the areas in which Kansas State is contributing significantly.

Ten extremely able presidents have guided Kansas State through perilous times as well as good times. The ninth president was Milton S. Eisenhower (1943-50), the first native Kansan and the first alumnus to head the institution.

Since 1950 President James A. McCain has personally directed the university's vigorous growth. New facilities and expanded faculty have kept pace with the growing enrollment and the demand for trained graduates. Also, every attempt is now being made to assure that adequate staff and facilities will be available during the next decade when the numbers of Kansas youth of college age will grow to at least 170,000.

Kansans are deeply aware of the significance of the Land-Grant Act, the land-grant idea, and its own land-grant school, and have consistently demonstrated a sense of obligation to education that would indeed please the visionary men so deeply concerned with education 100 years ago, namely, Jonathan B. Turner, Justin S. Morrill, and Abraham Lincoln.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. DOUGLAS. Mr. President, every request by a Democratic administration for an increase in the national debt limit calls forth a torrent of comment from Senators on the other side of the aisle. Today has been an exception. I am not enamored of debt. I am not advocating that debt in itself is worthy. I think that even my worst personal or political enemy would not accuse me of being wasteful in the expenditure of public

funds. In the 14 years I have been in the Senate I have spent a good deal of my energy trying to effect economies in Government. I know that I have made no friends among my colleagues because of those efforts, and I have the uneasy feeling that I have probably made a number of enemies. But I think my credentials on that score at least are satisfactory.

It is perfectly true that our country faces some very real financial problems. One of the most severe of those problems is, of course, the unfavorable balance of payments. It is not an unfavorable balance of trade, because we export approximately \$3 billion more in commodities than we import, but because of the heavy burden of supporting our troops abroad, the cost of our foreign aid, the expenses of European travel, and heavy American investments, the favorable balance of trade is turned into an unfavorable balance of payments.

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

Mr. DOUGLAS. I am glad to yield.

Mr. GORE. The Senator has referred to heavy investments of American citizens and corporations in businesses abroad and in foreign securities.

Mr. DOUGLAS. That is correct.

Mr. GORE. The Senator is aware, I am sure, that the companies and governments of many countries are now floating issues on the New York market, thereby draining capital from the United States.

Mr. DOUGLAS. That is correct. In some cases such countries have offered tax havens to American investment which permit them to escape tax obligations which they would have if they invested in the United States.

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

Mr. DOUGLAS. I yield.

Mr. GORE. I do not wish to provoke the distinguished senior Senator from Illinois into agreeing with me or even to solicit an expression of his opinion. He may wish to give the subject more study. I invite the attention of Senators to the fact that a few months ago our Government saw fit to refuse permission for the families of American servicemen serving in Europe to join them, thereby breaking up, I am told, a goodly number of families. The Government now imposes regulations and restrictions on the amount of money that a GI stationed in Europe may spend out of his small salary. Yet there is no impediment whatsoever to the flow of "hot" money into lockboxes in Geneva and the investment of untold amounts in foreign securities and businesses, and no inhibition whatsoever upon the flotation in our country of bonds, debentures, and securities of foreign governments and foreign corporations.

Mr. DOUGLAS. The Senator is correct.

Frequently the statistics on the national debt given in absolute terms convey a false impression about the financial and economic position of the United States. I fear that some of the comments today, which I am sure were made in good faith, unless they are supplemented with additional material, may

give encouragement to those forces in other countries which would attempt to tear down the American dollar, which I believe is fundamentally sound except for the difficulties of international burdens about which I shall speak later.

TWENTY-THREE-BILLION-DOLLAR INCREASE IN DEBT, 1953-60

I find it interesting that our Republican friends did not comment at any appreciable length when, under the Eisenhower administration, the national debt was being increased from \$267 billion, at which figure it stood at the end of 1952, to \$290 billion, where it stood at the end of 1960. There was an increase of \$23 billion in 8 years. We Democrats understood the financial problems which the Eisenhower administration faced, and while occasionally we would point out they were observing in office a very different standard from that which they had advocated when they were out of office, we did not interpose any serious objection to the proposals which the Republicans were making from time to time to increase the debt limit.

DEBT DECREASED \$11 BILLION IN TRUMAN ADMINISTRATION

The sober fact is that whereas at the end of 1945 the national debt amounted to \$278 billion, by the time Harry Truman left office it had been worked down to \$267 billion. He effected a reduction in the debt of \$11 billion in those 7 years. It should be noted that the Democratic Party can stand comparison historically very well with our Republican friends across the aisle.

INCREASE DURING DEPRESSION

Where did the debt come from? When Franklin D. Roosevelt took office, there were 14 million unemployed in our country. The country was on the verge of disaster. At that time the national debt amounted to a little more than \$20 billion. At the end of 1939, at the outbreak of the European war, the debt amounted to a little less than \$48 billion. The debt was therefore increased by \$28 billion during the depression. Some of that money was wasted. But the vast proportion of that money was invested in America, and it helped to save tens of millions of people who otherwise would have starved. It may indeed have helped to prevent America from losing its base, and may have prevented us from having a revolution.

While incidental mistakes were made, we Democrats are not ashamed of that increase in the national debt during the depression.

WARTIME INCREASE

In 1939 the Second World War broke out, when Hitler invaded Poland. That invasion quickly swept the world into a war. As the clouds of war became more and more dense, it became necessary for us to arm. By the end of 1941 the debt had increased to \$64 billion, or \$16 billion more. The money was used to rearm America, to get America strong for the war which President Roosevelt saw was coming.

Then came our active participation in the war. During that time, as I have said, the debt increased from \$64 billion, at the end of 1941, to \$278 billion at

the end of 1945, or an increase of \$214 billion, incurred to defeat Hitler and Mussolini, to save America and preserve democracy not merely in this country, but in the world as a whole.

I believe mistakes were made in the financing of the war, in that we financed too little of it from taxes and too much from borrowing. There was an improvement in this respect over World War I, when about a third of the cost of the war had been met by taxes. We increased the proportion to about three-sevenths in World War II. But this was not enough.

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

Mr. DOUGLAS. I am glad to yield to the Senator very briefly.

Mr. LAUSCHE. Merely for a question. If a mistake was made during the war by financing it too much through borrowing and too little through the collection of current taxes, is not the same mistake being made now, when we are financing our operations through borrowings, rather than through building up an income through taxes to meet obligations?

Mr. DOUGLAS. I will come to that when we come to the present time.

Who prevented us from taxing more during the war? Again and again the President of the United States, we would read in the newspapers overseas, would ask Congress to increase taxes. Again and again Congress turned him down. There was a bitter scene on the floor of this very Chamber in 1944, I believe it was, on this very point, when the President rejected one tax bill because it did not yield enough and sent it back and asked for more. Congress turned him down.

CONGRESS FAILED TO INCREASE WAR TAXES ENOUGH

The plain truth of the matter is that Congress, reflecting what it believed to be the opinion of the American people, would not levy adequate taxes to finance more than three-sevenths of the cost of the war. The result was that the Government, in order to furnish to our troops the supplies and munitions which they needed, had to go out to borrow. How did it borrow? It borrowed in part by people cutting down on their expenditures, diminishing their outlays, and turning over the purchasing power to the Nation. But it was also met in part by the banks creating checking deposits which the Government could draw against, which did not represent people's savings, but which represented instead credit inflation and which caused price inflation.

Yet with all the cost of financing the war, with all the mistakes that were made by the Congress, and perhaps a few by the administration also, who can deny the fact that it was better for us to have increased the public debt by a little more than \$200 billion than for us to have lost the war and for Hitler and Mussolini to have conquered, and for Hitler to have erected Dachaus and Auschwitzes all over the world?

Taken in the large, that was a proper and good investment.

Then we got out of the war, and President Truman reduced the debt, as I have said, by about \$11 billion. He was attacked bitterly by the Republicans during all this time. I may say that I tried to decrease the appropriations during this period, but without much success. On the whole, the President cannot be blamed.

Then our Republican friends took over, first saying they were going to reduce the budget to \$40 billion a year and then to \$60 billion; and then running the appropriations up to \$70 billion and \$80 billion, and even then not including the payments into the civil service retirement fund, about which my colleague from Illinois spoke with such tears this afternoon.

The record shows that our Republican friends expanded the public debt very greatly. I never heard them cry then as I heard them cry with such tearful voices this afternoon.

LAST YEAR'S DEFICIT BEQUEATHED TO KENNEDY ADMINISTRATION

Now a new administration comes in, inheriting the recession bequeathed to it by the previous administration, which, incidentally, created the deficit of last year. Then in midsummer came the erection of the wall in Berlin. I personally believe that the military authorities slumbered somewhat; that we should have been ready to knock the wall down. It was hard to get our allies to move. We did not have advance plans. We were caught unprepared. But, barring that, the administration acted with decision. It moved more troops into Germany, and reinforced the garrison in Berlin. It developed more Polaris submarines. It speeded up the missile program. It put more strength into the defense of the Nation.

DEFENSE INCREASES DETERRED KHRUSHCHEV

In my judgment—and this is only one man's judgment—this decisive act by the Kennedy administration has deterred Khrushchev from moving and possibly precipitating a world war. In addition, there have been added expenditures in southeast Asia. In addition the country has wanted us to conquer space and ultimately land a man on the moon. This will cost many billions.

Now the administration comes before us and asks for an increase of \$8 billion in the debt limit and we hear once again the soulful lamentations of the opposition.

The debt as of this moment is about \$300 billion. People speak of this as though it were horrendous. As I have said, I am not making any apology for debt as such. However, I think we ought to view it in perspective. Every corporation, when it presents its balance sheet, does not merely present a list of its debts, of its obligations and of its outstanding debts. In a parallel column opposite the debts, it lists its assets.

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

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. How does the Government handle its debt? Does it set the debt to one side? Does it list just liabilities, or does it list its assets?

Mr. DOUGLAS. It simply lists its debts. That gives occasion to the sons of Jeremiah to weep about this one-sided balance. Fortunately there is a House committee which has published an inventory of the assets owned by the Federal Government. As a certain Senator used to say, I hold here in my hand a document published as of last June 30, which gives these assets.

Mr. MANSFIELD. What do they total?

Mr. DOUGLAS. I read from page 13 of the committee print of Federal Real and Personal Property, House Committee on Government Operations.

GOVERNMENT ASSETS OF REAL AND PERSONAL PROPERTY BALANCE LIABILITIES

The personal property owned by the Government as of June 30 of last year amounted to \$201,007 million. In addition, the real property owned by the Federal Government, in almost all instances on the basis of original cost rather than present market value or reproduction costs, amounted to \$81,925 million. The total assets of the Federal Government as of that time, on the basis of original cost, came to \$282,932 million. At that time the national debt was approximately \$286 billion. Even on this basis, the assets roughly balanced the debts.

If we were to take into account the market value of the real property, not the original cost, the assets in all probability would vastly exceed the liabilities.

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

Mr. DOUGLAS. I yield to the Senator from Connecticut.

Mr. BUSH. The figures which the Senator gives are the asset values to the Federal Government. They do not include any earnings which come out of those assets.

Mr. DOUGLAS. No; this was simply a statement of assets. I shall come to earnings in a moment.

Mr. BUSH. I wish the Senator would discuss earnings. I think one thing missing is earnings.

Mr. MANSFIELD. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. MANSFIELD. There are certain earnings which I think the Senator would do well to elucidate; for example, the amount of money placed in development projects in the 17 Western States, money which is repayable at interest from projects which are of benefit to the people.

Mr. DOUGLAS. I wish my dear friend had not mentioned that item.

Mr. MANSFIELD. I know the Senator from Illinois has voted against them on occasion; but I think, by and large, when he thought they were good projects, he voted for them.

Mr. DOUGLAS. Yes, that is true.

Mr. MANSFIELD. There is an intangible that cannot be measured in dollars and cents, and that is freedom. How can freedom be added up on a cost or a cost-plus basis?

Mr. DOUGLAS. On that point, I will quote Browning:

"But all, the world's coarse thumb
And finger failed to plumb,
So passed in making up the main account."

Of course there are assets. The TVA is an asset. It returns not only principal, but interest. Reclamation projects return principal, but not interest. There are many investments which, although they do not yield dollars, yield productive capacity.

Also, there is the Federal Reserve System. Congress has given to the Federal Reserve System the power to get about one-sixth of the profit from the creation of additional monetary purchasing power. The interest on this comes to about \$600 million a year.

So there are earnings from assets. But the point I am trying to establish is that the value of our physical assets is approximately equal to the national debt; perhaps more.

Mr. MONRONEY. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield to the Senator from Oklahoma.

Mr. MONRONEY. I remember quite clearly the distinguished Senator from Illinois and several others of us fighting hard to keep in the control of the Federal Government proper the royalty rights to tideland oil reserves. The taxes from those lands run into the tens of millions of dollars, and the royalties from the salt water domes, which were thought to be valueless, now produce great revenue.

Mr. DOUGLAS. I am glad the Senator from Oklahoma has mentioned that, because that is one of the ironies of history which turned in our favor. We were beaten in the effort to retain for the Federal Government the right to the tidelands inside the 3-mile limit and, in the case of Texas, inside the 3-league limit; but we were successful in obtaining acceptance of the principle that out beyond the 3-mile or the 3-league limit the right to royalties rested in the Federal Government.

It has developed that this is where the most valuable oil supplies have been found, and the large revenues go to the Federal Government. This shows that sometimes we win, even though at the moment we may seem to lose.

Mr. BUSH. Has the Senator included those figures?

Mr. DOUGLAS. No.

Mr. MONRONEY. There are countless things which the Federal Government has as assets which are not even listed as assets in its real estate or personal property.

Mr. DOUGLAS. Here I have been using a most material base, so to speak, as a form of accounting. I have used only physical things, for which money prices have been paid, and for which, if sold, money prices could be realized.

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

Mr. DOUGLAS. I yield.

Mr. BUSH. The Senator has told us about hundreds of billions of dollars in assets. Have they not all been paid for out of tax dollars over the years?

Mr. DOUGLAS. Yes; but I am simply saying that when Senators shout about the debt being so frightening, if they were to examine the balance sheet, they would find that the assets would be equal to the debt.

The Senator is an experienced Wall Street financier. When he examined the accounts of the companies to which he would decide whether or not he would grant credit or for which he would float bonds, he knows that he always looked at the assets as well as at the obligations.

Mr. BUSH. But when we consider the Federal budget, we do not look at the assets; we first look at the income and the debt.

Mr. DOUGLAS. I am suggesting that the Senator should cure his astigmatism and look also at the assets.

Mr. BUSH. It is very hard to see the Senator's argument about billions of dollars in assets. I cannot see what effect they have on the budget when we are facing this year a deficit of \$7 or \$8 billion, and next year will face a deficit of \$4 or \$5 billion.

Mr. DOUGLAS. I know it is hard to educate the Senator from Connecticut; but I hope that in time—and I have not given up hope at all—if the Senator will bear with me, as I bore with him, this situation will become clearer as we go along.

Mr. BUSH. I thank the Senator from Illinois. I assure him that I intend to remain in the Chamber, because I am desirous of getting that answer.

GROSS NATIONAL PRODUCT INCREASED 150 PERCENT WHILE NATIONAL DEBT INCREASED ONLY 15 PERCENT

Mr. DOUGLAS. It is true that the national debt at the end of 1946 was approximately \$260 billion. As I have said, it rose to \$267 billion at the end of 1952. Now it is approximately \$300 billion. There has been an increase of \$40 billion in 16 years. That is an increase of 15 percent.

But what has happened to the gross national product, or to the national income, during this time? During this period, the prosperity of the Nation has expanded greatly. In dollar terms, the gross national product, which is probably the best measure, was \$210 billion in 1946 and \$347 billion in 1952. The present rate is probably \$548 billion or \$550 billion, perhaps a little more.

It will be found, therefore, in terms of dollars, that the gross national product has increased by 2½ times, or roughly 150 percent, while the national debt has increased by only 15 percent. So let us find the proportion which the national debt forms of the gross national product.

RATIO OF NATIONAL DEBT TO GROSS NATIONAL PRODUCT HAS DECREASED

In 1946, it was 28 percent greater than the gross national product. In other words, if we take the gross national product as 100, the national debt was 128.

In 1952, as Harry Truman laid down the reins of administration, the ratio of national debt to the gross national product had fallen to 75.

What is it today? Today it is only 54 percent of the gross national product. In other words, relative to the gross national product, which supports the debt, the ratio has fallen from 128 to 54. It has fallen by almost 60 percent. Those factors are extremely important.

Mr. BUSH. Mr. President, will the Senator from Illinois yield for one moment?

Mr. DOUGLAS. Yes.

Mr. BUSH. I serve on the Joint Economic Committee with the Senator from Illinois. I am stimulated by his incisive look at the situation. So long as he has made these comparisons, I wonder if he has compared the relative percentage of the budget with the gross national product.

RATIO OF BUDGET TO GROSS NATIONAL PRODUCT
HAS DECREASED

Mr. DOUGLAS. Yes, I have. In 1946, it formed 17.4 percent of the gross national product; today it is a little less than 16 percent. In other words, on the whole, the percentage of debt to gross national product has fallen. The percentage of expenditures to gross national product has remained in the large approximately constant, but in strict terms it has decreased slightly.

Mr. BUSH. The Senator picked the year 1946.

Mr. DOUGLAS. Yes.

Mr. BUSH. Why did he pick that year?

Mr. DOUGLAS. Because by that time the war had been liquidated. Does not the Senator agree that this is a good year to pick?

Mr. BUSH. No; but I will come to that later.

Mr. DOUGLAS. If 1945 is chosen, the decrease has been even more marked.

Mr. BUSH. I will let the Senator from Illinois proceed.

Mr. DOUGLAS. I am always delighted to have my good friend from Connecticut intervene; he is always in good temper and is always gentlemanly.

Mr. HARTKE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. HARTKE. Has there not also been a decrease in the per capita debt?

Mr. DOUGLAS. Oh, yes; the per capita debt has fallen markedly, because the population of the country has increased from approximately 145 million in 1946 to 182 million, an increase of well over 36 million, which in turn would be an increase of about 25 percent. But the national debt has increased by only 15 percent.

Mr. HARTKE. I had a member of the Bureau of the Budget do the arithmetic for me; and he informed me that 10 years ago the national debt was \$78 per capita more than it is today, and that the national debt of today, as compared to that in 1946—the year the Senator from Illinois selected—is \$305 less per person than it was 10 years ago. I do not think these figures have been refuted—namely, that today each person in the United States owes less than in almost any other year one might select.

U.S. BUDGET MANAGEMENT BETTER THAN
MAJOR EUROPEAN NATIONS

Mr. DOUGLAS. Furthermore, Mr. President, people frequently speak of how soundly the great nations of Europe are managing their budgets, in comparison with our management. Indeed, the Europeans like to point the finger of scorn at the United States and to speak of the unsoundness of the U.S. dollar, because we are running a deficit.

Mr. Blessing, the head of the Deutches Bank, made some expressions of that sort at Vienna last year, and I think he was joined in them by the French Minister of Finance, who previously had been Governor of the Bank of France; and from time to time the Chairman of our Federal Reserve will return from trips overseas and will speak in bated tones of how the European bankers think the United States is not operating on a stable financial basis.

Some years ago I asked the Director of the Bureau of the Budget—who, incidentally, I think is a fine public servant—to compile figures putting the European budgets on a comparable basis with our own, because there is a vital distinction between them. As the Senator from Oklahoma and the Senator from Tennessee have pointed out, our Government includes in its annual expenditures not only the operating expenses, but also the capital investments. We include in our budget the investments for the great power projects and the loans to international monetary authorities and to domestic productive facilities, and the expenditures for reclamation projects—which, although they do not return interest, do return principal; and we also include investments in items which increase the productive capacity of the Nation, even though they do not directly result in monetary returns. So we include a vast range of true capital expenditures, a great deal of which, under the strictest terms, would be separated by any private corporation from its annual outlays.

Mr. KERR. Mr. President, will the Senator from Illinois yield?

The PRESIDING OFFICER (Mr. Young of Ohio in the chair). Does the Senator from Illinois yield to the Senator from Oklahoma?

Mr. DOUGLAS. I yield.

Mr. KERR. Do we not also include tens of billions of dollars spent for defense purposes, which are investments in planes, ships, tanks, and guns, which have a useful life of from 5 years to 15 years, but, instead of charging them off over the period of their useful life, we charge them off in the year in which we pay for them?

Mr. DOUGLAS. Yes; but I would not include expenditures for war materials or for defense as capital investments; personally, I would exclude those.

Mr. GORE. Mr. President, will the Senator from Illinois yield?

Mr. DOUGLAS. I yield.

Mr. GORE. The Senator from Illinois has made a limited comparison of the Federal budget with, shall I say, the balance sheet of a private company, and he has given what would roughly correspond to the book value. He has not included the value of an established and going business.

Mr. DOUGLAS. That is correct; for instance, I have not included what is known in the business world as good will.

Mr. GORE. When we examine the financial statement of a private business, we can see the depreciated assets listed at very small amounts; and soon one realizes that the greatest value a company has is in its establishment, its cus-

tomers, and its experience in profitmaking—in other words, as the Senator from Illinois has said, in its good will.

Of course the good will of the United States is worldwide, and it includes the earning capacity of the greatest economy on earth, the most highly educated and most productive people on earth, and the greatest national product—to which the Senator from Illinois has already referred. I am not sure what the financiers would use at the present time as a rule of thumb for the value of a business; but there was a time when a reasonable rule of thumb would be that a business was worth approximately 10 times its established earning capacity.

Mr. DOUGLAS. What the Senator from Tennessee says is correct, but I am not even taking any of that into account as private business does.

Mr. GORE. I understand.

Mr. DOUGLAS. I am making the most conservative analysis that it is possible to make in terms of money, investments, debt, income, material assets, and so forth—but not intangibles.

Mr. GORE. I realized that the Senator from Illinois was doing that. Indeed, that is why I rose to make these additional suggestions—so as to illustrate that the Senator from Illinois is being overly conservative in the limited comparisons he is making.

U.S. BUDGET INCLUDES CAPITAL INVESTMENTS AS
OPERATING EXPENDITURES

Mr. DOUGLAS. I thank the Senator from Tennessee.

Mr. President, I am trying to say that in the U.S. budget we include investments, as well as operating expenses; but every private company in the country differentiates between investments and operating expenses. The private companies have a separate capital account which is isolated from the current balance sheet and the current operating costs. I am informed by those who have analyzed the figures for the American Telephone & Telegraph Co.—which has the highest capitalization of any company in the United States—that if one were to include the capital investments of the A.T. & T. in its operating expenses for each year, every year the A.T. & T. would be shown to be operating at a deficit. So if my good friend from across the aisle, the Senator from Connecticut [Mr. Bush], had applied to the A.T. & T. the same standard which he is now endeavoring to apply to the U.S. Government, he would not be willing to lend the A.T. & T. a single dollar; instead, he would pronounce the A.T. & T. as being bankrupt, and he would lead us to believe that the A.T. & T. would in vain apply, hat in hand, to the magnates of Wall Street. Yet the fact is that the A.T. & T. is able to command tremendous amounts of capital—and deservedly so—and it pays interest on the capital it has borrowed, and it pays large dividends on its stock.

I do not know what the Senator from Connecticut, as a private banker, would do; but if I were a private banker, I would be willing to lend money to the A.T. & T., even though if the budget the Government uses were applied to the

A.T. & T., it would be shown to be operating at a deficit.

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

Mr. DOUGLAS. I yield.

Mr. BUSH. Is the Senator from Illinois actually making so rash a statement—namely, that he would be willing to lend money to the American Telephone & Telegraph Co.?

Mr. DOUGLAS. I certainly would.

Mr. BUSH. I congratulate the Senator from Illinois, for the American Telephone & Telegraph Co. happens to have about the best credit of any company in the United States.

Mr. DOUGLAS. Exactly so—and that, despite the fact that if it had its budget arranged or handled on the same basis as is the U.S. Government budget, the A.T. & T. would be shown to be operating with a deficit each and every year.

Mr. BUSH. Of course the Senator from Illinois realizes that the reason is that that company has outstandingly good credit—which certainly is a very good thing to have.

Mr. DOUGLAS. The point is that it makes capital investments which are not included in its current statement of income and operating expenses.

Mr. BUSH. But what we are worried about is the credit of the Government of the United States.

Mr. DOUGLAS. Well, Mr. President, if the Senator from Connecticut would cease giving false examples, the credit of the United States would be better.

Mr. BUSH. I think it will be much better if the Congress will concern itself with balancing the budget, so as to restore the people's confidence in the credit of the Government. Today, it is impossible to sell long-term Government bonds—which is one of the great embarrassments to our Government and its credit.

Mr. DOUGLAS. Of course it is impossible to sell them to people who do not understand the facts; but I am endeavoring to dispel some of the fears which the hobgoblins of disaster have inculcated.

Mr. BUSH. I hope the Senator from Illinois is successful in dispelling some of those fears.

Mr. DOUGLAS. Indeed I hope so.

Mr. President, as I said a moment ago, I asked the Bureau of the Budget to analyze the budgets of France, Great Britain, Italy, and West Germany, in order to show how they are doing, because they love to say they are more virtuous than we are, financially.

The point is that in every one of those countries, I think almost without exception, they separate capital improvements from their operating expenses. Capital investments are not included in their current budgets.

In England they are listed below the line. In France they are put in separate accounts. The same is true in West Germany and Italy.

The Brookings Institution, fortunately, has made a study of this subject, and I hold a copy of the study here in my hand.

We find that in France, during every one of the last 11 years, if we were to

include capital investments in operating budgets, she would have run a deficit. Has this destroyed France? Quite the contrary. France is in a period of great economic expansion, and has been for years.

I can remember back in 1956, when people were saying France was in a desperate financial position. On going to France for a couple of weeks and studying her budget, I could see that France was very sound economically. Politically she was in some difficulties, but economically she was very sound.

The fact is that, on this same basis, as ours, France has run a deficit every one of the last 11 years. Great Britain has run a deficit, on this basis, 6 out of 11 years. West Germany has run a deficit 4 out of the last 6 years. Italy is in about the same position as France.

Now, I am not passing judgment on whether or not these policies are wise. I am merely pointing out that is what happens, and that the financiers and finance ministers of those countries have no right to point the finger of scorn at the United States on the ground that we are less orthodox than they are. The truth of the matter is that we are more orthodox than they are. And yet they have done very well economically with a growth rate which is twice that which we have had.

PUBLIC DEBT INCREASED 15 PERCENT

It is very curious also how people will fasten on the increase in the public debt, but ignore the increase in the private debt. As I have said, the increase in the national debt during the last 11 years has been from \$260 to \$300 billion, an absolute increase of \$40 billion, but a percentage increase of only 15 percent.

CONSUMER CREDIT INCREASED 550 PERCENT

But what about some of the increases in the private debt? Let me first take the field of consumer credit. It was \$8.8 billion in 1956. It is \$57 billion in 1962, or an increase of about six and a half times.

I am not trying to slow down the rate of increase in consumer credit. I am merely trying to let some daylight into this field. I am trying to provide, in my truth-in-lending bill, that the real rate, the real cost of this financing be stated, both in absolute terms and on the basis of the annual rate on the outstanding balance, in the hope that people will make wiser decisions in the use of credit. But I am sorry I have found no support on the Republican side of the aisle. Every Republican member of the subcommittee, and I believe of the full Banking and Currency Committee, has opposed it. I had hopes at one time of my dear friend from Connecticut, because he was an original supporter, but he left us, and he can be described by the words of Euripides:

For some grow too soon weary,
And some swerve to other paths;
Setting before the right
The faint, far-off image of delight.

We have lost the Senator from Connecticut. He has gone over to the Philistines, although we will try to bring him back.

Mr. MONRONEY. Mr. President, will the Senator yield? Has the Senator

completed his statement on the private debt?

Mr. DOUGLAS. No, I have not. I have touched only one facet of private debt.

Mr. MONRONEY. When the Senator finishes on that subject, I hope he can show the increase in the municipal and other debts which represent investment in long-term capital improvements.

Mr. DOUGLAS. Let us take the private mortgage debt. It was \$42 billion in 1947, and it was \$223 billion at the end of 1961, or an increase of slightly over five times.

Or let us take corporate debt. It was \$154 billion in 1946. It was up to \$312 billion at the end of 1961, or a doubling in the debt.

Or take financial debt, with which my dear friend from Connecticut is intimately concerned. In 1946 it amounted to \$12 billion. At the end of 1961 it was \$35 billion, or a trebling in commercial and financial debt.

PRIVATE DEBT INCREASE OF 300 PERCENT

If we consider the total private debt of the country, we find it increased from \$154 billion in 1946 to \$619 billion at the end of 1961, or it more than quadrupled.

While the public debt increased only by 15 percent, the private debt increased by 300 percent. It was four times in 1961 what it had been in 1946.

STATE AND LOCAL DEBT INCREASE OF 400 PERCENT

Then I come to the point that my good friend, the Senator from Oklahoma, has made—State and local government debts, which lie close to the people, where the bond issues are generally either approved or rejected by the people in referendums. The increase was from \$13.6 billion at the end of 1946 to \$65 billion at the end of 1961, or it multiplied fivefold. This was done by voice of the people, who wanted roads, schools, sewer systems, and public improvements of all kinds.

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

Mr. DOUGLAS. I yield.

Mr. MONRONEY. In other words, it was done by the bodies closest to the control of their own governments, the voters in the cities.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. With the population increase, with the increasing need for sanitation, water supplies, roads, schools, they have authorized this vast increase to keep up with the rapidly expanding demands for public services, for which the people choose to vote and to pay interest. This does not represent, and the people in municipal financing know it does not represent, poor management or unbalanced budgets and waste, because they are considered to be investment items to be amortized over 25 or 30 years.

Mr. DOUGLAS. The Senator is correct.

Mr. MONRONEY. But other long-time projects, such as flood control, navigation, interstate highways, airport improvement, all are listed as though they were current expense items, the same as

if the money had been spent in raking leaves.

Mr. DOUGLAS. That is correct.

Mr. MONRONEY. These are 25- to 50-year investments that are written off the day the project is completed.

Mr. DOUGLAS. The Senator is correct.

What has happened is that, whereas in 1946 the national debt formed about 60 percent of the total national debt and private debt, today it forms less than one-third.

I am not one to say that this increase in private debt has been uneconomic. I think in the main it has represented an investment in the material resources of our country. The increase of \$40 billion in the total national debt in my judgment has been counterbalanced by more than \$40 billion in the physical assets of the Federal Government.

Mr. President, we hear a great deal about inflation. Once again the specter of inflation was trotted out on the floor this afternoon. It was implied that because we are reluctantly asking for an increase in the debt limit this is but a harbinger of an increase in price levels.

NO INFLATION IN 5 YEARS

I hold in my hand the last copy of Economic Indicators, issued by our Joint Economic Committee. On page 24 of the issue for June the wholesale price index is shown, from 1957 on. I point out that if we consider 1957-59 to be 100, during the past 5 years the price level has remained constant. With 1957-59 as 100, 1957 was 99, 1958 was 100.4, 1959 was 100.6, 1960 was 100.7, 1961 was 100.3, and the week ended June 12, 1962, was 100.1. For more than 5 years we have had a constant wholesale price level. I do not think ever before in the history of the United States has there been such constancy of the price level, yet time after time our friends on the other side of the aisle get up to talk about inflation.

Inflation occurred during the Second World War, during the postwar period and during the Korean war, but it has not occurred since 1957. The value of the dollar has been constant.

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

Mr. DOUGLAS. I am glad to yield.

Mr. SPARKMAN. An interesting query comes to my mind in this connection. Very often inflation is automatically tied to budgetary deficits.

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. The biggest peacetime deficit in the history of this country I believe occurred in fiscal year 1959 or 1960.

Mr. DOUGLAS. It was fiscal year 1959.

Mr. SPARKMAN. That was \$12 billion.

Mr. DOUGLAS. The Senator is correct. We did twit the Republicans too much about that greatest peacetime deficit. We did not oppose their increasing the debt limit.

Mr. SPARKMAN. Was there inflation at that time?

Mr. DOUGLAS. No.

Mr. SPARKMAN. I believe we had fair economic stability then, did we not?

Mr. DOUGLAS. So far as prices were concerned, the record indicates there was a very slight decrease in the wholesale price level, about one-half of 1 percent.

Mr. SPARKMAN. So the two do not necessarily tie together, do they?

Mr. DOUGLAS. The Senator is correct.

Mr. SPARKMAN. Is not the very high debt limit, which we all regret having to ask for, brought about by the deficits which have accrued over the years? Is it not true that during the 8 years of the previous Republican administration there was a net accrual of deficit of \$28 billion?

Mr. DOUGLAS. I believe the figure should be \$23 billion.

Mr. SPARKMAN. I have these figures on a piece of paper, based on information stated to me.

Mr. DOUGLAS. I think it depends upon whether one uses the fiscal years or the calendar years.

Mr. SPARKMAN. I received the information from the Treasury Department.

Mr. DOUGLAS. I was using calendar years.

Mr. SPARKMAN. These figures are based on fiscal years.

Mr. DOUGLAS. My figures were from the end of 1952 to the end of 1960.

Mr. SPARKMAN. I have the figures for the 8 fiscal years prior to fiscal year 1961. That would be the Republican regime.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. Total deficits were \$32 billion and total surpluses during that time were \$4 billion. That means that the deficit was \$28 billion.

Mr. DOUGLAS. That is on a fiscal-year basis.

Mr. SPARKMAN. This is from the testimony.

Mr. DOUGLAS. Yes.

Mr. SPARKMAN. This is not some figure pulled out of the air. This was given in the testimony before the Committee on Banking and Currency a few days ago, by a Treasury Department official.

Mr. DOUGLAS. Yes. I say to my friend from Alabama that I was trying to be very conservative and to use the calendar year figures rather than the fiscal year figures, thereby only saying those years were accompanied by a \$23 billion increase in debt. However, I am ready to accept the figures of the Senator from Alabama and to say that it was probably \$28 billion.

Mr. SPARKMAN. This was information given in testimony before the Committee on Banking and Currency only a few days ago.

Mr. DOUGLAS. I tried to lean over backward in being fair to the Republican Party.

Mr. SPARKMAN. Of course, the Senator from Illinois always does that.

There is another question I should like to ask the Senator. We hear a great deal about the flight of gold, as if it were something which has happened in the last year or two only. There was

testimony before the Committee on Banking and Currency in that connection. I believe the Senator from Connecticut [Mr. Bush] was present. There was testimony given before the committee, and the Senator might be interested in the figures. The figures are for calendar years.

In 1958 the balance of payments was minus \$3.5 billion. The amount of gold lost was \$2,275 million.

In the calendar year 1959 the balance of payments was minus \$3.8 billion. There was a gold loss of \$2.1 billion.

In 1960 the balance-of-payments deficit was \$3.9 billion, and the loss of gold was \$1,702 million.

In 1961 the balance of payments was minus \$2,450 million. The loss of gold was \$1,197 million.

In calendar year 1962 the balance of payments is anticipated to be minus \$1.5 billion. Of course, the entire year is not complete. The loss of gold is anticipated to be \$800 million.

I hope the Senator gets from those figures the picture of a steadily bettering of the condition with respect to gold, since 1958. The high point was in 1958. The situation got better in 1959 and 1960. It was much better in 1961. It is much better in 1962.

Is that not a better picture than we would get ordinarily from listening to some of the comments in the Senate?

Mr. DOUGLAS. Very much better.

Mr. SPARKMAN. This information comes from the testimony before the committee.

Mr. DOUGLAS. Every slip by the Republicans is covered up with roses, and every detrimental fact related to the Democrats has a multiplier attached to it and is puffed to the skies.

Mr. SPARKMAN. I think the Senator has well stated the case. That is one reason I wanted to give the facts.

Mr. DOUGLAS. They are very important.

Mr. SPARKMAN. This was testimony given by an official of the Treasury Department before the Committee on Banking and Currency. I am not sure the Senator from Illinois was present that morning, but I know the Senator from Connecticut was present at the time. These are cold figures which I think cannot be denied.

UNEMPLOYMENT A MAJOR PROBLEM

Mr. DOUGLAS. Mr. President, we have had stability in the price level for more than 5 years.

One of the tragedies of this period of time is that a great many people have fought a fictitious and nonexistent difficulty and have ignored the real trouble. The Chairman of the Federal Reserve Board has been afraid of inflation, when no inflation has existed. The financial writers have been afraid of inflation, when there has been none. Both of these groups have ignored the fact of high and persistent unemployment during the period in which the business cycle supposedly was either going up or was in a very good way.

I have criticized the present index of unemployment on the grounds that it does not include involuntary part time

unemployment and the fact that the denominator used to get the percentage of unemployment is the total working force and not the total number seeking wage and salaried labor. One cannot have a self-employed person be unemployed, because by definition he is employed. If these two corrections were made, the percentage of unemployment would rise by about 2½ percent.

I wish to point out that the percentage of unemployment, which in 1955-57 was a little over 4 percent, rose to 7 percent in 1958, remained between 5 and 6 percent in 1959 and 1960, rose last year to 6.7 percent, and is now a little short of 5.5 percent.

The rate of unemployment has remained about 5 percent or more for more than 4 years. We have a right to be concerned about that figure. We have a right to be concerned about the slow rate of growth. I am frank to say that the rate of growth has not been accelerated in the present administration. I have not computed the figures. It may have been slightly dampened, but certainly it has not been accelerated.

The problems which we face are national problems, and there should be a thorough discussion of them. Hobgoblins should not be brought onto the stage to frighten the American people and cause them to lose faith in the United States.

I am a realist. When we are in a recession, I believe in calling it such. In 1953-54, as we were moving into a recession, I said it was a recession. I was denounced by the Republicans as a prophet of doom and gloom. At that time the Republicans called it a rolling readjustment, but everyone now admits it was a recession.

In 1957-58 I said once again that there was a recession. I was again denounced. But now everyone speaks of that recession.

STOCKS WERE OVERPRICED

In November 1960, I pointed out that we were moving into a recession, and now it is known that that was true. If and when we should be unfortunate enough to get into a recession under the present administration, I will call it a recession. But we are not now in an economic recession. There has been a fall in the stock market, according to the Dow-Jones index, of approximately 215 points, or about 30 percent. In my judgment that drop can be fully explained by the fact that, relative to earnings, stocks were overpriced. At the height of the bull market in stocks last December the average price of stocks was approximately 23 times their earnings, which meant that even on the basis of earnings, the yield was only 4¼ percent.

On the basis of dividends, since a large proportion of earnings are retained and reinvested, the ratio was about 40 to 1. Cash receipts were only about 2½ percent or less. Those were abnormally high prices. They could not be permanently justified. As a result, some of the hot air has gone out of the bag. According to my figures, the ratio of stock prices to earnings is now somewhere between 15 to 1 and 16 to 1. In the old

days that ratio was regarded as a rather healthy relationship. Undue pessimism may carry it below that ratio. Revival of optimism may carry it above. But thus far there has been no economic recession, at least according to the monthly figures that we have. Unemployment is about the same as it was before. In April unemployment was 5.5 percent; in May 5.4 percent. I do not attach any importance to the apparent difference of one-tenth of 1 percent. It can be accounted for by errors in the sampling. The index of production was up from 117 to 117.6. I do not attach much significance to that. But certainly there are no signs of an economic recession, namely, an appreciable and serious decrease of more than seasonal proportions in the volume of production and unemployment. That is the best definition of a recession of which I know. On the basis of that test, we are not in a recession. Of course, we pray that we will not go into one.

There are only two things that could put us into a recession. First, the fall in stock market prices might discourage consumers so that people would not purchase as much as they did before when they were buoyed up by paper profits which they had not yet realized, but which they felt existed; second, a decrease in investment.

Therefore, I say that we can avoid a recession. I hope we will avoid a recession. But we should be thinking of what we should do if a recession breaks out.

The great trouble with the Hoover Republican administration from 1928 to 1932 was not that a depression occurred. Probably a depression was inevitable because of the forces which had been developing underneath the surface in the 1920's. The great fault of Mr. Hoover and the Republicans was not that the depression occurred but that, first, its existence was denied, and, second, the Hoover administration refused to take any steps to solve it. That was the great sin.

I am confident that the present administration will not make such a mistake. I submit that a discussion of banking policy, of monetary policy, and other subjects is in the public interest. Because a Director of the Budget believes in deficits during periods of recession to release more purchasing power to offset the decline of private purchasing power, because some of us believe in lower long-term interest rates in order to stimulate investment, conventional opposition to these proposals should not inhibit a discussion and consideration of them upon their merits.

WE SHOULD DISCUSS THESE ISSUES ON THEIR MERITS

Therefore I hope that the President's speech at Yale may indeed inaugurate a discussion on those issues. I believe the fancy term now is "dialog." I am grateful to my friend, the distinguished graduate and former first baseman on the Yale baseball team, the Senator from Connecticut [Mr. BUSH], for his contribution today. It was a very helpful contribution from his point of view. We welcome more from him and from other

sources. I ask only that those subjects be considered on their merits.

UNITED STATES IS STRONG IN BOTH MATERIAL AND SPIRITUAL ASSETS

But I ask for something more. I ask that we have faith in the United States of America. This is a noble country—noble in ideals, strong in material resources, possessing great skills. It is a country bearing great international burdens—burdens not willingly or fully recognized by our allies overseas. I think we should, with increasing insistence, press our allies to assume a larger share of the military defense of Europe, a larger share of the burden of foreign aid, and eliminate quotas and tariff restrictions which they have against our products. I hope that all those things may be done and that we may go forward together. If, perchance, my remarks have served in slight measure to lessen the fog of confusion and obfuscation over those issues, perhaps I may not have spoken in vain.

Mr. President, I yield the floor.

Mr. THURMOND. Mr. President, once again we are faced with a request to increase the limit on the public indebtedness. The request being made by the administration is to place a limit of \$308 billion on the indebtedness until March 31, 1963; to reduce that to \$305 billion on June 24, 1963; and then to \$300 billion from June 25 until the end of fiscal year 1963. At that time the permanent debt limit of \$285 billion will be in effect unless Congress accedes to the requests which will be undoubtedly forthcoming to increase it.

Time and time again Congress has been asked to temporarily increase the debt limit since I have been a Member of the Senate. On each occasion I have opposed it. Congress along with the executive branch shares the responsibility for maintaining fiscal integrity. We shall never be successful in preventing an ever-increasing national indebtedness unless we reject these continual requests for increases in the limit.

This position may be a drastic one, but drastic steps are necessary to stem the tide of the extravagant spending which has been going on for years and which is threatening the security and well-being of our country. I ask unanimous consent to have printed in the RECORD as a part of my remarks my newsletter of June 25, 1962, entitled "National Indebtedness."

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

NATIONAL INDEBTEDNESS

Our national security policy planners in the State Department warn in their policy papers that to be anti-Communist is to be negative. We are now being told that to be against big government spending is to be negative. In fact, the President stated at Yale recently that concern about the national debt and big government are based in large part on certain myths.

Nothing can be more positive than to be in favor of a win policy in the cold war and a balanced budget for our domestic economy. It is past time for positive steps to be taken toward holding Government expenditures within receipts. Now the Senate is faced with a request from the administration to permanently increase the national

debt limit to an alltime high of \$308 billion. It is proposed that the debt limit be raised to cover a projected \$8 to \$10 billion deficit for the fiscal year ending June 30. While we are being asked to cover this, it is already being predicted that the deficit for next year will be at least \$5 billion. If this materializes, the budget will have been balanced only six times in 33 years.

This alone should be enough to stress the importance of cranking some positive thinking about balanced budgets into our fiscal policies and plans. When considered together with our continued loss of gold reserves and Senator HARRY BYRD's startling revelation that the United States is committed to obligations totaling \$1¼ trillion, the need for sensible fiscal policies becomes an absolute necessity. In giving his analysis of U.S. obligations, Senator BYRD, who is regarded as the top fiscal expert in the Senate, pointed out that the \$1¼ trillion figure is "far from complete," not including "untold billions in clear and certain commitments for future spending which cannot be calculated."

U.S. gold reserves have dropped since 1949 from \$24.6 to \$16 billion because of a continuing balance-of-payments deficit with foreign countries. This deficit is piling up now at the rate of \$100 million per month. At this rate, we will soon drop to the \$12 billion figure required by law to back our money and, with current stock market gyrations and the continuation of deficit spending policies by the Government, foreign gold claimants, who are now owed approximately \$20 billion, could demand all our gold in accordance with their right to first call on our reserves. Senator BYRD views this situation as imperiling our security like an atomic bomb.

This is a prime reason why Senator BYRD has announced that he will oppose the debt increase after having gone along reluctantly with previous debt increases as chairman of the Finance Committee in order to avoid Government financing difficulties. Senator BYRD feels that the Government must now be forced to economize by being denied the debt increase or at least a part of it. A move was recently made in the House to hold the debt limit to \$306 billion, but it was defeated by a close vote. One of the principal arguments used against the move was a statement that the \$2 billion difference would have to come completely or principally out of defense expenditures. If such a decision has been made it represents the same type warped reasoning as that which holds that anticommunism is negative and that concern about big debt and big government is based on so much mythology.

Defense needs must be placed first in our national budget. Waste and extravagance must be eliminated there as much as possible, but any curtailments or postponements must be effected in the nondefense areas. It has not been increased defense costs that have unbalanced most budgets since fiscal year 1954. Rather it has been nondefense spending, which has risen by \$19 billion as against a \$6 billion increase in defense spending, according to tax foundation figures.

I am going to work and vote to hold the debt increase down as I previously have in an effort to do something positive about getting the budget balanced, reducing the debt, and stemming the tide of the gold outflow.

Mr. MANSFIELD. Mr. President, after consultation with the distinguished minority leader and other Senators interested in the pending amendment, I ask unanimous consent that, at the conclusion of the remarks of the distinguished Senator from South Carolina is about to make, 10 minutes be allotted to a side on the Williams amendment before the vote is taken on it.

Mr. KERR. May I address an inquiry as to the intent of the unanimous-consent request? Is it to the effect that at the conclusion of the remarks of the Senator from South Carolina, there may be a brief quorum call, following which 20 minutes, 10 minutes to a side, will be devoted to the Williams amendment, followed by a vote?

Mr. MANSFIELD. That is the request.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

THE SUPREME COURT DECISION ON PRAYERS IN THE PUBLIC SCHOOLS OF NEW YORK

Mr. THURMOND. Mr. President, the Supreme Court of the United States has overstepped its bounds in loose and distorted interpretations of the United States Constitution on many occasions, particularly in recent years. No Court decision, however, has shocked the conscience of the American people as has the ruling in the now famous school prayer decision of Engle against Vitale, on June 25, 1962. The Court ruled in this case that a simple, nondenominational prayer as devised by the New York State Board of Regents for schoolchildren without compulsion is offensive to the Constitution. The prayer reads as follows:

Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers, and our country.

The constitutional provision which this simple prayer purportedly violates is a portion of the first amendment, which reads as follows:

Congress shall make no law respecting the establishment of religion, or prohibiting the free exercise thereof.

It should be difficult for any American to find much, if anything, to quarrel with in that brief school prayer which merely acknowledges the existence of a Supreme Being, recognizing in a small way our national religious heritage and traditions. The constitutional provision appears to carry little or no ambiguity as to its meaning, particularly if one studies the contemporaneous events leading up to its adoption as a part of the Constitution. It is clear that the framers of this provision were concerned about the establishment of a national religion which would suppress all other religions. They were, as Dr. Billy Graham has so ably pointed out, concerned with maintaining freedom of religion, not freedom from religion. In fact, the late Justice Joseph Story informs us in his famous "Commentaries on the Constitution" that "an attempt to level all religion and to make it a matter of state policy to hold all in utter indifference, would have created universal disapprobation, if not universal indignation." Another expert on constitutional law, Mr. Cooley, made the point in his important work, "Principles of Constitutional Law," that "it was never intended by the Constitution that the Government should be prohibited from recognizing religion, where it might

be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects."

What the Court found to be invidious or dangerous in this case was the New York board's attempt to establish a religion with this simple, nondenominational prayer. The Wall Street Journal has stated in an editorial comment of June 27 that "this attitude bespeaks considerable confusion and no abundance of commonsense." It is indeed the height of legal absurdity and distortion to state or even imply that the State of New York was attempting to establish a State religion by use of this noncompulsory, 22-word prayer which was carefully worded to avoid making any "invidious distinctions" so as to give preference to one religion over another.

Besides, the constitutional provision contains a prohibition not against the States, but against the Congress establishing a religion or interfering with the free exercise of religion. Justice Story also made a strong point when he stated in his "Commentaries" that "the whole power over the subject of religion is left exclusively to the State governments, to be acted upon according to their own sense of justice and the State constitutions; and the Catholic and the Protestant, the Calvinist and the Arminian, the Jew and the infidel, may sit down at the common table of the national councils without any inquisition into their faith or mode of worship."

The Supreme Court, however, has attempted to tie the 14th amendment into the 1st amendment in another loose interpretation of the Constitution, and this combination of the "no establishment" clause with the "equal protection and immunities" clause has been used to rule out the action of the New York State Board of Regents in authorizing this school prayer.

Americans all across this great land of ours are concerned about this decision because it reflects a pattern of national actions designed, as Dr. Billy Graham warned in the February 17, 1962, issue of the Saturday Evening Post, "to take the traditional concept of God out of our national life." This is the disturbing fact about this lamentable decision. It signals the come-on of more antireligion decisions to follow in the wake of the precedent set in this judicial amendment to the Constitution. If this decision stands, then any action in public schools or in our national life carrying the "taint" of religion or acknowledgment of a Supreme Being can be swept away. Justice Hugo Black in a footnote to the majority opinion tried to "pooh-pooh" the idea that congressionally approved acts, such as establishment of our national motto, "In God we trust," or the addition to the "Pledge of Allegiance to the Flag" of the words "under God," might be affected. But, if the Court can interpret a constitutional provision which plainly states that the prohibition is only against congressional action as applying to a State action, then the Court could, with more validity—if there be any validity here at all—rule out these and other congressional enactments of recent and past years.

A very pertinent question to pose at this point is what effect the Engle against Vitale decision will have on the popular and oft-quoted prayer of the cadet corps at the U.S. Military Academy. This eloquent prayer reads as follows:

O God, our Father, Thou Searcher of Men's Hearts, help us to draw near to Thee in sincerity and truth. May our religion be filled with gladness and may our worship of Thee be natural.

Strengthen and increase our admiration for honest dealing and clean thinking and suffer not our hatred of hypocrisy and pretense ever to diminish. Encourage us in our endeavor to live above the common level of life.

Make us to choose the harder right instead of the easier wrong, and never to be content with a half-truth when the whole can be won. Endow us with the courage that is born of loyalty to all that is noble and worthy, that scorns to compromise with vice and injustice and knows no fear when truth and right are in jeopardy.

Guard us against flippancy and irreverence in the sacred things of life. Grant us new ties of friendship and new opportunities of service. Kindle our hearts in fellowship with those of a cheerful countenance and soften our hearts with sympathy for those who sorrow and suffer. Help us to maintain the honor of the Corps untarnished and unsullied and to show forth in our lives the ideals of West Point in doing our duty to Thee and to our country. All of which we ask in the name of the Great Friend and Master of man. Amen.

If the Court's decision is to be followed to its illogical conclusion, it would appear that the cadets may have to discard this prayer which has traditionally been as much a part of cadet life and has done as much to ingrain the West Point motto of "Duty, honor, country" into the hearts and minds of the corps of cadets as the highly regarded honor system.

The American people are proud of our national heritage and traditions, especially our spiritual ties to a Supreme Being. The history of America has been marked by religious features from the very beginning, just as the map of America is marked with names of religious origin and meaning. The first discoverers and settlers of the Americas came with the Bible and the cross. From each country of the Old World with each expedition or attempted colony went missionaries, ministers, priests, for the conversion of the pagan Indians and to provide the ministrations of religion for the colonists.

Many of the colonists came to the New World to escape religious persecution and to worship in freedom. They determined to establish a new world whose government would be based on religious foundations but which would retain for each individual the right to worship in freedom and determine his own destiny.

Charters, compacts, constitutions—all the different kinds of formal paper establishing the individual Colonies and States are marked by a highly religious seriousness of tone. It is usual for them to open with an appeal to God, coupled with a declaration of moral and religious purpose, and to close with some phrase petitioning for God's blessing, or submitting to His will. Typical is the Mayflower Compact, which set up a form

of democratic government that was to be a model to the many American governments which followed. In the Mayflower Compact, the Pilgrims declared that they had established that government in the presence of God, and in service to God and the Christian faith.

This compact was signed in the year of our Lord 1620. A century and a half later, the same religious basis for political action was invoked in the Declaration of Independence. The rights for which the colonists contended, and upon which they based all their claims to individual freedom and national independence, were the "unalienable rights" with which all men "are endowed by their Creator." They appealed for justice on the basis of the "Laws of Nature and of Nature's God," and their final pledge of loyalty and constancy among themselves was made "with a firm reliance on the protection of divine providence." The Declaration of Independence is basic to our independent, national existence, and its philosophy permeates our political thinking to this day.

During the Revolution, it was characteristic of the Continental Congress, and of the Revolutionary Army under its devout and upright commander, George Washington, to proclaim and observe occasions of public fasting and penance, of thanksgiving and rejoicing, as occasion might dictate.

Such official actions by George Washington as commanding general were in keeping with his private opinions, and with his public position as President. A typical statement by Washington is the often-quoted portion of his Farewell Address, in which he left for succeeding generations his legacy of political philosophy:

Let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure, reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principles.

In his Thanksgiving proclamation of October 3, 1789, Washington stated his firmly held opinion on the proper relationship between a nation and the Creator:

It is the duty of all nations to acknowledge the providence of Almighty God, to obey His will, to be grateful for His benefits, and humbly implore His protection and favor.

After proclaiming our independence in the Declaration of Independence and winning it in the American Revolution, our forefathers sought to secure our independence and newly won liberties for all our people for generations to come. When they met in Philadelphia in 1787 at the Constitutional Convention, the Founding Fathers determined to establish a government which would be separate from any religious faith and one which would place a premium on individual liberty, individual initiative, and individual responsibility. In making certain that church and state would not be mixed, they did not rule God out of our national life as the Supreme Court is attempting to do today. Indeed, they

based their ideals as a nation on those given us by Christ.

For it was Christ, Himself, who ordained the preeminence of the individual, and Christian individualism was the very bedrock on which our Nation was founded. The Founding Fathers intended that each man should be free to determine his own religion and his own destiny, but by their example and the foundations which they laid for our Government they made it crystal clear that individually and as a nation we would have to look to God for guidance and blessings to ourselves and our Nation.

At one point in its proceedings when the Constitutional Convention was at the point of breaking up, the venerated and wise Benjamin Franklin suggested prayer and voiced the following concern on June 28, 1787, about the course of their deliberations:

How has it happened, sir, that we have not hitherto once thought of humbly applying to the Father of Lights to illuminate our understandings?

I have lived, sir, a long time, and the longer I live the more convincing proofs I see of this truth; that God governs in the affairs of men. And if a sparrow cannot fall to the ground without His notice, is it probable that an empire can rise without His aid? We have been assured, sir, in the sacred writings, that except the Lord build the house, they labor in vain that build it.

I firmly believe this; and I also believe that without His recurring aid we shall succeed in this political building no better than the builders of Babel.

We are all very familiar with the blessings that have been showered on the American people as a result of the actions—which I believe to have been divinely inspired—at that great convention in 1787. Since that time America has grown and prospered, and our liberties—though constricted of late by the rapid and vast growth of the Central Government—have made us the envy of the world.

Down through the years since the founding of our great Republic, each President has asked the protection and help of God in taking his oath of office, as have Members of the Congress and most other National, State, and local officeholders. In the dissenting opinion in Engle against Vitale, Justice Potter Stewart has pointed out that even in the Supreme Court there has been a traditional recognition of God—the wisdom of which is specifically questioned by Justice William Douglas—by the Crier of the Court, in opening each session with the petition: "God save the United States and this honorable Court."

Mr. President, every Member of this august body and every Member of the House is fully cognizant that each session in these two bodies is opened with a prayer by the Chaplains of the Senate and the House or by someone designated to stand in their places. Millions of Americans have been present for the opening prayer in the Senate, through the years, and have been impressed by this daily act of humility and petition to a Supreme Being for divine guidance in fulfilling our duties to our States and our electorate. All Americans who witnessed the inauguration of our 35th

President on January 20, 1961, were probably impressed as much with the four prayers uttered on nationwide television by leaders of various religious groups as they were with President Kennedy's eloquent words to "ask not what your country can do for you—ask what you can do for your country," or with his public acknowledgment of our dependence on Almighty God with these words in his inaugural address:

The world is very different now * * *. And yet the same revolutionary beliefs for which our forebears fought are still at issue around the globe—the belief that the rights of man come not from the generosity of the state, but from the hand of God. With a good conscience our only sure reward, with history the final judge of our deeds, let us go forth to lead the land we love, asking His blessing and His help, but knowing that here on earth God's work must truly be our own.

Mr. President, these words, these actions, and these traditions are only a few of many examples of our national acknowledgment of a Supreme Being, to whom we look individually and collectively for divine guidance and inspiration. The Congress has itself approved actions which have put our Nation on the side of God, in accordance with President Lincoln's admonition that we insure not only that God is on our side, but, more importantly, that we are on God's side. Some of these actions have been passed in very recent years while our religious traditions have been taking a vicious beating in the courts of our land in other twisted and distorted interpretations of the first amendment to the Constitution.

Since 1865, the Congress has required that the words "In God We Trust" be impressed on our coins. These words have now become our national motto, and have since been prescribed by law for all new issues of paper currency. In fact, as was pointed out on this floor on Tuesday, this motto is inscribed on one of the walls of this great Chamber.

Mr. President, in 1931, the Congress finally took action to officially make Francis Scott Key's immortal poem, "The Star-Spangled Banner," our national anthem; and it has traditionally been played at the conclusion of each broadcast day by most broadcasting stations in this Nation. As was pointed out by Justice Stewart in his dissenting opinion, the fourth stanza of "The Star-Spangled Banner" contains these verses:

Blest with victory and peace, may the heav'n rescued land
Praise the Pow'r that hath made and preserved us a nation.
Then conquer we must, when our cause it is just,
And this be our motto, "In God is our trust."

Justice Stewart might also have mentioned, Mr. President, our national devotion to other songs which stand close to the national anthem in the hearts of Americans, such as the hymns "America" and "America, the Beautiful," and the Irving Berlin melody, "God Bless America," which in recent years, particularly during the dark days of World War II, has stirred so much dedication to God and country. At countless national observances "America" is sung to open or conclude a program. Its fourth

stanza begins as follows: "Our fathers' God to Thee" and ends, "Great God, our King."

In 1952, Mr. President, the Congress took another action in acknowledging God, when it approved legislation calling on the President each year to proclaim a National Day of Prayer. As recently as 1954, the Congress strengthened the "Pledge of Allegiance to the Flag" with the addition of two important words, "under God," so as to make the pledge now read:

I pledge allegiance to the flag of the United States of America and to the Republic for which it stands, one Nation under God, indivisible, with liberty and justice for all.

In 1955, Mr. President, the Congress took another important action—in authorizing the creation of a prayer room in the Capitol. It is a room near the rotunda, described in official Government publications as "a quiet place to which individual Senators and Representatives may withdraw a while to seek divine strength and guidance."

This prayer room is under the care of the official chaplains of the Senate and the House, Dr. Frederick Brown Harris and the Reverend Bernard Braskamp, of the Senate and the House, respectively.

Just as the Congress has provided itself with chaplains, so has the Congress provided our armed services with chaplains to give our service men and women moral and spiritual guidance and training. In fact, each year we appropriate funds to pay the salaries and allowances of these armed services chaplains and also to maintain the chapels in which they minister.

By and large, these actions of the Congress which have acknowledged and emphasized and reinforced our religious heritage have not fallen under the hammer of any assault from minorities within our Government. However, in 1928, the Supreme Court considered and rejected a challenge of congressional appropriations to pay the salaries of the chaplains of the Congress, the Army, and the Navy.

The road between the decisions in the chaplains' case, as stated in Elliott against White, in 1928, and in the school prayer case, as stated in Engle against Vitale of June 25, 1962, is pockmarked with holes of irrational and unrealistic mental gymnastics which have so undermined and weakened the constitutional concept of federalism and States rights as to set the stage for the prohibition of State action permitting a simple, non-compulsory, interdenominational prayer in a public school.

The irrational—and, I think, irreverent—decision in Engle against Vitale comes, Mr. President, at a time when the world is locked in a cold war struggle between the forces of freedom which look to a Supreme Being for divine guidance and supplication and the forces of tyranny which are presided over by an ideology which does not recognize true freedom or any god except man himself and the worship of materialism. In this time of the most critical period in our national life, we need to increase rather than decrease individual and national

attention to spiritual and moral values which undergird our Nation in this struggle, which is essentially a fight between those who do and do not believe in a Supreme Being. Every time we turn our young people—or any of our people for that matter—away from God, we turn them down the road toward the enemy camp of reliance on man and devotion to materialism.

Dr. John A. Mackay, president emeritus of Princeton Theological Seminary, has suggested that there are several basic attitudes which nations can take toward God. One is the attitude of the "secular nation," which eliminates God from its official relations and adheres to some political or philosophical idea. Another is the "demoniac nation," which manufactures a god out of the state itself. Still another is the "covenant nation," which grows out of an original loyalty and devotion to God and which continues to draw upon its origins for strength. Our Nation is such a "covenant nation," and she will continue to survive and prosper in freedom just so long as she remains loyal to her spiritual heritage, roots, and traditions.

Ten years ago, Mr. President, the Supreme Court recognized in a wiser decision in the case of Zorach against Clauston, that—

We are a religious people whose institutions presuppose a Supreme Being.

What the Court was doing in that case was acknowledging a simple truth and stating in effect that we are indeed a Nation which has a covenant with God rather than being a "secular nation" or a "demoniac nation." The decision, however, in Engle against Vitale will, I fear, regardless of the intentions of the Court, serve to move our Nation closer into the vortex into which atheistic and worldly forces have been sucking our people in recent years toward being a secular or demoniac nation with emphasis not on moral and spiritual values but rather on the materialistic, non-spiritual concept of life as exemplified by our enemy, godless communism, which has vowed to bury us.

The Congress, which has spiritual values of its own which are threatened by this decision, is not powerless to act. I cannot accept President Kennedy's statement of yesterday that "a very easy remedy" is available to those concerned about this decision, this remedy resting completely in more individual prayer and church attendance. The President in his remarks overlooked the importance of not only keeping God in a prominent place in our individual lives but also in our national life.

The American people expect the Congress to act decisively to correct this erroneous decision based on illogical reason and distorted interpretation of a constitutional provision which was meant to insure that our religious heritage and traditions would always be a vital part not just of our individual lives but also our national life. The Court has on this occasion "bitten off more than it can chew," and I trust that the American people will soon have the Congress take the necessary action to reverse this decision.

In closing, I commend Justice Stewart for taking a stand—albeit a lonesome stand on the Court—in favor of fostering and promoting our religious heritage and traditions rather than joining in the action which attempts to interpret God out of our national life. In the end his dissent will prevail, not only because his position is supported by the overwhelming majority of the American people, who still hold the reins of Government, but because it is right.

I ask unanimous consent to have printed at the conclusion of these remarks editorials appearing in the State, of Columbia, S.C., the News and Courier, of Charleston, S.C., and the Augusta Chronicle, of Augusta, Ga., on this subject. They were all printed on June 27, 1962.

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

[From the Columbia (S.C.) State, June 27, 1962]

THE DECISION ON PRAYER

A majority of Americans will conclude that the nature of the school prayer which the Supreme Court has prohibited is not a peril to the doctrine of separation of church and state. But if it is, then they would say it would be appropriate and consistent to delete "In God We Trust" from every governmental connection.

Most Americans agree with Mr. Justice Stewart, the only dissenter from the prevailing opinion in the case, when he said: "I cannot see how 'official religion' is established by letting those who want to say a prayer say it. On the contrary, I think that to deny the wish of these children to join in reciting this prayer is to deny them the opportunity in sharing in the spiritual heritage of our Nation."

The word "heritage," and from the Supreme Court of the United States of these times. Sadly, however, from the pen of only one of the Justices and one who was overwhelmed by the judgment of six others. That was a judgment which totally ignored heritage in its relation to the careful recognition of God which the Founding Fathers associated with what they founded.

In the majority and deciding opinion, Mr. Justice Black wrote: "It is no part of the business of Government to compose official prayers for any group of Americans to recite as part of a religious program carried on by Government."

This is indeed a persuasive academic argument, but overlooks the fact that the particular prayer which was at issue was one composed in a way studiously to avoid offense to those believing in God (Jehovah) but not subscribing to Christianity. And it is stretching a point to construe this supplication as one encouraging a union of state and church. It is less specific than many prayers heard in prescribed places and at stated times associated with government and therefore taking on an "official" character themselves.

The text of the now-outlawed prayer is: "Almighty God, we acknowledge our dependency upon Thee and we beg Thy blessings upon us, our parents, our teachers, and our country."

One cannot but wonder why the Court was not so legalistically scrupulous in some of its other momentous decisions of the mid-century. To arrive at some of them, notably those infringing the right of citizens to select their own associates, it avoided the law and relied upon sociological "authorities." In the case of the New York State school prayer it employed an exaggerated concept of the law.

The constitutional requirement of separation of church and state is indeed one to be protected, and it will be. Across America today is many a man and woman who will feel there is an increasingly urgent need for protection from some of the trends in contemporary adjudication.

[From the Charleston (S.C.) News and Courier, June 27, 1962]

CONGRESS SHOULD REBUKE HIGH COURT FOR BANNING PRAYER IN SCHOOLS

In ruling Monday that prayer in a public school is unconstitutional, the U.S. Supreme Court in effect moved the United States in the direction of an officially godless state.

If a simple prayer to the Almighty cannot be offered in a classroom in this Nation, then certainly it cannot be long before this same Supreme Court demands that all signs of public approval of religious faith be torn from the fabric of our national life.

Justice William O. Douglas, who wrote a separate opinion upholding the majority ruling, clearly indicated the nature of judicial things to come. "Once government finances a religious exercise," he said, "it inserts a divisive influence in our country. * * * The first amendment leaves the Government in a position not of hostility to religion but neutrality."

Under this conception, the U.S. Government has no right to maintain a Chaplain Corps in the armed services or, at least, it must sign up spokesmen for atheism as well as ministers of religion.

NATION UNDER GOD

This Supreme Court decision, to which only Associate Justice Potter Stewart dissented, is a terrible transgression of the basic beliefs of the American people. A handful of arrogant men have sought to restrict the religious liberties of the American people. They have ordered that all traces of religious faith be removed from the public schools of the country.

The Communist Party of Russia needed to win a bloody revolution in order to achieve the same end. The U.S. Supreme Court believes it can do the same thing with a scrap of paper—a court order.

The Supreme Court decision is shocking; the arrogance of the Court is shocking. And it will be even more shocking if the American Congress and people submit to the Court edict.

The men who sit on the U.S. Supreme Court today—the men who have come to regard themselves as Olympians who need not consider the wants and beliefs of the people—must be rebuked. The decision banning prayer in the schools calls for rebuke. No sectional or party interest is involved. What is at stake is the future and reputation of this country as a Nation under God.

It is outrageous to assert, as did Justice Douglas, that the U.S. Government must be neutral as to religion. Our Government must be neutral as to denomination, but not to religion itself. If the U.S. Government is neutral to the matter of belief in God, then why should it oppose the doctrines of atheistic communism?

The truth is that the United States is a Nation under God. Our coinage bears the inscription "In God We Trust." Since the beginning of the Republic, Presidents have taken their oath of office after prayer by clergymen and with a hand on the Bible.

If the majority decision rendered by Justice Black were to be accepted as the law of the land, then it follows that prayer at a Presidential inaugural would be unconstitutional. After all, an inaugural of a President is the chief occasion of state in this country. It is far more public and meaningful than any gathering of children in a public school auditorium.

But how can the Supreme Court be rebuked?

It must be realized that many Americans have become passive in the face of domestic tyranny. Despite their belief that a handful of judges should not set themselves up over religion, some persons may be unwilling to act. Nevertheless, there are avenues of available action. If every school system that provides for public prayer were to continue to do so, in defiance of the Supreme Court, what could the Court do?

We seriously question whether the Justice Department or U.S. district attorneys would display enthusiasm for prosecuting school officials for providing opportunities for prayer. One can be sure that such prosecutions would be the most unpopular prosecutions in U.S. history.

CONGRESS CAN LEAD

Another way to proceed is for Congress to pass a joint declaration asserting the right of prayer in the public schools.

Congress has not hesitated to issue such joint declarations on foreign policy matters even though it has no direct authority over foreign policy. These declarations have the force of law, nonetheless.

It is timely for Congress to use the same procedure in order to put the Supreme Court in its place. All that is needed is for a Member of each House of Congress to draft such a resolution and obtain signers. We cannot imagine that many Members of Congress would refuse to sign a declaration upholding the free exercise of religion.

Will South Carolina's congressional delegation lead the way?

[From the Augusta (Ga.) Chronicle, June 27, 1962]

A JUDICIAL TRAVESTY

The first words of the first amendment to the U.S. Constitution provide that "Congress shall make no law respecting an establishment of religion."

Basis for the priority given that phrase, as any student of American history knows, was our Founding Fathers' determination that the government they established would never sponsor and control a particular religious denomination. No one with an appreciation of the God-centered foundation on which that new government was erected would construe the first amendment as a bar to official recognition of an Almighty Being.

But now the Nation's highest Court, in another of its flagrant misapplications of constitutional principle, has decreed that a simple 22-word, completely nondenominational prayer cannot be spoken in the classrooms of New York State schools. Prayer in public-supported institutions, the Court has said in effect, is unconstitutional.

To arrive at that state of judicial travesty, Justice Hugo Black and five other members of the Court sought to prove that the act of invoking the Almighty's blessings, when sanctioned by a State government, somehow constitutes the establishment of religion. No more distorted logic has ever emerged from the stately seat of justice in the Nation's Capital.

The logical extension of Justice Black's argument is the banning of all mention of God, all use of the Bible, and all prayers of any kind from public institutions, documents, and ceremonies.

Had the men who made this Nation great interpreted the first amendment in the manner of the six Justices, the words "endowed by their Creator" and "firm reliance on the protection of divine providence" would have been excluded from the Declaration of Independence. "In God We Trust" could not have been our national motto; the words "under God" would have been left out of the Pledge of Allegiance to the Flag, and Abraham Lincoln would have excluded them from the Gettysburg Address.

By the Court's specious reasoning, the very prayer that opens each Supreme Court session could be ruled unconstitutional, subjected to challenge. Prayers that open daily congressional sessions and invocations at Presidential inaugurations might be ruled out in the same manner.

The religious roots of this Nation, of course, go far deeper than these surface manifestations of reliance upon God. Development of faith, belief in God and specific religious precepts should and must be the responsibility first of the homes and churches of our land. These institutions will make or break the spiritual backbone of the Nation.

But trust in God and thankfulness for His blessings also are inseparably related to the history and character of our Government and national institutions. To deny children the right to open their school day with prayer, as Justice Potter Stewart pointed out in his dissenting opinion Monday, is "to deny them the opportunity of sharing in the spiritual heritage of our Nation."

When religious freedom comes to be so misinterpreted as to demand exclusion of prayer from public institutions, a long step has been taken toward complete omission of God from official life of the Nation. And the basic difference between our way of life and that of countries which deny the existence of God is on its way to being removed.

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

Mr. THURMOND. I am happy to yield to the distinguished and able Senator from Arizona.

Mr. GOLDWATER. I take this occasion to thank the distinguished Senator from South Carolina for so eloquently and brilliantly calling to the attention of the Senate the error of the Supreme Court in its recent decision.

I wonder if the Senator from South Carolina realizes the number of States that recognize the place of God in our daily lives. I am sure he does, but I would like to go through the list of State mottoes which contain a reference to God.

My own State of Arizona: "God enriches."

Colorado: "Nothing without the Deity."

Connecticut: "He who transplanted continues to sustain."

Florida: "In God we trust."

Hawaii: "The life of the land is perpetuated in righteousness."

Maine: "I guide."

Maryland: "With the shield of Thy good will Thou hast covered us."

Ohio: "With God, all things are possible."

South Dakota: "Under God, the people rule."

In concluding my commendation of the Senator from South Carolina, I make this observation: The unhappiness and concern with this unwise decision must be unanimous. I am sure the Senator from South Carolina will remember that on previous occasions when the Supreme Court has rendered decisions that have tended to destroy States rights and take away the individual liberties of our people, the liberal Members of this body have risen up in defense of the Court.

I have not heard any liberal Member of this body rise to defend the Court in its recent action. I wonder about that inconsistency. I wonder if finally they are not agreeing with the conservative

Members of this body that the Supreme Court of the United States has been in error and continues to be in error. If it continues to make the mistakes it has made, this legislative body will be sorely pressed to overcome them in order that we may perpetuate our constitutional Republic and protect the rights of the people.

Mr. THURMOND. I thank the distinguished Senator from Arizona for his complimentary remarks about my address. He has made a great contribution in the statement he has just made.

I feel very strongly about this. I concur wholeheartedly with the statement the Senator has made. I believe that a majority of the Congress, as well as the majority of the American people, also concur. It is my sincere hope that action will be taken promptly by the Congress to offset and reverse this unconstitutional and unwise decision of the Supreme Court in the school prayer case.

FINANCIAL CONDITION OF THE GOVERNMENT

Mr. BYRD of Virginia. Mr. President, in view of the discussion in the Senate today relative to the financial condition of the United States, I ask unanimous consent to have printed in the RECORD a statement by me as chairman of the Committee on Finance and Joint Committee on Reduction of Nonessential Federal Expenditures in regard to the financial condition of the U.S. Government.

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

This is the first of a series of statements relating to the financial condition of the U.S. Government.

It is logical that examination of this subject should start with existing obligations of the Government; so this statement (with documentary notes) is confined to debt, commitments, and authorizations.

Other statements will follow as soon as they can be carefully developed and documented. Each subsequent statement will treat other aspects of the Government's financial condition.

Urgent need for such a study was made clear in January, when it became known that the administration planned to ask for legislation raising the statutory Federal debt limit to \$308 billion.

A full-scale study of the subject should be made by the Finance Committee, and I shall recommend that the committee undertake a formal public investigation as soon as time will allow.

A top-to-bottom analysis and study of the present financial condition of this Government is a monumental task, and to date there simply has been no opportunity for the committee to schedule the work.

The committee still has before it the omnibus tax bill, and the bill to extend corporation and excise tax rates, the tariff bill, the sugar bill, social security and veterans legislation, etc., are yet to come.

In addition, there may be legislation to raise the Federal debt limit again, provide medical care for the aged through the social security system, federalize unemployment compensation, etc.

The need to examine the financial condition is vital; the necessity for temporary postponement of formal investigation is unfortunate; I shall recommend its opening at the first opportunity.

Meanwhile, under the circumstances, with the assistance of staff and facilities available to me, I personally have undertaken preliminary studies on the subject.

My findings will be outlined in a series of reports to the Senate, and the first of these reports follows:

OBLIGATIONS AND COMMITMENTS OF THE U.S. GOVERNMENT

The U.S. Government in fiscal year 1963, beginning July 1, will have current authority to obligate funds, outstanding Federal debt, and other commitments of at least \$1,242 billion.

This approaches \$1½ trillion, but it is far from a complete statement of the Government's actual and potential obligations, because untold billions in commitments for future spending cannot be calculated.

ONE AND ONE-FOURTH TRILLION DOLLARS

The authorizations, debt and other commitments included in the \$1,242 billion are treated more fully later in this statement, but at this point they are summarized in rounded figures as follows:

Current authority to obligate, such as appropriations, balances, etc., estimated only through fiscal year 1963, beginning July 1, 1962, \$188 billion.

Outstanding Federal debt in Treasury securities, etc., estimated as of the beginning of fiscal year 1963 on July 1, 1962, \$296 billion.

Promises to pay under contingencies specifically fixed in existing law, such as Federal insurance in force, guaranteed loans, etc., \$338 billion.

Other—including such moral commitments as unfunded accrued liabilities of Federal trust funds, securities issued by Federal agencies in addition to the regular debt, etc., \$420 billion.

Total, \$1,242 billion.

BEYOND CALCULATION

Billions in clear Federal commitments for future years are in addition to this \$1½ trillion. They are omitted simply because they cannot be calculated beyond fiscal year 1963.

These commitments for the future which cannot be calculated at this time are discussed further, but at this point they are summarized in categorical examples as follows: Interest on the Federal debt, pensions, retirement, compensation, etc., grants to States, payments to individuals, major subsidies, foreign aid, and public works.

Obligational authority in these categories for the coming year is included in the \$1½ trillion; Federal commitments to spend billions in these areas in the future are clear and certain, but they are too indefinite to calculate.

They cannot be reliably computed for the future for a variety of reasons involving duration, developments, administrative policy, and other indefinite factors which generally will be obvious:

Future interest on the Federal debt: The \$1½ trillion includes interest for only 1 fiscal year, 1963. Future obligation is certain but impossible to calculate in terms of duration, refunding, interest rates, etc. The debt is going up, and so are interest rates. Recent Treasury policy has been to convert more of the debt into long-term bonds. This would tend to freeze high rates on current issues. There was a March 1962 refunding for 36 years. Interest on the debt currently is averaging 3.215 percent, but the yield rate on recent issues has ranged up to 4.125 percent. The Federal interest obligation for the coming year alone is estimated at \$9.4 billion.¹

Pensions, retirement, compensation, etc.: The \$1½ trillion includes obligations of this nature for only 1 fiscal year, 1963. Future commitments are certain but impossible

¹ 1963 Budget Document, p. 108.

to calculate in terms of duration and other indefinite factors. Exclusive of trust fund programs, obligations in this category for fiscal year 1963 alone are estimated at \$7.1 billion. This 1963 figure includes \$5 billion¹ for veterans pensions, compensation, and hospital care. Included also for 1963 only are \$1.1 billion² for military, Coast Guard, and Public Health Officer retirement pay, and \$1 billion³ in 1-year Federal agency contributions to Civil Service retirement, and health and life insurance premiums.

Grants to States: The \$1¼ trillion includes direct grant obligations for only 1 fiscal year, 1963. Future commitments are certain but impossible to calculate in terms of duration, State activities which qualify for matching, etc.

Many of these programs are based on statutory formulas which make Federal payments mandatory when State and local programs conform to Federal standards. The \$2.7-billion-a-year public assistance program is an example. The grant trend is up.

Exclusive of payments from trust funds (such as that for highways) and shared revenues, Federal expenditures through 47 grant-in-aid programs for the one fiscal year 1963 are estimated in the budget document at \$5.7 billion.⁴

Payments to individuals: There are more than 30 programs under which the Federal Government makes payments directly to individuals, such as those for agricultural conservation, scientific and health research, scholarships, fellowships, etc. In certain of these programs the payments are under agreements or contracts extending for more than 1 year. The \$1¼ trillion of computable obligations includes commitments to pay individuals for only the one fiscal year, 1963. Exclusive of computable soil bank obligations and trust fund programs, so-called Federal payments to individuals for fiscal year 1963 alone are estimated at \$2 billion.⁵ Future commitments are surely involved, but they cannot be calculated.

Major subsidies: The \$1¼ trillion includes funds for Federal programs generally referred to as Government subsidies only for fiscal year 1963. Continuing commitments in these programs are certain but they cannot be calculated. Major Federal subsidies include payments to agricultural interests through the price support programs, and payments to commercial interests for airline operations and ship construction and operating differentials. Obligations under these programs in fiscal year 1963 are estimated at \$4 billion.⁶ Other Government payments frequently described as Federal subsidies, including the postal deficit, are in addition to those mentioned.

Foreign aid: In the past it has been the policy of Congress, as far as possible, to keep foreign aid authorizations on a year-to-year basis. In the more recent years there has been continuing pressure for a policy of long-term commitments. With or without this change in policy, future foreign aid obligations are certain and they are beyond calculation. The \$1¼ trillion in computable obligations includes \$18.4 billion⁷ for foreign aid and funded subscriptions to international financial institutions. This figure probably should be increased by \$5.2 billion⁸

for unfunded foreign assistance loans and subscriptions to international financial institutions. This has been authorized in basic law to be provided after fiscal year 1963, but has not yet been appropriated.

Public works: The \$1¼ trillion computable obligation figure includes \$9.1 billion⁹ for completing Federal civil works projects already underway in fiscal year 1963. It does not include projects to be started after 1963. The cost of civil public works presently authorized by law but yet unfunded is estimated at \$12.8 billion.¹⁰ Together the actual and potential Federal obligations for civil public works total approximately \$22 billion. This civil public works figure is exclusive of the actual and potential obligations for military construction on installations, bases and facilities of the Armed Forces throughout continental United States and overseas.

All of these clear but incalculable commitments for the future are in addition to others including the general cost of Federal

Government, the space race, cold war military requirements, etc.

CALCULABLE FIGURES

The Government debt, authorizations to obligate (including the President's new requests for fiscal year 1963) and commitments in the \$1¼ trillion calculation developed in this statement are limited to:

1. Actual debt estimated to be outstanding as of July 1, 1962.
2. Actual spending authorizations available and those requested by the administration for fiscal year 1963.
3. Contingent commitments which are firmly fixed and clearly specified in existing law; and
4. Moral obligations which may be reasonably assumed as attached to trust funds operated under Federal aegis, etc.

On this basis, and with the best official information available, the debt, authority to obligate, and commitments of the U.S. Government are calculated as follows:

Calculable obligations of the U.S. Government, including Federal debt, commitments, authorizations, etc., estimated for fiscal year 1963 (based on latest official data)

Obligations	Total	Remarks
DIRECT		
Debt outstanding:	<i>Billions</i>	
Treasury securities.....	\$295.4	Public debt (1963 Budget Document, p. 40).
Guaranteed obligations.....	.5	Largely FHA debentures (1963 Budget Document, p. 40).
Unpaid obligations.....	47.3	\$45,400,000,000 in funds available (1963 Budget Document, p. 268), less \$100,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962); plus outstanding contracts under DPA of \$600,000,000 (1963 Budget Document Appendix, p. 60) and Soil Bank of \$1,400,000,000 (1963 Budget Document Appendix, p. 118 with informal official estimate).
Unused authority:		
Unobligated balances.....	31.0	\$36,300,000,000 in appropriations, debt authority, revolving funds, etc. (1963 Budget Document, p. 268) less \$1,500,000,000 invested in Federal securities (Budget Bureau letter, Apr. 26, 1962), and \$3,800,000,000 available partially to meet insurance obligations (1963 Budget Document Appendix, p. 802 for FDIC and p. 807 for FELIC).
New 1963 appropriations, etc., requested.	99.3	\$97,800,000,000 in appropriations, \$1,100,000,000 in authority to charge in debt, and \$1,400,000,000 in contract authority and reappropriations (1963 Budget Document, table 15, p. 117).
Additional obligational authority.	1.1	Debt authority of \$600,000,000 for 1964-65 college housing loans (Public Law 87-70) and \$500,000,000 for 1964-67 veterans direct loans (Public Law 87-84).
Unfunded cost of started public works.	9.1	Cost after 1963 to complete civil public works projects already underway (1963 Budget Document, table F-3, p. 317).
Subtotal, direct.....	483.7	
CONTINGENT		
Loans guaranteed and insured.....	65.2	Largely housing mortgages (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Insurance in force, etc.....	272.8	Largely insurance of bank and savings deposits up to \$10,000, and veterans life insurance (Treasury Department report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961").
Subtotal, contingent.....	338.0	
OTHER		
Social security trust fund.....	330.0	Unfunded accrued liability, ¹ Dec. 31, 1961 (social security memo, May 28, 1962).
Civil service retirement.....	32.5	Unfunded accrued liability, ¹ June 30, 1961 (Civil Service Commission annual report 1961, p. 34).
Railroad retirement.....	5.1	Unfunded accrued liability, ¹ Jan. 1, 1960 (Railroad Retirement Board Eighth Actuarial Evaluation Report, p. 24).
Federal Reserve notes.....	5.2	U.S. obligations by law. Treasury Department report "Long-Range Commitments and Contingencies of U.S. Government, Dec. 31, 1961," showed \$28,100,000,000 in circulation, with \$22,900,000,000 of covering collateral in public debt. Collateral in public debt deducted here to avoid duplication in debt figure (above) in this computation.
Federal agency debt, not guaranteed by United States.	9.0	Issued under Federal authorizations against agency resources: outstanding Mar. 31, 1962 (Treasury Department Bulletin, April 1962, p. 26).
Highway trust fund.....	38.5	Remaining Federal share of estimated obligations required for Federal-State highway systems from July 1, 1962, to June 30, 1973, in accordance with Highway Act of 1956 (H. Doc. 349, 87th Cong., 2d sess., p. 8).
Subtotal, other.....	420.3	
Total.....	1,242.0	

¹ Unfunded accrued liability defined and discussed on p. 7.

The \$295.4 billion direct debt figure used in the computation is low. It is used only because it is the official estimate of the Treasury debt level at the start of the fiscal

year, July 1, 1962 (1963 Budget Document, p. 40).

The Federal debt is higher than that now (see latest daily Treasury statement). The Treasury estimates that it will reach \$307 billion within the year (Treasury memo for Senate Finance Committee, Jan. 8, 1962).

² 1963 Budget Document, table F-3, p. 317.

³ 1963 Budget Document, table F-4, p. 319.

¹ 1963 Budget Document, pp. 164, 187, and 233.

² 1963 Budget Document Appendix, pp. 920-922.

³ 1963 Budget Document, table H-3, p. 344.

⁴ Estimate based on table 92, pt. B, 1961 Annual Report Secretary-Treasurer, p. 693.

⁵ 1963 Budget Document, pp. 145-8, 158-9, and 250.

⁶ 1963 Budget Document, p. 103, and appendix, pp. 82 and 334.

⁷ Public Law 87-195, Public Law 86-147; 1963 Budget Document, pp. 70 and 80, and Public Law 86-565.

This is why raising the debt limit to \$308 billion will be requested.

Federal debt has risen some \$30 billion since the end of the Korean war (1963 Budget Document, p. 42). The statutory debt limit a year ago was \$293 billion. It was raised twice within a period of 9 months, July 1961–March 1962.

The limit is now \$300 billion, and the debt is almost the same. If the limit is raised to \$308 billion by June 30, it will have been raised three times within a year by a total of \$15 billion. It was raised \$5 billion on June 30, 1961, and \$2 billion on March 13, 1962.

The \$1¼ trillion computation uses a \$500 million estimate for Federal agency obligations guaranteed by the faith and credit of the United States. This also is a starting estimate for 1963 (Budget Document, p. 40) and it, like the direct debt figure, probably is low.

Federal Housing Administration debentures are the largest guaranteed item. The opening figure for fiscal year 1963 is \$445 million, but the budget estimates that it will rise to \$629 million during the year (1963 Budget Document Appendix, p. 736).

The National Housing Act authorizes FHA to issue these fully guaranteed debentures (unlimited as to total amount) to lending institutions and other mortgagees in exchange for foreclosed private mortgages which it has insured.

When FHA mortgagees demand immediate payment on claims arising from bad mortgages, this (back-door debt) debenture device provides a negotiable substitute for cash and at the same time postpones the necessity to use FHA reserves.

Some \$43 billion in outstanding FHA insurance on mortgages¹¹ is included among the contingent liabilities computed in the \$1¼ trillion, and there is no dollar limit on insurance which FHA can issue on housing mortgages in the future.

The amount outstanding in FHA debentures has risen steadily from \$139 million in fiscal year 1960. It totaled \$220 million in 1961; it is estimated at \$445 million in the current fiscal year and the budget estimates it at \$629 million for the coming year.

The \$1¼ trillion computation includes a total of \$99.3 billion in new obligational authority (appropriations, etc.) as requested by the President in the budget document for fiscal year 1963 (p. 34). This figure will be \$535 million higher if postage rates are not increased.

Like the figure for direct debt and guaranteed obligations, this figure also is likely to be low. In the legislative process Congress will reduce some items and raise others; and there will be additional requests and supplemental authorizations as the year goes on.

The President's February 19, March 26, 1962, requests for authority to obligate more money for "emergency" public works is an example. He may not get all he asked, but he probably will get more than the \$3.9 billion (exclusive of highways) originally requested in January (1963 Budget Document, p. 316).

The nature of the works programs proposed and contemplated by the administration under so-called emergency conditions would make costly realities out of public works projects and activities heretofore regarded as remote and unlikely objectives of Federal expenditure.

The \$1¼ trillion takes into account certain obligations which some choose at this time to describe as "remote" and "moral." They are included in the computation generally under the headings "contingent" and "other."

¹¹ Treas. Dept. Report, "Long-Range Commitments and Contingencies of the U.S. Government, Dec. 31, 1961."

The views of those who contend that inclusion of the items in the "remote" and "moral" categories overstates the case are recognized. But the purpose of this statement is to show and compute the Government's obligations and commitments as they exist.

It is understood, for example, that real property stands between Government-insured mortgages and the Government's ultimate liability; bank assets are in the same position in the program for Federal insurance of bank deposits, etc.

And, as official Government agency reports point out, experience in this area of Federal commitments has been favorable. This is all to the good, because under the law these commitments are promises to pay when conditions are unfavorable.

These commitments are in fact fixed in law. Remoteness of contingencies which would trigger payments was not considered in establishment of the program. When these laws were written unfavorable conditions were not remote at all; they were recent experience.

The \$1¼ trillion includes the full amount of bank and savings deposit insurance obligations of the Federal Deposit Insurance Corporation and the Federal Savings and Loan Insurance Corporation simply because the law makes the Government liable for amounts due.

The item is computed under insurance in force. As of December 31, 1961, the amount was \$231.5 billion, according to a Treasury report of the same date on "Long-Range Commitments and Contingencies of the U.S. Government."

Deposits up to \$10,000 are insured by these two agencies—FDIC and FSLIC—and as part of their reserves they hold \$2.9 billion in Federal securities which, for purposes of this statement, are computed in the \$295.4 billion Federal debt (unduplicated elsewhere).

It is to be hoped that serious call on this deposit insurance will never develop; but if it should, it is probably that the Government already will be on a deficit financing basis and without a balance to redeem Federal securities the corporations hold.

Under such circumstances the Treasury would be faced with the necessity of attempting to transfer this debt to public ownership along with the sale of additional Federal securities in an effort to satisfy the further liability.

It is understood also that trust funds such as those for social security and railroad retirement are designed to be self-financing outside of the general revenue; but moral obligations on the Government are inherent in such programs, and they cannot be disregarded.

The funds were originated under Federal statute. They are managed by Federal agencies. The Federal Treasury collects the taxes. And the Federal Government dictates their policies and tax rates. Recipients look to the Federal Government for payment.

In view of conditions such as these, if any of these funds should become insolvent, it is certain that those who have made compulsory contributions, and conformed to Federal standards and regulations, will expect the obligations to be met from the Federal Treasury.

The \$1¼ trillion computation takes into account this assumption with respect to contributory Federal trust funds. It includes as moral obligations amounts equivalent to best estimates of what are officially referred to¹² as "Unfunded accrued liabilities" of the funds.

¹² "8th Actuarial Valuation of the Assets and Liabilities Under the Railroad Retirement Acts, Dec. 31, 1959," p. 24; "22d Annual Report, Board of Trustees OASI Trust Fund," Feb. 22, 1962, p. 35; Social Security Administration memorandum, Apr. 10, 1962.

Language to be found on page 35 of the 1962 "Annual Report of the Social Security Trust Fund Trustees" is used generally to describe "unfunded accrued liabilities" in these funds as:

The actuarial deficits which could be calculated as of a given date, "if account were taken only of (a) benefits to be paid workers covered by the system to that date and to their dependents and survivors, (b) future taxes to be paid by such workers, and (c) the existing trust funds."

Better means of measuring obligations of compulsory-contributory Federal trust funds are desirable; "unfunded accrued liabilities" are used because no better yardstick is available. But the fact is: commitments involving the Federal Government do exist in these programs.

The Federal National Mortgage Association and certain other Government agencies have issued their own securities, outside of the regular Federal debt. Securities of this nature now total \$9 billion (Treasury Bulletin, Apr. 1962, p. 26).

These securities are not literally guaranteed by the faith and credit of the U.S. Government, but their issuance is authorized by Federal Law, and they are backed by so-called resources of Government agencies which issue them.

Holders of securities such as these can be expected to assume the attitude that the Federal Government has a moral obligation to back up this type of debt. For this reason these obligations are included in the \$1¼ trillion computation.

Finally, the \$1¼ trillion computation includes Federal Reserve notes which, by law, are obligations of the United States, and the remaining Federal share of estimated obligations required for Federal-State highway systems to June 30, 1973.

The latest Treasury Department report on "Long-Range Commitments and Contingencies" showed \$28.1 billion of Federal Reserve notes in circulation and that \$22.9 billion of the covering collateral was in the Federal debt as of December 31, 1961.

The Federal Highway Act of 1956 established Federal-State highway construction schedules through 1973. The Federal share of the remaining costs in this joint undertaking is estimated at \$38.5 billion (H. Doc. 349, 87th Cong., 2d sess., p. 9).

NEW PROPOSALS

Some 200 actions and proposals involving new and increased Federal obligation of public money and credit can be documented in presidential messages and communications to Congress during the current administration which began in January 1961.

The budget document for fiscal year 1963 (pp. 118-266) and other official publications indicate that the administration expects numerically up to 95 percent of its actions and proposals to have been implemented in some measure before the end of fiscal year 1963.

It may be notable that this statement gives no consideration to the administration's proposal to finance medical care for the aged out of the social security trust fund or the proposal for the federalization of unemployment insurance compensation.

The computation does include \$233 million in Federal grants during fiscal year 1963 for defraying medical care expenses for the aged under the Federal-State public assistance program as it is provided in the budget (1963 Bud. Doc. App., p. 432).

Medical care for the aged through expansion of social security fund benefits, as proposed by the administration, is not included in the \$1¼ trillion computation for two reasons:

1. Trust fund budget projections to date carry neither obligation nor liability estimates on the proposal; and

2. Figures used in the \$1¼ trillion computation are of an actuarial nature with the cutoff date taken as of December 31, 1961.

The lowest first-year cost estimate of the administration's proposal to finance medical care for the aged through the trust fund of the social security system has been \$1.1 billion. Other estimates of the first-year cost have run much higher.

These estimates have been given in testimony before congressional committees (hearings before House Ways and Means Committee on H.R. 4222, vol. 1, p. 41) in connection with pending bills. Estimates in terms of increased liabilities against the fund have not been submitted in testimony.

The unemployment insurance and compensation program, as operated to date, generally has been financed from special taxes on employers under rates and standards which vary among the States. The compensation also varies among the States as to amounts and duration.

There have been so-called emergency occasions when repayable advances have been made to the accounts of some States from the general fund of the Federal Treasury. But, in fact, Federal obligation otherwise has been rejected.

Under the circumstances with respect to this program, as they presently exist, computations in this statement do not include any Federal financial obligation for unemployment insurance compensation in fiscal year 1963 or beyond.

But the administration has proposed extensive federalization of the program through uniform standards, taxes and payments. If this proposal should be adopted, Federal obligations—without doubt—would develop quickly in increasing amounts.

Many of the new proposals which have been generally treated to this point merit special mention relative to their potential obligations. Examples include—

1. The proposal for Federal pay (reform) raises: 1963 budget requests include \$200 million for the first 6 months beginning January 1, 1963 (Budget Document, p. 266); a 3-year buildup at the rate of approximately \$300 million a year is recommended; the ultimate increase is estimated at \$1 billion a year ad infinitum.

2. Alliance for Progress: The budget for fiscal year 1963 includes an appropriation request for \$600 million (p. 137). The President has requested \$3 billion in long-term authorizations (H. Doc. 362, p. 3). Under international agreement the program is estimated to spend \$20 billion to be derived from public and private sources.

3. Space exploration (including moon shot; man on the moon in 10 years): The Budget requests \$3.8 billion (p. 72) for fiscal year 1963; the President last year indicated space costs would run up to \$9 billion over 5 years; unofficial estimates place the ultimate costs of sending a man to the moon as high as \$40 billion.

4. Civil defense. The budget includes 1963 authorizations totaling \$700 million (p. 173). Emphasis has been placed on grants for shelter construction, supplies, etc. Ultimate cost figures have not been developed.

5. Urban renewal and transportation. Federal commitments for slum clearance, urban renewal and community facilities have been building up for years. Transportation was added to this group last year. All have been increased this year. They have been treated generally in this statement. Rebuilding cities and the Nation's transportation systems could provide a bottomless pit for Federal commitments.

CONCLUSION

In summary:

1. Obligations of the U.S. Government in the form of current authority to obligate public funds, outstanding Federal debt, and

other commitments can be calculated to approximately \$1¼ trillion.

2. But, as a total of the Government's obligations, this figure is far from complete; it does not include untold billions in clear and certain commitments for future spending which cannot be calculated.

3. The statement documents current direct Federal obligations and it makes future commitments the subject of special treatment. The recent record is an inadequate but available basis for forecasting coming developments.

4. It is recognized that the ultimate cost of great portions of the Government's obligations is to be determined by the development of contingencies. These areas are marked and emphasized in this statement.

The fact is that the remoteness of these contingencies is to be determined by the stability of the Nation's economic condition and the soundness of the Government's financial position.

Under conditions of Federal paternalism, intervention, and control which have been allowed to develop in this country, the Government's existing direct obligations and its future commitments are vital elements in the Nation's stability.

The recent record shows:

1. The 9 years since the end of the Korean war have been relatively prosperous; but there have been six Federal deficits in those 9 years, and the net deficit over the period has been at least \$29 billion (1963 Budget Document, p. 42); and

2. Federal spending in 1963 will be \$25 billion higher than it was 9 years ago;¹³ the Federal debt has reached its highest point in history,¹⁴ and the value of the dollar has continued to drop.¹⁴

The overriding truth in any responsible consideration of this subject is the fundamental fact that the Government's power to tax is the basis for every obligation it assumes and every commitment it makes.

Latest Bureau of the Census reports published by the Commerce Department, estimated the assessed value of real and tangible property in the United States at approximately \$300 billion (Statistical Abstract of the U.S., p. 418).

The best and most recent estimates indicate personal income in the current calendar year will be some \$443 billion, and corporate profits for the same year will be approximately \$53 billion.¹⁵

But the Federal lien on our wealth is not alone. Other vast obligations against the resources of this Nation lie in State, local, corporate, and private areas.

Direct debt in these sectors by no means constitutes all of the commitments involved, and there are certain elements of duplication in the debt and commitments at each level.

But for appropriate consideration at this point, an official statement of current and direct Federal, State, local, corporate, and private debt by the U.S. Treasury Department (Secretary of Treasury letter, Feb. 28, 1962) follows:

CURRENT DIRECT DEBT ONLY IN THE UNITED STATES—DEC. 31, 1961	
	Billions
Federal	\$296.5
State and local	75.0
Private	307.0
Corporate	380.0
Total	1,058.5

¹³ 1963 Federal Budget Document, p. 42.

¹⁴ Legislative Reference Service (Library of Congress) compilations, through May 2, 1962.

¹⁵ Revised estimates by staff, Joint Committee on Internal Revenue Taxation, Senate Finance Committee Hearings, Revenue Act of 1962, Apr. 2, 1962, vol. I, p. 378.

The figures and considerations presented in this statement cannot be omitted in any measurement of the magnitude and the gravity of the obligations and commitments of the U.S. Government.

I shall deal further with financial conditions of the Government in subsequent statements.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. MANSFIELD. Mr. President, with the concurrence of Senators who are offering amendments, the appropriate ranking members of the Committee on Finance, and the leadership, I wish to make another unanimous-consent request to implement the one already made covering the amendment of the Senator from Delaware [Mr. WILLIAMS].

I ask unanimous consent that the same period of time, 10 minutes to each side, to be equally under the control of the Senator from Indiana [Mr. CAPEHART] and of the Senator from Oklahoma [Mr. KERR], be allocated for the consideration of the Capehart amendment.

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

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

Mr. MANSFIELD. I yield.

Mr. SALTONSTALL. The Senator from Iowa [Mr. MILLER] also has an amendment. Has the Senator from Montana cleared the situation with the Senator from Iowa in connection with his amendment?

Mr. MANSFIELD. Mr. President, I ask unanimous consent, insofar as the amendment of the Senator from Iowa [Mr. MILLER] is concerned, that there be granted 30 minutes, to be divided 15 minutes to a side, half the time to be under the control of the Senator from Iowa [Mr. MILLER] and the other half to be under the control of the Senator from Oklahoma [Mr. KERR]. This meets with the concurrence of the Senator from Iowa and of the minority leader.

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

Mr. MANSFIELD. Mr. President, I now suggest the absence of a quorum, with the understanding that the time necessary for the call of the roll will not be taken from the allocated time on the amendment of the Senator from Delaware [Mr. WILLIAMS].

The PRESIDING OFFICER. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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

Mr. WILLIAMS of Delaware. Mr. President, I yield whatever time he may need, from the 10 minutes, to the Senator from Massachusetts [Mr. SALTONSTALL].

Mr. SALTONSTALL. Mr. President, I thank the Senator from Delaware.

I believe, when we talk about the national debt limit and the question of whether it should be increased to \$306 billion or \$308 billion, we should give some consideration to, or at least make a record of, the other liabilities of the Government in addition to the direct public debt.

I expect to vote with the Senator from Delaware in regard to the limitation of \$306 billion.

We should remember that the Government has some very substantial contingent liabilities and lease obligations.

The Government has obligations under outstanding long-term contracts and leases and outstanding contract authorizations granted to but not committed by executive agencies.

For example, the guaranteed obligations issued by Government corporations involve outstanding FHA debentures of \$239,694,000.

There are also FHA guarantees in three varieties. On the one- to four-family home mortgages, there are Federal guarantees outstanding of \$52,464 million. On large-scale housing projects, there are guarantees outstanding of \$9,181 million. On property improvement loans, there are guarantees outstanding of \$14,430 million. The total FHA guarantees, outside of the direct debt, involve \$76,081 million.

Under the Veterans' Administration guarantees and insurance, for World War II and the Korean GI bill, there are outstanding guarantees of \$28,244,334,000.

On the Federal Maritime Administration, insured ship mortgages, the Government's contingent liability is \$471,741,266.

I agree that the following involve a guarantee which is not likely to be very much, but in the Federal Deposit Insurance Corporation there are insured deposits of \$164,071 million, and in the Federal Savings and Loan Insurance Corporation there are insured deposits of \$65,925,621,000.

If we should include all the leases which the Federal Government guarantees, there is an annual amount of \$42,271,165 for post office buildings and an annual amount of \$82,704,212 for General Services Administration buildings.

I bring these items to the attention of the Senate for inclusion in the RECORD, to show the large sums which the Federal Government guarantees in addition to the direct debt of \$300 billion, which we are considering raising to either \$306 billion or \$308 billion.

In simple fiscal terms, these figures help to show the obligations of the Federal Government today. Even though

property values have greatly increased, even though the gross national product has greatly increased, and even though the population has increased considerably, in direct and indirect obligations the Federal Government has a vast responsibility today. That is why it is so necessary for us to go into the subject most carefully. We should consider the amount of appropriations we shall approve to carry on the Federal Government for the next fiscal year.

I could go into greater detail concerning the increased expenditures under the administrative budget which is contemplated, some \$11,672 million more than last year, of which \$5,390 million is related to military expenditures and the remainder to other services of our Government.

We must consider all these things very carefully and keep a very close watch on the national debt, which we are considering increasing today.

I thank the Senator from Delaware. The PRESIDING OFFICER. The Senator from Delaware has the floor.

Mr. WILLIAMS of Delaware. Mr. President, I yield the remainder of my time to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I support the amendment of the Senator from Delaware for a number of reasons:

First. I am of the belief that inadequate attention to the necessity for economy in Government has been exhibited by the Congress.

Second. In too many instances the Congress has yielded to the administration, legal and practical control over spending. I refer especially to the repeated built-in expenditures that are being financed by the back door.

Third. The sheer size of the extravagant Federal budget has made it impossible on the floor of the Senate to guard adequately against extravagant spending.

Fourth. The present debt is too high relative to our general assets. Instead of reducing the debt since World War II we have raised it from \$255 billion to a presently proposed \$308 billion.

In "The National Debt Ceiling," published by the Brookings Institution, Marshall A. Robinson stated:

Historically, the Government has pursued a policy of relatively prompt reduction of the national debt. Alexander Hamilton, in the earliest days of the Republic, set the tone for future generations. He argued that a national debt has a number of useful attributes, but one of its foremost characteristics is that it could help a nation to establish its credit rating among the nations of the world—if the debt were paid off with promptness. Over the decades, the debt rose primarily during war and depression and fell largely in response to the basic philosophy that the national debt should be extinguished. Twenty-four years after the war of 1812, the debt was entirely paid off. In the 27 years after the Civil War, the debt was reduced by almost two-thirds, and in the 10 years after World War I the debt was reduced by one-third.

Fifth. The cost of the present debt is already back-breaking. I do not have

the exact figure in mind but I am sure that the interest on the national debt is at least \$9 billion a year.

Sixth, the growth of the debt, with deficit operations in 25 of the last 31 years, has been one of the major causes for inflation.

Seventh, the unabated increase annually in the national debt is a threat and danger to our security and to our freedom.

Mr. President, since I have been in the Senate I have been trying to eliminate inordinate, unjustified, and extravagant spending. I have tried faithfully to abide by the President's request that we should not promote projects that may be desirable but which are not essential and not related to the national defense. I have been unsuccessful in that fight. I have not asked for the music. I am not going to pay the piper when I have not asked him to play. Those who have subscribed to the programs of spending, of course, should vote for the full amount of the increase. It seems to me that such action is the only method I have of serving notice that I do not subscribe to the unabated, unlimited, and unjustified spending that has been going on.

I shall support the amendment of the Senator from Delaware, and finally vote against the bill, as notice that I do not subscribe to what is happening.

Mr. KERR. Mr. President, how much time is left for the proponents of the amendment?

The PRESIDING OFFICER (Mr. HICKEY in the chair). The proponents have 1 minute remaining.

Mr. KERR. Mr. President, one of the distinguished members of the Finance Committee, the Senator from Kentucky [Mr. MORTON], is present in the Senate Chamber.

The distinguished Senator from Kentucky was a member of the Finance Committee during the years when the Eisenhower administration was asking for temporary increases in the debt limit. He approached the question then from the bipartisan standpoint that it was the responsibility of the Congress to make appropriations to provide the money which results in our debt, and the responsibility of the Treasury to manage the debt created by the expenditures authorized and directed by the Congress.

The Senator from Kentucky has approached the question from the same bipartisan viewpoint on the basis of which a Democratic Secretary of the Treasury and a Democratic President are asking the Congress to provide a debt limit that would permit the Treasury to manage the public debt created by the actions of the Congress. I congratulate him on the fact that he has taken the same position under a Democratic administration that he did under a Republican administration. The Senator from Oklahoma did the same. I supported the requests of the Republican President and the Republican Secretary of the Treasury to give them what they had to have in the matter of a debt limit to manage the public debt.

I now take that position under a Democratic President.

I yield 3 minutes to the Senator from Kentucky to maintain that position.

Mr. MORTON. Mr. President, I thank the Senator from Oklahoma. He almost changed my mind with his flowery introduction. But I appreciate his yielding to me for 3 minutes.

I do not like to oppose the chairman of the Committee on Finance, the Senator from Virginia [Mr. BYRD], and my senior colleague on the Republican side, the Senator from Delaware [Mr. WILLIAMS]. They will find that I have voted with them on most occasions, both in the committee and on the floor of the Senate, on questions they have presented. However, in the present case I feel that the debt limit, regardless of where we set it, does not control Federal expenditures in our country. I think that has become abundantly clear through the years. We appropriate funds. At certain times Congress has appropriated amounts as a result of persuasiveness from the administration. Nevertheless, we do authorize appropriations.

The point has been made that a debt ceiling would stop backdoor financing. I point out that the authority for backdoor financing originates in the Congress.

I remember an experience in 1958, during the previous administration, when Bob Anderson was Secretary of the Treasury. At that time the administration failed to ask for enough of a debt ceiling. The Secretary found himself in a precarious position and had to resort to all sorts of devices to stay within the limit. If we could analyze the situation, the facts would show that having to go to a high interest rate route on certain financial transactions cost us several millions of dollars. Any Secretary of the Treasury can manage more efficiently the debt of the United States if he has a certain degree of flexibility and reserves to pay off short-term obligations.

Finally, I believe that at this late hour in the fiscal year I see no reason to push this subject into a conference. The debt limit might well end as \$307 billion, halfway between the Senate and the House figures. It could come out at \$306 billion, the amount we are now discussing. If we are talking about \$1 billion, that is less than three-tenths of 1 percent of the total debt. That may be quite an amount of money, but inasmuch as it does not put any sort of brake on our spending or on the spending of the administration through the back door, I believe we had better give the Secretary of the Treasury close to what he asks for, the amount in the House bill, because under either the House bill or the proposal of the Senator from Delaware, the March 15 figure will be the same. Just as sure as we are standing here debating this proposal tonight, we shall be called upon before March 15 once more to increase the debt ceiling.

So I see no reason at this late hour for taking any chance of ending up in conference with three-tenths of 1 percent or six-tenths of 1 percent of the amount involved between now and March 15.

I thank the Senator from Oklahoma for yielding to me.

Mr. KERR. Mr. President, the last statement of the Senator from Kentucky is quite significant. Under the House bill and under the bill before the Senate it is absolutely immaterial, insofar as the public debt is concerned, whether the limit is \$306 billion or \$308 billion for the period from July 1, 1962, to March 31, 1963, because following March 31, 1963, under the House bill or under the Senate committee bill, or under the amendment of the Senator from Delaware, the debt limit must be down to \$305 billion, and by June 25 down to \$300 billion. The difference lies in permitting the Secretary of the Treasury to manage the public debt created by appropriations of Congress.

I was interested in the remarks of the Senator from Ohio. He said:

I am going to vote against the bill, no matter which figure prevails.

He said:

I voted against the appropriations that made the debt. Let those who voted for the appropriations vote for the bill as it is before the Senate. I am not going to vote for it, because I did not vote for the appropriations that made it.

The debt is not created by the Secretary of the Treasury. The debt is created by Congress. We do not raise or lower the debt by determining whether it should have a ceiling of \$306 billion or \$308 billion in the bill before us. We do it when we make our appropriations. The figures in the bill are the minimum that would permit the Secretary of the Treasury to manage for the time specified in the bill the public debt which we created.

That is true only if we have a balanced budget in 1963. If we do not, in January or February we shall have to change it again to the extent that there is a deficit at that time.

Much has been said about what the Under Secretary of the Treasury, Mr. ROOSA, said. I quote a few statements from him:

At the outset, I can assure you that Senator ROBERTSON quoted me with meticulous accuracy. However, I am concerned lest he or others receive the erroneous impression that I somehow concurred in the view that a debt limit of \$308 billion for the fiscal year 1963 might somehow have an inflationary effect, that it might aggravate our balance of payments or permit us to finance a budget deficit in fiscal 1963. Nothing could be further from the truth.

In my view, with a balanced budget a debt limit of \$308 billion for the fiscal year 1963 constitutes the very minimum necessary for efficient and prudent management of our debt in that fiscal year.

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

Mr. KERR. I do not have the time.

He goes on to substantiate the position and ends his letter by saying:

In conclusion, I should like to reemphasize that a \$308 billion debt limit is the absolute minimum needed if the Government's finances are to be managed in an orderly and economical manner and if we are to be able to finance our purely seasonal cash requirements in fiscal 1963 within the framework of a balanced budget.

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

Mr. KERR. I cannot yield. I do not have the time.

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

Mr. ROBERTSON. The Senator is misquoting me. I thought he should yield to me.

Mr. KERR. I get back to the position where we started.

The Secretary of the Treasury of the United States does not make the debt; he manages it. Congress makes the debt. We cannot deny the Secretary the authority he must have to enable this Government to pay its obligations.

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

Mr. WILLIAMS of Delaware. Mr. President—

The PRESIDING OFFICER. The Senator from Delaware has 1 minute remaining.

Mr. WILLIAMS of Delaware. I yield 1 minute to the Senator from Virginia.

Mr. ROBERTSON. In anticipation of the fact that the outstanding monetary expert of the Treasury, Mr. ROOSA, might send such a letter as the distinguished Senator from Oklahoma has just read, I put into the RECORD this morning Mr. ROOSA's revised testimony before our committee. Senators can read it tomorrow. It is too late to do so now. He told us: "We anticipate the maximum demand about the middle of December. It will be under \$305 billion. After that, it will be less, and it will go down to \$300 billion."

I said, "Why do you want \$308 billion? Why would not \$306 billion give you an ample margin?"

He replied, "Well, \$308 billion will give us more leeway to maneuver."

The PRESIDING OFFICER. The time of the Senator has expired. All time for debate has expired. The yeas and nays have been ordered on the pending question, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Alaska [Mr. GRUENING] are necessarily absent.

On this vote, the Senator from Alaska [Mr. GRUENING] is paired with the Senator from Connecticut [Mr. DODD].

If present and voting, the Senator from Alaska would vote "nay" and the Senator from Connecticut would vote "yea."

On this vote, the Senator from North Dakota [Mr. BURDICK] is paired with the Senator from California [Mr. KUCHEL].

If present and voting, the Senator from North Dakota would vote "nay" and the Senator from California would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Kansas [Mr. PEARSON].

If present and voting, the Senator from California would vote "nay" and the Senator from Kansas would vote "yea."

On this vote, the Senator from Washington [Mr. MAGNUSON] is paired with the Senator from Wisconsin [Mr. WILEY].

If present and voting, the Senator from Washington would vote "nay" and the Senator from Wisconsin would vote "yea."

I further announce that, if present and voting, the Senator from Michigan [Mr. McNAMARA] and the Senator from New Mexico [Mr. CHAVEZ] would each vote "nay."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Wisconsin [Mr. WILEY] is detained on official business.

On this vote, the Senator from California [Mr. KUCHEL] is paired with the Senator from North Dakota [Mr. BURDICK]. If present and voting, the Senator from California would vote "yea" and the Senator from North Dakota would vote "nay."

On this vote, the Senator from Kansas [Mr. PEARSON] is paired with the Senator from California [Mr. ENGLE]. If present and voting, the Senator from Kansas would vote "yea" and the Senator from California would vote "nay."

On this vote, the Senator from Wisconsin [Mr. WILEY] is paired with the Senator from Washington [Mr. MAGNUSON]. If present and voting, the Senator from Wisconsin would vote "yea" and the Senator from Washington would vote "nay."

The result was announced—yeas 37, nays 52, as follows:

[No. 102 Leg.]

YEAS—37

Aiken	Dirksen	Murphy
Allott	Dworshak	Prouty
Anderson	Ervin	Proxmire
Beall	Fong	Robertson
Bennett	Goldwater	Saltonstall
Boggs	Hickenlooper	Scott
Bush	Hruska	Smith, Maine
Butler	Jordan	Thurmond
Byrd, Va.	Keating	Tower
Capehart	Lausche	Williams, Del.
Carlson	McClellan	Young, N. Dak.
Cotton	Miller	
Curtis	Mundt	

NAYS—52

Bartlett	Carroll	Cooper
Bible	Case	Douglas
Byrd, W. Va.	Church	Eastland
Cannon	Clark	Eilender

Fulbright	Long, Mo.	Pell
Gore	Long, Hawaii	Randolph
Hart	Long, La.	Russell
Hartke	Mansfield	Smathers
Hayden	McCarthy	Smith, Mass.
Hickey	McGee	Sparkman
Hill	Metcalf	Stennis
Holland	Monroney	Symington
Humphrey	Morse	Talmadge
Jackson	Morton	Williams, N.J.
Javits	Moss	Yarborough
Johnston	Muskie	Young, Ohio
Kefauver	Neuberger	
Kerr	Pastore	

NOT VOTING—10

Burdick	Gruening	Pearson
Chavez	Kuchel	Wiley
Dodd	Magnuson	
Engle	McNamara	

So the amendment of Mr. WILLIAMS of Delaware and Mr. DIRKSEN was rejected.

Mr. KERR. Mr. President, I move that the vote by which the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 12154) to amend and extend the provisions of the Sugar Act of 1948, as amended; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. COOLEY, Mr. POAGE, Mr. JONES of Missouri, Mr. INOUYE, Mr. HOEVEN, Mr. MCINTIRE, and Mr. TEAGUE of California were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

H.R. 8291. An act to enable the United States to participate in the assistance rendered to certain migrants and refugees;

H.R. 8773. An act to amend section 265 of the Armed Forces Reserve Act of 1952, as amended (50 U.S.C. 1016), relating to lump-sum readjustment payments for members of the Reserve components who are involuntarily released from active duty, and for other purposes; and

H.R. 11879. An act to provide a 1-year extension of the existing corporate normal tax rate and of certain excise tax rates, and for other purposes.

TEMPORARY INCREASE IN THE PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 11990) to provide for a temporary increase in the public debt

limit as set forth in section 21 of the Second Liberty Bond Act.

Mr. CAPEHART. Mr. President, I offer the amendment which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

Mr. MANSFIELD. Mr. President—The PRESIDING OFFICER. Does the Senator from Indiana yield?

Mr. CAPEHART. I yield.

Mr. MANSFIELD. For the information of the Senate, there is a 20-minute limitation—10 minutes to each side—on this amendment. I wish Senators to have that information.

Mr. CAPEHART. Yes.

Mr. President, I ask that my amendment be read.

The PRESIDING OFFICER. The amendment will be read.

The LEGISLATIVE CLERK. At the end of the bill, it is proposed to add the following:

That it is the sense of the Congress of the United States that the President should recommend and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than \$5,000,000,000 and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than \$7,500,000,000.

Mr. CAPEHART. Mr. President, on the question of agreeing to this amendment, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. CAPEHART. Mr. President, this amendment as prepared and placed on the desk of each Senator called for a Federal tax reduction of not less than \$10 billion and a reduction in Federal expenditures by not less than \$15 billion.

I have reduced those amounts by 50 percent—in other words, to a reduction in taxes to not less than \$5 billion and a reduction in Government expenditures by not less than \$7,500 million.

This amendment provides:

That it is the sense of the Congress of the United States that the President should recommend—

The amendment does not use the word "shall"—

and the Congress should approve an immediate overall reduction in Federal taxes—

And Government expenses.

So, Mr. President, Senators will vote on the question of whether they are or are not opposed to unbalanced budgets, and whether they are or are not opposed to raising the debt ceiling every year, and whether they favor or do not favor a sound fiscal policy.

The amendment is very simple. It is an expression of the belief of the Congress that we should have a balanced budget, reduce expenditures, and reduce taxes.

I wish to ask this simple question: When are we going to balance the budget, and when are we going to reduce expenditures, and when are we going to reduce taxes?

Mr. President, by means of this amendment, Senators have an opportunity to vote whether they are in favor of unbalanced budgets, huge expenditures, and high taxes, or whether they feel that the time has arrived when we in the United States must put our fiscal house in order. If we do not do so, we may have an experience similar to the one Canada faced the other day, when Canada had to borrow \$1,050 million to bolster her dollar. My question is: If the United States should have a similar experience, who would play "papa" and help the United States? We are providing \$650 million to help Canada. But who would help the United States if we had a similar experience?

Mr. President, never was there a better time than now for Senators to say by their votes that from this time on we want to reduce expenditures, balance the budget, and reduce taxes. This amendment gives each Senator an opportunity to state such a position.

The amendment is not mandatory on the President or on any future Congress. It simply seeks to express the good, common sense of Senators that they believe the time has arrived when expenditures should be reduced, the budget should be balanced, and the backbreaking taxes on the American people should be reduced.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Indiana [Mr. CAPEHART]. On this question, the yeas and nays have been ordered.

Mr. KERR. Mr. President, I invite attention to the fact that this amendment calls upon the President to recommend, and calls on Congress to approve, an immediate, overall reduction in Federal taxes amounting in the aggregate to not less than \$10 billion. I cannot imagine a more desirable objective—nor one which would be more difficult to achieve immediately. The amendment also provides that the President shall initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than \$15 billion.

Mr. CAPEHART. Mr. President, if the Senator will yield, I reduced the amount from \$10 billion to \$5 billion and from \$15 billion to \$7,500 million.

Mr. KERR. The Senator certainly has been throwing money around recklessly.

Mr. CAPEHART. I reduced it, and it was so read by the clerk.

Mr. KERR. There were voices more audible on the floor at the time the clerk was reading than the clerk's voice, and the Senator from Oklahoma did not hear that.

In view of the fact that the Senator from Indiana has surrendered half of the resolution, I ask the Senate by its action to reclaim the other half of it by voting against it.

Mr. MANSFIELD. Mr. President, for the information of the Senator from

Indiana, I intend to make a motion to table. Does the Senator desire more time?

Mr. CAPEHART. The Senator will make a motion to table?

Mr. MANSFIELD. Yes.

Mr. CAPEHART. There is nothing further I can say on the motion to table than I did on the amendment. The question is very simple: Do 100 Senators wish to continue to run deficits, unbalanced budgets, or backbreaking deficits, or do they feel the time has arrived when we ought to say to ourselves and to the President, "Let us put our own house in order"?

We have just helped Canada put her house in order by lending her \$650 million.

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

Mr. CAPEHART. I yield.

Mr. GORE. Would the orderly way to do that not be by action by this body, after careful examination by the Appropriations Committee, or through a resolution such as this?

Mr. CAPEHART. No; I shall read the amendment again:

It is the sense of the Congress of the United States that the President should recommend—

It does not mandate him; it does not say "shall"—

and the Congress should approve an immediate overall reduction in Federal taxes amounting in the aggregate to not less than \$5 billion, and that the President should initiate such measures as may be required to reduce Government expenditures during the fiscal year commencing on July 1, 1962, by not less than \$7,500 million.

What is wrong with that?

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

Mr. CAPEHART. I yield.

Mr. HOLLAND. Does not the Senator think the most effective way to carry out the latter part of his motion—that is, for reduction of expenditures—is to defeat the resolution to raise the debt limitation?

Mr. CAPEHART. I just voted to reduce it by \$2 billion; yes.

Mr. HOLLAND. I am talking now about the vote on reduction—

Mr. CAPEHART. Senators have an opportunity to embrace or reject the principle of whether they are for unbalanced budgets. Are they for deficits? Are they for coming back year after year, having to vote to increase the debt limit? Do they want sane, sound, sensible Government fiscal policies? That is all there is to it.

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

Mr. CAPEHART. I yield.

Mr. GORE. Then, this sane, sound, sensible principle is that we pass a resolution recommending to the President that he recommend to the Congress that it be its duty, as the appropriation body, to do this?

Mr. CAPEHART. It is just an expression in a bill in which we are asked

to increase the debt limit by \$10 billion—that from this day on we wish the President and Congress to reduce taxes and expenditures so we can go on to a sound financial basis.

That is all I have to say.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Indiana.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana to lay on the table the amendment of the Senator from Indiana.

The motion to lay on the table was agreed to.

Mr. MILLER. Mr. President, I have an amendment at the desk, identified as "6-27-62—B," which I ask to have stated.

The PRESIDING OFFICER. The amendment offered by the Senator from Iowa will be stated.

The LEGISLATIVE CLERK. It is proposed to strike out the period at the end of the bill and insert in lieu thereof the following:

"Provided, That in no event shall the public debt limit exceed \$300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year, other than those for the Department of Defense, are spent."

Mr. MILLER. Mr. President, I ask for the yeas and nays on my amendment.

The yeas and nays were not ordered.

Mr. MANSFIELD. Mr. President, will the Senator explain his amendment? I do not think Senators understand what it provides.

Mr. MILLER. Yes. I will renew my request at the conclusion of my explanation.

In his state of the Union message last January 11, the President of the United States said: "I am submitting for fiscal 1963 a balanced Federal budget." His words were greeted with applause. At the time I remarked that his assurance that he would submit a balanced budget showed that he knew the people were concerned about the purchasing power of their money and inflation. After a seven-tenths of 1 percent increase in the cost of living index for last year and another seven-tenths of 1 percent increase in the cost of living index, they are increasingly concerned. In the last year and a half, inflation has shrunk the purchasing power of bonds and savings by \$3.5 billion and has worked a hardship on millions of workers living on fixed wages and salaries and more millions of retired people relying on fixed income from pension and social security payments.

The value of the dollar has shunk to 46 cents compared to the 100-cent dollar in 1939, as set forth on the table appearing on page 53 of the hearings, which I ask unanimous consent to have included in the RECORD at this point in my remarks.

There being no objection, the table was ordered to be printed in the RECORD.

Federal debt, interest on the debt, budget surplus or deficit, value of the dollar, balance of payments, and U.S. gold stock, 1930-63

[From official Government sources]

Year	Gross public debt and guaranteed obligations (by fiscal year, in millions)	Interest on the public debt (by fiscal year, in millions)	Budget deficit or surplus (by fiscal year, in millions)	Value of the dollar (by calendar year, in cents) ¹	Balance of international payments (calendar year, in millions)	U.S. gold stock (by fiscal year, in millions)	Year	Gross public debt and guaranteed obligations (by fiscal year, in millions)	Interest on the public debt (by fiscal year, in millions)	Budget deficit or surplus (by fiscal year, in millions)	Value of the dollar (by calendar year, in cents) ¹	Balance of international payments (calendar year, in millions)	U.S. gold stock (by fiscal year, in millions)	
1930	\$16,185	\$659	-\$737	83.2	+\$598	\$4,535	1951	\$255,251	\$5,613	+\$3,510	53.5	-\$305	\$21,756	
1931	16,801	612	-462	91.4	+1,132	4,956	1952	259,151	5,859	-4,017	52.3	-1,046	23,346	
1932	19,487	599	-2,735	101.7	-726	3,919	1953	266,123	6,504	-9,449	51.9	-2,152	22,463	
1933	22,539	689	-2,602	107.4	-323	4,318	1954	271,341	6,382	-3,117	51.7	-1,550	21,927	
1934	27,734	757	-3,630	103.8	+1,140	7,856	Korean war years							
1935	32,824	821	-2,791	101.2	+1,174	9,116			24,358	-13,073				
1936	38,497	749	-4,425	100.2	-896	10,608	1955	274,418	6,370	-4,180	51.9	-1,145	21,678	
1937	41,089	866	-2,777	96.7	+1,053	12,318	1956	272,825	6,787	+1,626	51.1	-935	21,799	
1938	42,018	926	-1,177	98.5	+1,482	12,963	1957	270,634	7,244	-1,596	49.4	+520	22,623	
1939	45,890	941	-3,862	100.0	+1,915	16,110	1958	276,444	7,607	-2,819	48.1	-3,529	21,356	
1940	48,497	1,041	-3,918	99.2	-2,890	19,963	1959	284,817	7,593	-12,427	47.7	+3,743	19,705	
Depression years								1960	286,471	9,180	+1,224	46.9	-3,929	19,322
		8,660	-27,642				1961	289,211	8,957	-3,856	46.4	-2,454	17,550	
1941	55,332	1,111	-6,159	94.4	+1,119	22,624	Post-Korean war years							
1942	76,991	1,260	-21,490	85.3	-205	22,737			53,738	-18,836				
1943	140,796	1,808	-57,420	80.3	-1,979	22,388	Total, 1930-61, actual							
1944	202,626	2,609	-51,423	79.0	-1,859	21,173			123,141	-266,420				
1945	259,115	3,617	-53,941	77.2	-2,737	20,213	Estimates and latest actual:							
1946	269,898	4,722	-20,676	71.2	+1,261	20,270	1962	295,835	8,998	-6,975	46.0	-1,904	16,434	
World War II years								1963	295,569	9,400	+463			
		15,127	-211,109				April 1st quarter June 15							
1947	258,376	4,958	+754	62.2	+4,567	21,266								
1948	252,866	5,211	+8,419	57.8	+1,005	23,532								
1949	252,798	5,339	-1,811	58.3	-1,175	24,466								
1950	257,377	5,750	-3,122	67.8	-3,580	24,231								
Post-World War II years														
		21,258	+4,240											

¹ Based on 100-cent dollars in 1939.

² Excludes additional U.S. subscription to IMF of \$1,375,000,000.

Mr. MILLER. Mr. President, in his budget message delivered to the Congress on January 18, the President did submit a balanced budget, although this was premised on a hope that revenue receipts would amount to almost \$11 billion over the previous fiscal year. In the course of his message, the President said:

The economy is moving strongly forward, with employment and incomes rising. The prospects are favorable for further rises in the coming year in private expenditures, both consumption and investment. To plan a deficit under such circumstances would increase the risk of inflationary pressures, damaging alike to our domestic economy and to our international balance of payments.

In the 4 months since that time, unemployment has remained high, the stock market has fallen severely, private business has lost confidence, and the hoped-for revenues have faded into increasing predictions of another serious deficit. With the President's balanced budget turning into another serious deficit, we are hearing conversation from administration spokesmen to the effect that the balanced budget is a myth and that the conventional administrative budget is an old, timeworn gimmick which should be scrapped in favor of some other type of budget which will not reveal such a serious deficit. An excellent article on this subject by Dr. Harley L. Lutz, professor emeritus of public finance of Princeton University, appeared in the June 25 issue of the Wall Street Journal, and I ask unanimous consent that this article be printed in the RECORD at the conclusion of my remarks.

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

(See exhibit I.)

Mr. MILLER. Mr. President, the proof of the pudding is in the eating. The proof in any budget of our Federal Government eventually shows up in the form of our national debt. It does no good to give assurance of a balanced budget one day and then ask that the national debt ceiling be increased the following day. When this administration took office, the public debt limit was \$293 billion. It was increased by \$5 billion last year, and again by \$2 billion to \$300 billion last March 13. Now it is proposed by this bill—H.R. 11990—to boost the national debt limit to \$308 billion.

In the President's budget for fiscal year 1963, it was proposed that \$92.5 billion in new money be appropriated and \$6.8 billion in extension of authority to spend unspent carryover funds from previous years be approved, for a grand total of \$99.3 billion. This compares with \$95.7 billion, also included in the President's budget, in new money and authority to spend unspent carryover funds in the previous fiscal year. In other words, using the President's budget as a guide, total spending in fiscal year 1963 would be some \$3.6 billion over that in the previous fiscal year.

Now, Mr. President, if the hoped-for revenues contained in the budget were materializing, the problem of the debt limit ceiling would be serious enough. But when the revenues are not materializing, and when Federal spending is not being cut back proportionately, but is being increased, the problem

threatens the vitality of our economy, and the already shaken confidence of our private business, and the balance of international payments, and loss of gold problems loom larger.

It seems to me, Mr. President, that this is no time to increase Federal spending, with the possible exception of spending for national defense requirements. One may try to blame the White House for asking for more spending, but it is the Congress, not the President, which spends the money. It is to the Congress, not to the President, that the people must turn for fiscal integrity in our Federal Government and for the preservation of the purchasing power of their hard-earned money.

With this in mind, I have proposed an amendment to H.R. 11990. My amendment provides that money appropriated for the fiscal year 1963 over and above that appropriated for the fiscal year 1962 for any fund shall not be spent. If, under these circumstances, the debt limit ceiling rises above \$300 billion, then the provisions of this bill will take effect. By my amendment, we would say to the executive departments and agencies, "Do not spend any more money than you spent last year if you wish to have the debt limit rise above \$300 billion." One exception is made: this is the case of appropriated funds for the Department of Defense; and in such a serious crisis as this, I do not believe there should be any other exceptions.

An example of how this amendment would work may be cited in the case of the Interior Department appropriations.

For fiscal year 1962, \$796.3 million was appropriated. Pending in conference is the Interior Department appropriations bill for fiscal year 1963, which, as passed by the Senate, calls for spending of \$922.5 million, an increase of \$126 million. Under my amendment, this \$126 million could not be spent if the result would be to increase the debt limit above \$300 billion.

This amendment is not going to result in the firing of any Federal employees, but it will prevent adding to the some 100,000 who have been added to the Federal payroll over the last 16 months. It will not hamstring our Federal Government operations, because \$95.7 billion—the same amount as spent for fiscal year 1962—could be spent in fiscal year 1963 plus any increases in the 1963 budget for the Department of Defense over the 1962 budget for that Department.

It might well happen that the debt limit would increase to some point over \$300 billion if my amendment is adopted. But if this happened, at least the people would know that, except for the Department of Defense, their Government was not spending more money than it did last year. This, I believe, is the least they can expect of the Congress under the present circumstances.

Turning to the report of the Finance Committee on this bill, it is noted that the committee states on page 4 that there has been no change in the basic assumption of a balanced budget for fiscal year 1963. I can understand the complexities of this entire problem, but I believe this is a most unrealistic assumption on which to premise this bill. It says, in effect, that nothing should be done to curtail Federal spending which, coupled with reduced revenues, has brought about the very problem which this bill seeks to cover. I know that the Finance Committee does not control appropriations, but there is no good reason why the committee should blithely assume that spending can go forward on the assumption of a balanced budget when it is common knowledge that revenues to match this spending are not coming in.

The chairman of the Committee on Finance, the senior Senator from Virginia [Mr. BYRD], earlier this afternoon stated that he anticipates a deficit of around \$5 billion, at least.

I believe my amendment would, in part at least, meet this defect in the bill reported by the committee.

EXHIBIT I

[From the Wall Street Journal, June 25, 1962]
NEW FEDERAL BUDGET IDEAS ONLY HIDE FACTS OF DEBT, DEFICITS, WILL NOT AID ECONOMY

(By Harley L. Lutz)

The notion that Government spending is the best way to increase employment and raise the rate of economic growth is harder to get rid of than crabgrass.

The killing frosts of economic reality do not prevent the sprouting of a new crop of spending nostrums with each annual budget. And as the budget total rises, year after year, with no demonstrable contribution to the solution of either of these problems, the efforts to rationalize and justify the increased spending extends to ever less tenable posi-

tions and arguments. For example, Dr. Robert C. Turner, Assistant Director, Bureau of the Budget, in an address before the Midwest Economic Association on April 12, 1962, undertook to explain why the administration's budget policy was not making greater headway in promoting employment and economic growth. He posed the following question:

"Specifically, does the juxtaposition of the present system of Federal budget accounting, and prevailing public attitudes in this country toward the budget, deficits, and the national debt, constitute a significant barrier to the achievement of sustained full employment and vigorous economic growth in the United States today?"

The question is rhetorical in that it is not intended to elicit an answer. The question form is used to state a conclusion. The administration viewpoint on budget policy is that the present system of Federal budget accounting must be supplemented by other accounting devices because it does not serve adequately the purposes of Federal economic planning; and that the people, by clinging to old-fashioned attitudes toward deficits and debts, are hindering the use of the budget as a tool for directing the economy.

BRINGING OUT THE FACTS

The present system of Federal budget accounting, which is the administrative budget, is the only system that brings out the facts of deficit and debt increase, facts that are becoming more unpalatable with the passing years. It has been argued, by Dr. Heller for instance, that if the people could be "educated" to understand and accept other budget accounting devices as more important indicators of budgetary significance than the administrative budget, they would have a better perspective, and perhaps would worry less about such matters as debts and deficits.

In the address cited above, Mr. Turner contends that the administrative budget distorts the indicated deficit or surplus because (1) it excludes trust funds transactions, (2) it is on a cash rather than an accrual basis, and (3) it makes no distinction between capital and operating expenditures. He says, further, that the administrative budget is "loaded" in the direction of deficits because it includes, as expenditures, net loans made by the Government and purchases of existing assets such as land.

The issues of "distortion" and "loading" can be easily tested by comparing the past decade's surpluses and deficits as shown by the administrative budget with the results shown by the two accounting devices said to be superior; namely, the consolidated cash statement and the expenditures and receipts recorded in the national income accounts.

The differences in these budget accounting concepts are, in brief, as follows: The administrative budget is the record of receipts and expenditures under the ordinary Government programs as authorized by legislative enactments. Its totals do not include trust fund transactions. The cash consolidated statement summarizes the cash transactions between the Treasury and the people. It includes trust fund receipts and expenditures but excludes intergovernmental receipts and expenditures which do not involve cash flow to or from the public. The Commerce Department record of Federal receipts and expenditures in the national income account is, in large degree, on an accrual basis. It excludes Government loans and purchases of existing assets such as land.

One reason for the current Budget Bureau emphasis on the national income accounts, and for Mr. Turner's contention that the administrative budget is loaded on the side of deficits, may be in the fact that the income accounts record shows a net deficit of \$15.1 billion for the 10-year period, 1953-63, as against a net deficit of \$38.4 billion

in the administrative budget. However, the test of which figure is the more realistic is provided by the increase of public debt, which is estimated at \$36.1 billion. The difference of \$2.3 billion between the net deficit and the debt increase is to be accounted for by changes in the general fund and other cash balances. The debt increase cannot be explained or accounted for by either the consolidated cash statement or the national income accounts. It would, of course, be very helpful to the aim of directing the economy through the budget, if the people could be persuaded or "educated," to believe that the significant net deficit for the decade was only \$15.1 billion instead of \$38.4 billion.

Neither the consolidated cash statement nor the national income account record can be used as a substitute for the administrative budget. The emphasis on these supplementary accounting procedures is for the purpose of diverting attention from the hard facts of deficit and debt which stand out in the administrative budget. For example, in the 1962 Budget Review it is noted that whereas the 1962 deficit in the administrative budget was estimated at \$7 billion, as measured by the national income accounts the deficit was only \$200 million.

CAPITAL OUTLAYS

There is another budgetary procedure which has been emphasized in the budget discussions of the present administration that would involve serious debt consequences. This is the capital budget, which means a segregation of so-called capital expenditure from those for current operation. The following statements from Mr. Turner's remarks, cited above, reveal the current official view:

"Finally, the administrative budget, by including in the budget totals both capital expenditures and current operating expenditures, seriously handicaps Government efforts to promote economic growth by the creation of productive assets. * * * Productive investment is not limited to physical assets, to public works. Every businessman knows that expenditures for technological research, for the development of executives, or for product acceptance and goodwill, are productive investments in just as real a sense as investments in physical plants—whether or not they are so shown on the company's books.

"So it is with Government investment. Government expenditures for public and higher education, for improving the health of our people, or for stepping up the productivity of our labor force through training and retraining, may be considered as capital investments of equal or greater value than expenditures for power dams and highways. * * * The stigma attached to deficits in the Federal administrative budget inhibits making capital expenditures which would contribute in a very real and often strategically important way to economic growth."

If, under the Budget and Accounting Act, it had been possible to set up the 1963 budget to distinguish between capital and current expenditures, and if there had been no debt ceiling to prevent borrowing for capital costs, there could have been a handsome but illusory surplus of more than \$18 billion in the administrative budget. However, in view of what happened to certain estimates regarding expenditure reductions of \$1.4 billion in the 1963 budget, it is possible that much of such a "paper" surplus would have been used up in greater current spending for domestic civil functions.

The parallel which Mr. Turner attempts with business practice does not support his case. It is true that the value of expenditure for research and development is universally recognized by businessmen. But these expenditures are not capitalized except as IRS rules require it. And even then, the capitalized expenditure is charged off over the specified period against current in-

come. Only in very exceptional circumstances would prudent management plan to issue debt for R. & D. expenses.

The burden of the official argument in support of separating capital from current expenditures in the budget is that this would enable the Government to make a substantial contribution to economic growth. Obviously, the intention is to borrow for the capital costs. Otherwise, a mere bookkeeping segregation of items, all of which would be paid for from current revenue, would not change the present situation. The proposition therefore comes down to a scheme to borrow \$20 billion or more every year to finance a part of the Federal costs. If tax receipts were held high enough to yield a \$20 billion surplus to be applied against the debt, the capital budget scheme would be futile. If debt were allowed to rise year after year, inflationary forces would wreck the price structure and eventually destroy the value of the currency.

NO AID TO ECONOMY

It is impossible to believe that responsible Budget Bureau officials can expect to promote genuine economic growth by a segregation of so-called capital items which would be paid for by borrowing. It is equally impossible to accept the implication that the "stigma" of deficits can be removed by any sort of juggling between capital and current expenditures as long as the former are to be covered by debt increase.

The plain fact is that the budgetary policy of the administration is not providing the economic stimulus hoped for by its sponsors and proponents. It is an unworthy excuse to say, as Mr. Turner does, that the public attitude toward debt and deficits is the barrier to greater achievement. The immense budget and the crushing tax load required to carry it are the real barriers.

Economic growth depends on the performance of the private economy, not on the performance of Government. Government "investment" is, in a large degree, a substitution for, not an addition to, private investment. The motives and incentives of the private enterprise system are vastly superior to central government planning as a means of effectively allocating productive resources.

The most effective and also the most intelligent course for the Government to pursue, in the interest of genuine high-level production, employment and income would be to take immediate, drastic steps, to reduce Government spending and reform the tax structure so as to make possible an amount of capital formation consistent with the needs of a growing labor force and the status of the United States as the leader of the free world. Furthermore, the budget should be considered as a guide to the provision of necessary public services and their financing, and not as an instrument for directing the economy. In this regard, the administrative budget provides the only accurate record of deficits and debt increases and therefore should continue to be that guide. It should not be supplanted as a basis for fiscal policy by other methods of reporting Government receipts and expenditures which tend to obscure these facts.

Mr. Turner ends his remarks with the following statement by Edwin L. Dale of the New York Times European staff:

"Americans can go on having unemployment if they want to enjoy their quaint ideas about 'deficits,' the 'national debt,' and the 'dangers of Government spending.' Seems a pity though, for the unemployed."

Quaint ideas, indeed. Nothing could be more quaint or more fallacious than the proposition, obviously endorsed by the second highest officer in the Budget Bureau, that the remedy for unemployment is vast Government spending, uninhibited by intellectual or practical considerations of defi-

cits and debt. The real tragedy of the unemployed, the real reason why they are to be pitied, is that sound understanding of their plight and correct remedial measures have been sidetracked to give Government spending the right-of-way.

Mr. MILLER. Mr. President, I renew my request for the yeas and nays on my amendment.

The yeas and nays were ordered.

Mr. MILLER. Mr. President, may I inquire how much time I have remaining?

The PRESIDING OFFICER. (Mr. METCALF in the chair). The Senator from Iowa has 2 minutes remaining.

Mr. MILLER. I reserve the remainder of my time, and I yield the floor.

Mr. KERR. Mr. President, I must oppose the amendment. I admit to the Senate that I have some degree of confidence in my ability to understand the English language, the written word and the written page, but I am compelled to say that I am opposed to the amendment, for two reasons. In the first place, in spite of the fact that I have spent 20 minutes studying it, I do not know what it would do. In the second place, I would be compelled to be against it even if I did know what it would do.

I invite the attention of the Senator from Iowa to the fact that the proposed amendment provides:

Provided, That in no event shall the public debt limit exceed \$300,000,000,000 if any appropriated funds for the fiscal year ending June 30, 1963, in excess of those appropriated for the previous fiscal year, other than those for the Department of Defense, are spent.

There has not been a single appropriation bill passed for fiscal year 1963. If Senators wish to provide appropriations below those for the fiscal year 1962, all they have to do is to vote appropriations in amounts less than those for fiscal year 1962. We do not have to declare ourselves incompetent to vote on appropriation bills individually. In order to protect ourselves from our own incompetency to know whether to vote for an appropriation bill not yet passed, it is not necessary to put a shackle around our Government with the statement that in the event we do that which we cannot avoid or refrain from because of lack of knowledge, incompetence, or instability still we will not permit the money to be spent.

I shall make a confession. I have talked with the chairman of the Committee on Appropriations. He tells me that Congress will have to appropriate more money for fiscal year 1963 than it did for fiscal year 1962 for one item, namely, to pay the interest on the public debt. I know of no way to avoid that, so I agree that the Congress will be compelled to pass one appropriation bill for 1963 under which more money will be spent than was appropriated and spent for fiscal year 1962.

If perchance I understand anything about the amendment, that one event would trigger the effectiveness of and implement the amendment, and would require that the public debt not exceed \$300 billion in 1963.

Lo and behold, on the basis of a balanced budget, we shall be above \$300 bil-

lion before November. That would mean that no bond could be sold with any guarantee that it would be valid. Under the amendment it would be invalid. I congratulate the Senator from Iowa on his zeal. If he is determined to see that 1963 appropriations are less than those for 1962, other than interest on the public debt, let his voice sound with clarity and let him present his proposals in language which the Senator from Oklahoma can understand when he comes to vote on them. In that event I could at least have the consolation of having cast an intelligent vote from the standpoint of knowing what I was voting for, rather than the situation in which I would find myself if I should unfortunately vote for the amendment now before the Senate, offered by the Senator from Iowa.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I yield 2 minutes to the distinguished Senator from Iowa [Mr. MILLER]. After the Senator has used the 2 minutes, if he wishes to do so, I shall be prepared to offer a motion to table the amendment.

The PRESIDING OFFICER. Does the Senator from Iowa desire to be recognized?

Mr. MILLER. Yes. I thank the distinguished majority leader.

The distinguished Senator from Oklahoma has properly joined the issue. He well knows what the amendment means. He has properly interpreted it, and we are at issue.

The point I am making by the amendment is that we want to give the administration some leeway with respect to spending appropriated funds, if in doing so it would prevent us from going over the \$300 billion public debt limit. It is entirely proper and possible for the Appropriations Committee to increase a proposed appropriation for this year over last year. It would be possible for the additional money to be spent under my amendment, provided the spending did not cause us to exceed the \$300 billion debt limit.

The amendment points up the problem to the Appropriations Committees. It would also perhaps give them an opportunity for a little change of heart with respect to some of the appropriation bills that have been passed. I refer particularly to the appropriation bill for the Department of the Interior. The committee might see fit to take a second look at the appropriation and try to keep it within the \$300 billion debt limit.

Mr. President, I yield back the remainder of my time.

Mr. MANSFIELD. Mr. President, I move to table the amendment of the Senator from Iowa.

The PRESIDING OFFICER. The question is on agreeing to the motion to table the amendment of the Senator from Iowa.

The motion to table was agreed to.

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a statement which I made on Thursday, March 1, 1962, in which I stated that I would not vote for an increase of the debt limitation above \$300 billion.

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

STATEMENT BY SENATOR LAUSCHE
THE RISE IN THE DEBT LIMIT

Mr. LAUSCHE. Mr. President, it will be with reluctance that I will approve the measure which will authorize an increase in the national debt from \$298 billion to \$300 billion. I think it is rather certain that within a short time an additional request will be made to increase the debt limit to \$308 billion.

I will approve of the measure which will come before the Senate because it is obvious that for the fiscal year \$2 billion more is needed if the Government is to pay its debts.

Since I have been a Member of the Senate I have tried to fight against creating new subsidies, expanding old ones, and taking on functions that properly belong to local and State governments, and I have tried to stop the making of expenditures for what are desirable but not essential activities of the Federal Government. Others have also fought against those measures, but the fight has been rather unsuccessful.

Already pending before the Senate for the ensuing year are many new proposals for expanded subsidies, for the creation of new ones, for the taking on of functions which do not belong to the Federal Government, but belong to the local and State governments, and for the expenditure of funds for nonessential, although perhaps desirable projects.

Mr. President, we cannot continue on the way we have been proceeding. The national debt will be \$308 billion, and the probability is that next year there will be requests for added expenditures.

Those who vote for these measures ought unhesitatingly to approve the expansion of the debt limit; but in fighting on the floor of the Senate against precipitating the Federal Government inordinately into debt and in fighting against darkening the prospects of ever being able to reduce taxes, I would not be honest with myself if then, in one sweep, completely inconsistent with what I have been advocating, I were to vote in favor of expanding the national debt.

There has been a limitation by law on the size of the national debt. That law has acted as a barricade to prevent the Congress from indulging in extravagant expenditures. I intend to recognize the purpose of that law, and I intend to make the fight against inordinate expenditures. In order to do that when the next measure of this sort comes before the Senate, I shall ask that we take a deep look at this entire problem before we expand the debt to \$308 billion.

The ACTING PRESIDENT pro tempore. The time available to the Senator from Ohio, under the morning-hour limitation, has expired.

The PRESIDING OFFICER. The bill is open to further amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this question the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA], are absent on official business.

I further announce that the Senator from New Mexico [Mr. CHAVEZ] and the Senator from Alaska [Mr. GRUENING], are necessarily absent.

I further announce that, if present and voting, the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], the Senator from Michigan [Mr. McNAMARA], the Senator from New Mexico [Mr. CHAVEZ], and the Senator from Alaska [Mr. GRUENING], would each vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL] and the Senator from Kansas [Mr. PEARSON] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Wisconsin [Mr. WILEY] is detained on official business, and, if present and voting, would vote "yea."

The result was announced—yeas 55, nays 34, as follows:

[No. 103 Leg.]

YEAS—55

Aiken	Hayden	Morton
Anderson	Hickey	Moss
Bartlett	Hill	Muskie
Beall	Humphrey	Neuberger
Bible	Jackson	Pastore
Boggs	Javits	Pell
Byrd, W. Va.	Johnston	Prouty
Cannon	Keating	Randolph
Carroll	Kefauver	Saltonstall
Case	Kerr	Smathers
Church	Long, Mo.	Smith, Mass.
Clark	Long, Hawaii	Smith, Maine
Cooper	Long, La.	Sparkman
Dirksen	Mansfield	Symington
Douglas	McCarthy	Williams, N.J.
Fulbright	McGee	Yarborough
Gore	Metcalf	Young, Ohio
Hart	Monroney	
Hartke	Morse	

NAYS—34

Allott	Ervin	Proxmire
Bennett	Fong	Robertson
Bush	Goldwater	Russell
Butler	Hickenlooper	Scott
Byrd, Va.	Holland	Stennis
Capehart	Hruska	Talmadge
Carlson	Jordan	Thurmond
Cotton	Lausche	Tower
Curtis	McClellan	Williams, Del.
Dworshak	Miller	Young, N. Dak.
Eastland	Mundt	
Ellender	Murphy	

NOT VOTING—10

Burdick	Gruening	Pearson
Chavez	Kuchel	Wiley
Dodd	Magnuson	
Engle	McNamara	

So the bill (H.R. 11990) was passed.

Mr. KERR. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to table that motion.

The motion to table was agreed to.

Mr. SPARKMAN obtained the floor.

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

Mr. SPARKMAN. I yield to the Senator from Montana, with the understanding that I do not lose the floor.

CONTINUATION OF SUSPENSION OF DUTIES FOR METAL SCRAP

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1592, H.R. 10095, the metals scrap bill.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 10095) to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes.

Is there objection to the present consideration of the bill?

There being no objection, the Senate proceeded to consider the bill.

Mr. BYRD of Virginia. Mr. President, the bill would extend for 1 year the suspension of duties on metal scrap. There was no opposition to it in the House or Senate Finance Committees.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, was read the third time, and passed.

CONTINUING APPROPRIATIONS FOR THE MONTH OF JULY 1962

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

Mr. SPARKMAN. I yield.

Mr. HAYDEN. Mr. President, from the Committee on Appropriations I report favorably House Joint Resolution 769, making continuing appropriations for the month of July 1962, and I ask unanimous consent for its immediate consideration.

The PRESIDING OFFICER. The joint resolution will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A joint resolution (H.J. Res. 769) making continuing appropriations for the month of July 1962.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. HAYDEN. Mr. President, this joint resolution is of the usual type making provision for continuing in operation the functions of Government for which annual appropriations for fiscal year 1963 have not been enacted. The joint resolution will continue in effect until July 31, 1962, and covers all of the regular appropriation bills.

In those instances where bills have passed one or both bodies and the amounts or authority therein differ, the pertinent project or activity shall be continued under the lesser of the two amounts approved or under the more restrictive authority.

Where a bill has passed only one House, or where an item is included in only one version of the bill as passed by both Houses, the pertinent project or activity shall be continued under the appropriation, fund, or authority granted by the one House, but at a rate of operations not exceeding the fiscal

1962 rate or the rate permitted by the one House, whichever is lower.

In instances where neither House has passed appropriation bills for fiscal 1963, amounts are approved for continuing projects or activities conducted in fiscal 1962 not in excess of the current year's rate or at the rate provided for in the budget estimate, whichever is lower.

This resolution is similar to continuing resolutions which are agreed to every year. It is noncontroversial, and I am sure has bipartisan support.

Mr. JAVITS. Mr. President, will the Senator from Arizona yield?

Mr. HAYDEN. I yield.

Mr. JAVITS. We all understand the purpose of the resolution and the need for it. I agree with the Senator from Arizona that one could hardly oppose it.

But can the Senator tell us anything about when the logjam of appropriation bills which confronts all of us, and from which the country is suffering—and I do not think it is an inconsiderable factor to say that business in this country also is suffering from it—including the supplemental appropriation bill and the \$200 million resolution which the Senate passed the other day to provide for imminently needed projects, will, in the interests of the country, be settled?

Mr. HAYDEN. The resolution which the Senate passed last Saturday is pending in the House of Representatives. The Senator will have to ask the House of Representatives about that. That resolution takes care of all the emergencies that the Senate Committee on Appropriations knew anything about.

Mr. JAVITS. May I ask our venerated and distinguished colleague another question? He knows I love him, so I do not ask the question critically. This subject is one pregnant with interest to our whole Nation. Is there any way in which any of us can bring this problem to some resolution? Is there any power in the Senate to act in such a way as, perhaps, to strengthen the Senator's hand or to help him to bring the problem to resolution in terms of the conferences which have completely broken down?

Mr. HAYDEN. I cannot speak for the other body. I can only say that the Senate committee has proceeded in the way it has usually proceeded in the handling of such bills. Proposals have been made to me, and I have submitted them to my committee. The committee has made counterproposals, and they have not been accepted.

Mr. JAVITS. I understand the Senator's situation; I have no desire to press him. However, representing a large and important State, a State which pays a very large share of taxes, and having great responsibilities, I think it is high time the American people demanded of their Senators and Members of the House of Representatives that the nonsense about conferences shall cease, and that personal vendettas, whatever they may be, should not stand in the way of the public business.

I take advantage of the Senator's graciousness to say that apparently the American people will now have to take action, because the situation has got beyond us; we seem not to be able to do anything about it.

Mr. HAYDEN. We shall do the very best we can, so far as the Senate is concerned.

Mr. SPARKMAN. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Alabama yielded the floor to the Senator from Arizona.

Mr. SPARKMAN. The Senator from Alabama is still entitled to the floor, except so far as he has yielded temporarily to the Senator from Arizona. Is not that correct? Should not requests for yielding the floor be addressed to the Senator from Alabama?

The PRESIDING OFFICER. The Senator from Alabama is correct.

Mr. SPARKMAN. I have made this point because I have obtained the floor for the purpose of calling up a conference report. I yielded the floor on the supposition that other matters would take a very few minutes. I did not expect to run into a great logjam of discussion which would further delay action on the conference report. I have been waiting most of the afternoon to call up the report.

Mr. HAYDEN. There is no controversy about the continuing resolution.

Mr. SPARKMAN. No; but I serve notice that I do not wish to yield for an interminable discussion.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alabama yield briefly to me?

Mr. SPARKMAN. I yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I thank both the Senator from Alabama and the Senator from Arizona.

I understand the Senator from Arizona has received letters from the General Services Administration and the Department of the Interior, both to the effect that, notwithstanding the provisions of the resolution, they will not use any of the funds which were provided for the negotiation of any new contracts for the procurement of lead, zinc, or other minerals, or for the procurement of any contract in connection with the subsidy of either or any of those metals.

Mr. HAYDEN. During the month of July.

Mr. WILLIAMS of Delaware. That is correct.

Mr. HAYDEN. I have two letters which I shall be pleased to place in the RECORD.

Mr. WILLIAMS of Delaware. I appreciate the Senator's supplying that information.

Mr. HAYDEN. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the letter from the Department of the Interior and the letter from the General Services Administration on this subject.

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

DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, June 28, 1962.

The Honorable CARL HAYDEN,
Chairman, Committee on Appropriations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds made

available to the Department of the Interior therein will be used for the lead and zinc stabilization program.

The second supplemental appropriation bill, 1962, H.R. 11038, recommended appropriations of \$4,880,000 for the lead and zinc stabilization program. However, this bill has never been enacted into law and, consequently, no funds were available for this program in fiscal year 1962.

Under the terms of House Joint Resolution 769, the Department of the Interior would be precluded from using any money from the continuing resolution for the lead and zinc stabilization program.

Sincerely yours,

SIDNEY D. LARSON,
Director of Budget and Finance.

GENERAL SERVICES ADMINISTRATION,
Washington, D.C., June 28, 1962.

Hon. CARL HAYDEN,
Chairman, Committee on Appropriations,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: As requested, this is to advise you that in connection with House Joint Resolution 769, to continue appropriations for the month of July 1962, none of the funds appropriated therein will be used for the negotiation of contracts for the procurement of lead, zinc, or other minerals, nor for the contracting thereof, nor as a subsidy for the production thereof, unless they are certified as indispensable to the stockpile program for strategic and critical materials, or unless they are certified as indispensable to current Government operations.

This, however, shall not apply in the case of contracts already negotiated under which the United States is liable for the procurement of such materials for the strategic and critical materials stockpile.

Sincerely yours,

BERNARD L. BOUTIN,
Administrator.

The PRESIDING OFFICER. The joint resolution is open to amendment. If there be no amendment to be proposed, the question is on the third reading of the joint resolution.

The joint resolution (H.J. Res. 769) was read the third time and passed.

Mr. GORE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. GORE. With all kindness and friendship to the senior Senator from New York [Mr. JAVITS], I must resist his statement that because he represents a State which has a large population and contributes a large amount of the Nation's revenue, somehow he has more responsibility than other Senators.

I suggest to the distinguished Senator from New York that we are equal Members in an equal body. Our responsibilities cannot be divided or apportioned according to the population of the States we represent.

Mr. JAVITS. Mr. President, will the Senator from Alabama allow me to answer the Senator from Tennessee?

Mr. SPARKMAN. If the Senator from New York will confine himself to brief remarks.

Mr. JAVITS. I do not think the Senator from New York has a reputation for being verbose.

I could not agree more with the Senator from Tennessee. The implication of my words was clear that New York has so many interests and so many things at stake in all these bills because of its size and because of the financial interests which are involved there, that

we feel very heavily hurt by the fact that nothing is getting done on all these bills. That was the only implication of my statement.

Mr. GORE. I am glad the Senator from New York has spelled that out.

Mr. JAVITS. I thoroughly agree with the Senator from Tennessee. He and every other Senator, no matter how small his State or how limited its resources, are fully equal in this body.

Mr. GORE. I thank the Senator from New York.

INTERPARLIAMENTARY UNION APPROPRIATION

Mr. GORE. Mr. President, I wish to report to the Senate that the Interparliamentary Union, which it is my privilege to head has remaining, unexpended, \$10,428.10. I am advised by the Department of State that unless those funds are withdrawn before July 1, they will not be available and, furthermore, will revert to the Treasury. The funds will not be withdrawn.

I think this may serve as a good example for agencies of the executive branch of the Government. If all agencies would permit their unused funds to revert to the Treasury, the Committees on Appropriations of Congress could exercise their responsibilities with a great deal more prudence and precision than to permit the following of the practice in which so many agencies indulge, of somehow obligating or using all unappropriated funds before the end of the fiscal year.

The Interparliamentary Union meeting for this year has been changed from Argentina to Brazil. It will begin in Brasilia on October 24.

I thank the Senator from Alabama.

CONTINUATION OF AUTHORITY FOR REGULATION OF EXPORTS— CONFERENCE REPORT

Mr. SPARKMAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 3161) to provide for continuation of authority for regulation of exports, and for other purposes, 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 section 12 of the Export Control Act of 1949 is amended by striking out 'June 30, 1962' and inserting in lieu

thereof 'June 30, 1963';" and the House agrees to the same.

A. WILLIS ROBERTSON,
JOHN SPARKMAN,
PAUL H. DOUGLAS,
HOMER E. CAPEHART,
WALLACE BENNETT,
Managers on the Part of the Senate.

WRIGHT PATMAN,
ALBERT RAINS,
ABRAHAM J. MULTER,
WILLIAM A. BARRETT,
CLARENCE KILBURN,
WILLIAM B. WIDNALL,
Managers on the Part of the House.

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

There being no objection, the Senate proceeded to consider the report.

Mr. SPARKMAN. Mr. President, the conferees from the two Houses on S. 3161, the extension of the Export Control Act, were faced with difficult problems and with little time to solve them before the June 30 deadline would arrive.

The Senate bill would have made the law permanent, and it would have written into the law three amendments. Acting on the basis of the overwhelming votes of the Senate, the Senate conferees urged these amendments vigorously.

The House bill would have extended the act for 3 years and would have made four substantive amendments. Acting on the basis of the overwhelming vote of the House in favor of its bill, the House conferees urged the House amendments vigorously.

On both sides, the conferees felt that substantial amendments to the act had been proposed, and that the implications of some of these amendments might be very substantial and far reaching. The conferees felt that there was not time, before the act expires this Saturday, to explore the implications of these amendments with the care and attention, and with the advice and guidance from the executive departments and the public, which the amendments warrant.

Under these circumstances, the conferees felt that the only possible course they could take was to continue the present act with a 1-year extension, so that further study would be given to the important problems of foreign trade, particularly East-West trade, which these amendments raise.

The Senate conferees regretted that they were not able to have the Senate amendments written into the law. However, it seemed unwise to do so at the price of accepting substantial amendments, which might perhaps have disastrous effects upon our foreign trade, without an opportunity for full hearings and thorough consideration by the committee and by the Senate.

The House conferees felt the same way about the Senate amendments.

While the Senate amendments were not written into the extension of the act, I should like to call to the attention of the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act, the position taken by the Senate on these amendments.

The committee and the Senate supported the principle embodied in Sena-

tor JAVITS' amendment that the executive branch should exert every effort to obtain the maximum cooperation among the free nations of the world in exercising controls over free-world trade with the Sino-Soviet bloc and with other unfriendly nations. Even though this was not written into the act by the conferees, no question was raised as to this policy.

Senator KEATING's amendments made it clear that the economic significance of exports to unfriendly nations should be considered and should be emphasized. No question was raised as to the desirability of this policy. Senator KEATING's amendments also made it clear that repeated or willful violations of the Export Control Act and regulations were considered as very serious offenses and deserving of heavy penalties. No question was raised as to this opinion.

In my judgment, the Secretary of Commerce, the Secretary of State, and the other officials exercising functions under the Export Control Act should bear these views in mind, even though they have not been expressly written into the act, and these officials should be governed, in the exercise of the wide discretion given them under the Export Control Act, by these views of the Senate.

Mr. KEATING. Mr. President, first, I wish to express my gratitude to the distinguished Senator from Alabama [Mr. SPARKMAN] for the very kind things he had to say about these amendments and for his conscientious efforts in conference.

But, Mr. President, we are faced with an incredible situation. The Senate adopted the amendments which I offered by a vote of 57 to 2, and then passed the bill itself, also incorporating the amendment of my colleague [Mr. JAVITS], by a vote of 59 to 1.

The other body also passed amendments to strengthen the Export Control Act by a rollcall vote of 339 to 0. Yet tonight we are asked to scrap all that work and simply drop all these amendments.

In my judgment, this conference report should be rejected. It does complete violence to the spirit of the action in both Houses on this bill. It is a severe blow to those of us who have been trying to put muscle into the effort of the United States to combat Communist economic warfare tactics. Our amendments were opposed by the executive departments—unwisely, in my judgment—but prevailed in both the House and Senate. The conferees have now capitulated to the desires of the agencies administering export controls instead of carrying out the wishes of the House and Senate.

This action, if successful, will weaken our position in the struggle with communism, make it more difficult than ever to get the agreement of our allies on realistic measures to combat Communist procurement of vital materials from the free world, and encourage continued violations of export controls by a few greedy and unscrupulous traders at the expense of the rest of the business community and the interest of the United States.

Mr. President, I believe that agreement on the amendments between the House and Senate can be reached and shall move to recommit the conference report.

The amendments adopted by the Senate did not go as far in some respects as did the amendments adopted by the other body. But I find nothing inconsistent in the action of the two Houses on this bill and it is apparent that the overwhelming sentiment in both bodies is in favor of strengthening this act. The House amendment in issue changes section 3 of the present act, by adding a new provision as follows:

Such rules and regulations shall provide for denial of any request or application for authority to export articles, materials, or supplies, including technical data, from the United States, its territories and possessions, to any nation or combination of nations threatening the national security of the United States, including, but not limited to, the Union of Soviet Socialist Republics and all countries under its domination.

The amendment does not stop there. It then provides—

unless the President shall determine that such export does not significantly contribute to the military or economic potential of such nation or nations which could prove detrimental to the national security and welfare of the United States.

Mr. President, there is flexibility under this amendment. These materials should not be shipped to the Communist bloc unless the President determines that the export of these materials will not prove detrimental to the national security of the United States. The Department of Commerce in its report to the House on this amendment said this is the standard it is now following.

There is no need to have further hearings on this subject. The Senate Internal Security Subcommittee has held extensive hearings on this subject. A select committee of the other body, headed by the distinguished Member from North Carolina, Representative KIRCHIN, has held extensive hearings and his amendment is a direct outgrowth of those hearings. We have been over this ground thoroughly. What we are proposing is guidelines to the executive departments, in light of our hearings, which we know are necessary. Both Houses acted overwhelmingly in approving strengthening amendments. The conference report omits all these amendments. In my judgment we should reject this conference report and recommit the bill to the conference committee.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

Mr. KEATING. Mr. President, on this question I ask for the yeas and nays. The yeas and nays were ordered.

Mr. JAVITS. Mr. President, one of the amendments dropped in the conference was an amendment which I sponsored and which the committee adopted. It provides that:

Congress further declares that it is the policy of the United States to formulate, reformulate, and apply such controls to the maximum extent possible in cooperation with all nations with which the United

States has defense treaty commitments, and to formulate a unified commercial and trading policy to be observed by the non-Communist-dominated nations or areas in their dealings with the Communist-dominated nations.

Mr. President, this is an extremely important matter, because the Soviets are now using us to a fare-thee-well, in the free world—playing off one industrial country against another, and having their way with the trade in the world, instead of observing any basic rules of trade such as are observed by any nation which is a member of the General Agreements on Tariffs and Trade or by the customs of our world.

Many persons have written on this subject. I wrote a report on this subject, and investigated it at the behest of the Joint Economic Committee, and went to Moscow; and my colleague [Mr. KEATING] has done a great amount of work in this field; and everyone agrees that there should be a unified trading policy.

So the committee wisely adopted this amendment, and it was approved by the Senate.

But now our dear friend and colleague the Senator from Alabama [Mr. SPARKMAN], who has his troubles with the House conferees, tells us that we must drop this amendment and that the House will not go along with us unless we go along with its amendment, but its amendment happens to be so sweepingly worded that if it were included, the President perhaps would be subjected to embarrassment in order to avoid cutting off all commercial intercourse with the Communist bloc nations; and therefore we are told that we must go along and must accept a 1-year extension, because the act expires Saturday night.

Mr. President, perhaps we could understand that position if it were in another context and at another time and if the issues were not so important.

In this connection, I have the greatest sympathy for my colleague [Mr. KEATING], who worked hard on his amendments. Finally they were agreed to by an overwhelming majority of the Senate. His amendments are directed at putting our domestic house in order and seeing to it that the penalties are made to fit the crime when the national interest is so arrogantly defied in the case of export controls.

I tried to provide for similar procedure with respect to international authority, in directing our Government authorities to put their feet on the road toward closing an enormous hole in our dike of freedom, in terms of trade. But all these amendments are dropped by the conference report.

I believe that this conference report confronts us with the same thing—and I say this with the greatest respect for the Senator from Alabama—that we considered when, a few moments ago, I protested against conferences which are absolutely broken down and deadlocked.

Somehow or other, the most stubborn persons control the Congress. It may be one, it may be two, it may be three, or it may be four. Somehow or other, the majority cannot manifest its will; and what is even more important, it fre-

quently fails to show that degree of dug-in determination which the people have a right to expect from a majority in order to manifest its will.

Suppose there were no export controls on Saturday night because some of the vital provisions referred to by myself or my colleague [Mr. KEATING] were not a part of the conference report? This would be very harmful, but it would be the essence of a democracy. The fact that it is harmful does not mean that it would not be well to do it that way.

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

Mr. JAVITS. I yield.

Mr. MORSE. Was it ever proposed that these controls be extended for a year?

Mr. JAVITS. I know of no such proposal by anyone in our committee. It was not considered. We embraced a forward step in what we all recognized was a difficult field.

Mr. MORSE. Does the Senator from New York believe the Senator from Oregon would be guilty of fallacious thinking if he said our own Senate committee thought that an extension for just 1 year would not be satisfactory?

Mr. JAVITS. That was my distinct impression as a member of the committee. I thought that was the consensus. Certainly it was the view of the Senate when it acted in a most deliberate way on the proposal of my colleague from New York [Mr. KEATING].

Mr. MORSE. Is it the Senator's opinion that the whole consideration of the Senate was that there ought to be some changes in existing policy?

Mr. JAVITS. I thoroughly agree.

I point out that one of the things "eating on" the country is the assumption that "we have the authority if we want to do it. You do not have to instruct us and give us any more authority."

Consider the pass we are in. I think the Congress is suffering in its own prestige very seriously because in any real appraisal of policy the executive department is looked to. It is being recognized that the Congress is not an element in policymaking, and we are regarded as stubborn children when we will not do something that the President wants, and when we take no affirmative action.

Businessmen are deflated over the fact that they do not have confidence in the Congress, because it does not know where it stands. I come from the center of the business world—New York City. I find no businessman who says, "I may be worrying about the President, but I have confidence in Congress." On the contrary, we are considered as a rubber-stamp office for the President. If we stamp something, it goes through. If we do not, we are regarded as stubborn. No one considers Congress in terms of effective policymaking.

Congress has suffered more than any other institution of Government in recent times, and it is because we have not been willing to fight. This is one instance of such a lack of action. We are expected to lie down and let the situation continue for another year and leave decisions to the executive department.

Mr. President, I rarely take this position. I think those who have served with me in the Senate and in the House know that. But I think there comes a time when we must act. It was the Berlin wall at one time. I think this is the place where it is critical for Congress to act. I think we should turn down the conference report, appoint new conferees, and let the bill go back to conference. It is time we impressed the country with the fact that we, too, have a policymaking role to which the people must look with confidence.

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

Mr. JAVITS. I yield.

Mr. MORSE. The Senator from New York speaks about appointing new conferees. Does not the Senator agree with me that it is not necessary to appoint new conferees, but merely to use the conferees we have and send them back with instructions?

Mr. JAVITS. I had in mind the reappointment of conferees for this purpose. I have no intention of questioning my colleagues. The Senator from Alabama [Mr. SPARKMAN] is a man of high quality and talent; but unless we first invest the conferees with the kind of iron they need to come back to the Senate with the best they can obtain, they have no instructions.

Mr. MORSE. Does the Senator share my view that it would be a very salutary thing, in view of some of the things that have been happening in conference committees, to send the conferees back with instructions?

Mr. JAVITS. I think it would be a good idea. If the country becomes alarmed about what is going on, it will be salutary, because it is no credit, and I think it is a very serious debit to the national business.

Mr. MORSE. Has the Senator noticed—and I think it has been going on for about 2 years with increasing frequency—that there seems to be a trend developing, with regard to our conference procedures, that more and more conference reports come back resembling less and less the bills that the Senate has sent to conference?

Mr. JAVITS. I do; and I would like to remind my colleague of an experience we all had, when, having fought up hill and down on an appropriation for foreign aid, on the last day of the session 2 years ago, the conferees went out and in 3 hours came back and completely leveled everything that we had fought for and had voted on for some days. All those efforts went completely down the drain and the House conferees had their way throughout.

Mr. MORSE. Does the Senator share my view that in the particular instance before the Senate the victor in the conference is the State Department? Both Houses are of the opinion that some restrictions ought to be placed upon the State Department, and if we accept this conference report without sending the conferees back with instructions to see if we cannot reach some agreement on certain restrictions that both Houses in principle think ought to be imposed upon the State Department we will en-

courage the State Department and other Government agencies and help develop the kind of conflict that has apparently developed between the two Houses; and, as has occurred in this case, it would result in extending the status quo, which, in an area such as this, is what the State Department really wants. Does the Senator agree?

Mr. JAVITS. The Senator from Oregon, who is a former law school dean, has put his finger on one of the fundamental events in the life of a nation which undermines democratic government. It is when the people's representatives, the legislature, begin to be frustrated in terms of accomplishments that the executive power is fed and supported; and if we cannot have sufficient heart and courage to exercise our authority, of course, we are building up, in the most effective way, far more than many people inveigh against, this very basic and substantive power, the executive power, for the simple reason that it seems to me we do not know how to govern. Therefore, we must leave it to the executive.

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

Mr. JAVITS. I yield.

Mr. MORSE. I hope it is clear from the implications of the questions I have asked that I share the views expressed by the two Senators from New York. I intend to vote to reject the conference report and to send the Senate conferees back with instructions.

I say that with the highest regard for the Senator from Alabama. He is in a very difficult position, but I think we ought to strengthen his hand by sending him back to conference. We should not surrender to the State Department by continuing a status quo policy which is a very bad policy, in my judgment, from the standpoint of the public interest.

Mr. SPARKMAN. Mr. President, will the Senator yield to me at that point?

Mr. JAVITS. I yield.

Mr. SPARKMAN. If I correctly understand, both the Senators from New York have been talking primarily with their own amendments in mind. Has the Senator from New York studied the House amendment, with respect to which we were actually not able to agree?

Mr. JAVITS. I have.

Mr. SPARKMAN. Does the Senator from New York endorse that amendment?

Mr. JAVITS. No, I do not.

Mr. SPARKMAN. That is the problem. We were in complete agreement on the Javits amendment and on the Keating amendment. There was no question about that.

If the Senate sends the conferees back with instructions, what will those instructions be? We reached the point that the House said it would not yield on the amendment. The Senator from Indiana knows that we offered language which we thought would be in between, with which we could live, which we could bring back to the Senate and which the House conferees could take to the House for approval. We thought it was the best we could do.

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

Mr. JAVITS. I should like to reply to the Senator from Alabama.

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

Mr. JAVITS. I yield.

Mr. CAPEHART. When we finished yesterday, we had agreed upon the Keating and Javits amendments. We had agreed upon all the bill except the so-called House amendment, which the able Senator from New York said only a moment ago he does not like.

We went back this morning and were unable to get together on the so-called House amendments. We had no right, of course, to give up the House amendments. Only the House conferees could give up the House amendments. They did not give up the House amendments. Then I made a motion to accept the bill as it is now, for 1 year, on the basis that that was the best we could do.

I am perfectly willing, as one of the conferees, to be instructed to go back. I am willing to go back tomorrow and to make an effort to do whatever this body wishes to have done. I have no objection to that. I shall vote to instruct the conferees to go back.

I do not think we shall be able to do any better. I think we shall reach an impasse. I think we shall be wasting our time. We may end up tomorrow night or at midnight June 30 with no Export Control Act at all. If we do so, there will be chaos. Goods will be shipped from every conceivable direction in the United States to Russia, and goods will be coming from there until the Congress enacts a bill, because in that event there would be no law on the subject. It would be as legal to ship goods to Russia, to its satellites, or to Cuba as it would be to ship to any other place in the world. We gave consideration to that problem.

I am willing to go back tomorrow and to make an effort to retain the Keating and Javits amendments, and even the House amendments. I am not opposed to them per se. I think they are all right.

The administration claims it cannot live with the House amendments. I do not know. That is the administration's position.

Senators closer to the administration ought to know better than I whether that is true. They can talk to the administration in greater detail, as to whether the administration can live with the amendments or not. It is claimed they cannot live with them. I do not know.

I am in favor of tightening the law. I think it ought to be tightened.

I am perfectly willing, as one of the conferees, to go back tomorrow and to do the best I can. My best judgment is that we will come out with no bill at all tomorrow night. Then there will be chaos in this Nation. I may be mistaken, I hope I am.

Mr. JAVITS. Mr. President, I wish to reply to my colleague.

Whatever may be the difference between the view of my colleague [Mr. KEATING] on the House amendment and my view, I respect his view and I am sure he respects mine, and I do not think this is the fundamental point we are up

against. The Senate may very well instruct the conferees to take the House amendments as well, in which case the plan of my colleague [Mr. KEATING] would work perfectly. I assume that if we take their amendments they will take our amendments. This would be within the wisdom and the judgment of the Senate to decide.

The thing to which I object is that because one of the parties wishes to be stubborn about its own position and say, "You will take it this way or not have it at all" we must cave in, because we have a greater sense of responsibility than they—that, because we think there will be chaos, we will yield.

This requires a value judgment. The value judgment which I make, which is my reason for making this speech, is that there is more to be gained from fighting this issue out in the country at long last, which is a very sensitive one to our country, than in yielding and saying, "We must have some kind of bill, so no amendments at all will be taken."

I ask my colleague, how would we ever resolve these deadlocks in conferences?

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

Mr. JAVITS. May I finish, please?

How would we resolve the deadlocks in conference? This ridiculous situation with regard to appropriations could go on forever. Orators have said for years, and quite properly, that the Congress can sit on its hands and the wheels of Government will grind to a halt. There is no power on earth to make Representatives in Congress or Senators act, if they do not wish to do so. We do not have to vote for anything.

But, Mr. President, the people of the country can speak, and very decisively, when they wish to speak.

It is quite often proper, in the case of an impasse, to go to the country for a decision. That time may be now in respect to this particular bill. Let us go to the country. Let us give instructions to the Senate conferees. Let us make our case to the country as to the complete unreasonableness of the position of the House on its amendments, and permit the force of public opinion, which is the only ultimate guarantee that Government will function at all in this country, to have its effect, instead of handling the problem, as it were, inside the family and letting it go down the drain because our colleagues in the House are stubborn.

That is what we are arguing about.

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

Mr. JAVITS. I yield.

Mr. SPARKMAN. The Senator has referred to our letting this legislation go down the drain because the House conferees may be stubborn, and to our caving in, and all that. I fear that the impression may be left that this was a soft, easy, short conference. We had two sessions. We met yesterday. Yesterday we came to complete agreement except as to the controversial House amendment.

The Senator from Indiana will recall that before leaving the conference yesterday we even agreed to try to work out

language on which we could get together. We instructed the staff members of the two committees to do that. The staff members drafted the language. It was presented this morning. The House conferees were unwilling to accept it.

It was not a question of caving in. I want the Senator from New York to know that I voted against the motion which was made, but I am here representing the committee. When a majority of the Senate conferees voted the way they did, I signed the conference report with them.

I have been a member of many conference committees. I have learned long since that any conference involves an element of compromise. We do not get what we want every time. If a Senator stands in the Senate or in a conference committee and merely votes negatively all the time, he does not contribute much.

I am here supporting the committee and supporting the majority of the conference, even though I did not vote with the majority. But I know what their position was.

A motion was made to agree upon a simple continuance for 1 year in order that we might have time to study the proposal. I think we saw enough of the conference to know that the House conferees will not merely accept our amendments. Until the last moment I had hoped that we might be able to get them to accept some in-between language. But it became apparent, since they had not been able to study the amendment—and it was not fair to ask them to do so in the time available—that the point they made was valid. Of course, the point was made on our side, and was accepted by a majority of the conferees, that the same thing applied to our committee. We have not had the House amendment before our committee. We have not had witnesses to testify on the effect of the language that the House sought to write into the bill.

I believe that the course taken was the course that often must be taken, whether we like it or not.

Tonight the Senate agreed that we would take certain action. Although the Senator from New York did not object to that course being taken, he made some critical statements about it. We then passed a simple continuing resolution to take care of appropriation bills that should have been completed before June 30. In my opinion, that is not the way we ought to legislate. Nevertheless, we did so, and there was no objection. We passed a joint resolution tonight—not a single voice was raised in opposition—continuing for 1 year a certain law with reference to scrap metal. Not a word was said in opposition to that joint resolution. No questions were even asked about it. Now when we come to a resolution to continue for 1 year the present control act which has been operating since 1949, and to give the committees the opportunity and the right to study the subject, to call witnesses in and get their opinion as to how these amendments would operate, we hear objection and argument to the effect that the conferees ought to be sent back.

Mr. President, a conference is not a simple thing, as every Senator who has participated in one knows. It must be a question of give and take. It is a question of compromise and arriving at the best plan that can be agreed upon. I believe the Senator from Indiana [Mr. CAPEHART], who was present at the meetings of the conference, will agree with me that we did the best we could.

Mr. JAVITS. Mr. President, I should like to respond to that statement briefly. I respect the Senator from Alabama. I do not think he caved in, or anything like that. I would never think that of him or ever say such a thing about him.

My point is that on these questions we must come to a value judgment as to the point at which we will stand, especially in a case in which no one has received anything that he wants. It is not a question of yielding some of the things we want in order to get others. Neither the House nor the Senate has received anything it wants.

The Senator from Oregon [Mr. MORSE] has properly put the question. No one wanted a bare extension of the law, and yet we are getting it. All it would do would be to strengthen and buttress the power of the executive department.

My value judgment, which could be wrong—and that is why I am one Senator in a hundred and am not running it all alone—is that this is the point at which we must stand. The question is important enough so that we ought to let the impact of the country be brought to bear on the conferees in order to produce a result more important to the country than the bare extension of the act. That is the case I have tried to make this afternoon.

Mr. MORSE. Mr. President, in my opinion much that my good friend, the Senator from Alabama [Mr. SPARKMAN], has said in behalf of the conference report begs the question. He cites the action taken by the Senate tonight in extending certain existing law. Those extensions did not go to conference. The Senate had not taken the action that we took on the export bill. We took a legislative course of action on the bill. That legislative course of action did not at all involve the question of extension. There was no proposal that we merely take action on an extension. It was proposed that we consider some substantive changes in the existing law. We considered them. We passed amendments. We sent our conferees into conference. And now we are told that little or no headway was made with the House because the House had certain amendments agreed to by the House that the Senate conferees thought would be a great mistake. We are told that even some of the House conferees began to doubt their own amendments.

But the procedure that is being suggested by those of us who are urging that our conferees be sent back for another trial is a procedure of the Senate. It is provided for in the procedure and policies of the Senate. It happens to be a course of action that is perfectly legal and legitimate when we think another try ought to be made.

If we send the conferees back to conference, how can we tell tonight that it might not have some effect on the House conferees? That is the reason for the procedure. When a conference report comes back that we think does not carry out the policy of the Senate that we had in mind to a degree that it ought to have been carried out in conference, we provide for sending the conferees back with instruction. I think we ought to try that procedure. If we follow the policy that I mentioned earlier in this body of taking for granted that a conference report is going to be the final result, and that there is very little probability that that conference report will be rejected or that the conferees will be sent back with instructions for further conference, we weaken the Senate conferees in conference after conference.

The tendency has developed in the Senate—and the House has come to accept it—not to raise any questions, no matter if the conferees come back with a conference report so completely at variance as this one is with Senate action that it really is almost counter to what the Senate proposed when it sent the bill into conference.

We have before us a situation in which we should exercise our right under a procedure that exists in the Senate. When we think a conference report is so far different from what we adopted when we sent the conferees into conference, we should send them back for another try. That action would not express a lack of confidence in our conferees. Quite to the contrary. We would thereby express a confidence in our conferees. We would be saying that we believe under new instructions of the Senate they should be given an opportunity to present the case of the Senate once more. That is what we are asking for.

We will not surrender to the House without at least an opportunity to say to the House officially, on a second trip through the conference, "We want you to consider the bill once more because we think you have made a great mistake in turning down the recommendation of the Senate conferees with regard to certain amendments adopted in the Senate."

If we do not take such action, we weaken the whole conference procedure in the Senate.

Mr. President, I have sat in conferences with the House in the past couple of years. I am a little alarmed and disturbed about the attitude in too many of the conferences with the House. There is too great a tendency on the part of the House conferees—in some conferences at least—to adopt a take-it-or-leave-it attitude. We do not support good legislative processes by yielding to that kind of reaction on the part of the House. I think the House is wrong in not accepting some of the amendments that the Senate conferees have proposed.

Furthermore, how do we know here tonight, if we send this report back to conference, that the House may not agree to certain modifications of its own proposal, that it might not modify the House proposal which many of us—and I happen to be one—believe should not be adopted? We ought to try it.

As to the argument during the debate—and it is another one that begs the question—that because there were no hearings held in regard to the House amendment, therefore we ought to extend the program for 1 year, the fact remains that the House in its wisdom on the floor of the House passed its judgment upon the amendment which it wrote into the bill. There is no law that requires hearings if the House in its judgment believes the issue is so clear that a certain provision ought to be written into law without hearings. I am accustomed to the argument that, because there were no hearings, the principle of an amendment ought to be completely discarded. I believe that the House amendment should be considered again. We should try to persuade the House to modify its language. We should try to get the House to debate at least some of the principles of the amendment added to the bill by the Senate.

Lastly, I believe we ought to do it—and I speak very frankly—as a lesson to the State Department. Let us face it, Mr. President. In connection with this bill the cooperation from the State Department was very much wanting. The State Department does not want any restrictions imposed upon it in this field. This is not consistent with my conception of our system of checks under our constitutional form of government. The time has come when we ought to exercise checks against the State Department in the field of foreign policy.

Whether or not the administration is fully aware of it, public confidence in the handling of many foreign policy matters by the administration is slipping badly.

We will strengthen the hand of the administration if we send this conference report back to conference and make another try to get into the bill some checks on the State Department itself.

Mr. KEATING. Mr. President, I shall not detain the Senate for more than 2 minutes. If my motion is in order, I now move that the conference report be recommitted to the conference committee.

The PRESIDING OFFICER. Such a motion is in order.

Mr. KEATING. I so move.

I hold in my hand the hearings held by the select committee dealing with the whole program of exporting strategic goods to Communist countries. That committee held even more extensive hearings than did the Internal Security Subcommittee of the Committee on the Judiciary. Our hearings are continuing. The subject has been thoroughly explored. Perhaps the House amendment could be better worded, but I have no criticism of its objectives. Recommendation of the conference report, as the Senator from Oregon has pointed out, would permit a refinement of language.

The members of the select committee were different from the House members of the Banking and Currency Committee who participated in the conference. The chairman of the select committee was the gentleman from North Carolina Representative KIRCHIN, and the ranking Republican member was the

gentleman from California, Representative LIPSCOMB. They saw eye to eye on the problems involved. They joined in the report and the amendments. I am confident that they would prefer to have only the amendments adopted in the Senate, rather than no change at all and a mere extension of the act for 1 year. I wish again to express my high regard for the distinguished Senator from Alabama. I am thoroughly conversant with the problems he faces. But I believe, with his great abilities, it would be possible to go back and to retain the Senate amendments which we adopted with such overwhelming votes and to obtain a modification of the House amendment. Even if they cannot get any part of the House amendment, I feel certain that those who took part in the investigation will make representations to the Committee on Banking Currency that it is better to have a bill with the Senate amendments than merely an extension of the present law. I hope very much that the conferees will be able to reach an agreement on that basis.

Mr. MORSE. Mr. President, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

The question is on agreeing to the motion of the Senator from New York [Mr. KEATING] to recommit. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from North Dakota [Mr. BURDICK], the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Washington [Mr. MAGNUSON], and the Senator from Michigan [Mr. McNAMARA] are absent on official business.

I also announce that the Senator from New Mexico [Mr. CHAVEZ], the Senator from Tennessee [Mr. GORE], the Senator from Indiana [Mr. HARTKE], the Senator from North Carolina [Mr. JORDAN], the Senator from Tennessee [Mr. KEFAUVER], the Senator from Alaska [Mr. GRUENING], the Senator from Ohio [Mr. LAUSCHE], the Senator from Oregon [Mrs. NEUBERGER], the Senator from Georgia [Mr. RUSSELL], the Senator from Florida [Mr. SMATHERS], the Senator from Massachusetts [Mr. SMITH], the Senator from Missouri [Mr. SYMINGTON], and the Senator from Georgia [Mr. TALMADGE] are necessarily absent.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD] would vote "yea."

Mr. DIRKSEN. I announce that the Senator from California [Mr. KUCHEL], and the Senator from Kansas [Mr. PEARSON] are necessarily absent, and, if present and voting, would each vote "yea."

The Senator from Indiana [Mr. CAPEHART] and the Senator from Wisconsin [Mr. WILEY] are detailed on official business.

If present and voting, the Senator from Wisconsin [Mr. WILEY] would each vote "yea."

The result was announced—yeas 44, nays 33, as follows:

[No. 104 Leg.]

YEAS—44

Aiken	Dworshak	Morton
Allott	Eastland	Moss
Bartlett	Ervin	Mundt
Beall	Fong	Murphy
Bible	Goldwater	Prouty
Boggs	Hickenlooper	Proxmire
Bush	Hill	Saltonstall
Butler	Hruska	Scott
Cannon	Jackson	Smith, Maine
Carlson	Javits	Stennis
Case	Keating	Thurmond
Cooper	McClellan	Tower
Cotton	Miller	Williams, Del.
Curtis	Monroney	Young, N. Dak.
Dirksen	Morse	

NAYS—33

Anderson	Hayden	McGee
Bennett	Hickey	Metcalf
Byrd, Va.	Holland	Muskie
Byrd, W. Va.	Humphrey	Pastore
Carroll	Johnston	Pell
Church	Kerr	Randolph
Clark	Long, Mo.	Robertson
Douglas	Long, Hawaii	Sparkman
Ellender	Long, La.	Williams, N.J.
Fulbright	Mansfield	Yarborough
Hart	McCarthy	Young, Ohio

NOT VOTING—22

Burdick	Jordan	Russell
Capehart	Kefauver	Smathers
Chavez	Kuchel	Smith, Mass.
Dodd	Lausche	Symington
Engle	Magnuson	Talmadge
Gore	McNamara	Wiley
Gruening	Neuberger	
Hartke	Pearson	

So the motion to recommit was agreed to.

Mr. DIRKSEN. Mr. President, I move that the vote by which the Senate agreed to the motion to recommit the conference report be reconsidered.

Mr. ALLOTT. Mr. President, I move to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

Mr. ROBERTSON. Mr. President, I regret very much that an important bill dealing with private enterprise was voted on here late at night when Members did not have a real opportunity to find out all the facts about the report and the conference.

In the conference we were faced with a House amendment providing that no shipper could ship goods to a foreign country unless, before each shipment was made, the President certified in effect, either that the country getting the goods was friendly and was not harming us, or that the shipment would not contribute to the military strength or the economic strength of a nation unfriendly to us. The amendment was aimed, I think, at India and Yugoslavia and some other countries. Personally, I did not care whether another dollar's worth of goods or materials from the United States is shipped to those countries; but I realized that much was at stake for private enterprise in this country.

Not one word of testimony on that amendment was presented before the

House committee by the public or by the Government.

On this floor, we adopted two amendments offered by the junior Senator from New York [Mr. KEATING], although before our committee there was not one word of testimony regarding them. The junior Senator from New York had three amendments. Two of them were not too bad. One of them was very controversial. I told the Senator from Alabama, "Go ahead and accept two of the amendments, for we have only until Friday. So accept them, rather than get into a nasty fight and hold up this measure, if the Senator from New York will drop the other one."

Then we got into the conference. The House conferees did not know anything about either one of the Keating amendments; but finally we got them to agree to take some of the Keating amendments, and we took one of the House amendments.

But then we came to the big hurdle. We had not put any limitation on how long the law would run. We had made the law permanent. The House had voted a limitation of 3 years. That was not too bad. But the House had amendment No. 3; and the State Department begged and pleaded with us not to adopt it. I said that so far as I was concerned, I did not care whether we never shipped another dollar's worth of goods to any Communist country or any so-called neutral country that would use our resources against us; but I said I thought this was a very serious matter, and I said that before the House and the Senate took a final position on this—for, after all, it most seriously involves private enterprise, not Government aid—we should realize that we have to make shipments abroad in order to protect our balance of payments, because there are some \$21 billion worth of claims against this country, redeemable in the end in gold, and to meet them we have free gold in the amount of only a total of \$4.5 billion. That is what we are faced with.

Now the Senate has voted to recommit the conference report. I will return to the conference and will see what can be done in light of the vote tonight, in light of the Senate's insistence on its version of the bill. But certainly I think it was a great mistake for the Senate to take this action tonight.

Mr. DIRKSEN. Then why was the report brought up tonight?

Mr. ROBERTSON. Because the junior Senator from Alabama, who was in charge of the bill, had a most important engagement out of the city tomorrow, which he was very anxious to keep, and he hoped that the Senate could dispose of the matter tonight.

Mr. CLARK. Mr. President, I extend my warm commendation to the distinguished junior Senator from Virginia [Mr. ROBERTSON] for the fine statement he has just now made about the unfortunate action the Senate has taken tonight. I commend him for his position. I hope that as chairman of the Senate conferees he will stand firm, despite this action; and I hope very much we shall not be prejudiced by the action taken tonight in the Senate.

TEMPORARY INCREASE IN THE PUBLIC DEBT

Mr. CLARK. Mr. President, regarding the increase in the debt limit, I believe that certain basic facts should be stated for the record.

The first basic fact is that the Eisenhower administration asked Congress to increase the debt limit, temporarily or permanently, eight times in its 8 years in office: Once in 1953, once in 1954, once in 1955, once in 1956, twice in 1958, once in 1959, and once in 1960.

President Kennedy in his second year in office has sent up his second request for an increase in the debt limit.

With ritualistic regularity, the Congress has—with one exception—grumbled and cajoled, and then done what it ought to do in the national interest—namely, approved the request of the administration, whether the administration was Republican or Democratic. To do otherwise would have been to invite financial malpractice.

The one occasion in the last decade when Congress turned down such a request was the doing of the Republican 83d Congress, in 1953. The results of that action in the fall of 1953 included the forced use of \$500 million of free gold by the Treasury, the forced retirement of \$500 million of debt of the Federal Reserve system, and the forced sales, at disadvantageous prices, of Commodity Credit Corporation certificates.

Mr. President, do our Republican friends think they are serving the national interest when they oppose the increase in the debt limit—by doing again what they did with such adverse effects on the national interest in 1953? Today our gold situation is far more serious than it was in 1953.

Do our Republican colleagues who posed the pending bill—fortunately, unsuccessfully—want to force Secretary Dillon to take similar steps at this time, at the same time that they are excoriating the administration for alleged responsibility for the economic situation?

I point out that the national debt today, in relation to the gross national product, is smaller than it was at any time during President Eisenhower's term in office; and this is a startling fact which I suggest our Republican colleagues and those Democrats who, I deeply regret, voted to oppose the increase in the debt limit do not seem to wish to face.

I suggest that politics, pure, simple, and unadulterated, provides the only basis for the opposition to the increase in the national debt limit.

I regret to note that the two Republican candidates for statewide office in Pennsylvania, now serving in the House of Representatives, both voted, first, to recommit the debt limit bill to committee; and, second, against the bill on final passage in the other body.

What steps, I ask them, had they advocated if the increase had been denied? What actions do our colleagues across the aisle in this Chamber advocate? They have given no answer.

It is very difficult indeed to understand how conscientious Members of the Congress of the United States, faced

with the difficulties we have in this country today in terms of our fiscal policy, could conscientiously vote against the increase in the debt limit which was recommended by the President of the United States and which, I am happy to say, has just been passed by the Congress.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I wish to ask the distinguished Senator from Minnesota what is contemplated for the rest of today, and also for tomorrow and Saturday.

Mr. HUMPHREY. Mr. President, it is the intention tonight to take up, and make the pending business for tomorrow, Calendar 1595, Senate bill 2499, to revise the boundaries of the Virgin Islands National Park.

REVISION OF BOUNDARIES OF VIRGIN ISLANDS NATIONAL PARK

Mr. HUMPHREY. Mr. President, I now move that the Senate proceed to the consideration of Calendar 1595, Senate bill 2429, to revise the boundaries of the Virgin Islands National Park, St. John, Virgin Islands and for other purposes.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Interior and Insular Affairs with amendments.

Mr. HUMPHREY. Our purpose in moving that the bill be taken up at this time is to have it made the pending business.

LEGISLATIVE PROGRAM

Mr. HUMPHREY. Mr. President, after the Senate takes final action on the Virgin Islands National Park bill, the Senate will then proceed to the consideration of Calendar 1548, Senate bill 2560, to amend the Interstate Commerce Act, as amended, so as to strengthen and improve the national transportation system. That bill was reported by the Senator from Florida [Mr. SMATHERS] from the Committee on Commerce.

It is our hope that tomorrow the Senate will be able to take final action on these two measures—and that should be possible—and, if the minority views on the Renegotiation Act, House bill 12061, are available and printed, to have the Senate proceed to the consideration of that measure. That would be the schedule for Friday.

As for Saturday, it is now the intention to have a session on Saturday, provided the conference committee on the sugar bill has completed its work—because of the urgency of that measure. So we shall consider a session on Saturday as the business of the Senate. If need be, we shall have only a pro forma session, in order to protect ourselves in terms of that conference committee.

So I think we should count on a full day tomorrow; and if we get into consideration of the Renegotiation Act extension, the session tomorrow may continue as late as the session tonight.

Also, we should look forward to a session on Saturday. After all, the majority leader informed the Senate that there would be night sessions and Saturday sessions, and that if Senators wish to be recorded, they should be present when the votes are taken. That is why we called up the conference report on the Export Control Act tonight. I regret that that was done at a late hour, but there was considerable debate on it.

Personally, I should like to have the session end at about this time, but sometimes we cannot do as well as we should.

Mr. DIRKSEN. Let me ask whether the Senate has now completed all its business for tonight.

Mr. HUMPHREY. This is all of the business for tonight.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. HUMPHREY. Mr. President, I move that when the Senate completes its work tonight, it adjourn until 12 o'clock noon tomorrow.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota.

The motion was agreed to.

HOUSING PROGRAMS IN CHILE AND PERU

Mr. SPARKMAN. Mr. President, I have been pleased to hear recently of what may turn out to be one of the outstanding successes of the Alliance for Progress program. I refer to the wonderful progress made to date on the establishment of savings and loan institutions in Latin American countries through technical and financial assistance provided by our Government. The leading country in developing the system is Chile, with Peru not far behind. Contrary to the prediction of many skeptics, the experience to date has demonstrated that the people of these countries are willing, and apparently able, to save money in anticipation of owning their own homes and that the free enterprise system of home construction is workable in these underdeveloped countries, despite the extreme poverty of the masses of the people.

Carl Coan, staff director of the Senate Subcommittee on Housing, was asked by the Agency for International Development to accompany Mr. Arthur Courshon, chairman of the board of the Washington Federal Savings & Loan Association, Miami Beach, Fla., on a mission to Chile to review the progress of the U.S.-aided savings and loan system there. Mr. Courshon was one of the authors of the Chilean law to establish the system in that country. Both Mr. Courshon and Mr. Coan have written detailed reports to the agency on their mission.

Because I believe that some of Mr. Coan's remarks on his mission would be of general interest, I ask unanimous consent that excerpts from his report be printed in the Record.

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

REPORT TO THE AGENCY FOR INTERNATIONAL DEVELOPMENT OF REVIEW OF U.S. HOUSING PROGRAMS IN CHILE AND PERU

(By Carl A. S. Coan)

The most significant finding of my recent housing mission to Chile and Peru was the discovery of a tremendous potential for savings by the people of these countries that would make possible the purchase of a home. In these lands of extreme contrasts between the rich and the poor, there was no doubt about the universal desire for decent housing and the willingness to make sacrifices for housing by families whose incomes are barely sufficient for food alone.

In both countries, the housing conditions among the masses of low-income families were unbelievably shocking with the likelihood that they will become worse before they get better. Fully two-thirds of the people live in shacks, slums, huts, and overcrowded single rooms, and with city populations doubling and tripling in one generation, there is not likely to be any improvement for some time to come.

Why such a large percentage of the population is so inadequately housed is too involved to consider at this time. Of more importance is what can be done now and in the future to help remedy the situation.

I believe that remedies are not only possible but most necessary in consideration of the growing unrest and discontent that existing conditions are generating among the masses of people.

From what I saw, I believe that a combination of U.S. technical and financial assistance, private and government, working closely with local leadership can, with patience and persistence, provide an answer which will help relieve some of the most serious housing conditions in these countries.

In both countries, there is an adequate source of raw materials for construction purposes and a plentiful supply of manpower, but shortages exist in managerial skill and in accumulated capital. The managerial skill is needed to organize a process of volume production of homes for the mass market which is the only way that the housing needs of these countries will ever be met. These countries must learn more about the advanced techniques of urban planning, land assembly, volume construction, merchandising, financing and government cooperation, which have been successfully worked out by U.S. builders and developers.

The shortage of accumulated long-term capital to finance home construction in quantity is probably the most critical item affecting homebuilding. It is here that the United States has offered its assistance, not by providing the capital, but by offering to help establish an institutional system that would accumulate capital within the country itself.

As you know, the principal purpose of my visit to Chile and Peru was to observe the savings and loan systems that were recently started in these two countries with U.S. technical and financial assistance. While there, I was requested also to inquire into other U.S. assistance programs relating to housing. I accompanied Mr. Arthur Courshon of the Washington Federal Savings and Loan Association who, along with Mr. David Krooth, helped establish the present savings and loan system in Chile. This Chilean system, which has been in effect only about 7 months, has three special features—an FHA-type mortgage insurance system, an FSLIC-type savings insurance system, and a "maintenance of value" provision applying to both

savings and loans. These are new concepts to the Latin Americans and it took 3 years to work out the legal and political entanglements to put such a program into operation.

As of March 15, there were 15 associations with 10,778 accounts, over \$3 million in savings, over 200 mortgage loans totaling \$1.3 million, and 3 more associations about ready to be chartered. Most of the associations are less than 8 months old but are already accumulating savings at a rate in excess of \$600,000 a month. By the end of the year, savings are expected to be double the present figure. Furthermore, the "maintenance of value" technique for overcoming the effect of inflation has spread to other activities and has been effective in bringing in about \$28 million of savings into the National Housing Agency (CORVI) for use in financing homes.

CONCLUSIONS AND RECOMMENDATIONS

Peru and Chile are fast-growing countries whose population explosion, particularly in and around the cities, is placing such extreme burdens on the Governments that outside help is critically needed to avoid a wholesale breakdown of orderly government. Cities which have tripled, quadrupled and, in one case, increased by five times in the last 20 years, cannot long resist the resulting political and economic pressures. Decent shelter, potable water, and sanitary sewers are the minimum that needs to be provided to head off a major revolt by many of these people. U.S. assistance of a concrete nature to help solve this problem has been relatively insignificant in contrast to the problem. This is also true of the Governments of these countries. In Chile and Peru, family formation alone would call for a housing program of 50,000 units a year without allowing for migration and some attempts at slum clearance. Yet the housing goal in each country is more in the neighborhood of 35,000 units a year and they will be lucky to meet that. The question is, What is going to happen to the rest of the families?

A massive problem requires a massive solution. The solutions now being undertaken can only tickle the palate and will never satisfy the voracious appetite that is growing bigger each passing day.

I made no extensive survey, but I would guess that homes built last year with U.S. assistance in Peru and Chile combined would amount to no more than a few hundred. This, in contrast to a need of more than 100,000, gives some dimension to the problem. It is true, of course, that U.S. efforts are now concentrated on the establishment of institutions and on project demonstrations but, nevertheless, our efforts fall far short of making an impact in an area that is starving for attention. I also recognize that this is not our problem but that of the people themselves and their governments. Our "alliance" promises are to cooperate with the Latin American countries, not to substitute for them.

Nevertheless, I have a strong feeling that our Government has done far from its best in promoting better housing programs in the underdeveloped countries. The agency's official attitude, the 1960 and 1961 legislation to the contrary, is exemplified by the organization of its personnel. Housing is far down the line as a sub-subunit under the Office of Institutional Development.

The attitude of only passive interest in this subject by our internationalists is indeed disillusioning and most discouraging. Much of the indifferent attitude stems from those who believe that housing is a social activity with no important economic significance, and that housing needs of the underdeveloped countries represent a "bottomless pit." These are attitudes of despair, not of hope, and are contrary to the intent and purposes of our foreign policy as expressed

many times by our last three Presidents and our leaders in Congress.

I have been most heartened by the many expressions of concern and offers of assistance by topnotch housing experts in and out of our Government on this problem. Most of these people are not dreamers, but men of substance who have successfully demonstrated their abilities in the United States and are looking for opportunities to tackle new problems. Our Government is missing a great opportunity by overlooking this talent. The homebuilders, the bankers, and savings and loan experts, and the city planners are "chaffing at the bit" to help out. The AID needs to corral this enthusiasm and ability and put it to work. This program should no longer be considered on a business-as-usual basis. Unless some sense of emergency can be attached to developing a whole comprehensive approach to housing aid in these countries, I fear that it may soon be too late.

At the present time there are two legislative proposals before the Congress which would provide an excellent opportunity for the United States to export to the underdeveloped friendly countries some of our private enterprise surplus in the form of capital, techniques, and expert talent.

The Foreign Assistance Act of 1962, passed by the Senate on June 7, includes a provision sponsored by Senator SPARKMAN, of Alabama, which would amend section 221(b) (2) of the 1961 Foreign Assistance Act to authorize the U.S. Government to issue a guarantee against loss of any loan investment for housing projects in less-developed friendly countries, provided there is appropriate participation by the private investor in the loan risk. This so-called all-risk guarantee, which may be issued to U.S. citizens or corporations, has the broadest possible coverage providing protection to the investor against any or all of the following risks: (1) Inconvertibility, (2) expropriation or confiscation, (3) war, revolution, or insurrection, or (4) economic or normal business failure. Under existing law, the guarantee for the economic risk involved could not exceed 75 percent of the investment. Under the Sparkman amendment, the U.S. Government would have the authority to guarantee against any loss up to a point in which there was assurance of appropriate participation by the investor in the risk. With a provision such as this, American builders, cooperating with builders of the foreign governments and supported by U.S. capital, could make an outstanding contribution through demonstration projects for mass production of low-cost housing in foreign countries.

The other legislative proposal is a bill, S. 582, introduced by Senator SMATHERS of Florida, to authorize the establishment of an International Home Loan Bank which would accept investments from savings and loan associations in the United States up to 1 percent of their assets to help finance and support the establishment of mutual savings and loan associations in underdeveloped countries. One of the principal features of this proposal is the plan to have the Bank help organize and coordinate the recruiting and training of savings and loan technicians to act as consultants to the newly established associations in the foreign countries.

S. 582 is pending before the Subcommittee on Housing of the Senate Banking and Currency Committee, of which I am staff director. The committee has reviewed its provisions briefly and has referred it to the Federal Home Loan Bank Board for study, which agency, I understand, has rewritten the bill and is now awaiting Budget Bureau clearance for further action. The bill has run into difficulties particularly because of only a lukewarm endorsement by the State Department, but also because of certain monetary and economic matters raised by the

Treasury Department. Whether or not its supporters can rally enough support for its passage this year is yet to be seen. In order to pass legislation of this type, it may be necessary to develop a wide range of support through a comprehensive proposal covering several aspects of housing aid to underdeveloped countries.

Through all of this, progress appears to be slow, but there is no doubt about its direction. Our Government has already demonstrated its interest and support for an active housing program through the 1961 housing legislation and subsequent actions to implement that legislation. The 1962 act will provide further incentive for U.S. participation, and I am confident that the principal involved in S. 582 will receive full support of our Government and that a combined U.S. housing program of financial and technical assistance will provide the pump-priming that is needed for these countries to do the job themselves.

As a final comment, let me say that I appreciated immensely the opportunity of seeing first hand the housing problems and programs in these two countries. It has been an extremely rewarding experience, and I hope that my findings and report to the agency may be helpful in its continued and active interest in this problem.

VOLUNTARY FEED GRAINS PROGRAM CAN BE EXTENDED

Mr. PROXMIRE. Mr. President, the House Agriculture Committee is now considering a new version of the farm bill. As we all know, the administration bill, with its controversial mandatory program for feed grains, was defeated last week in the House by a 10-vote margin.

I think it is clear that if a farm bill relying on the present voluntary surplus reduction program for feed grains, rather than mandatory controls, is proposed, it will have strong support in both Houses of Congress.

I predict that if the House committee simply amends the bill that passed the Senate to substitute the voluntary feed grain land retirement program which the administration proposed last year, for the mandatory program, Congress will approve it by heavy majorities.

This is the program contained in the amendment I moved to the farm bill, which was approved by a majority of the Senate Agriculture Committee.

It is evident that the mandatory feed grains program failed to win approval in the House in large measure because of the remarkable success of the present program, which has cut Government costs sharply, has reduced the surplus by 13 percent, and has increased farm income. It is working well and is popular with farmers.

Last year surplus stocks of corn and feed grains were 85 million tons. Today, after one of the finest growing seasons in history, when a bumper harvest was certain, stocks have been cut by 10 million tons, to a level of 75 million tons.

Farmer participation in the voluntary program is up, and more acreage is being taken out of production. With average weather, it can be expected that feed grains stocks will be reduced even more, to less than 65 million tons.

This is less than a 6-month supply of feed grains for American domestic use.

NO NEED TO RETURN TO BENSON PROGRAM

The charge that there is "no alternative" to the mandatory feed grain control program is simply not true.

There is no need whatsoever to return to Bensonism or to the predictable chaos of no farm program, when a working, practical, successful program is available and can be extended.

In the interests of the Nation's farmers, consumers, and taxpayers, I urge the administration now to get behind an extension of the present feed grains program, with strengthening modifications such as I have proposed.

The prime complaint about the present program has been its cost. This neglects two important points: First, the present program reduces the expense to taxpayers by sharply cutting the surplus and the high storage costs; and, second, much of the apparent cost is simply a bookkeeping cost, since payments are made not in cash, but in kind—that is, out of the surplus itself.

REASONS WHY MANDATORY PROGRAM DEFEATED

Besides the success of the present voluntary program, there were other sound reasons why the mandatory program was rejected. Most important, in my view, is the strong probability that in the nationwide referendum of feed grain producers, the program would fail to get the necessary two-thirds approval. On May 17 I spoke at length on this point. My statement appears in the Record of that date. I pointed out that a majority of feed grain producers eligible to vote do not sell feed grains. Rather, they are buyers of feed, to supplement what they grow on their farms. It would be extremely difficult to convince these hundreds of thousands of farmers that they should vote for a program which will limit, and in most cases sharply reduce, the amount of feed and silage they may grow to feed on their farms, and would raise the price of the feed they have to buy.

This would be particularly true of dairy farmers, whose income is chained to the support price for milk. They would have no reason at all for supporting such a program, since it could not result in a price increase for the milk they sell, though it would raise their costs. This would be a new version of the cost-price squeeze on the dairy farmer, this time by Government edict. To expect a majority of dairy farmers to vote for this program is to expect water to flow uphill.

Overall, it is estimated that less than 40 percent of feed grains grown are sold off the farm. Some 60 percent are fed on the farm where grown. These percentages do not take into account silage, virtually all of which is fed on the farm where it is grown—and which is an important form of feed grain which would have been restricted by the administration bill.

ANALOGY TO TOBACCO, COTTON, RICE PROGRAMS IS VERY WEAK

For this reason, the analogy which is drawn repeatedly between mandatory controls on feed grains and the programs for tobacco, cotton, and rice is very, very weak. These are cash crops. A farmer who grows cotton, tobacco, or rice grows

it to sell and gets money for it. He is, therefore, directly interested in the price he gets for what he sells. A program which offers him a specific higher price in return for supply management, therefore, makes sense to him.

But the majority of feed-grain producers do not sell feed in the market place. They buy it. What they grow they feed on their farms. While the proposition that high feed prices mean high livestock prices has broad validity, it is not generally accepted by farmers; it undoubtedly is subject to important exceptions in specific cases; and it clearly has no relevance to the dairy situation, where the support price for manufacturing milk is the key factor.

As I have said repeatedly, I support the principle of supply management. I think it can be used successfully to enhance the bargaining power of farmers, a bargaining power which is sadly deficient.

But to repeat this proposition like a litany in support of a program with specific, serious drawbacks, a program which I have shown repeatedly was almost certain to be rejected by farmers, just does not make sense. Specific criticisms should be met with specific answers, not incantations.

The 1958 Benson feed grain program was a serious mistake. It led to an enormous pileup of surplus feed grains. Virtually no one defends it; its defects are obvious. There is no need to repeat it. It would be irresponsible of the administration and Congress to permit a return to that program.

EXTREMES IN FARM PROGRAMS TO BE AVOIDED

But simply because a bad program operated for several years, with serious, costly consequences, is no reason to enact a program which goes to the opposite extreme, especially if a sensible, acceptable alternative is available. Surely there is nothing wrong intrinsically with a moderate, piecemeal approach to agriculture, especially if it works. Panaceas for the farm problem are always suspect, and rightly so. In a nation as large and diversified as ours, with an agricultural economy undergoing important changes and shifts with great speed, a program that promises a total solution to the total problem calls for very sharp scrutiny. The more comprehensive the solution proposed, I would observe, the more likely there are to be unintended consequences which can seriously upset the original purpose of the program.

We have seen how farmers pour on fertilizer and plant rows closer together to evade the purpose of acreage allotments. Experts have observed that price-support programs for corn have led to a diversion of land to corn production that was better suited to other crops. Restrictions on feed grain production can result in a sharp expansion in alfalfa and other alternative crops, with no logic except that dictated by Government regulations. The problem of assigning and policing acreage allotments for feed and silage in parts of the country that have never been commercial feed areas is a serious one. It should not be underestimated. Every producer of feed grains, no matter how small, would be

prohibited from expanding his feed grain or silage acreage beyond what he planted in a base period. The task of enforcing this proposal staggers the imagination. Yet not enforcing it can bring ridicule down on the entire program.

In the many letters I have received from farmers regarding the feed grain program, very few have recognized the extreme diversity of feed grain production in our country. The farmer in Iowa who writes, "Give us a chance to vote for mandatory quotas," simply does not realize that he is really asking that the entire price-support program for feed grain should be staked on the probably adverse votes of hundreds of thousands of farmers in Southern States, the Far West, and dairy regions, who have little reason to identify their interests with those of the Iowan. This lack of understanding of what a nationwide mandatory program, with referendum, means, is widespread, so much so that I think the Department of Agriculture can consider itself fortunate that it will not have to face the wrath of the many farmers who have not fully understood the implications of the mandatory feed grains proposal.

One authority to recognize the advantages of extending the present feed grains program is Prof. Francis A. Kutish, extension economist at Iowa State College. I ask unanimous consent that a letter from Dr. Kutish to me be printed at this point in the Record.

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

IOWA STATE COLLEGE,
Ames, Iowa, June 15, 1962.

Senator WILLIAM PROXMIRE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR PROXMIRE: The most recent Government figures on feed disappearance indicate that we will reduce feed grain stocks about 10 million tons this year. When compared with what we probably would have produced had the old Benson program been in effect, this represents an estimated 26 million ton reduction from the estimated production in the absence of the 1961 program. That is the equivalent of 932 million bushels of corn. If you figure the eventual recovery value of corn at \$0.992 a bushel, this results in a net savings to the Government of \$241 million, if the eventual recovery value is \$0.53 a bushel (what the USDA calculated), the eventual savings is \$622 million. If you use no recovery value, the eventual savings is \$1,059 million.

This has been a successful program. It has reduced stocks; it has maintained farm income and it has not raised consumer prices. When measured on a basis of net costs, it will have reduced Government expenditures.

Sincerely yours,

FRANCIS A. KUTISH,
Extension Economist.

FARM PROGRAM COSTS MUST BE SEEN IN PERSPECTIVE

Mr. PROXMIRE. Mr. President, a key point in evaluating any farm program is its cost. But it is a serious error to measure the cost without taking account of the value of the crop that is benefiting from the program in question. Clearly a Federal subsidy program that costs, for example, \$1 million would be considered exorbitant if it were recognized that only a few individuals, producing a crop with

a small total value, benefited from the subsidy. If, on the other hand, a very large number of people benefit from the program, and if it brings price stability to commodities worth billions of dollars, then such a cost would be reckoned a small price to pay.

For this reason I have asked the Department of Agriculture to give me data on the cost of price support programs relative to the value of the crop or the marketings. These figures show that expenditures for feed grains under the present program, or an extension thereof, are a significantly lower percentage of the crop value than the costs of the cotton, rice, wheat, or peanuts programs.

In addition, it can be shown that in relation to the value of the marketings of feed grains, livestock, and livestock products, the total costs of the voluntary feed grain program are even smaller.

I ask unanimous consent that the material prepared by the Department of Agriculture, as well as a summary table, be printed at this point in the RECORD.

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

DEPARTMENT OF AGRICULTURE,
Washington, D.C., May 31, 1962.

HON. WILLIAM PROXMIRE,
U.S. Senate.

DEAR SENATOR PROXMIRE: This is in reply to your letter of April 5, 1962, which was acknowledged on April 12, and in which you requested information on the costs of price-support programs for certain major commodities relating to the value of production or marketings.

We are enclosing brief statements on each of the commodities specified in your letter. In these statements we have related those items which we consider pertinent to the type of analysis you have requested. We know of no precise formula which can be adopted for comparisons between commodities, because the actions and reactions between the price-support program and the market situation are different for each commodity.

When national stocks stay at fairly constant levels, the costs for price-support operations stay at nominal levels for particular crops, but the Government would continue to incur expenditures for foreign assistance, for storage, transportation, etc. When stocks are reduced, Government costs are reduced; when stocks are increased, Government costs are increased.

We hope that the analysis furnished here will serve your purposes satisfactorily.

Sincerely yours,

JOHN P. DUNCAN, JR.,
Assistant Secretary.

DAIRY

Assuming adoption of the President's proposal for dairy and the support price level of about \$3.40 per hundredweight; the farm value of production for the 1963-64 marketing year would be about \$5,350 million and the outlay by the Government would be limited to \$300 million. The outlay would be about 5.6 percent of the farm value.

Assuming no legislation and the same production with a support level of 75 percent of parity and a support price of about \$3.11, the farm value of production would be about \$4,750 million; the original outlay for purchases would be about \$525 million. The outlay would be about 11 percent of the farm value.

There would be some costs for storage, transportation, and packaging, and some

additional expenditures involved in financing exportation under various programs under both of these assumptions. There might be some slight recoveries from cash sales. However, on a net basis these would be nearly equal between the two assumptions but probably result in somewhat higher expenditures for the second assumption.

FEED GRAINS

Assuming legislation was enacted in accordance with the President's proposal, and assuming a support price of \$1.20 per bushel for corn and related prices for other feed grains, the farm value of production plus payments for land diversion for 1963 crops would be about \$6,627 million, the cost of acquisitions by the Government from the crops would be about \$123 million, and land diversion payments would amount to about \$500 million. The total of the two items mentioned represents about 9.5 percent of the value of production. However, because production would be less than utilization, carry-over stocks would go down, and the Government would recover about \$550 million through cash sales in the market. The net costs would be \$73 million.

Assuming no new legislation was enacted and a return to the 1960-type programs for feed grains, and assuming a support price of about \$1.05 per bushel for corn, the farm value of production would be about \$5,810 million, the cost of acquisitions by the Government would be about \$750 million, which is about 13 percent of the value of production. There would be some applicable recoveries in subsequent years, but surplus stocks would continue to increase, and the recoveries would be offset by constantly increasing costs for storage.

Costs for financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation over the next few years would be much greater under the 1960-type programs than they would under the President's proposal.

WHEAT

Assuming adoption of the President's proposal for the 1963 crop and a support price of about \$2 per bushel, the farm value of production would be \$2,307 million. The cost of acquisitions from the crop would be about \$100 million; the dollar value of export differential payments made in cash or kind would be \$430 million; and payments for land diversion would be about \$250 million. These three items total \$780 million and this is 33 percent of the farm value. However, because production would be lower than utilization, carryover stocks would be reduced, and the Government would recover most if not all of the costs of acquisitions through cash sales and, in addition, would be able to move older crop surpluses into the market for cash. Recoveries from sales would amount to about \$425 million; which offset against the \$780 million costs result in a net cost for these operations of \$355 million.

Assuming no new legislation and a return to the 1960-type program and a support price of about \$1.80 per bushel, the farm value of production would be \$2,310 million; the cost of acquisitions would be about \$592 million; and the dollar value of export payments would be \$375 million. These two items total \$967, and this is 42 percent of the farm value. Some of these costs would be recovered through cash sales, but because production would exceed needs, such recoveries would be minor.

Costs of financing exportation under Government programs would be near the same level under either assumption; but costs for storage and transportation would be considerably less over the next few years under the President's proposal than they would be if we return to the 1960-type programs.

COTTON, UPLAND

The estimated value of production for the 1963 crop is about \$2,258 million. Anticipated acquisitions by the Government from this crop would cost about \$48 million, and export differential payments during the year would amount to about \$195 million. The total of these two items is \$243 million, or nearly 11 percent of the value of production.

RICE

The estimated value of production for the 1963 crop is \$301 million. Anticipated acquisitions of rough rice would have a value of about \$19 million, and export differential payments would amount to about \$23 million. The total of these two is \$52 million, or about 17 percent of the value of production. There would be added costs for milling but this would increase the value of the commodity. There would be added costs for storage and transportation and for financing exportation.

TOBACCO

The farm value of production for 1963 will be about \$1,377 million. The Government does not acquire the tobacco and has relatively minor costs incidental to the support program. These costs would probably be no more than 1 percent of the value of production.

PEANUTS

The farm value of production for 1963 is estimated at \$205 million. The value of acquisitions of farmer's stock and shelled peanuts from the crop will be about \$27 million, or about 13.5 percent of the value of production. There will be some costs for some shelling, crushing, and conversion to peanut butter, but these are offset in some measure by the increased value of the product. There will be some costs for storage and transportation; and there will be some recoveries from cash sales.

Estimated costs of price support programs for 1963 as a percentage of value of production¹

	Percent
Cotton.....	11
Rice.....	17
Wheat:	
No new legislation, return to 1960 program.....	43
President's proposal:	
(1) No credit for sales from CCC stocks.....	33
(2) After credit for CCC sales.....	15
Tobacco.....	1
Peanuts.....	13.5
Feed grains:	
No new legislation, return to 1960 program.....	13
President's proposal, mandatory program:	
(1) No credit for sales from CCC inventory.....	9.5
(2) After credit for CCC sales.....	1.0
Dairy:	
No new legislation.....	11
President's proposal.....	5.6

¹ Source: Letter from Assistant Secretary of Agriculture, John P. Duncan, Jr., to Senator PROXMIRE, May 31, 1962.

These estimates take into account only the additional costs of continuing price supports for 1963 and omit the carrying and handling charges on stocks acquired in earlier years.

Although not covered in the letter, using a similar approach, cost of continuing the current voluntary feed grain program for 1963, with no credit for sales from CCC stocks would be about 15 percent of the value the feed grains produced, after credit for CCC sales the cost would be about 8 percent of the value of feed grains produced.

Mr. PROXMIRE. Mr. President, I conclude by observing that the House

defeat of the voluntary feed grains program was not a tragedy. Other, probably better, farm legislation can be devised and passed through Congress. Costs to the taxpayer can be reduced and reduced significantly, perhaps not to zero in 1 year but substantially over a period of years. I do not believe that Congress will refuse to pass farm legislation which is designed to reduce Government costs and enhance farm income. If the proposed legislation makes sense and can be made to work effectively, I am confident that Congress and the administration will approve it.

PUBLIC HEALTH SERVICE RESPONSIBILITY FOR PROTECTION FROM RADIATION HAZARDS

Mr. PROXMIRE. Mr. President, on Monday I introduced a bill, S. 3472, to vest primary responsibility for protecting the public health and safety from radiation hazards in the U.S. Public Health Service. The Service already has important responsibilities in this field. However, in the absence of clear-cut legislative directives the Federal Government has failed to provide authoritative, comprehensive guidance which the public needs and wants.

My bill has been referred to the Committee on Labor and Public Welfare. I strongly hope that it will be possible to have hearings on it in the near future. There is considerable public apprehension now about possible dangers from radioactivity in food. Giving the Public Health Service specific responsibility in this area would clearly serve the public interest.

On June 27 Mr. Howard Simons, science and medicine writer for the Washington Post and Times Herald, called attention to the Public Health Service study of the amounts of radioactive iodine absorbed by children in certain areas where concentrations of this nuclear test fallout product have been exceptionally high. The forthright decision to evaluate this matter scientifically makes sense. It will help provide the kind of information that is needed to establish the guidelines on radiation hazards which are proposed in my bill.

I ask unanimous consent that Mr. Simons' article be printed in the RECORD.

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

[From the Washington Post & Times Herald, June 27, 1962]

U.S. TO TEST CHILDREN FOR EFFECT OF FALLOUT (By Howard Simons)

The U.S. Public Health Service plans to fly the children of 10 St. Louis families to New York City next week to determine how much radioactivity is contained in the youngsters' bodies, as well as to measure the radioactive iodine in their thyroid glands.

The decision to make these studies, the first of their kind, came amid growing concern on the part of administration officials about radioactive iodine levels in certain American cities. Although radioiodine levels have been dropping in recent weeks, officials are concerned nonetheless that so-called permissible levels may soon be exceeded, if, indeed, they have not already been exceeded in certain Midwestern cities.

With new nuclear tests in the air or near the ground planned at the Nevada test site and more U.S. atmospheric tests scheduled over the Pacific, administration officials now face the problem of deciding whether or not countermeasures should be taken to protect infants against radioiodine contamination in fresh milk.

Some eminent scientists have suggested privately that the Government should order such countermeasures now to protect infants in at least four cities where radioiodine levels have risen sharply as a result of recent testing. These cities are Des Moines, Minneapolis, Wichita, and Kansas City.

These scientists call the action "pushing the wisdom button." They say it would serve two purposes: the practice of prudent preventive medicine and the demonstration that Government-directed countermeasures can be effectively taken.

The recommended countermeasure would prescribe powdered dry skim milk or evaporated milk for all young children and lactating and pregnant women until testing is halted. At the same time these scientists warn mothers against taking individual preventive action.

Radioiodine is considered dangerous because it concentrates in the thyroid gland and can cause physical damage. Infants and young children are particularly susceptible.

St. Louis children were chosen for study because that Midwestern city has been exposed to high levels of radioactive contamination from fallout.

TO MEASURE RADIATION

The children will be taken to New York University Bellevue Medical Center where they will undergo whole body counts to determine their body burden of radioactive elements. The studies will be made by Merrill Eisenbud, a radiation specialist, who will measure the radioiodine content in the thyroid glands of the children.

One of the reasons that radioiodine is receiving so much attention from Government officials is that this particular short-lived radioisotope has been behaving in an unpredictable manner. The same is not as true for strontium 90.

Although the Atomic Energy Commission has not disclosed the exact yields of any of its Pacific tests, estimates indicate that the 22 tests to date, including one underwater explosion, might add 4.5 millicuries of strontium 90 per square mile to American soil.

RELATIVELY SMALL AMOUNT

This is a barely detectable level. Compared to the strontium 90 levels expected from the Soviet tests last fall, it is considered to be a relatively small amount compared to the total now in the soil (70 to 80 millicuries per square mile) or the amount anticipated from Soviet fallout.

LESS FISSION YIELD

Another way of comparing the amount of strontium 90 to be showered upon the world by the recent nuclear testing by the United States and the U.S.S.R. is the amount of fission yield of both test series. The Soviets added 25 megatons of fission yield and rough estimates indicate that to date the U.S. Pacific tests have added 6 megatons.

All these figures must be viewed with caution. Those for the U.S. tests are based upon assumptions that the nuclear devices and fallout pattern will be the same as those of the 1957-58 U.S. atmospheric tests in the Pacific. Similar predictions of the Soviet series, however, were found to have been in error. One reason was that the Soviets had employed "cleaner" weapons than previously.

Whether or not the United States is similarly employing "cleaner" weapons has not been disclosed, although Edward Teller, referring to U.S. Pacific tests, said recently that "in the past month we have made a great deal of progress in clean bombs."

SCIENTISTS' BOARD GIVES MILK A VOTE OF CONFIDENCE

Mr. PROXMIRE. Mr. President, the Food and Nutrition Board of the National Academy of Science-National Research Council has published an important statement on "The Nutritional Significance and Safety of Milk and Milk Products in the National Diet." The scientific standing and impartiality of this Board is beyond question, and its pronouncements, therefore, carry a great deal of weight.

In its report the Board states:

In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population.

It then surveys the three questions which have been raised about milk: Radioactivity hazards, saturated fats, and pesticide residues. The report concludes:

In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.

The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.

The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

These recommendations are well worth noting. It is unfortunate that they did not receive the publicity which they merit when they were first published. I ask unanimous consent that the report be printed in the RECORD.

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

THE NUTRITIONAL SIGNIFICANCE AND SAFETY OF MILK AND MILK PRODUCTS IN THE NATIONAL DIET

The recommended dietary allowances of the Food and Nutrition Board have been widely accepted as guides for the maintenance of good nutrition of healthy persons in the United States. The recommended allowances can be obtained from many combinations and variations in food patterns. In the United States, some foods have attained importance because of their acceptability and special contributions of certain nutrients.

Among these foods, milk, and milk products are prominent because they contribute approximately 24 percent of the protein, 76 percent of the calcium and 47 percent of the riboflavin in the national diet. Certain groups in the population such as infants, children, pregnant women, and lactating mothers depend more on milk than does the average population for meeting their special

needs. Fortified fluid and evaporated milk are sources of vitamin D for children and adolescents.

In view of the widespread use of milk to provide significant portions of recommended nutrient intakes, unwarranted depreciation of public confidence in milk as a food is not in the best interests of nutritional health of large segments of the population. However, cognizance has to be taken of the effects of overindulgence or possible health hazards and a balanced judgment reached by weighing any possible risks against the health benefits of milk.

The Food and Nutrition Board has given attention to three developments which have generated some public concern about the safety and wholesomeness of foods and of milk in particular. These are: (1) Slight increase in the content of radionuclides in foods, particularly strontium-90, as the result of fallout from nuclear testing; (2) The possible unfavorable role of saturated fats which predominate in milk, meat, and other animal food sources as compared with unsaturated fats; and (3) the presence in foods of residues of agricultural chemicals used in pest control.

The board's opinion of the current status of these problems is summarized below:

1. MILK AND RADIONUCLIDES IN FOODS

The Food Protection Committee of the Food and Nutrition Board has recently issued a report, "Radionuclides in Foods," which the board has accepted and approved for publication. The following paragraph is quoted from this report:

"Milk has been the single food item most often used for analysis as an indicator of environmental radiocontamination. This is because milk is produced regularly year-round; is convenient to handle, bulk or all-quot; can be obtained so as to represent small or large areas; and does contain the most important radiocontaminants. It must be emphasized, however, that the most important parameter is the level of contamination of the total diet. The use of milk as an indicator food does not imply that a decrease in the consumption of milk would result in a decrease of the total Sr⁹⁰ intake. Foods substituted for milk would probably result in higher intake of Sr⁹⁰ because of the higher Sr⁹⁰/Ca ratio in such foods."

In the light of the above statement, unless fallout is substantially greater than during the past few years or than is anticipated as a result of recent nuclear weapons tests, there would appear to be little basis for concern with respect to the strontium 90 content of milk.

2. MILK AND SATURATED FAT

With respect to the wholesomeness of milk fat, emphasis must be placed on the proportionate contribution of milk to the total fat and caloric intake. National statistics indicate that fat content of foods marketed in the United States averages 146 grams per person per day. Of this, fluid whole milk and cream contribute 15 grams; butter, 9 grams; cheese, 3.3 grams; ice cream, 2.3 grams; and other dairy products, 10 grams. Thus, at least 27 percent of total fat eaten in the United States is milk fat.

Both experimental and epidemiological evidence suggest that ingestion of milk fat and other saturated fats as primary sources of dietary fat, in comparison with an intake of equivalent amounts of unsaturated fats, is associated with higher serum cholesterol levels. There is statistical association between serum cholesterol concentration and coronary artery disease in man. There is as yet no proof that saturated fat in the diet is a cause of atherosclerosis in man but there is a growing body of evidence that it may be. The questions of how much and what kinds of fat can affect the development of atherosclerosis remain unanswered

but are subject to very active research and continuing review.

In view of these uncertainties and because many factors are known to influence the onset and course of this disease, the Food and Nutrition Board considers that drastic changes in the American diet with respect to fat intake cannot be recommended at this time.

3. MILK AND PESTICIDE RESIDUES

With respect to pesticide residues in milk, concerted efforts over the past few years by Federal and State regulatory agencies, extension groups, agricultural organizations, industry educational programs to dairy farmers and feed producers, et al., have been directed to reduce levels of residues in milk. Reliable data show that although it is probably not possible to eliminate residues completely, it is possible and practical to produce milk in which residue levels do not exceed 0.1 parts per million on a fluid milk basis. In view of established tolerances for other common foods ranging commonly from 7 to 14 parts per million, the level of 0.1 part per million in milk appears insignificant.

The Food and Nutrition Board in 1960 issued a statement in regard to tolerances for pesticide residues in milk. The conclusion was as follows:

"* * * the Food and Nutrition Board believes that the present policy that only zero tolerances for pesticide residues in milk can be permitted is not scientifically justified. Regulations would be scientifically sound if based on reasonable judgments assuring safety in the case of small residues that are unavoidable in milk even under the best production practices."

The board reaffirms this conclusion and recommends further that finite tolerances for aggregate pesticide residues in milk and milk products be promptly established under the pesticide amendment to the Food, Drug, and Cosmetic Act and that such tolerances be at the above-mentioned level of 0.1 part per million on the basis of fluid milk containing 3.5 percent milk fat.

CONCLUSION

In view of the foregoing, the Food and Nutrition Board believes that the public can be reassured as to the nutritive value, wholesomeness and safety of milk and recommends the continued use of milk and milk products in view of their importance as dietary components for meeting recommended allowances.

The Board has repeatedly emphasized the nutritional values of the nonfat portion of milk and has encouraged the use of nonfat dry milk. The Board reaffirms this recommendation and would further encourage the Department of Agriculture and the industries concerned with products containing predominantly saturated fats to develop new combination products of high nutritive quality. With modern technology, milk can be viewed as a valuable nutritional resource to be adapted for human use in many acceptable and nutritious combinations.

The Board would also suggest that the nonfat solids could serve better as a nutritional guide for evaluating milk quality than its fat content. The Board is pleased to note that consumption trends for nonfat milk solids from all sources are increasing.

AUTHORESS RACHEL CARSON DESCRIBES CONSEQUENCES OF WIDESPREAD PESTICIDE USE

Mr. PROXMIRE. Mr. President, many of us read and were moved by Rachel Carson's magnificent book "The Sea Around Us." With the skill of a great writer, and a profound love and understanding of nature, Miss Carson

described the great world of the oceans. Those who have had the privilege of reading her book know they have uncovered a literary treasure, which can be cherished and reread for years to come.

Now Miss Carson has written a series of three articles, which appeared in the three most recent issues of the New Yorker magazine, under the title "Silent Spring." The articles provide a detailed description of the effects of widespread use of poisons and pesticides on nature. They are a frightening and disturbing account of how man, in a perhaps misguided attempt to wipe out certain pests and plant diseases, has seriously disturbed the ecology of our countryside, in some cases causing irreparable damage.

In one of the articles Miss Carson writes:

As man proceeds toward his announced goal of the conquest of nature, he is writing a depressing record of destruction—destruction of the earth he inhabits and destruction of the life that shares it with him.

She describes case after case in which the indiscriminate use of pesticides has led to the destruction of plant and animal life far beyond the intentions of the original operation. In cities, towns, and vast rural areas, entire animal populations have been eliminated. Miss Carson's title, "Silent Spring," refers to the chilling fact that in many places so many birds have been killed that their singing no longer fills the air in springtime. She writes:

Over increasingly large areas of the United States, spring now comes unheralded by the return of the birds, and the early mornings, once filled with the beauty of bird song, are strangely silent. This sudden silencing of the song of birds, this obliteration of the color and beauty and interest they lend to our world, has come about swiftly and insidiously.

Miss Carson shows how the unintended damage done by indiscriminate use of poisons frequently follows a common pattern. The spray or other substance is first applied to "eradicate" a specific pest, which in some cases has not even been causing much harm. Following this whole species of other animals are affected by the same poisons, either directly, as the poison reaches them, or indirectly, as they feed on the insects that have absorbed the poison. Other types of animals may then multiply unchecked, since their natural enemies have been eliminated. At this point, the original pest may "flareback," having developed a poison-resistant strain. The cycle then begins afresh, as new applications of poisons are made in an effort to wipe out the pest. In the meanwhile, the ecology—the "balance of nature"—has been profoundly disturbed. While in the long run it might adjust to the new conditions, the odds are strong that each new phase in the adjustment process would be met by a new wave of man-applied poisons.

What has caused this widespread, often indiscriminate use of poisons? According to Miss Carson, the certainly well-intended pesticide programs of the Department of Agriculture and other

Federal, State, and local agencies have played an important role. She criticizes the lack of coordination, foresight, and planning in these programs, and gives examples of how they can be better conducted.

In the 86th Congress bills were introduced in both the House and Senate to provide for advance consultation with the Fish and Wildlife Service and with State wildlife agencies before the beginning of any Federal program involving the use of pesticides or other chemicals designed for mass biological controls. Hearings were held before the House Merchant Marine and Fisheries Committee, at which spokesmen for the major conservation groups, including the Audubon Society, the National Wildlife Federation, and the Wildlife Management Institute gave testimony about the unfortunate consequences resulting from indiscriminate use of plant and animal poisons. Bills were approved by the House Committee and the Senate Commerce Committee, but unfortunately they were not acted on in the House and Senate. Miss Carson's article provides compelling evidence of the need for additional guidelines before it is too late.

IOWA FIRST TO ADOPT LAND GRANT PLAN

Mr. MILLER. Mr. President, on July 2 the 100th anniversary of the signing by President Abraham Lincoln of the Morrill Land Grant Act will be observed. I think it well to point out that this will be not only a memorable day for the United States but also for my State of Iowa, because Iowa was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln.

An excellent editorial on that subject was published in the June 26 issue of the *Mason City Globe-Gazette* as the lead editorial. I ask unanimous consent that it be printed at this point in the RECORD.

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

[From the *Mason City (Iowa) Globe-Gazette*, June 26, 1962]

IOWA FIRST TO ADOPT LAND GRANT PLAN

The 100th anniversary of the Morrill Land Grant Act has special significance for Iowa. Ours was the first State in the Union to accept the provisions of the measure adopted during the administration of Abraham Lincoln. Iowa State is our land-grant university.

Even as the Civil War cannon boomed, there was a realization among forward-looking Americans that our country's best hope lay in education. And there was an incipient disenchantment with colleges operated on classical British and continental models. There was need for a broader base.

Today that elitism is gone. Higher education has become both more practical and more universally available. The Morrill Act went a long way toward opening college doors to all who can benefit from it and possess the will to meet its demands. A new era in education was ushered in.

Justin S. Morrill, who gave his name to the new concept, was a Vermonter. He served nearly 50 years in Congress. At his side in the fight was Jonathon B. Turner of Illinois. President Buchanan frowned on the

proposal but Lincoln, with a greater vision, saw in it a greater America.

The Morrill-Turner dream envisioned a grant of 30,000 acres of federally owned land to each State for each Member of Congress from the individual States. This land was to be sold (the going price was \$1.25 an acre) with the income being used to support at least one college in each State.

Different from the Harvards, Yales, Princetons, and Dartmouths, land-grant colleges placed major emphasis on professional or specialized education. They sought to meet the needs of a people just learning how to apply the discoveries of science and advancing technology to daily life.

Their growth has been spectacular. Though they number less than 4 percent of the Nation's colleges, they enroll a fifth of the total number of undergraduate students and award nearly two-fifths of all doctoral degrees in every field of study. They bulk large in the educational picture.

Along with preparing young men and women for special contributions to the march of progress and higher living standards through teaching and research, land-grant colleges have accepted the task of carrying the fruits of college education to persons off campus through extension services.

Iowa State has been the forefront of this movement which has been paid the compliment of being copied in other parts of our free world. Monday, July 2, the 100th birthday of the Lincoln signing of the Morrill Land Grant Act will be observed with special feeling on the campus at Ames.

GRAIN STORAGE AND THE SOL ESTES CASE

Mr. MILLER. Mr. President, in the May 21 issue of the *Wall Street Journal* appeared an excellent article by Joe Western, staff reporter for the *Journal*, on the subject of grain storage in general and the Sol Estes case in particular. A reading of this article will, I am sure, persuade one that bigger Government paves the way for mismanagement, favoritism, and a shocking disregard for the taxpayers' money. I ask unanimous consent that this article be printed in the RECORD.

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

[From the *Wall Street Journal*, May 21, 1962]
ESTES MESS SEQUEL—PRESSURE RISES FOR BIG CHANGES IN HOW UNITED STATES STORES SURPLUS GRAIN; CURRYING OFF OFFICIAL FAVOR BLAMED ON STORAGE SPACE GLUT, NO COMPETITIVE BIDS; UNITED STATES AIDS ELEVATOR BUILDUP

(By Joe Western)

WASHINGTON.—The Agriculture Department is under rising pressure to make major changes in its system of deciding who gets paid how much for squirreling away surplus crops.

Competitive bidding is one of the possibilities now under consideration to cure the ills—already vividly apparent but rated likely to grow much worse—of the present storage setup. The system now makes no room for competition in storage fees, but instead pays a flat 13½ cents per bushel per year to all who help house Government-owned grain; just who gets this much-sought business is left largely to the judgment of harried civil servants scattered around the land.

Alternative solutions are being scanned, too—some of them radically different. Sample: Allocate Uncle Sam's cereals to storage firms in proportion to their previous role in the business—thus giving those who store the farm glut, like the farmers who produce

it, a formalized vested interest in past history.

Agriculture officials have by no means decided which way to turn; they are certain only that the heat is building up.

HEAT FROM ESTES SCANDAL

Much of it radiates from the Billie Sol Estes scandal—and two congressional investigations soon will be fanning these flames. Billie plunged into the grain storage business just 3 years ago, with the financial backing of Commercial Solvents Corp.; by last year his United Elevators had passed more than 8,000 other outfits scrambling for Government grain, rocketing to ninth position in the Nation. Revenues measured in millions financed an alleged effort to rig a monopoly in the west Texas fertilizer market—until March 29, when Mr. Estes was arrested for having turned to outright fraud of major finance companies, and Billie's bubble burst.

Senator McCLELLAN'S Investigations Subcommittee has ordered closed-door testimony to begin today, and House hearings run by Representative FOUNTAIN, of North Carolina, will soon get rolling.

Yet the Capitol Hill probes are likely to show what is already bothering top Agriculture officials: that many aspects of the Estes affair merely reflect a far more ponderous phenomenon—the sudden emergence of a national oversupply of grain storage facilities, which seems destined to become increasingly painful. Competition for Government patronage is intensifying, and so long as it cannot be expressed in bidding for business on the basis of price it is bound to find its outlet in other channels.

While stoutly insisting that "politics and friendship do not move Government grain," operating officials of the Department say they are under constant pressure from Congressmen, State and local officials, and the grain trade for favors. Frets one key commodity official: "Now that grain is getting scarce, you ain't seen nothin' yet when it comes to pressure."

BEHIND THE CHANGE

To understand the radical change which has left the surplus-storage firms suffering from a surplus of their own, one must look in two directions.

First, Agriculture Secretary Freeman's farm policy aims to slash surplus stocks, and thus far it has been succeeding. Government-owned grain inventories, which swelled by over 2 billion bushels during the tenure of his GOP predecessor, have been cut back by about half a billion bushels in the past year—leaving 2.5 billion on hand at last count on March 31. To accomplish this, the Freeman crew has cut back production especially of corn and other feed grains and is in the process of sharply curbing wheat. It has given away record quantities of foodstuffs, at home and abroad. Exports are expected to reach unprecedented heights this year, with all grain sales abroad heavily subsidized and about 30 percent of them made for unspendable foreign currencies.

The startling second factor is this: A storage construction spree has continued apace—despite the downturn in stuff to be stored—partly by sheer momentum, perhaps, but also with active Federal aid and encouragement.

America's commercial grain storage capacity, which stood at 2.1 billion bushels a decade ago, had more than doubled under the impetus of growing gluts by the time Mr. Freeman started slashing stocks. And it merrily continued growing thereafter. New facilities able to hold 400 million bushels were approved for Federal use during 1961, most of this in the last half of the year. The Small Business Administration, spurring the trend, approved 45 loans for grain storage construction between February 1961 and last month, committing \$4.4 million to the cause on easy credit terms. Its officials

say they have no thought of discontinuing their effort.

FARMERS URGED TO JOIN IN

Meanwhile the Department of Agriculture is itself pushing with great zeal another easy-payment program for building still more grain storage capacity. This advances money to farmers who want to build facilities on their own land; it dates back to 1949 but the Kennedy administration liberalized terms so a farmer can now borrow from Uncle Sam 95 percent of a structure's cost at 4 percent interest. He can fill it with his own crop, place this grain under Government loan until the Agriculture Department takes title to it, and thereafter collect storage fees from the Government. The 1961 upshot: Farmers built a record 129 million bushels of capacity, more than twice that of 1960. The Department continues to support this program, on the ground of its direct benefit to farmers.

Add to all this additional Government-storage capacity of nearly a billion bushels and it's clear why the days when Government men loaded their grain into railroad cars without knowing whether or where they could find space to store it now seem only a remote memory. Elevator and warehouse operators are hungry for business, and their pangs are particularly acute in the Southwest and Northwest.

"Everybody's suffering. We have less than a million bushels in storage today compared to 12 million a year ago," declares Thomas Kerr, president of a grain firm bearing his name in Portland, Ore. A spokesman for big Cargill, Inc., laments that an 8 million bushel facility it operates under lease from the Portland Commission of Public Docks is on the verge of operating "for love" rather than profit, because nowadays it holds more empty air than grain. Congressman THOMAS PERRY, representing the neighboring State of Washington, protests that while Estes' grain storage business boomed, holdings of warehousemen in his State fell from 34 million bushels to only 3 million.

In California, the loss of most Government business has cut the revenues of elevator companies by an average of around 40 percent, according to one national grain concern.

In Texas, Commissioner John C. White of the State department of agriculture declares some grain storage operations are completely empty and the average elevator is only half full—leaving many storage concerns financially squeezed. A Federal official says some are "in acute distress." Frank Higinbotham, president of the Texas Feed Grain Association, says so far as he knows the Estes insolvency is unique; but at least one grain storage executive, Roy Burrus of Plainview, is predicting, "There's going to be lots of elevators in trouble."

Expansion of facilities has swept through the State; those approved for Government storage soared from 353 million bushels at the start of 1958 to 722 million by early 1961 and 880 million by the beginning of this year. But Billie Sol was at the forefront of the building jamboree and in aggressive bidding for business.

HANDY PANIC BUTTON

"We didn't store even one carload of milo (a variety of grain sorghum) last year, for the first time in 40 years," says C. L. Moore, general manager of Burrus Elevators. "That's how effective Billie Sol Estes' competition was." Another storage man points to a device hanging on his office wall, labeled "panic button." Says he: "I've sure needed that thing in the last couple of years."

The techniques Billie Sol used in getting storage business are worthy of detailed analysis because they illustrate the forms of competition permitted or even encouraged by the Agriculture Department's present sys-

tem of handling its surpluses. Department officials insist they have discovered nothing illegal or astray in the grain storage phase of the Estes operations—with the "minor" exception that by misrepresenting his net worth he made savings of a few thousand dollars in bonding fees. They insist they did not favor him in allocating grain to storage, and that what Government business he did get cost Uncle Sam not a dime more than if it had been stored elsewhere.

Yet undoubtedly the Estes techniques of getting Government storage business were successful; beginning with 6.7 million bushels of Federal grain in late 1959, he moved to 16.1 million bushels in 1960 and 27.3 million in 1961, and the Estes receivers this spring found themselves holding 33.4 million bushels. If you count in extra warehouses where Estes affiliation remains under debate, his total Government storage reached about 50 million bushels. And, depending again on what you count, the Federal storage payments totaled \$7 to \$8 million over the 3 years, of which roughly half was paid last year.

A close look suggests that these millions were by no means pure profit; indeed the Estes system of competition was an extremely costly one.

Rather surprisingly, only a fraction of Federal storage patronage of the Estes warehouses originated from the Government's own allocations. Agriculture officials insist that only about 10 percent of the net growth in Estes storage can be attributed to their actually placing Government-owned grain in his houses.

The remainder entered Estes storage as privately owned grain, as security for Government price-support loans to producers. At the end of the loan period, about 1 year, the Government would take over ownership of the grain—leaving it in Billie Sol's houses and beginning to pay him the set storage fees.

LURING PRIVATE GRAIN

So the way Mr. Estes got hold of most Government grain was to lure it into his facilities while it was still technically private grain. To do this, he made remarkably costly deals, there being no Federal rule requiring private owners of grain to pay as high storage fees as the Government does.

Starting in 1960, according to testimony before a Texas court of inquiry, Mr. Estes offered farmers up to 120 days free storage to induce them to put their Government-loan grain in his facilities while awaiting Federal takeover. And by many accounts, related by C. H. Moseley, director of the Agriculture Department's storage operations in the Southwest, Billie Sol also boosted his storage business by offering farmers fertilizer at prices below cost—though that maneuver allegedly was aimed simultaneously at driving competitors out of the fertilizer market.

But the bulk of the business seems to have been drawn not straight from the farmers but from smaller independent storage operators, the country stations scattered in small towns. Testimony before the court of inquiry is that these, too, were offered free storage. Under such a system, a small operator could fill up with local grain and accept the producers' storage fees, but then ship to Estes and have room in his own bins for another batch.

OTHER INDUCEMENTS CLAIMED

Assertedly this was only one of numerous inducements. Grain Association President Higinbotham, who doubles as vice president of Goodpasture Grain & Milling Co. in Lubbock, declares that Estes houses paid out \$50 to \$100 a carload for country-station patronage. "We had kept pretty competitive with him, but we stopped short of kicking back cash," he remarks. As further bait, competitors assert the Estes houses readily accepted grain with high moisture content,

absorbing the costly weight-loss involved in drying it to meet Federal standards for price-prop loans.

Whatever the precise incentives offered, Mr. Estes had his warehouses 14.9 percent filled with loan grain at the time of his arrest—this on top of the 43.4 percent filled with Government-owned grain. A few days later that 14.9 percent also became Government-owned, because April Fools' Day was Uncle Sam's "takeover" date for loan grain. But the remaining 41.7 percent of Estes capacity stood empty both before and after the takeover; for all practical purposes Billie Sol dealt only in grain owned by the Government or headed for Government ownership—and even his expensive super salesmanship could not fill his space.

One of his difficulties was that competitors were using many of the same techniques. "It wasn't only United Elevators, but just about everybody else around here was keeping milo free," says farmer Edgar Brown, who tills 350 acres south of Plainview. The Agriculture Department's regional storage boss, Mr. Moseley, declares, "It's widespread practice out here to tell a farmer 'I'll give you free storage until loan maturity if you'll bring your grain to me.'" He adds he even knows of a warehouseman who gives gold bond trading stamps "just as a business getter."

Striving to outgrab his rivals, Billie Sol was taking other costly steps at the time his empire collapsed. According to court of inquiry testimony, he was building pickup stations closer to the farmers than competitors' facilities, "as part of an overall plan to try to corner the market on grain." Says Mr. Burrus: "He was trying to wipe me out completely. He was building one loading station 6 miles north of mine, another 6 miles south, another 8 miles west and 5 miles north; he laid a foundation for one 12 miles west, and he leased land for a fifth one 6 miles east. He wanted to have a loading station every 6 miles on every paved road in this part of the country."

INCENTIVE TO GRAB GRAIN

The whole pattern shows that the Agriculture Department's fixed flat fees serve as an incentive for warehouse firms to go to great lengths to grab grain while it is still privately owned; the hope is that no-profit deals with farmers and country elevators will pay off when the grain is turned over to the Government and the Federal storage fees start flowing. But whether the Estes storage operation showed any overall profit seems dubious.

Billie Sol had assigned his Federal storage revenues to Commercial Solvents Corp., which was backing his expansion both in the warehousing and in fertilizer sales. The confusion of his finances also involved cotton growing, which the Agriculture Department has ruled in violation of its rules, and alleged bilking of finance companies through intricate transactions that included mortgages on nonexistent fertilizer tanks.

Whether or not Billie Sol received any "favors" from politicians or civil servants—and the Government insists none have been proved as yet—he was unquestionably adding thousands of dollars to his overhead through kindnesses to such officials. Items: Contributions to living expenses of Assistant Secretary of Labor Jerry Holleman, since resigned. Gifts to radio expenses of Senator RALPH YARBOROUGH, Democrat, of Texas. Free long-distance credit-card phone calls for James Ralph, first demoted from the post of Assistant Secretary of Agriculture and then fired.

There are hints of more revelations to come. In Texas testimony, Frank Cain, attorney for Pacific Finance Co., one of the companies allegedly defrauded by Mr. Estes, related a conversation in which Billie Sol intimated big payoffs.

TESTIMONY ABOUT ALLEGED PAYOFF

The talk was one which occurred before Billie Sol was exposed, and according to Mr. Cain portions of it ran like this:

Mr. CAIN. "Now listen, there is one thing that is bothering me. You remember the other day when you said, 'I've got a commitment for \$40,000.' Now that was payoff wasn't it?"

Mr. ESTES. "Yes."

Mr. CAIN. "Well, now, have you got to keep up these kinds of payoffs to keep these storages; these terminals full?"

Mr. ESTES. "Oh, yeah, I have to do that."

Mr. CAIN. "Just how much money are we talking about. How much money will it take for these payoffs?"

Mr. ESTES. "A hundred thousand to two hundred thousand dollars a year."

Whether such payoff talk embodied fact or fiction, the Agriculture Department insists that the proportion of his storage capacity filled with Federal grain was a few percentage points lower than the average of other Texas houses. Agriculture officials agree he received grain transferred from Kansas and other Midwest houses, but declare this was a normal movement to clear Midwest elevators for oncoming crops by moving grain toward gulf ports for export—and that Mr. Estes got less than his proportionate share.

Texas Attorney General Will Wilson has charged "obvious favoritism" in the bonding required at Mr. Estes' federally licensed warehouses. Billie Sol was required to be bonded for \$700,000; in contrast, his receivership has been faced with a bond requirement of \$10 million. Federal officials explain that the former was based on a financial statement that seemingly demonstrated Mr. Estes' net worth to be in excess of \$12 million, the latter on red-ink calculations in the neighborhood of \$32 million.

Early in 1961 Mr. Estes was ordered to increase his bond to \$1 million, but the order was rescinded after he went to Washington to plead his case. "It appears that if Estes had been required to increase his bond, he could not have done it," argues cigar-chewing Texas Investigator Richard Wells. "The bonding company would have required a certified audit and Estes' affairs were not in a position to undergo such a searching examination." Agriculture officials dispute this logic, figuring that if Billie Sol had fooled so many big corporate financial experts, he could have fooled one more. But they've switched top men in the Washington Division charged with reviewing bonding.

Searching for more basic reforms, the Department has completed a survey of 100 warehouses—their costs and operations. Objective: To help find an improved system for distribution of the Government grain-storage patronage. Though factual findings are under lock and key, past congressional hearings have developed testimony that the 13½ cents a bushel paid annually by the Government isn't closely geared to actual costs of the warehousing firms. The latter vary widely—assertedly anywhere from 5 cents to 21 cents; a major factor has been technological change. Mr. Estes and others have mostly been building not the expensive concrete elevators whose vertical cylinders have traditionally punctuated the prairie horizon but a new inexpensive sort of "flat" storage—large one-story structures where grain is moved about with conveyor belts.

In theory, the Government could solve the allocation problem, and save taxpayer money, by concentrating all its business in low-cost facilities. This could be done by throwing Federal patronage open to competitive bidding, officials say, but they stew over the difficulties involved in handling thousands of contracts—and wonder how they might deal with a low bid from a distant warehouse, which might run up high transport charges. As an alternative, the 13½-cent storage payment might be cut to some lower figure (back

in 1960, after congressional inquiries into "profiteering" scandals, it was cut from an average 16½ cents). Either course, it's figured, would bring screams from much of the storage industry.

An opposite approach could try to be "fair" to every warehouse, granting future governmental business according to the historical pattern of patronage in some base period. Officials shudder at the complexities of thus fossilizing their patronage; in the days when storage was scarce, they gave business to almost anybody with a roof for rent and some with only tents. "We'd find ourselves giving half-bushel allocations to some of these," muttered an official.

The Fountain committee, if it runs true to form, will blister the Department for failure to use federally owned storage facilities, which now stand nearly half empty. But altering this pattern would apparently require Congress to change present law, which forces the Department to utilize the "usual and customary * * * facilities * * * of trade and commerce." And officials note it would intensify the scramble by commercial storage firms for the business remaining.

Another approach which would require legislation—and which is said to attract some of the congressional investigators—would be the outlawing of the special inducements offered by storage firms to lure the farmer-owned grain destined for Government ownership. The task of policing such rules would be awesome.

Surveying all the possibilities, Agriculture experts dismally conclude that a quick and easy solution to the surplus-warehouse problem is no closer at hand than a sure cure for the surplus-crop problem.

GRAIN SHORTAGES

Mr. MILLER. Mr. President, in connection with the current interest in the mismanagement and favoritism of the Department of Agriculture in the Sol Estes case, other grain storage shortage cases are coming to light. In the June 17 issue and again in the June 24 issue of the Des Moines Register are articles by Mr. Nick Kotz concerning grain shortages discovered by the Iowa Commerce Commission and which make it more clear than ever that the Department of Agriculture must see to it that those who store Government grain are adequately bonded—which certainly has not always been the case. I ask unanimous consent that these articles be printed in the RECORD.

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

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND THREE NEW CORN SHORTAGES

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered three new corn shortages last week in State-licensed warehouses storing U.S. Department of Agriculture grain.

Commerce commission officials said that discovery of three shortages in 1 week is unusual but that their inspectors frequently turn up relatively small shortages.

In most cases, the initial discovery of a shortage results in the action taken in one case last week.

In that case the warehouse operator admitted he might have been about 5,000 bushels short of the 100,000 bushels he was supposed to have in his bins.

He averted suspension of his warehouse license by paying the Commodity Credit Corporation of the U.S. Agriculture Depart-

ment for about 6,300 bushels of corn. He thereby reduced his total storage liability which consists mostly of Government corn.

Commerce commission officials say they make at least two inspections before suspending a license. After the first inspection reveals a shortage, most warehousemen either purchase some Government grain they are supposed to be storing or else buy grain to replenish their bins.

In another case last week, the unusual happened. The commerce commission suspended the license of J. W. Robie's Ellston Elevator at Ellston, Iowa, after several inspections showed a shortage of 6,174 bushels of corn.

Officials said Robie should have had 25,821 bushels of corn, all owned by the Government.

The commission scheduled a hearing July 16 to determine whether to revoke Robie's State warehouse license permanently.

At revocation hearings, the commission sometimes renews a license if missing grain has been replaced and the commission is satisfied with the warehouse operator's explanation of the shortage.

In a third case last week, commerce commission inspectors found a 10,000-bushel shortage in bins of a warehouse operator holding receipts for 66,000 bushels.

Commerce commission officials said this warehouse operator's license would be suspended Monday if the shortage still exists.

The commission has suspended four warehouse licenses this year because of grain shortages.

About 1,100 warehouses are presently licensed by the commission under provisions of the Iowa bonded warehouse law.

This law is designed to protect the interests of persons who store their grain in licensed warehouses.

[From the Des Moines (Iowa) Register, June 24, 1962]

FIND SIX IOWA WAREHOUSES SHY OF GRAIN

(By Nick Kotz)

Iowa Commerce Commission inspectors discovered six new warehouse grain shortages last week as they started a crackdown against warehouses which previously had barely been passing inspections.

Two of ten shortages discovered the last 2 weeks have resulted in suspension of bonded warehouse licenses by the commerce commission.

The commission has suspended the licenses of the Farmers Cooperative Elevator at Sibley and the Ellston Elevator at Ellston.

Commerce Commission Chairman Harold E. Hughes said he felt most of the 10 recent shortages were not deliberate but resulted from failure of warehousemen to compensate for corn shrinkage.

A volume of stored corn normally shrinks by about 1 percent over a period of time.

EFFECTS GREATER

The effects of shrinkage on total corn storage have been greater as the Commodity Credit Corporation of the Agriculture Department has been calling in a large percentage of Government corn stored in warehouses, commission officials said.

For example, the effects of shrinkage on 500,000 bushels of corn would be greatly magnified after 400,000 bushels were shipped to the Government.

Both State and Federal officials have previously told warehousemen they should make continual adjustments for shrinkage and for spoiled corn removed from their bins.

"I feel that more than 99 percent of Iowa warehousemen are people trying to comply with Federal and State rules," said Commerce Commissioner Hughes. "By and large, the warehouse industry is a good one, doing a good public service for the people of Iowa. There are a few violators who give a bad name to the entire industry."

About 1,100 warehouses in Iowa are licensed by the Iowa Commerce Commission. Many of these store Government corn.

PURPOSE OF LAW

Purpose of the Iowa bonded warehouse law administered by the State commerce commission is to protect the interests of persons storing grain and of lending institutions making loans with stored grain as collateral.

Commerce commission inspectors give a generous 10-percent allowance to all warehousemen for grain "pack" (settling of grain in bins). Actual pack varies but seldom amounts to 10 percent.

The commerce commission is now making close checks on warehousemen who in the past year have been passing inspections only by grace of the full 10-percent allowance for pack.

Within the tolerance of a 10-percent pack allowance, it is possible for warehousemen to speculate with a small amount of the grain they are supposed to be storing, commission officials said.

Inspectors for the Agriculture Department, however, are supposed to compute actual pack. Therefore, their inspections theoretically permit the warehousemen less tolerance in having the proper amount of grain on hand.

SIXTY MILLION BUSHELS

About 60 million bushels of Government corn are now stored in Iowa county warehouses under supervision of both the State and Federal Government.

The six shortages discovered last week by the commerce commission ranged from 500 to 8,000 bushels after allowance for 10-percent pack.

The commerce commission will decide this week whether to suspend licenses of any of these warehouses.

In some cases, the warehousemen have eliminated shortages by purchasing some of the receipts for Government corn they were storing.

The Commodity Credit Corporation in the last few weeks has been requiring an inspection of a warehouse before permitting the warehouseman to purchase his Government corn receipts.

The Agriculture Department is taking this measure when a shortage has been reported. Purpose of the inspection is to determine whether the shortage resulted from shrinkage or from conversion of Government corn.

Interest in warehouse grain shortages in Iowa has increased in recent weeks after disclosure that Alex V. Barbour, Jr., of Knoxville, continued to steal large quantities of Government corn after the Iowa Commerce Commission had revoked his license for a smaller grain theft.

Barbour has just started a prison sentence for theft of Government corn. The FBI and other Government agencies have begun a large-scale investigation on into the Barbour case.

HOW HE DID IT

The FBI will seek to learn how Barbour continued grain thefts while he was being investigated by the Agriculture Department and what he has done with proceeds from stolen corn.

Wallace Dick, superintendent of the Iowa Commerce Commission's warehouse division, said the Barbour case points up the need for strengthening the Iowa bonded warehouse law.

At present the commission's regulatory authority stops after it has revoked a license. Dick said the authority should continue until all grain is removed from the storage facilities of the revoked license and delivered to the people it belongs to.

After revoking Barbour's license, the commerce commission issued warnings to the Agriculture Department and sent information for a possible State criminal charge to Marion County Attorney Norman Hays,

Jr. Hays took no action and the Federal Government took no action to seal the warehouse until almost all the grain was gone.

"The bad thing about this whole Barbour mess is that it is a slap in the face to the several hundred warehousemen that are operating on a legitimate basis," said Warehouse Superintendent Dick. "This makes it difficult for them to secure warehouse bonds."

The U.S. Government is now involved in a court case involving the bond of another Iowa warehouse operator who stole Government grain.

SENTENCED IN 1960

Martin Vust, former operator of the Correctionville Elevator and Mill at Correctionville, received a 15-month Federal prison sentence in 1960 for theft of Government grain from his elevator.

The Iowa Commerce Commission discovered Vust's license in July 1960, after its inspectors reported Vust was 70,644 bushels short of the 214,524 bushels required to be in his warehouse.

The U.S. Agriculture Department claims a loss of 72,654 bushels of corn and is attempting to collect a \$58,000 bond Vust had with Merchants Mutual Bonding Co. of Des Moines.

Merchants Mutual has refused to pay on the basis of a Federal court ruling that the type of bonds used at that time could not be collected by the Government. Iowa law has since been changed to include the Federal Government in grain bonds.

Both the Iowa and Federal Governments are presently involved in another large grain shortage case at the Larson Grain Co., Inc., of Council Bluffs.

The Iowa Commerce Commission discovered an initial shortage in March of this year and suspended the warehouse license.

TWENTY-TWO THOUSAND SHORT

The Agriculture Department has been taking its grain from the warehouse. Iowa officials said the warehouse is now showing a shortage of about 22,000 bushels, with about 69,000 bushels left in it. Most of the 91,000-bushel liability is Government corn.

Other licenses suspended by the Iowa Commerce Commission this year for corn shortages were:

Berry Seed Co., of Boone, for a shortage of 9,200 bushels. Officials of the company then voluntarily canceled the warehouse license.

Fayette Soybean Mill of Fayette for a shortage of 6,337 bushels out of a liability of 31,462. Commerce Commission officials said owners of the mill purchased receipts from Commodity Credit to eliminate the shortage and then voluntarily canceled the State warehouse license.

BALANCE OF PAYMENTS

Mr. MILLER. Mr. President, this afternoon during the debate on the debt limitation bill, considerable discussion occurred about the problem of the deficit in our balance of payments with respect to European nations. There appear to be two schools of thought on the subject, at least with respect to deficit spending by the Federal Government. One school of thought is expressed by economists and financial experts on the payroll of the New Frontier. Naturally those individuals, with rare exceptions, issue statements and reach conclusions which indicate that deficit spending and irresponsible fiscal policy are not of such great concern to us with respect to the balance-of-payments problem.

An article published in the Wall Street Journal on June 21 recites the viewpoints that are typical of that school of thought.

Also on June 21 the Wall Street Journal published an article presenting the viewpoints of those on the other side of the issue. It is an article written by William Henry Chamberlin which sets forth a banker's view that cheap money is the basic cause of the balance-of-payments deficit.

I ask unanimous consent that the two articles be printed in the RECORD. They present divergent viewpoints which I believe the public should have in order to make up its own mind as to who is right and who is wrong.

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

TREASURY OFFICIALS ASSERT BUDGET DEFICITS WON'T HURT DOLLAR IF SPENDING IS LIMITED

Two top Treasury officials said new Federal budget deficits won't necessarily impair foreign confidence in the dollar, but they warned the red ink must not stem from uncontrolled spending.

Treasury Under Secretary Robert Roosa, testifying in Washington before the Senate Banking Committee, said a deficit caused by tax cuts wouldn't alarm European financiers unless accompanied by higher spending.

And in Atlanta, Treasury Under Secretary Henry Fowler said European bankers are not seriously worried about current U.S. budget policy "provided it is disciplined and controlled and is not allowed to contribute to an inflationary surge."

The Kennedy administration sought to reassure Europeans of the dollar's continued stability last January by proposing a balanced budget in the 1963 fiscal year that starts next month. But a failure of the economy to rise fast enough to produce targeted revenues has since made a deficit almost certain. And the deficit may be deepened still more by administration plans to recommend a January 1 cut in individual and corporate tax rates, with much of the revenue impact spilling over into fiscal 1964.

SIZE OF DEFICITS STRESSED

Treasury officials agree with other administration advocates of expansionary budget policies that more deficits won't necessarily cause European bankers to lose confidence in the dollar's stability and cause a run on U.S. gold reserves. But the Treasury clearly hopes to keep the deficits as small as possible, explaining to European dollar owners that they were incurred through tax measures intended to bolster U.S. long-term economic strength.

Mr. Roosa, who specializes in money and debt matters, told the Senate committee the forthcoming tax reduction might bolster confidence in the dollar "if it were clear that this was related to an incentive program that gave great promise in the future for cost reduction as well as expansion."

But he implied that if there were an accompanying increase in fiscal 1963 Federal spending beyond the \$92.5 billion originally budgeted, some European holders of dollars might be induced to exchange them for gold. He suggested that European financiers would much prefer a ceiling on Federal spending to a ceiling on Federal debt.

PAYMENTS DEFICIT

Foreign confidence in the dollar, he argued, depends mainly on a steady reduction of the current U.S. deficit in its international payments accompanied by fiscal responsibility on the part of the Government. The payments deficit occurs because the United States spends more abroad for imports, defense, foreign aid and private business investments than it earns back from exports, profits on investments and other sources. The balance-of-payments deficit, which

totaled \$2.5 billion last year, builds up foreign holdings of dollars which eventually can be exchanged for the Treasury's gold. The administration's goal is to close the payments deficit gap by the end of next year, while convincing foreigners that it's safe to hold on to their dollars instead of asking for gold.

Mr. Roosa said the Treasury hopes the balance-of-payments deficit for calendar 1962 will contract to around \$1.5 billion, and be no more than \$2 billion at the worst. This would compare with a \$2.5 billion deficit for 1961 and \$3.9 billion for 1960.

Ironically, U.S. authorities suspect that, despite a narrowing in the payments deficit, there may be a heavier loss of gold this year than the \$857 million sold to foreigners last year. This would result from the reversal of 1961's flow of dollars and other currencies from Britain to continental Europe. The return of these reserves to Britain is deemed likely to cause greater gold purchases from the Treasury by the Bank of England, which traditionally keeps a high percentage of its reserves in gold.

Mr. Roosa said the Treasury hopes total gold sales this year will be less than \$1 billion, about the same or somewhat higher than last year's \$857 million loss but well below 1960's flow of \$1.7 billion.

CONCERN ABOUT PRICE STABILITY

Under Secretary Fowler, the Treasury's No. 2 man, addressed a conference of southern businessmen in Atlanta arranged by the Commerce Department and Georgia community leaders. While Mr. Fowler said European bankers aren't greatly concerned about U.S. budgets, he said there is considerable European worry about U.S. price stability. He stressed that stable prices are needed to bolster export earnings that offset American spending abroad, and he warned that stability is especially critical in the year ahead.

"Without question, at least for the next 12 months, some self-restraint and possibly some sacrifice is called for to avoid excessive wage or price increases at this very sensitive time when our economy is moving toward full employment and an equilibrium in our balance of payment. This means, in blunt terms, that both management and labor, acting on a voluntary basis, should content themselves with somewhat less than they believe the market will bear."

The Treasury official recalled that steel companies in April cited the need for modernization funds as a main reason for their unsuccessful effort to raise prices. "There are other ways of financing modernization besides price increases, however, ways which would not damage the economy as widespread price increases might," he said. He said the administration's proposed tax credit for new investment, now pending in the Senate, would produce one source of modernization funds.

VOWS NOT TO DEVALUE DOLLAR

Mr. Fowler's speech contained a strong affirmation of the administration's vow not to devalue the dollar by raising the \$35-ounce price at which the Treasury buys and sells gold: "We are convinced beyond the shadow of a doubt that it is absolutely essential that the dollar be maintained in a fixed relationship to gold, and that we continue to offer gold for sale at the fixed price of \$35 an ounce."

Treasury officials have been reciting this pledge more often lately, due to repeated European rumors reaching Washington of possible dollar devaluation. The belief that the United States eventually will be forced to raise the price of gold has spurred a sustained price rise in gold mining shares on the stock market while most other stock prices have declined in recent weeks. Mr. Fowler did not discuss the price rise in mining stock in his speech. Commerce Sec-

retary Hodges, asked about it later in a question session at the Atlanta conference, said he sees "nothing to worry about."

Mr. Hodges mainly discussed the domestic economy, saying there's no reason to change his forecast of "rising business activity well into 1963." He long ago conceded, however, that the economy won't reach its original second-quarter target, which called for output of goods and services at an annual rate of \$565 billion.

Still he said he thinks a second-quarter gross national product rate of \$555 billion now being predicted by some private economists "sounds too low."

Mr. Hodges minimized any adverse effects of the stock market drop on consumer sentiment. "These losses are mostly paper losses, and I think that generally speaking consumer purchases will hold up well," he said. "It's time people stopped talking about what the stock market is doing and started talking about their own business."

CHEAP MONEY—A BANKER SAYS IT'S BASIC CAUSE OF PAYMENTS BALANCE DEFICIT

(By William Henry Chamberlin)

Maintenance of the exchange stability of the American dollar and stoppage of the steady outflow of gold to foreign lands, mostly in Europe, have become matters of national and international concern.

The situation may be briefly summarized as follows: There has been a practically continuous deficit in America's balance of payments since 1950, amounting in all to \$24 billion, \$14 billion of this since the end of 1957. About \$8 billion has been converted into gold, a loss of about one-third of America's former gold reserve. About \$18 billion of short-term liabilities to foreigners have accumulated, including about \$10 billion to banks which have wholly or partly adopted the gold exchange standard. Since the end of 1957 there has been a growing tendency to convert dollars into gold.

All sorts of remedies for this situation have been suggested and some have been tentatively advanced: Reduction of import-free allowances for tourists, pushing of our foreign exports, a proposal in the tax bill now pending in Congress to create less favorable tax conditions for American companies operating abroad.

TALK OF DEVALUATION

Some economists favor what they call a selective devaluation of the dollar. This would mean that the present price of gold would be doubled, from \$35 to \$70. Most foreign countries would most probably follow along, so that the relationship between currencies would not be changed; but advocates of this measure hope that some of the countries with harder currencies, such as West Germany, Switzerland, and Belgium, would raise their gold buying price by some lesser proportion, say 90 percent, thereby making these currencies more expensive and creating more equilibrium in the U.S. balance of payments. Financial official circles in Washington are strongly opposed to devaluation, arguing that it would create more problems than it would solve, would gravely undermine America's position of financial leadership and perhaps usher in an era of near-chaos in financial exchanges.

One prominent New York banker is inclined to brush aside as irrelevant most of the proposed remedies with the contention that there is only one basic cause and one basic cure for the weakness of the dollar. This is John Exter, senior vice president of the First National City Bank of New York, whose background of experience includes a stint of teaching economics at Harvard, and service with the Federal Reserve before he took up his present position. He is, therefore, able to look at the problem from the triple viewpoint of an economist, a Government financial expert, and a private banker.

He laid his views on the line as follows in a recent address before the Economic Club of Detroit:

"There is a lot of mystique about this balance-of-payments deficit, a lot of confusion, particularly of cause and effect, and a lot of wishful thinking about how to get rid of it. When you sweep it all away it is much simpler than it looks. A balance-of-payments deficit is caused by monetary policy alone. It is a question of creating too much money."

Referring to the Federal Reserve open market buying and raising of reserve requirements as turning a faucet on and off, Mr. Exter saw a cause-and-effect connection between the Federal Reserve purchase of \$6 billion of American Government securities since the end of 1957 and the loss of \$6 billion in gold during this same time.

Balance-of-payments deficits, in Mr. Exter's opinion, do not just happen. They must be financed and the only way in which they can be financed over long periods is by a central bank. He pointed to the French experience, where the "faucet" was turned off at the end of 1958 and the franc, from one of the weakest, became one of the strongest currencies of Western Europe. Great Britain achieved a similar result by establishing a 7-percent bank rate in July 1961, thereby nipping in the bud a threatening weakness in the pound.

OPPOSES PROTECTIONIST STEPS

Analyzing measures designed to reduce or correct the balance-of-payments deficit, Mr. Exter opposed such negative and protectionist steps as prohibiting Americans from holding gold abroad, tying foreign aid and military expenditures to purchases in the United States and legislation restricting the use of "tax havens." (Incidentally, Dr. Emilio Collado, vice president and director of Standard Oil Co. of New Jersey, subjected the provisions of the pending tax bill which would discourage investment in developed countries to far-reaching criticism in a talk at the commencement ceremonies of the Fletcher School of Law and Diplomacy, of Tufts University. Dr. Collado maintained that these provisions are in flat contradiction with the generally liberal character of the administration's trade expansion bill.)

Mr. Exter took a more favorable view of such measures as export promotion, use of Government influence to damp down wage and price increases, pressing for foreign military procurement in the United States and for the removal of foreign restrictions on American imports. But he warned that all this would be of no avail so long as a cheap money policy prevailed. He said:

"Sometimes I am more concerned about the kind of measures we take in the name of correcting the deficit than by the deficit itself. We fight creeping inflation, but with creeping intervention, protectionism, and control."

He ended with this appeal for sound money:

"The great leaders of history have seen the importance of sound money. In our time Adenauer and Erhard saw it and worked the German miracle. De Gaulle saw it and revitalized France. In Italy Einaudi saw it. In Austria Kamitz saw it. Let us see it, too, and bring new life and growth in America."

One obvious objection to higher interest rates in the present situation is that this might check an economic recovery already endangered by the fall of values on the stock exchange. It may also be argued that American and European conditions are different, and that other factors besides Mr. Exter's "faucet" have much to do with America's balance-of-payments difficulties. But at least his is a clear, consistent voice, identifying what he considers the primary source of danger to dollar stability and proposing a remedy.

HOUSE VOTE ON THE FARM BILL

Mr. MILLER. Mr. President, it takes courage for members of the press today to report facts and make comments critical of the President and his administration. It is not right that this is so, but that is the way things are being done on the New Frontier. One courageous, factual voice is that of Richard Wilson, long time and highly regarded Washington correspondent for the Des Moines Register. In the June 26 issue of the Register, Mr. Wilson analyzes the vote in the House on the farm bill and concludes that there was more to this vote than the regimentation-of-farmers issue; that it really was a rejection by a majority of the House of the Kennedy administration's economic and political philosophy, with its leftist myth that it and it alone knows what is best for the American people. I ask unanimous consent that Mr. Wilson's article be printed in the RECORD.

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

THE VOTE ON THE FARM BILL
(By Richard Wilson)

WASHINGTON, D.C.—Rejection by the House of the Freeman compulsory control farm bill ought to be sufficient notice to the Kennedy administration that Congress does not like its "sophisticated" economic measures. There was more to the vote than the farm control issue or the various commodity and sectional interests which now make the old-time farm bloc an anachronism.

Throughout the debate, in the committee rooms, and in the corridors, ran a kind of emotional resentment against the theoreticians of the Kennedy administration and their sophisticated concepts.

IT'S IKE'S FEELING, TOO

The chairman of the Republican National Committee, Representative WILLIAM MILLER of New York, thinks that among the leading political issues today is the effort of the Kennedy administration to concentrate added power in the executive branch.

Dwight Eisenhower feels strongly about this. It can be questioned how much of a popular issue it is; the Democrats obviously think it is hollow.

But this is not the case in Congress, and it is beside the point whether Congressmen are representing the views of their constituents. Last year, on this same issue, Congress refused to delegate to the Executive its power to enact farm programs by law. President Kennedy sought arbitrary authority to write his own farm programs, subject only to a congressional veto.

This year, with the Freeman program spelled out in legislation, and with every resource of the White House pressure brought to bear, Congress also balked.

President Kennedy has demonstrated time and again that he wishes discretionary authority to control the economy. In many respects this is a bolder bid for power than any recent President has made, covering a far wider range than Harry Truman ever conceived and going many steps beyond Franklin Roosevelt.

It must be concluded that Kennedy, in the name of a free economy, wishes the authority to play upon it like an organ, producing the tones and volume that suit his ear. This, he apparently believes, is what a strong President must do.

He seems to seek not a corporate state, nor yet a completely socialist state. Perhaps it could be called the cooperative state, with the Government setting guidelines for

business and labor, controlling agricultural production, setting cultural and behavioral standards, conducting foreign policy by quiet diplomacy, and, with added authority to influence interest rates, lower taxes by a stroke of the pen, and increase spending arbitrarily.

TOO UNCLEAR ON ITS AIMS

In the case of big business and big labor, guidelines on prices, wages, profits, and, thus, production policies, would be maintained by persuasion, not by law, and if persuasion failed, as in steel, then by the scourge. It may be fairly asked why such control is not taken by lawful enactment. The answer would seem to be fairly clear.

The Kennedy administration is too unclear on its aims to ask for an enactment of broad economic control authority, and Congress has just illustrated that it would not be passed if it were asked for. The country does not want it, and Kennedy's White House advisers have not yet proved to the general satisfaction that the country needs it.

In the absence of specific law, the President determines for himself from time to time what policies are in the public interest, and what are not, and in what industries, enforcing standards of his choosing selectively on industrial managers and labor leaders by methods he considers appropriate.

He contends that the Presidency represents the public interest, as indeed it does. But the scope he would give to the Presidential authority is challengeable.

CITES THIS AS ISSUE

Now it is challenged, in the case of the vote on the farm bill, and this comes at a good time for it should give pause to those in the White House and out who wish to create the cooperative state.

Those who are looking for the real issue in national affairs, and not just the popular issue, will find it in this situation.

The issue lies between those who desire a Federal Government exercising great restraint in its interference in free economic and political processes, and those who desire an assertion of benevolent Executive authority over the widest practicable range.

Just as a footnote, it would be more reassuring, at least as far as benevolence is concerned, if there were fewer instances of newsmen being called on the carpet in the White House and the Justice Department to hear complaints on how they had exercised the responsibilities of a free press in what they had written about the Kennedy administration.

EFFECT OF FREEMAN FARM BILL

Mr. MILLER. Mr. President, an excellent editorial was published in the June 22 issue of Life magazine on the farm bill entitled "Freeman Bill Is No Help Even to Farmers," which I ask unanimous consent to have printed in the RECORD.

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

FREEMAN BILL IS NO HELP EVEN TO FARMERS

You've got to hand it to the Democrats: they are actually using the Billie Sol Estes stink as an argument in favor of Orville Freeman's farm bill. Their reasoning, outlined by the President, helped push the bill through the Senate last month and will now be heard in the House. It goes like this: (1) Billie Sol was a big man in the surplus grain storage business, getting \$7 million in Government checks in 3 years; (2) the Freeman program aims to reduce the surplus, hence lessen the need for storage; (3) ergo, says Kennedy, his farm bill "represents our

best chance to do something about the kind of situation which resulted in Mr. Estes' manipulations."

This argument is nonsense. If the Freeman program becomes law, the opportunities of a Billie Sol Estes will not be less; they could spread from the Cotton Belt all over the country.

Here is the reason. Surplus grain storage is a costly business, but it was not the real key to Billie Sol's manipulations. Cotton allotments—quite a different dodge—were the beginning and end of his career. A cotton allotment is in effect a Government guarantee to buy all the cotton you can raise on a stated number of acres, the number depending on how many acres you farmed in certain previous years. An allotment is worth cash in the bank. Billie Sol became locally successful with one 600-acre allotment near Pecos. He increased its yield by intensive irrigating and fertilizing, and branched into business (ditchlining, pumps, ammonia) that enabled his allotment-owning neighbors to profit in the same way. He then "rented" his neighbors' allotment-born credit to float his phony mortgages. Finally he went into the wholesale acquiring and juggling of cotton allotments, switching them from lower yield States like Georgia to west Texas, where they were worth two or three times as much.

Billie Sol could have got almost as far as he did by staying within the law. His allotment juggling, for example, led to what Secretary Freeman dismissed as merely "a lawyers' quarrel" and while the Department soaked him a \$600,000 impost for selling "bootleg" cotton, he may still have made a profit on it.

Turn now from Estes to Freeman. He sees his problem as surpluses, pure and simple: "If we didn't have heavy stocks on hand," he told the Senate committee, "we would not have to have any program of supply management." The surpluses, of course, are in part the result of the magnificent revolution in U.S. agricultural productivity since the war; but they were also stimulated by Government-guaranteed markets and too-high price supports. By "supply management" Freeman means more allotments (Billie Sol's launch pad); his bill would extend them from cotton, rice, tobacco, peanuts and wheat to corn and other feed grains—crops whose prices have hitherto been supported without rigorous production controls. From about 78 million acres (mainly cotton and wheat) the allotment makers will have 150 million new acres to play with, some in every U.S. State.

Farmers who have hitherto merely read about allotments would learn the system at first hand. A few of them, like Billie Sol Estes, might become wheeler dealers, or victims, or conspirators of same. Others, like the tobacco growers, would settle into their little Sabine farms, with guaranteed incomes, smaller markets, less work and a quiet amount of allotment juggling through the use of kinfolk's names. Wheat farmers, under Freeman's more rigorous system, would find themselves in a new three-price market: one for U.S. mills, one for export and one for feed grains (all prices set by the Secretary of Agriculture).

As for the corn growers, their lot would be puzzling indeed, since most corn is fed to hogs on the farm where it is raised. Corn quotas have been authorized before but repealed because enforcement proved impossible. The one sure result will be a vast expansion in the 100,000 present employees of the Department of Agriculture and a degree of policing and bureaucracy never known before in the Corn Belt.

It is true that the worst surplus problem is in feed grains and that compulsory allotments may bring it under control. But tobacco and cotton are a warning that the

whole American agricultural scene can become a gray sea of well-paid serfs and bureaucrats, enlivened by a few free-enterprising crooks. It is not the farmer who is in trouble, it is the Government; yet Freeman would solve (or more likely compound) the Government's troubles at the farmer's expense. Better no new farm law than Freeman's; we would then revert to the 1958 law, which is capable of better administration than it has got yet.

Here are the main steps Life recommends to lead us out of the farm mess. First, we have more farms and farmers than we need; hence that part of Freeman's program that would permanently switch cropland into woodland or parkland is on the right track. (Similarly, a few million dollars more to train marginal farmers for other jobs would be well spent.)

Second, present Government incentives to excess production should be reduced and then eliminated: free fertilizer; the built-in incentive in allotments, which invites uneconomic inputs of capital and fertilizer; and, most important, high support prices.

Third, the mixed motives and results of our food-for-peace program, which is often mere surplus dumping, must be straightened out. Last week the Greek Government threatened to cut back its own wheat production because, if it produced less, it would qualify for more free U.S. wheat.

Fourth, Congress should lower the dollar ceiling on what the Department can spend. Its \$6 billion budget is nearly half the net of all farmers. (In Ohio, reports the Cleveland Plain Dealer, Government checks are 10 percent of the farmers' gross.)

Above all, the influence of market prices should be reintroduced into subsidized farming. The farmers who earn the greater part of farm income—in cattle, poultry, fruit, vegetables, etc.—get along in a free market and control their own surpluses. Until the subsidized segment is returned to this discipline, the farm problem will not be solved.

Freeman's aim of reducing surpluses is laudable. They cannot be magicked away overnight and neither can price supports. But instead of extending the allotment system, Congress should write a law that will extend the free-market system a little more each year until all farming is once more free.

CURRYING FREE PRESS

Mr. MILLER. Mr. President, last January 10, in the Des Moines Register appeared a revealing article by another of the Register's outstanding Washington staff members, Mr. Fletcher Knebel, describing how this administration, and particularly the White House, has engaged in a calculated campaign to curry the favor of the free press. We may hope that the campaign will, by its very nature, persuade the members of the press that an ulterior motive exists in this campaign. I ask unanimous consent that this article be printed in the RECORD.

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

A PRESIDENT WHO WOOS COLUMNISTS

(By Fletcher Knebel)

WASHINGTON, D.C.—The New Frontier's premier public relations specialist, President Kennedy, has gone into high gear on "Operation Columnist."

The President is selling his political and legislative wares in a series of interviews, unprecedented at the White House in modern times.

The heavy thinkers of the press meet the President in his office, where they sit on a

couch while he rocks in his highbacked rocker. Sometimes they chat with him in the upstairs oval study and drink tea under the prim portrait features of Euphemia van Rensselaer.

Occasionally they dine with him at the White House and, on occasion, the President dines at the home of a columnist.

The President, his own wizard of public relations, shrewdly estimates the impact of each columnist and with his rapid reading talent—he can power through an average book in half an hour—he knows what most columnists write every day and what the probable source of their information is.

AFTER ALL

After all, he was a newspaperman once himself, covering the formation of the United Nations in San Francisco for the Hearst newspapers.

Never in the memory of living newspapermen has the President of the United States been so accessible and never before in modern times has a President sought to establish personal relationships with so many opinion columnists.

His "Operation Columnist" started late last summer when he read a column by Walter Lippmann, 72-year-old dean of the foreign affairs writers. Lippmann was quite critical of Kennedy's policy in Berlin at the time the Communists erected the wall without interference by the Western allies.

Mr. Kennedy took the direct course. He had an aid call Lippmann to find out whether the President could drop by and talk to him.

Lippmann, delighted to have the President of the United States provide his own transportation to be interviewed, quickly assented. Mr. Kennedy drove to Lippmann's Georgetown home in a White House limousine, spent several hours outlining his problems.

Lippmann responded with a column which pictured the multitude of conflicting pressures flagellating Kennedy over Berlin.

GOOD FOOD

Joseph Alsop is another columnist who doesn't always have to go to the White House for his news. The President has dined with Alsop, an epicure, on a number of occasions.

The President has tried selling his goods to the columnists of the conservative opposition. A friend of the President suggested to David Lawrence, a columnist who has smitten Mr. Kennedy hip and thigh, that the two men ought to get together. Lawrence, of course, was agreeable and soon he was invited for a Kennedy interview.

George Sokolsky, another heavy bombardment thinker of the conservative side, has interviewed Mr. Kennedy both in the White House and in New York, where Sokolsky lives.

The President was anxious to talk to Sokolsky. Whether he made headway is not known, but close readers of Sokolsky were amazed at two recent columns, one praising Adlai Stevenson and one quite laudatory about Mr. Kennedy.

Roscoe Drummond, a middle-of-the-road writer, is another columnist whom, the White House indicated, the President would be pleased to chat with. As usual, no conditions were imposed on what Drummond could or could not write.

LIBERAL WAITED

Marquis Childs, a columnist of the liberal persuasion, got his interview recently after a number of applications on his part.

William S. White, a columnist inclined to a nondoctrinaire conservative position, has seen the President a number of times, once recently at the behest of the President. White, a good friend of Vice President Lyndon B. Johnson, thus manages to match up the thinking of the Nation's No. 1 and No. 2 political leaders.

Even Holmes Alexander, the most conservative of the Washington columnists, has felt the heady wine of Presidential interest. After he wrote a column praising a Kennedy speech at the tomb of the unknown soldier, Alexander received a thank-you letter from the President. Probably he will be next in the oval study in the parade of syndicated columnists.

One outstanding columnist has been ignored by the President. Republican Senator BARRY GOLDWATER, darling of the conservatives, has muscled into the syndicated writing business and now claims 200 newspapers print his output. Thus far President Kennedy has failed to grant Columnist GOLDWATER an exclusive tete-a-tete.

Undoubtedly the President's goodwill offensive against the columnists helps him get a better press. Few writers, no matter how indisposed toward Kennedy theories of government, can fail to think better of the President's judgment after being granted one or more private seances.

NINE LUNCHEES

"Operation Columnist" is but the most spectacular of Mr. Kennedy's do-it-yourself public relations campaign. He has now had nine lunches for newspaper publishers and editors, each one including the newspaper chiefs from a particular area.

Here again some results are achieved. At one recent meeting, an influential publisher let it be known that Mr. Kennedy had dissuaded him from a strong editorial position the paper had been taking.

In addition, President Kennedy is accessible to special writers for magazines, supplements and books. As for photographers, never before have the lensmen been accorded so many informal shots of a President behind the scenes in the White House.

The press conference, standard presidential fare in Washington since the days of Woodrow Wilson, is now but a minor adjunct of John F. Kennedy's unmatched public relations program.

ADDITION OF THOUSANDS OF NEW FEDERAL EMPLOYEES

Mr. MILLER. Mr. President, typical of the unfavorable reaction and the concern at the grassroots over the addition of thousands upon thousands of new Federal employees to the New Frontier payroll is a recent editorial in the Centerville, Iowa, newspaper—the Iowegian. I ask unanimous consent that this editorial be printed in the RECORD.

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

MOVING AHEAD WITH JOBS

Even the most jaundiced critic of the Kennedy administration cannot say the bright young men with whom the President has surrounded himself are not imaginative.

During the first 6 months of the Kennedy administration the number of Federal employees increased by 2 percent. But that was just a start. On the basis of preliminary budgeting there will be another 4 percent in 1962 and an additional 2 percent in 1963. Which means that by the end of the 1963 fiscal year there will be 183,000 more Federal employees than when the Kennedy administration took over.

To those who believe bureaucracy must increase we can report that in the period from 1954 to 1960 the number actually decreased by a small margin.

To those ready to give blanket approval to the New Frontier we can also report that the increase in number of employees is not to be in the Defense Department. An in-

crease of only 13,500—or 1 percent—is planned for the Defense Department.

What are the figures for some of the other departments?

For the Health, Education, and Welfare Department the planned increase is 21,028 or 34 percent. For the Department of Agriculture the increase will be 17,694 or 18 percent. For the Department of the Interior it will be 25 percent; Labor Department 25 percent; and Treasury 18 percent.

Only figures. But they come back to you in the form of taxes. If the taxes withheld from your paycheck or the taxes you will be sending to the Internal Revenue Department in the next 2 weeks seem burdensome you'll get no comfort from those figures.

Unless you can figure out a way to become one of those 183,000 new payrollers.

SALE OF MAIL CARRIER JOBS

Mr. MILLER. Mr. President, in the June 14 issue of the Des Moines Register appeared an editorial entitled "Mail Carrier Jobs for Sale," which indicates the problem that Postmaster General Day has on his hands with respect to the abuses that appear to have been taking place in my State of Iowa with respect to the appointment of postmasters. The editorial points out that Mr. Day deserves congratulations for ordering an investigation of the practice. I ask unanimous consent that the editorial be printed at this point in the RECORD.

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

MAIL CARRIER JOBS FOR SALE

Rural mail carrier jobs shouldn't be for sale to the highest bidder, nor should those who get such jobs be required or "expected" to make contributions to the political party in power in Washington, D.C.

However, a reporter for the Register discovered last March that this is not the understanding in the southern Iowa community of Melrose.

An appointment of a rural mail carrier is to be made. Three Democratic farmers seek the job, which pays \$5,000 a year to start and 10 cents a mile for use of a car on the 66-mile route.

The Monroe County Democratic patronage dispensers could not settle the problem, because the chairman of the county committee favors one candidate and the vice chairman favors another. The Democratic State patronage committee did not want to get mixed up in the dispute, in view of the strong local feeling, and notified the postal department to make the selection without considering political recommendations.

U.S. Postmaster General J. Edward Day was unhappy about the situation revealed in the news stories: That any person who got the job was expected to contribute 5 percent of his first year's salary to the Democratic Party and that one individual (not under consideration for the job) had said he would contribute \$3,000 over a 5-year period. Day has started an investigation by the Federal Bureau of Investigation to determine whether contributions are required of newly appointed mail carriers.

The FBI, which has great success in solving major crimes, may meet its Waterloo in this case. Our own investigators, the reporters, say that playing politics in appointing rural mail carriers is an old, although not necessarily honorable, practice of both political parties. It is not news that appointments, when a vacancy develops, go to the individuals supported by local patronage chiefs.

The party politicians are seldom so unknowing of the ways of politics that they

require a gift to the party's campaign fund. But they do "expect" contributions. So the FBI may find it difficult to assemble a report that will enable Day to determine whether contributions are required or voluntary.

However, Day deserves congratulations for ordering the investigation. The fact that an inquiry was launched may carry a valuable lesson to patronage dispensers throughout Iowa. It shows that Day is in earnest when he says that postal appointments are not to be awarded on the basis of campaign contributions.

THE FIRST PRESIDENT

Mr. MILLER. Mr. President, Charles Havlena, distinguished correspondent for the Washington Daily News, has done a scholarly job of research on the subject of the scope and status of the title, "President of the United States in Congress Assembled." Specifically, Mr. Havlena has compiled considerable authority for his conclusion that, under article IX of the Articles of Confederation, the President—or Chairman—of the United States in Congress assembled, was President of that legislative body only and not the first President of the United States, which then numbered 13. In this connection, I ask unanimous consent that the lead editorial from the News for February 22, 1962, and an appropriate extract from a letter to Mr. Havlena from the Department of State on this interesting historical subject be included in the RECORD.

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

FIRST PRESIDENT

Our correspondent, Charles Havlena, here in Washington, is disturbed, and rightly so, at recurring implications that George Washington, whose birthday is celebrated on this date, was not the first President of the United States of America.

To settle any doubts, he has gone to the ultimate authority, the National Archives and Records Service, whose Director, Albert H. Leisinger, reports as follows:

"John Hanson has often been referred to as the 'first President' because of the position he held under the Articles of Confederation. His office was that of President of the United States in Congress assembled and not the office of President of the United States of America.

"By article V of the Articles of Confederation the delegates were to meet in Congress on the first Monday of November in every year and article IX states 'the United States in Congress assembled shall have authority * * * to appoint one of their numbers to preside, provided that no person be allowed to serve in the office of President more than 1 year in any term of 3 years.'

"Thus, under the Articles of Confederation, John Hanson, on November 5, 1774, was appointed to preside and held the office of President of the United States in Congress assembled.

"The Commission granting Washington full power and authority to arrange an exchange of prisoners of war with the British, which as you know is the earliest known use of the seal of the United States, is witnessed by 'John Hanson, President of the United States in Congress assembled.'

"The office of President of the United States of America was created by the express words of the Constitution (art. II, sec. 1), which says 'The executive power shall be vested in a President of the United States of America.'"

That should settle it. John Hanson was President of the United States in Congress assembled. George Washington was the first President of the United States of America. Let the record so show.

DEPARTMENT OF STATE,
Washington, D.C. April 11, 1962.

Mr. CHARLES HAVLENA,
Washington, D.C.

DEAR MR. HAVLENA: I have your letter of March 29, 1962, making further reference to the Department's press release of May 9, 1932, entitled "The First President of the United States."

You are correct in your mention of article IX of the Articles of Confederation and in your understanding that the presiding officer of the Continental Congress, otherwise known as the President of "the United States in Congress assembled," was president or chairman of that body only, and not President of the 13 States of the then United States.

The Office of President of the United States did not exist under the Continental Congress and the Articles of Confederation. Instead, it was created by the words of article II, section 1 of the Constitution: "The executive power shall be vested in a President of the United States of America." Both in fact and in law George Washington was the first President of the United States.

Sincerely yours,

G. BERNARD NOBLE,
Director, Historical Office,
Bureau of Public Affairs.

TRANSACTION OF ADDITIONAL ROUTINE BUSINESS

By unanimous consent, the following routine business was transacted:

PARTICIPATION BY AMERICAN ATHLETES IN INTERNATIONAL SPORTING EVENTS—RESOLUTION OF MICHIGAN HOUSE OF REPRESENTATIVES

Mr. HART. Mr. President, repeatedly over the years we have seen immeasurable good will developed as a result of participation by American athletes and athletic teams in international sporting events. The House of Representatives of Michigan forwarded me a resolution requesting that American participation in such events be encouraged and that needless restrictions be eliminated. I was happy to receive the resolution and ask unanimous consent that it be printed in the RECORD.

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

HOUSE RESOLUTION 76: RESOLUTION OF THE HOUSE OF REPRESENTATIVES OF THE STATE OF MICHIGAN

Resolution requesting the Congress of the United States to encourage American participation in international sports events

Whereas today, as the world is largely divided into two ideological camps, both fighting in various and devious ways for control of the minds of millions of yet uncommitted people, one of the methods of securing control is that of a show of strength and the physical prowess and mental alertness of the athletes of a country; and

Whereas this showing of strength, dexterity, and bravery is often shown in or at various international sporting events held throughout the world when athletes of all countries meet in international competition; and

Whereas a complaint frequently heard is that because of stringent rules and regulations of certain associations of this country many of our best athletes and athletic teams are not competing in international sporting events because of severe financial restrictions and the inability to raise, collect or accept moneys for the expenses involved traveling to and from such meets; and

Whereas, many, if not most, of the athletes and athletic teams from other countries are said to have their expenses paid by the governments they represent: Now, therefore, be it

Resolved by the house of representatives, That the members of the Michigan Legislature respectfully request the Congress of the United States to inquire into the matter of the expenses of American athletes and athletic teams competing in international sporting events, to determine the needs for the Government sharing in the expenses of such teams and athletes when representing this country in international sporting events; and be it further

Resolved, That a copy of this resolution be transmitted to each member of the Michigan delegation to the Congress of the United States for appropriate action.

ADDITIONAL REPORTS OF COMMITTEES

The following additional reports of committees were submitted:

By Mr. HAYDEN, from the Committee on Appropriations, without amendment:

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes; which was read the third time and passed.

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

EXTENSION OF RENEGOTIATION ACT OF 1951—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 1669)

Mr. BYRD of Virginia. Mr. President, from the Committee on Finance, I report favorably, with amendments, the bill (H.R. 12061) to extend the Renegotiation Act of 1951, and I submit a report thereon. I ask that the report, together with minority views, be printed.

The PRESIDING OFFICER. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Virginia.

ADDITIONAL BILLS AND JOINT RESOLUTION INTRODUCED

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

By Mr. MOSS:

S. 3488. A bill for the relief of Richard Wong; to the Committee on the Judiciary.

By Mr. FULBRIGHT (by request):

S. 3489. A bill to amend the Foreign Service Act of 1946, as amended, and for other purposes; to the Committee on Foreign Relations.

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

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

S.J. Res. 206. Joint resolution proposing an amendment to the Constitution of the

United States to permit the use of prayer in public schools; to the Committee on the Judiciary.

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

FOREIGN SERVICE ACT AMENDMENTS OF 1962

Mr. FULBRIGHT. Mr. President, by request, I introduce for appropriate reference, a bill to amend the Foreign Service Act of 1946, as amended, and for other purposes.

The proposed legislation has been requested by the Assistant Secretary of State for Congressional Relations, and I am introducing it in order that there may be a specific bill to which Members of the Senate and the public may direct their attention and comments.

I reserve my right to support or oppose this bill, as well as any suggested amendments to it, when the matter is considered by the Committee on Foreign Relations.

I ask unanimous consent that the bill may be printed in the RECORD at this point, together with the letter from the Assistant Secretary of State, dated June 20, 1962, in regard to it, and an explanation of the bill and cost estimates furnished by the Department of State.

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

The bill (S. 3489) to amend the Foreign Service Act of 1946, as amended, and for other purposes, introduced by Mr. FULBRIGHT, by request, was received, read twice by its title, referred to the Committee on Foreign Relations, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Foreign Service Act Amendments of 1962".

SEC. 2. Sections 571 (a) and (c) of such Act are hereby amended as follows:

(a) Section 571 (a) is amended by changing the final period to a colon and adding "Provided, That in individual cases when personally approved by the Secretary further extension may be made."

(b) Section 571 (c) is amended to read as follows:

"(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned or appointed is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section, shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII."

SEC. 3. Section 625 of such Act is amended by substituting in the first sentence the words "the same numerical" for the words "a given"; by substituting the words "fifty-

two calendar weeks or more, shall, at the beginning of the next pay period" for the words "nine months or more, shall, on the first day of each fiscal year"; and by substituting in the second sentence the words "a Foreign Service officer or a Reserve" for the words "any such".

SEC. 4. (a) Section 911 of such Act is amended by adding a comma and the phrase "including prepayment on a commuted basis" after the word "pay" in the introductory sentence.

(b) Section 911 (1) of such Act is amended by inserting after the word "Secretary" the phrase "authorizing annual leave at their homes upon reassignment to the United States after service abroad or".

(c) Section 911 (2) of such Act is amended to read as follows:

"(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized travel to his home on annual leave when he is reassigned to the United States or on authorized home leave; accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;"

(d) Section 911 (8) of such Act is amended to read as follows:

"(8) the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place, or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service."

SEC. 5. Section 921 (d) of such Act is deleted, restated in a new section 914, and a new heading thereto is added as follows:

"USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

"SEC. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78), the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available."

SEC. 6. A new section 1051 and part F under title X of such Act are hereby added as follows:

"PART F—CLAIMS

"SEC. 1051. The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed \$6,500 for a single claim, or replace property in kind: *Provided,* That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive."

SEC. 7. A new section 1081 and part I under title X of such Act are hereby added as follows:

"PART I—GRANTS TO SCHOOLS

"SEC. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area."

The letter, explanation, and cost estimates presented by Mr. FULBRIGHT are as follows:

DEPARTMENT OF STATE,
Washington, June 20, 1962.

The VICE PRESIDENT,
U.S. Senate.

DEAR MR. VICE PRESIDENT: On June 16, 1961, the Department forwarded to the chairman of the Committee on Foreign Relations for consideration draft amendments to the Foreign Service Act of 1946, as amended, which were introduced in the Senate on July 25, 1961, as S. 2305. No action was taken by the Senate on this bill. Certain of the items in the Department's draft amendments were incorporated by the House Committee on Foreign Affairs into the foreign aid authorization bill which was passed by the House on August 18, 1961, and later included in the conference report which was adopted by the Senate on August 31, 1961. This bill was approved September 4, 1961. Other items in the Department's draft amendments were, on the basis of agreement between the House Foreign Affairs Committee and the Department, withdrawn from consideration because of the pressure of legislative business at the end of the 1st session, 87th Congress.

We are enclosing herewith draft amendments to the Foreign Service Act of 1946, as amended, which include those items contained in the Department's 1961 proposed amendments but not acted upon, with a few additional items that the Department considers urgently needed for the improvement of the administration of its Foreign Service. In substance those proposed amendments would:

1. Broaden the provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any Government agency (including the Department of State) or in any international organization, international commission or international body so that in individual cases the Secretary may extend such assignments for a period beyond 8 years (sec. 571(a)).

Change by making more restrictive the provisions with respect to the payment of salary differentials to Foreign Service personnel assigned to duty in the United States (sec. 571(c)).

2. Change the provisions relating to within-class increases for Foreign Service officers and Reserve officers to simplify payroll procedures and to equalize application of such increases (sec. 625).

3. Grant the Secretary authority to simplify existing procedures incident to Foreign Service travel by (a) permitting payment or prepayment of travel expenses on a commuted basis (sec. 911); (b) providing authority for the travel of officers and employees of the Service and their families for annual leave in connection with rotation assignments to the United States after service abroad (sec. 911(1)(2)); (c) providing authority to enable members of the families of officers and employees of the Service to accompany officers or employees for representational purposes within the country of their assignment or at the Secretary's dis-

cretion outside the country of their assignment (sec. 911(2)); and (d) providing authority to transport the remains of officers or employees of the Service and members of their families to appropriate places of interment (sec. 911(8)).

4. Increase the Secretary's authority to use Government owned and leased vehicles for the transportation of U.S. Government employees and their dependents when public transportation is unsafe or not available (sec. 914).

5. Provide authority to settle and pay claims against the United States by officers or employees of the Service for damage to, or loss of, personal property incident to their service (sec. 1051).

6. Provide the Secretary with authority to grant funds in lieu of or supplementary to educational allowances for the purpose of making available educational services for

children of employees stationed in foreign areas whenever he determines such a grant of funds to be necessary (sec. 1081).

These proposals provide authority in the administration field which the Department believes is essential for more effective administration of the Foreign Service.

It is hoped that they may be given early consideration during the current session of Congress and that they may receive your support.

The Department has been informed by the Bureau of the Budget that there would be no objection, from the standpoint of the administration's program, to the presentation of the draft legislation to the Congress for its consideration.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary
(For the Secretary of State).

FOREIGN SERVICE ACT AMENDMENTS OF 1962—COMPARABLE TEXT AND EXPLANATION

[Old matter in roman, new matter in *italic*, deleted matter in black brackets]

PART H—ASSIGNMENT OF FOREIGN SERVICE PERSONNEL

Assignments to any Government agency or international organization

Existing Legislation

SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years.

(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned [pursuant to the terms of this section] is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII. [No officer or employee of the Service who, subsequent to the date of enactment of the Foreign Service Act Amendments of 1960, is assigned to, or who, after June 30, 1961, occupies a position in the Department that is designated as a Foreign Service officer position, shall be entitled to receive a salary differential under the provisions of this paragraph.]

Section 571(a) is amended to broaden provisions which limit the period that the Secretary may assign or detail an officer or employee of the Service for duty in any

Proposed Legislation

SEC. 571. (a) Any officer or employee of the Service may, in the discretion of the Secretary, be assigned or detailed for duty in any Government agency, or in any international organization, international commission, or international body, such an assignment or combination of assignments to be for a period of not more than four years, except that under special circumstances the Secretary may extend this four-year period for not more than four additional years: *Provided, That in individual cases when personally approved by the Secretary further extension may be made.*

(b) If a Foreign Service officer shall be appointed by the President, by and with the advice and consent of the Senate, or by the President alone, to a position in any Government agency, any United States delegation or mission to any international organization, in any international commission, or in any international body, the period of his service in such capacity shall be construed as constituting an assignment within the meaning of paragraph (a) of this section and such person shall not, by virtue of the acceptance of such an assignment, lose his status as a Foreign Service officer. Service in such a position shall not, however, be subject to the limitations concerning the duration of an assignment contained in that paragraph.

(c) If the basic minimum salary of the position to which an officer or employee of the Service is assigned or appointed is higher than the salary such officer or employee is entitled to receive as an officer or employee of the Service, such officer or employee assigned pursuant to the terms of paragraph (a) of this section if so designated by the Secretary, or such officer or employee appointed pursuant to the terms of paragraph (b) of this section, shall, during the period such difference in salary exists, receive the salary and allowances of the position in which he is serving in lieu of his salary and allowances as an officer or employee of the Service. Any salary paid under the provisions of this section shall be the salary on the basis of which computations and payments shall be made in accordance with the provisions of title VIII.

Government agency (including the Department of State) or in any international organization, international commission or international body, so that in individual

cases the Secretary may extend such assignments for a period beyond 8 years.

It is proposed to repeal the provisions of section 571(c) with respect to payment of salary differentials to Foreign Service personnel assigned to duty in the United States except in those cases where the Secretary determines that a salary differential shall be paid. Since the integration of departmental and Foreign Service personnel has made the interchange of personnel between overseas and U.S. assignments a normal procedure, there is now usually no justification for the payment of salary differentials when assignments to the United States are made. Accordingly, the Department seeks elimination of the general requirement that a differential must be paid. However, it is necessary that the Secretary have authority to pay this salary differential when in his discretion the unusual requirements of an assignment justify its payment. Examples are: assignment to the U.S. mission to the United Nations, and the assignment of officers to positions in the Department that place unusual representational responsibilities upon them or which make unusual demands upon their time over and above normal work requirements.

The functions performed by the U.S. mission are essentially diplomatic in nature and the representational duties performed by the officers assigned to that mission are identical in nature with representational duties performed by officers in similar positions in our Foreign Service missions abroad. The United States, as the host nation, must be prepared to respond to the many opportunities for effective representational activities that occur in connection with our respon-

sibility to the United Nations. Our officers assigned to the United Nations are for the most part financially unable to assume the added personal expenses of the high costs of representation found necessary in connection with their assignment. Thus, they are placed at a disadvantage with respect to their opposite numbers in other delegations who are receiving allowances which are usually granted diplomats serving abroad.

Frequently officers assigned to the office of the Secretary or to the offices of other high ranking officials, of the Department may be required to spend many hours more than the normal work requirements of their jobs attending official functions, accompanying their superior officer on official trips, briefing him in after-hours sessions and taking instruction from him as required at any hour of the day or night during workdays, weekends or holidays. Such round-the-clock responsibility entails extra monetary expenditures by the officers for which reimbursement is not feasible. It is not anticipated that the Secretary will authorize salary differentials for more than 10 Foreign Service employees assigned to the United States at any one time, including those detailed to USUN or assigned within the Department.

Changes in the general provisions for the payment of salary differentials to Foreign Service personnel assigned to the United States will not affect Foreign Service personnel who are appointed by the President alone or by and with the advice and consent of the Senate as described in section 571(b). Such officers will receive the salary of the position to which appointed or their Foreign Service salary whichever is greater.

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Existing Legislation

SEC. 911. The Secretary may, under such regulations as he shall prescribe, pay—

The purpose of the proposed amendment of the first sentence of section 911 to add the phrase "including prepayment on a commuted basis" is to grant the Secretary authority to simplify existing procedures incident to Foreign Service travel. Present laws and related regulations pertaining to the travel of personnel and the transportation of their effects do not allow the adoption of simplified procedures which would result in lower costs to administer the Foreign Service travel and transportation system.

To achieve its goal of streamlining administrative operations, the Department must thoroughly revamp its present travel system to eliminate the excessive number of obligating, vouchering, and auditing actions generated by Foreign Service travel. The man-hours spent in providing travel assistance to employees, obtaining and evaluating bids for packing and shipping services, issuing Government bills of lading, supervising shipments being sent and received, collecting from employees for excess weights shipped and settling claims represent undue effort and expense which can be curtailed sharply or, in some cases, eliminated by adoption of the commuted travel program.

Approval of the required legislation would permit the Department to prepay, on a commuted basis, all costs in connection with fares and shipments of unaccompanied air and surface baggage, as well as household effects, thus overcoming the prohibition on advance of public moneys contained in 31 U.S.C. 529. The cost of each trip would be computed in advance and a single voucher

Within-class salary increases of foreign service officers and reserve officers

Existing Legislation

SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in [a given] class for a continuous period of [nine months or more, shall, on the first day of each fiscal year], receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to [any such] officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

Proposed Legislation

SEC. 625. Any Foreign Service officer or any Reserve officer, whose services meet the standards required for the efficient conduct of the work of the Service and who shall have been in the same numerical class for a continuous period of fifty-two calendar weeks or more, shall, at the beginning of the next pay period, receive an increase in salary to the next higher rate for the class in which he is serving. Without regard to any other law, the Secretary is authorized to grant to a Foreign Service officer or a Reserve officer additional increases in salary, within the salary range established for the class in which he is serving, based upon especially meritorious service.

Existing Legislation

SEC. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary in accordance with the provisions of section 933 with regard to the granting of home leave;

The purposes of the proposed amendments to section 625 are (1) to simplify the payroll procedures for processing within-class increases for Foreign Service officers and Foreign Service Reserve officers by making such increases effective at the beginning of a pay period; (2) to equalize the application of such increases by making them effective immediately following the expiration of a specified period in class rather than on July 1 of each year; (3) to permit the use of service in the same numerical class either as an FSR or an FSO toward an increase in the class in which the officer is serving at the time the increase would be due; and (4) to clarify the language relating to increases for meritorious services.

When within-class increases are made effective on July 1 of each year, a pay period is nearly always split, unnecessarily complicating the payroll operation. Under present law, when an officer is promoted to a higher class in October of a given year, he would not have 9 months in class by the following July 1 and would therefore not be eligible until July 1 of the second year following class promotion. By providing for

increases after a specified period of 52 calendar weeks, each officer serves the same length of time in class before his first within-class increase. For example, an officer was promoted to FSO-4, \$10,645 on October 8, 1961; under the present system he would not be eligible for within-class increase on July 1, 1962, but would receive a within-class increase on July 1, 1963, \$10,645 to \$10,945; under the proposed system he would receive the within-class increase to \$10,945 on October 14, 1962.

The language is also amended to make clear that service as a Foreign Service Reserve officer and a Foreign Service officer may be combined for purposes of crediting time toward a within-class increase. Substitution of the phrase "a Foreign Service officer or a Reserve" for the word "such" in existing language is a technical clarification that relates the granting of meritorious service increases directly with Foreign Service officers and Foreign Service Reserve officers. This change eliminates the unintended implication in the present language that such increases relate to those officers who have been in class for a specified period of time.

The purpose of this amendment is to permit travel to a place of residence in the United States for annual leave when an officer or employee is to be assigned to duty in the United States following duty abroad. Current authority provides for transportation to a place of residence, under such circumstances, only for home leave.

At present an officer or employee is granted home leave after a foreign assignment and before an assignment in the United States if he has completed 18 to 36 months, depending upon his post of assignment, continuous service abroad. Such leave is not necessary from the viewpoint of acquainting the officer or employee with circumstances in his own country to make him a better representative abroad. His assignment in the United States will accomplish that purpose. It is the Department's belief, however, that an employee is entitled to earned home leave after a tour of duty at certain hardship posts and that he should be given an opportunity for such leave before entering on duty for a departmental assignment. On the other hand, an officer or employee who has not served at a hardship post may upon return to the United States need a shorter period of leave in order to refresh himself and his

PART B—TRAVEL AND RELATED EXPENSES

General provisions

Proposed Legislation

Sec. 911. The Secretary may, under such regulations as he shall prescribe, pay, including prepayment on a commuted basis—

would be processed to effect payment to the traveler prior to the commencement of the journey. Provision would be made for a supplemental payment to cover unusual circumstances such as strikes and acts of God affecting travel beyond the control of the traveler. The traveler would be responsible for making arrangements for his personal travel and for the transportation of his effects.

The isolated location of many Foreign Service posts, inadequate packing and transportation facilities in some areas of the world, as well as other factors having a direct bearing on a worldwide program of this kind, will cause implementation of the commuted travel plan to proceed slowly. It is estimated that, because of abrupt and unannounced changes in tariffs, unstable rates of exchange and other variables, this plan would not be usable for 20 percent of the transfer cases involving Foreign Service personnel. On the other hand, it is quite possible that it would be valid for the other 80 percent of transfer cases and the potential savings in terms of reduced paper work would be sizable. These savings, which are not definitive and must be projected over a period of several years, could result in a cumulative reduction in costs to the Government. The initial effort would concentrate on those areas where costs can be established and verified readily.

Approval of legislation permitting establishment of a commuted travel program for Foreign Service travel would result in more effective utilization of available manpower and simplified transportation management.

Proposed Legislation

Sec. 911.

(1) the travel expenses of officers and employees of the Service, including expenses incurred while traveling pursuant to orders issued by the Secretary *authorizing annual leave at their homes upon reassignment to the United States after service abroad* or in accordance with the provisions of section 933 with regard to the granting of home leave;

family and to attend to private affairs (putting children in college, visiting aged parents, settling estates, etc.) before taking on a Washington assignment. For such purposes a relatively brief period of annual leave will normally be granted personnel returning from non-hardship posts.

It is therefore proposed that transportation for visits to the home leave address following a foreign assignment and before entering upon a U.S. assignment be paid for by the Government, but that the period of leave be shortened by allowing only annual leave for those on transfer to the United States from posts where living and working conditions have not imposed any particular hardship. Annual leave would be charged for the officer or employee's absence from the time he would have arrived had he made a direct journey from his post to Washington or from the time he arrives at his home leave address whichever is sooner until the time he actually arrives in Washington. However, he will be entitled to actual or constructive travel costs and to per diem for the time that would have been spent in travel status on direct travel to his home leave address. Home leave upon return to

the United States for assignment in the Department will normally be granted only after an officer or employee has completed

a tour of duty at a post which has been designated a hardship post for rest and recuperation purposes.

Existing Legislation

Sec. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized home leave; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

Section 911(2) is being amended with respect to travel on annual leave when an officer is reassigned to the United States to conform with the proposed amendment in section 911(1). Further, a new provision is being added to section 911(2) to authorize dependents of Foreign Service officers and employees to accompany them for representational purposes on authorized travel within the country of their assignment or at the discretion of the Secretary outside the country of their assignment.

Experience has shown that representation is frequently conducted more successfully by a man-and-wife team than by an officer

Proposed Legislation

Sec. 911.

(2) the travel expenses of members of the family of an officer or employee of the Service when proceeding to or returning from his post of duty; accompanying him on authorized travel to his home on annual leave when he is reassigned to the United States or on authorized home leave; accompanying him for representational purposes on authorized travel within the country of his assignment or, at the discretion of the Secretary, outside the country of his assignment; or otherwise traveling in accordance with authority granted pursuant to the terms of this or any other Act;

alone, and in the case of single or widowed officers, when accompanied by a sister or other adult relative who normally acts as hostess. This has become increasingly significant with the improving status of women in societies throughout the world. In the past, when members of an officer's family have accompanied him on official trips the representational benefit to the United States has frequently been pronounced. The Department does not believe officers should be required to bear this additional expense when the travel of members of family is in the public interest.

Existing Legislation

Sec. 911.

(8) [the cost of preparing and transporting to their former homes in the continental United States or to a place not more distant than the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die abroad or while in travel status;]

The current provision relating to the transportation of remains of officers and employees of the Service and members of their families is limited to transportation to their former homes or to a place not more distant. Experience has shown that the family burial plot and the place of residence is not always the same. When the cost of the shipment of the remains to such a place is in excess of the cost of shipment to the former home, the difference in cost cannot be paid by the Government. The proposed amendment would permit in appropriate cases the transportation of such remains at Government expense to former homes or to any other place considered appropriate, such as a family burial plot or national cemetery anywhere in the United States.

Proposed Legislation

Sec. 911.

(8) *the cost of preparing and transporting to their former homes, or to such other place in the United States as may be determined to be the appropriate place or to a place not more distant than their former homes, for interment the remains of an officer or employee of the Service who is a citizen of the United States and of the members of his family who may die while the officer or employee is in the Service.*

The proposed amendment will also correct an inconsistency in existing authority relating to the transportation of remains of employees and members of their families. When an employee or dependent dies abroad or while in travel status, the remains, the family, and their effects are transported to their place of residence in the United States; if an employee or dependent dies while in the United States but not in travel status, the family and effects may be transported but not the remains. This amendment will make it possible to transport the remains of employees or dependents who die while in the Service, wherever stationed, to an appropriate place of interment anywhere in the United States.

PART B—TRAVEL AND RELATED EXPENSES

Existing Legislation

See Part C, section 921(d).

Proposed Legislation

USE OF GOVERNMENT-OWNED OR LEASED VEHICLES

Sec. 914. Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned or leased vehicles located at his post for transportation of United States Government employees and their dependents when public transportation is unsafe or not available.

The basic language in new section 914 is being taken from existing section 921(d) which is being deleted because reference to use of Government-owned vehicles for the

transportation of employees or dependents does not belong under the heading "Commissary Services." The existing provisions in this section make it possible for the

Secretary to authorize any principal officer to approve the use of Government-owned vehicles located at his post for the transportation of U.S. Government employees who are American citizens and their dependents to and from recreation facilities when public transportation is unsafe or is not available.

The provision authorizing the use of Government-owned transportation to and from recreational facilities has been a useful one but there are many instances over and beyond this need wherein the interest of the safety of the adult and minor dependents of Foreign Service personnel, Government transportation must be used. In many of the newly opened posts in Africa, in certain Asian posts and in the Curtain countries, public transportation facilities, if they exist, cannot be considered a safe means of travel for women and children. In fact, in some areas it is not considered safe for an unescorted woman to drive herself or her children on the public thoroughfares, whatever may be the purpose of the travel. Further, in these difficult areas there are certain social functions which for representational purposes our officers and employees and their wives must attend. In many instances, in addition to the absence of safe public trans-

portation privately owned vehicles cannot be left unattended on the streets.

Moreover, in some Foreign Service posts where adequate schools exist for providing elementary and secondary educational services for dependents of U.S. Government employees, public transportation facilities to and from such schools are not available or are inadequate.

Government-owned vehicles are available at all posts abroad. They are not necessarily in use constantly for official transportation yet they must be maintained and held in readiness for such use. The principal officer at a post where transportation facilities are unavailable or unsafe should be able to use, in his discretion, facilities that are available to him for whatever purpose they may be needed to provide transportation for employees and their dependents. It is for this reason that the Department seeks the broader authority provided in the new section 914. This section also has been changed to authorize the use of leased vehicles as well as Government-owned ones since there are posts where it is more economical for the Department to lease a few vehicles on a part-time basis rather than to purchase and maintain a full quota of Government-owned vehicles.

bassy personnel were evacuated by plane and saved only what they wore and what they could put into one suitcase.

At the present time the Department's Foreign Service Claim Board, operating under administrative regulations, considers claims for noninsurable losses incurred by Foreign Service employees as a result of emergency conditions and recommends approved cases to the Congress for settlement under private bills. For losses sustained since the evacuation of personnel from Seoul, Korea, in June 1950, 15 claims have been approved by the Claim Board, 11 of which have been settled under 4 separate private laws approved by the 83d, 85th, and 86th Congresses. Four of the fifteen cases will be recommended to the 2d session, 87th Congress, for reimbursement.

Existing Legislation

No existing legislation.

PART C—COMMISSARY SERVICE

Existing Legislation

SEC. 921. [(d) Notwithstanding the provisions of section 5 of the Act of July 16, 1914, as amended (5 U.S.C. 78) the Secretary may authorize any principal officer to approve the use of Government-owned vehicles located at his post for transportation of United States Government employees who are American citizens, and their dependents, to and from recreation facilities when public transportation is unsafe or is not available.]

Proposed Legislation

Deleted under Part C—See Part B, section 914.

Section 921(d) is being deleted in Part C. This section is to be restated and amended under Part B—Travel and Related Expenses.

Existing Legislation

No existing legislation.

Proposed Legislation

PART F—CLAIMS

Sec. 1051. *The Secretary may, under such regulations as he shall prescribe, settle and pay claims arising after date of enactment of this section against the United States Government for damage to, or loss of, personal property incident to his service of any officer or employee of the Service in a sum not to exceed \$6,500 for a single claim, or replace property in kind: Provided, That a claim may be allowed under this section only if: (i) the officer or employee of the Service establishes that insurance was not obtainable at reasonable cost or was unobtainable for the risk from which the damage or loss resulted; (ii) it is presented in writing within two years after the damage or loss occurs; (iii) it did not occur at quarters occupied by the claimant within the fifty States or the District of Columbia that were not assigned to him or otherwise provided in kind by the United States; and (iv) such loss or damage occurs without fault or negligence on the part of the claimant or member of his family. Notwithstanding any other provision of law, a settlement of a claim pursuant to this section shall be final and conclusive.*

The purpose of this amendment is to simplify the procedure for reimbursing, within limits, Foreign Service personnel who suffer property loss incident to service abroad.

The lack of political stability in a number of areas of the world where Foreign Service personnel are stationed, and the incidence of civil disturbance, riot, arson, and sundry threats to the property of such per-

sonnel have made it certain that the U.S. Government will be presented from year to year with legitimate claims for recompense.

Past experience indicates that hasty evacuation of a post in the face of hostilities leads almost inevitably to personal property losses. When Seoul was evacuated in 1950, 24 hours ahead of its takeover by the advancing North Korean Army, American Em-

The Department is requesting the authority contained in new section 1081 because over and above existing general authority for aid to education abroad, the Secretary needs to be able to supplement the existing channels of assistance to schools in those instances where none of the existing statutory authorities enable him to insure adequate education for the children of Government employees abroad.

There is existing legislative authority for several types of aid to education abroad. First, two useful and far-reaching programs, but ones that are not designed to meet the needs of children of Government employees abroad, are those which provide demonstration centers in foreign countries to display American educational techniques, primarily for the benefit of the local population. The programs are under the direction, respectively, of State's Bureau of Educational and Cultural Relations and of AID. Although in some few instances these programs provide benefits to children of Government employees abroad when no more suitable arrangement can be made, the use for such purposes is extremely limited.

Legislative authority exists for two kinds of aid to schools attended primarily by dependents of Government employees. These, however, are primarily of benefit to the dependents of military and AID personnel. One is the military dependents' school system which is concentrated in areas where troops are stationed. The other is the new authority in section 636 (c) and (d) of the AID legislation which authorizes assistance to schools for dependents of Government employees in areas where the AID program is operating.

A third major kind of assistance in education is that provided in 1955 through which educational allowances may be granted to parents to defray the costs of obtaining an adequate education for their children. Valuable as this program is, it is not the complete answer. It is dependent upon the existence of adequate educational facilities and the willingness of local educators and the officials of the host government to cooperate. Where no adequate facilities exist or where there is opposition to the participation of the dependents of U. S. Government employees in existing sys-

The proposed amendment would provide a permanent vehicle for the quick settlement of legitimate claims, thus enabling personnel who have suffered losses to replace them, at least in part.

This proposal would be similar to authority presently vested in the Secretary to settle tort claims abroad involving State Department operations.

The Department is aware that H.R. 10357, the proposed Military Personnel and Civilian Employees' Claims Act of 1962, passed the House on March 19, 1962, and is considered to have a good chance of being enacted during this session of Congress. The provisions of H.R. 10357 are more liberal than the provisions of this section. In the event H.R. 10357 is enacted the Department proposes to strike this section from the Foreign Service Act Amendments of 1962.

Proposed Legislation

PART I—GRANTS TO SCHOOLS

Sec. 1081. Notwithstanding any other law, the Secretary is authorized to make grants of funds in lieu of or as supplementary to education allowances, for assistance in the establishment, construction, expansion, maintenance, and operation of schools outside the United States, whenever he determines such grant of funds is necessary in order to provide suitable education for children of employees stationed in a foreign area.

tems, educational needs can be met best by capital grants.

With the requested new authority in the Foreign Service Act, the Secretary will be able to supplement the existing channels of assistance to schools in those instances, as in Iron Curtain countries, where none of the existing statutory authorities can meet the need.

The Secretary of State needs authority to supplement existing educational facilities or to provide new ones where they are not available through the grant of funds over and above existing legislative authority which cannot meet the needs for educational services to dependent children in certain areas. This amendment will provide stopgap legislation to be used only on a very limited basis until total legislation can be developed on aid for education for dependents of employees of all civilian agencies overseas.

Estimated cost of proposed bill

First year cost

1. Elimination of restriction on length of assignments in the United States (sec. 571(a) (b)) -----
 Comment: There will be no additional cost to retain employees for longer periods in the United States.
2. Change in provisions relating to U.S. salary differentials (sec. 571(c)) ----- (-\$41,000)
 Comment: The reduction in the area of applicability of the U.S. salary differential under this proposal would result in a saving in the amount of \$41,000.
3. Change in provisions relating to within-class increases for Foreign Service officers and Reserve officers (sec. 625) -- 80,000
 Comment: Most officers are promoted during the month of February, March, or April. Thus they would receive their first within-class increase 3 or 4 months sooner under this proposal than they do under present

Estimated cost of proposed bill—Continued
First year cost

3. Change in provisions—Con. Comment—Con. legislation. The cost of this provision can be estimated by multiplying the average number of officers promoted by one-third of the average within-class increase. This amounts to \$80,000. Changing the date from July 1 to the beginning of a pay period will reduce administrative costs.
4. Commuted travel plan (sec. 911) -----
 Comment: There will be no additional costs in connection with this plan, the purpose of which is to permit an eventual substantial reduction in administrative costs.
5. Substitution of annual leave for home leave prior to home assignment (sec. 911 (1) and (2)) -----
 Comment: This section would not result in any increase in costs and would result in a saving to the Government by virtue of the earlier entrance on duty of personnel assigned to Washington after a tour of duty abroad.
6. Travel expenses for members of families in connection with representation (sec. 911(2)) ----- 40,000
 Comment: Cost of travel for members of family to accompany officers and employees on official travel for representational purposes is estimated at \$40,000.
7. Shipment of remains to place other than official residence (sec. 911(8)) ----- 1,200
 Comment: The increased cost of shipping the remains of officers and employees and members of their families to the family burial place is estimated to be \$1,200.
8. Use of Government-owned or leased vehicles (sec. 914) -----
 Comment: The proposal authorizes increased use of existing vehicles, so the only cost would be a minor increase in fuel expenses which is not possible to estimate.
9. Settlement of employee claims for property damage abroad (sec. 1051) -----
 Comment: Between June 1950 and June 1961, 266 claims, averaging \$1,804, were settled by private laws at a total cost of \$479,994. The average annual cost for claims settled during this period was \$43,636. It is not anticipated that there will be any increase in this amount.
10. Grants to schools (sec. 1081) . \$150,000
 Comment: A preliminary estimate indicates that grants might be made to 10 schools averaging \$15,000 each.
 Total estimated cost.. 271,200
 Savings----- 41,000
 Net cost----- 230,200

PROPOSED AMENDMENT OF CONSTITUTION TO PERMIT THE USE OF PRAYER IN PUBLIC SCHOOLS

Mr. STENNIS. Mr. President, on behalf of myself, and the Senator from Alabama [Mr. SPARKMAN], I introduce, for appropriate reference a joint resolution proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools. I ask unanimous consent that the joint resolution may lie on the desk for 5 days so that any Senators who wish may join as cosponsors.

I state, for the information of the Senate, that this joint resolution is identical to the one introduced for the junior Senator from Mississippi on Tuesday last when he was absent. I reintroduce it for the purpose of making it possible for other Senators to join in the sponsorship of the joint resolution.

The PRESIDING OFFICER. The joint resolution will be received and appropriately referred; and, without objection, the joint resolution will lie on the desk, as requested by the Senator from Mississippi.

The joint resolution (S.J. Res. 206) proposing an amendment to the Constitution of the United States to permit the use of prayer in public schools, introduced by Mr. STENNIS (for himself and Mr. SPARKMAN), was received, read twice by its title, and referred to the Committee on the Judiciary.

FREEDOM OF PRAYER—ADDITIONAL COSPONSOR OF RESOLUTION

Mr. HARTKE. Mr. President, I ask unanimous consent that the name of the senior Senator from South Carolina [Mr. JOHNSTON] be added as a cosponsor of Senate Resolution 356, to provide for freedom of prayer.

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

IMPROVEMENT OF PUBLIC ASSISTANCE AND CHILD WELFARE SERVICES PROGRAMS—ADDITIONAL COSPONSOR OF AMENDMENTS

Mr. DOUGLAS. Mr. President, I ask unanimous consent that the name of the junior Senator from North Dakota [Mr. BURDICK] be added as an additional cosponsor of the amendments which I submitted on behalf of myself and 12 other Senators to the bill (H.R. 10606) to extend and improve the public assistance and child welfare services programs of the Social Security Act, and for other purposes.

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

ADJOURNMENT

Mr. MILLER. Mr. President, pursuant to the order previously entered, I move that the Senate adjourn.

The motion was agreed to; and (at 8 o'clock and 40 minutes p.m.) the Senate adjourned, under the order previously entered, until tomorrow, Friday, June 29, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Leonard Unger, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Laos.

IN THE ARMY

The following-named officer to be placed on the retired list in the grade indicated

under the provisions of title 10, United States Code, section 3962:

To be lieutenant general

Lt. Gen. David William Traub, O17110, Army of the United States (major general, U.S. Army).

The following-named officer under the provisions of title 10, United States Code, section 3066, to be assigned to a position of importance and responsibility designated by the President under subsection (a) of section 3066, in rank as follows:

Major Gen. Charles Breckinridge Duff, O18438, U.S. Army, in the rank of lieutenant general.

CONFIRMATION

Executive nomination confirmed by the Senate June 28, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Philip D. Sprouse, of Tennessee, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to the Kingdom of Cambodia.

EXTENSIONS OF REMARKS

Higher Cost of Living Affects Retired Persons, Too

EXTENSION OF REMARKS

OF

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. CUNNINGHAM. Mr. Speaker, there has long been a basic difference between the treatment of retired military personnel and retired civilian personnel.

For many years the Congress has tied military retirement benefits to military pay. When the pay of military personnel on active duty has been increased, the retirement benefits of military personnel have been likewise increased. This is only commonsense.

If an increased cost of living is the basis for an increase in the pay and allowances for active-duty personnel, then certainly the same cost-of-living increases have to be met by the retired military people.

It is strange that the same policy is not followed in regard to retired civilian personnel. Certainly if our Federal employees are in need of a salary increase to meet a higher cost of living, our retired Federal employees also need more money to meet higher expenses.

I think it would be appropriate for the Congress to consider adopting in regard to retirees under the civil service system the same policy we have followed in regard to retired military. It is said that there will be a general pay raise bill passed by this Congress for Federal employees.

This would, in my opinion, be a logical and wise time to tie together the needs and benefits of active and retired Federal employees. There has been a great deal of interest expressed this year in the well-being of retired persons. May I suggest that if a pay increase is warranted for Federal employees, and I believe it is, then certainly an increase in annuities is merited for retired Federal employees.

For the information of the House, I now include a listing of the military pay increases during the past 40 years: 1922 Pay Readjustment Act; 1940 Selective Training and Service Act of 1940—increased pay for enlisted men in grades

4 through 7; 1942 Pay Readjustment Act of 1942; 1946 act of June 29, 1946, amending the Pay Readjustment Act of 1942; 1949 Career Compensation Act of 1949; 1952 act of May 19, 1952, amending the Career Compensation Act of 1949; 1955 Career Incentive Act of 1955; and 1958 act of May 20, 1958, amending the Career Compensation Act of 1949.

In every case except one these increases went also to retired military personnel. The exception was the most recent increase—1958. At that time the Congress departed from its historic formula. Not all retired military personnel benefited from this 1958 increase.

But it is interesting to note that the administration has moved to restore the old correlation in this area, and there is every evidence that the Congress will go along. This will reestablish the tie which has existed for at least 40 years between active military pay and retired military pay—a commonsense tie.

I submit that this year would be an ideal time to extend this commonsense principle to benefits of our retired Federal employees.

Independence Day of Malagasy

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to the President of the Republic of Malagasy, the Honorable Philibert T. Tsiranana, and Malagasy's Ambassador to the United States, the Honorable Louis Rakotomalala, on the occasion of the second anniversary of Malagasy's independence.

On June 26, 1960, an almost forgotten island in the Indian Ocean off the coast of Africa emerged quietly to independence. Madagascar became a republic within the French community after 64 years as a French colony. Three days later, on June 29, the Security Council of the United Nations unanimously adopted a draft resolution recommending the admission of the Malagasy Re-

public—the new official title of the island state—to the United Nations. Thus, the world's fourth largest island, without bloodshed and with confidence in its future, joined the world community of sovereign states.

The example which the Malagasy Republic offers in its institutions and practices is one to be emulated by all. For not only are its objectives of the noblest order; they are translated into equally worthy actions. It is a modern democratic state, with a president as head of government and a parliament composed of two chambers—a national assembly and a senate. Its constitution proclaims the equality of all men "in rights and duties, without distinction as to origin, race or religion." And the social harmony of the island Republic is evidence that the ideals of political and religious freedom so forcefully expressed in the constitution are translated by its governing institutions into reality, for the island is a heterogenous mixture of many races, religions, and cultures.

Anthropological studies indicate that early waves of immigration were from Indonesia, and there are still traces of Hindu culture in the Malagasy language and customs. Throughout the Middle Ages Arabs from the Persian Gulf established trading posts on the Madagascar coast and added Moslem immigrants to the island population. Africans came from east Africa, and beginning in the 17th century the Europeans arrived—Portuguese, Dutch, and French. It is truly astounding, almost incomprehensible, that Madagascar has been able to assimilate such diverse and even antagonistic elements into a single civilization. The success of the Malagasy Republic in accomplishing this difficult task should be a lesson to us all that men, no matter how different their customs, can learn to live together in peace and concord.

The Malagasy motto is "Liberty, Country, and Progress," and the Malagasy Republic has lived up to these goals in its first 2 years of independence. To encourage economic progress it has launched programs for increasing agricultural and industrial development, for building roads, railroads, and airports, and for improving technology. To promote social advancement it has exerted considerable efforts in the field of education. That the Malagasy Republic is determined to retain its freedom of action in the international field is evidenced

in its firm refusal to join either power bloc in the cold war. That it is willing to work toward inter-African cooperation on the basis of respect for sovereignty and noninterference in the internal affairs of other states is revealed in its adherence to the moderate Monrovia grouping of African states. "Liberty, Country, and Progress" is a fitting motto for the Malagasy Republic.

Thus, it is with deep pleasure that we take this opportunity to congratulate President Tsiranana and the people of the Malagasy Republic. The record of the first 2 years of independence is one of which they may well be proud. For the Malagasy Republic is a stabilizing element in a turbulent continent—a free democratic state, a cooperative associate in the French community, a creative supporter of African unity, and a respected member of the United Nations.

One Nation Under God

EXTENSION OF REMARKS OF

HON. A. WILLIS ROBERTSON

OF VIRGINIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 28, 1962

Mr. ROBERTSON. Mr. President, I have received the following suggestion for an amendment to the Constitution from Charles Mooshian, editor, Carroll County Times, Westminster, Md.:

CLARIFICATION OF THE FIRST AMENDMENT TO
THE CONSTITUTION AS REGARDS TO RELIGION

ARTICLE —

SECTION 1. Congress is forbidden to establish a state church supported by the Government.

SEC. 2. The United States, established as a Christian Nation, recognizes the authority of God and His Son, Jesus Christ, through whom the Nation has been abundantly blessed.

SEC. 3. Congress may not prohibit the free exercise of religion in the several States. All citizens may worship God or refrain from worshipping as their consciences may dictate.

SEC. 4. Nothing in this Constitution shall deny the right of any school to make available to its students expressions of prayer or religious observances, provided participation shall not be mandatory.

SEC. 5. "In God we trust" shall be the national motto of the United States.

SEC. 6. The official Pledge of Allegiance to the Flag of the United States shall be: "I pledge allegiance to the Flag of the United States of America and to the Republic for which it stands, one nation, under God, indivisible, with liberty and justice for all."

CHARLES MOOSHIAN,

Editor, Carroll County Times, Westminster, Md.

Mr. President, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the letter I have written to Mr. Mooshian and a copy of his remarkable editorial of May 31, 1962, when he predicted that no one knew what the Supreme Court was going to do in either the New York or Maryland school cases.

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

U.S. SENATE,
June 28, 1962.

Mr. CHARLES MOOSHIAN,
Editor, Carroll County Times,
Westminster, Md.

DEAR Mr. MOOSHIAN: If you have available the CONGRESSIONAL RECORD for June 26 and have read what I said that day about the decision of the Supreme Court in the school prayer case commencing at page 11707, you will understand how fully I agree with your editorial of May 31 which you have sent me, together with a suggested constitutional amendment.

You will note in the Evening Star of today an article by David Lawrence where he indicates that, according to the views of Mr. Justice Douglas, who concurred in the majority views in the New York case, it was possible that the principle would later be extended to prohibiting the reading of the Lord's Prayer which, of course, would outlaw the Baltimore School Board regulation referred to in your editorial.

The decision is not only absolutely wrong but tragic in its implications. The Court relied upon the 14th amendment, but that amendment had been in the Constitution for 72 years before the Court believed that an amendment adopted in support of the rights of former slaves immediately after the end of the Civil War applied to religion. And, it was 14 years after that before the Court decided that the amendment applied to public schools, although the history of the amendment showed definitely that it was not so intended. The 14th amendment, of course, is merely an enforcement amendment and adds no substantive material to the first amendment. It merely states that no State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property, without due process of law, etc. The first amendment prohibited Congress from establishing a state church whether supported by the Government or not or to pass a law to prohibit the freedom of religious worship. The Supreme Court in 1925 said the first amendment was also a prohibition against State laws. But what State laws? The answer, of course, is State laws to establish a state church. The 22-word New York prayer would establish no church nor did it interfere with anyone's freedom of religion because those who did not wish to participate were expressly excluded.

Many Members of the Senate agree with your statement: "This country was founded as a Christian nation, allowing all of its citizens to worship God in any way they choose. But if one chose to become an atheist that was his business and under our Constitution he has a right to so believe. But the atheist certainly does not have the right to force his teachings on the majority of God-fearing citizens of this Nation. To make this Nation atheistic under the first amendment would be exactly what Khrushchev and his communistic comrades would want to see."

Therefore, we intend to do all in our power to nullify the recent decision of the Supreme Court in the New York school case either by joint resolution or by proposing an appropriate amendment to the Constitution.

With best wishes, I am,

Sincerely yours,

A. WILLIS ROBERTSON.

[From the Carroll County Times, Westminster, Md., May 31, 1962]

"ESTABLISHMENT OF RELIGION"

"Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

When our Founding Fathers wrote into the first amendment to the Constitution this provision they meant just what they wrote and nothing else. Congress is forbidden to establish a specific church, that is, a Methodist Church, Baptist Church, etc.

America was founded on religious freedom. The Pilgrims came to the New World to get away from the established Church of England—they wanted to worship God in their own way. With this in mind the framers of the Constitution made it clear to Congress that it should not establish a specific state church. They wanted people to worship God in any way or manner they chose.

In many countries today, some one denomination or religion has been made the official or established church and has been supported by the government. Congress is forbidden to set up an established church in the United States.

This country was founded as a Christian nation, allowing all of its citizens to worship God in any way they chose. But if one chose to become an atheist that was his business and under our Constitution he has a right to so believe.

But the atheist certainly does not have the right to force his teachings on the majority of God-fearing citizens of this Nation. To make this Nation atheistic under the first amendment would be exactly what Khrushchev and his communistic comrades would want to see.

The majority still rules and even in Supreme Court split decisions it's the majority of 5 to 4 that "has its say" as to what the rest of us are to do. Those of us who are in the minority must comply, whether we like it or not.

The Supreme Court of the United States has been asked to declare unconstitutional a Baltimore School Board regulation calling for a daily classroom opening exercise of Bible reading and recitation of the Lord's Prayer.

Under the Constitution how can this be called establishment of religion by any stretch of the imagination? The pupils reciting still go to their own churches and no one is prevented from worshipping or not worshipping as they please.

Now, if any attempt were made to coerce a child into becoming a member of a certain church then this is another matter, and yet, it would not be establishment of religion.

The ruling has been asked by counsel for Mrs. Madalyn E. Murray, mother of a ninth-grade student, in an appeal from a decision by the Maryland Court of Appeals. The State court has said the exercises do not violate the Constitution.

The appeal has noted that the Murrays are atheists. The school regulation permits any child to be excused from the exercise upon written request of the parents. The appeal argues, however, that "this is nowise mitigated the violation of the petitioner's constitutional rights." Indeed.

When in these great United States one person can shove God and Christianity out of a Christian nation, regardless of the majority, then it is certainly time for action.

The Murrays have contended the opening exercise is in violation of the "establishment of religion" and "free exercise" of religion clauses of the first amendment as noted above.

The Supreme Court has under consideration for final decision a similar appeal contesting constitutionality of the offering of a 22-word daily prayer in New York State's public schools.

With past decisions made by the present Supreme Court, no telling what the Justices will rule on these two cases. But one thing is sure—if they decide against Bible reading and prayer in the schools and designate such exercises as "establishment of religion," then

there is nothing left to do except draft an amendment to the Constitution spelling out and clarifying the "establishment of religion" clause so that even the present Court can understand it.

Report of National Projects Committee to the National Rivers and Harbors Congress

EXTENSION OF REMARKS

OF

HON. PHIL WEAVER

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. WEAVER. Mr. Speaker, under leave to extend my remarks, I include in the CONGRESSIONAL RECORD the report of the national projects committee which was unanimously adopted by the recent 49th national convention of the National Rivers and Harbors Congress held in Washington May 16-19, 1962.

The permanent national projects committee of the congress consists of an outstanding expert on water resource problems from each of the major drainage basins of the United States. They serve without compensation of any kind whatsoever and bear all of their own expenses when coming to Washington and while serving here on this committee.

The committee's purpose is to assist the sponsors of projects in preparing and presenting their data, so that they may be placed in line for approval. The projects recommended by the committee and endorsed by the congress are vigorously pressed for inclusion in the Government's public works program, and appropriations or allocation of funds sought therefor.

We are grateful to the members of this committee for their public-spirited service in an effort to assist the Congress of the United States and the governmental agencies charged with the responsibility for these public works, as well as the people in the areas to be served thereby.

The members of the committee who served at its recent session are as follows:

PROJECTS COMMITTEE

Representative PHIL WEAVER, of Falls City, Nebr., chairman.

New England Division: William S. Wise, executive secretary, Flood and Water Policy Commission, State of Connecticut, Hartford, Conn.

North Atlantic Division: Brig. Gen. James H. Stratton, USA (retired), consulting engineer, New York, N.Y.

South Atlantic Division: Col. George W. Gillette, USA (retired), chairman, Wilmington Port and Waterway Development Commission, Wilmington, N.C.

Southwestern Division: Dale Miller, executive vice president, Intracoastal Canal Association of Louisiana and Texas, Houston, Tex.

Lower Mississippi Valley Division: Hu B. Myers, chief engineer, Department of Public Works, State of Louisiana, Baton Rouge, La.

North Central Division: Al. Hansen, controller, City of Minneapolis, Minneapolis, Minn., vice chairman.

Missouri River Division: John B. Quinn, executive director, Missouri Valley Development Association, Inc., Lincoln, Nebr.

Ohio River Division: J. I. Perey, chief engineer, Indiana Flood Control and Water Resources Commission, Indianapolis, Ind.

North Pacific Division: Herbert G. West, executive vice president, Inland Empire Waterways Association, Walla Walla, Wash. South Pacific Division: Vice Admiral Murray L. Royar, USN (retired), Washington representative, Oakland, Calif., Chamber of Commerce.

Western Inter-Mountain Region: Harold H. Christy, second national vice president, National Reclamation Association, Pueblo, Colo.

The report follows:

REPORT OF THE PROJECTS COMMITTEE TO THE 49TH NATIONAL CONVENTION OF THE NATIONAL RIVERS AND HARBORS CONGRESS

MAY 18, 1962.

Mr. HENRY H. BUCHMAN, President, National Rivers and Harbors Congress, Washington, D.C.

DEAR MR. PRESIDENT: In pursuance of the call of the president, your projects committee met on May 17, 1962, to consider the projects submitted since the last session of the National Rivers and Harbors Congress. Hearings were afforded all who made appearance.

The committee at this session has examined 84 proposals embracing all resource improvements with which this congress is concerned, including navigable waterways, harbors, flood control, hurricane protection, soil conservation, reclamation, and water conservation.

Of the proposals examined, this committee is convinced that 44 constitute projects sound in conception, needful, and sufficiently advanced in status to warrant endorsement, involving a total estimated cost of \$1,372,018,300. Ten proposals appear to be without sufficiently advanced development to warrant project endorsement at this time, but are believed to be meritorious and entitled to further consideration by this committee, if and when additional information may be adequate to warrant an endorsed status. We find that on 23 proposals, surveys have been authorized but the reports of said surveys have not been completed and we therefore recommend in these cases that Congress appropriate sufficient funds to permit completion of these surveys as soon as practicable in order that action may be taken toward classification by this congress. We find seven proposals which on preliminary examination appear to be desirable and needful, and we accordingly recommend that engineering and economic investigations of survey scope be made in these cases with a view to developing projects for subsequent authorization.

Appendix A of this report sets forth in detail a list of all proposals and projects examined and the action taken thereon.

The Subcommittee on Flood Control of the House Public Works Committee has initiated public hearings on an omnibus river and harbor and flood control bill of 1962. The projects to be included in the pending bill are of great importance to the Nation's expanding economy and should be provided at the earliest practicable date. Your projects committee recommends that the Congress of the United States be requested to take early action on the bill and that consideration be given to early appropriation of funds for planning and construction of these proposed projects.

Although Federal participation in development of the Nation's water resources dates from 1824, when funds were appropriated by Congress for the Corps of Engineers to initiate improvements for navigation, the broader aspects of Federal activity in this field have been largely concentrated in the past quarter of a century. Noteworthy prog-

ress has been made, but the accomplishments to date are only a fraction of the ultimate task of meeting adequately present and future needs in the field of water resources.

The largest and most diverse segment of Federal water resource development is that being accomplished under the civil works program of the Army Corps of Engineers. Accomplishments to date under that program include the provision of more than 200 reservoirs with an aggregate storage capacity of about 165 million acre-feet, which serve the multiple purposes of navigation, flood control, hydroelectric power generation, water conservation, and many associated functions such as pollution abatement, recreation, and fish and wildlife enhancement. Included are 36 power installations with an installed capacity of almost 7½ million kilowatts, representing about half of the total existing Federal hydroelectric capacity. More than 500 local flood protection projects have been placed in operation, including the vast levee system protecting almost 24 million acres of flood plain in the lower Mississippi Valley. About 500 commercial harbors and 250 small-boat harbors have been provided on the shores of the oceans and Great Lakes. Some 20,000 miles of improved inland waterways provide the means for movement of about 120 billion ton-miles of commerce annually, and improvement of the connecting channels of the Great Lakes provides for an additional annual movement of waterborne commerce of the order of 100 billion ton-miles. Other accomplishments under the program include such items as the installation of shore protection works along more than 300 miles of coastline, the provision of over 3 million acres of water area during the summer season which is being used more intensively each year for recreation, and providing a vital part of rescue and relief assistance during great floods and other natural disasters.

Gratifying as such accomplishments are, we must not lose sight of the present unfulfilled needs in the field of water resources and the urgency of sound planning now for the even greater needs of the future. Our problems and needs in this field are not static, but are constantly increasing in an expanding nation such as ours with its growing urbanization and industrial expansion. For example, it was pointed out in connection with the report of the Senate Select Committee on National Water Resources that although Federal flood control works already in operation were providing an average annual reduction in flood damages of about \$600 million, an average annual flood damage potential of about \$700 million still remained under 1957 conditions of flood plain development. In the absence of additional flood control works, that potential was estimated to increase to about \$960 million annually by 1980 under the conditions of flood plain use expected to develop in the meantime. Most striking of all, it was pointed out that if the Federal flood control program were continued until 1980 at the rate then in effect, it would do little more than keep pace with the growth of damage potential during the period.

The continuing flood losses suffered throughout the Nation illustrate that we have not yet approached a reasonable degree of flood protection to meet even our immediate needs, and the past year has been no exception in that respect. Numerous severe floods have occurred in various areas since our last national convention, the most noteworthy from the standpoint of widespread suffering resulting from two coastal storms. The first of these was hurricane Carla which, in early September 1961, battered the gulf coastal area and inundated about 1.7 million acres of land, including entire communities. It resulted in the loss of 32 lives, and this tragedy would have been much more severe were it not for the timely warnings and outstanding cooperation of

citizens and officials which permitted the evacuation of over 300,000 persons from areas of greatest danger, the largest mass evacuation ever accomplished in the United States. Total damages are estimated at over \$400 million, of which about one-half resulted from hurricane tide inundation. Additional damages of over \$30 million were prevented by existing Federal projects, primarily the Galveston seawall.

More recently, the great Atlantic storm of early March 1962 was, from the standpoint of destructive force, one of the worst experienced on the Atlantic coast. Here, too, the relatively few existing shore protection projects planned and constructed with Federal participation demonstrated their effectiveness in reducing tragic losses from extremes of natural forces. These two storms point up the need for greater emphasis in the fields of hurricane protection and shore protection.

Although the urgent needs for such phases of water resource development as flood control and hurricane protection are more forcefully illustrated through the occurrence of extreme floods and storms, the other aspects also must be given proper attention, particularly in the planning for future needs. The rapid transition of our Nation into a predominantly urban-industrial economy is accompanied by increasing needs for more and better transportation, assured water supplies of adequate quantity and acceptable quality, and adequate electric power. Increasing urbanization, coupled with shorter workweeks and our generally higher standard of living, is accompanied by greater pressures for outdoor recreation and increased emphasis on the need to conserve and enhance our fish and wildlife resources. The Federal water resource program of the future must contribute its full share toward meeting these diverse needs if our economy is to prosper, and such contribution can be made only through comprehensive planning. This was emphasized in the President's conservation message to Congress of March 1, 1962, which stated:

"Our Nation's progress is reflected in the history of our great river systems. The water that courses through our rivers and streams holds the key to full national development. Uncontrolled, it wipes out homes, lives, and dreams, bringing disaster in the form of floods; controlled, it is an effective artery of transportation, a boon to industrial development, a source of beauty

and recreation, and the means for turning arid areas into rich and versatile cropland. * * *

"Our goal, therefore, is to have sufficient water sufficiently clean in the right place at the right time to serve the range of human and industrial needs. And we must harmonize conflicting objectives—for example, irrigation versus navigation, multiple-purpose reservoirs versus scenic park sites. Comprehensive and integrated planning is the only solution of this problem, requiring cooperative efforts at all levels of government."

The committee is gratified to note that not only is increasing attention being given to the need for comprehensive planning for water resource development but, even more important, numerous recent actions are designed to facilitate true comprehensive planning in the water resource field. These actions include new legislation such as the Water Supply Act of 1958, as amended in 1961; the Fish and Wildlife Coordination Act, as amended; the Water Pollution Control Act, as amended in 1961; and section 206 of the Flood Control Act of 1960 which has enabled the Corps of Engineers, during the current fiscal year, to initiate a program of flood plain studies and the dissemination of information to serve as a guide to non-Federal authorities in regulating the occupancy and use of flood-prone areas so as to ameliorate the growth of the national flood damage potential. Also included are revised policies and procedures adopted by the executive departments, such as a more realistic consideration of the true economic life of potential water resource projects; the acquisition of sufficient land in connection with the construction of Federal reservoir projects to preserve the recreational potential of the areas; the recognition of recreation as a specific project purpose, where appropriate, in the planning of water resource projects; and increasing attention to new and improved techniques such as the feasibility of pumped storage to firm up hydroelectric capacity, the possibilities of ultra-high-voltage power transmission, and more effective interconnection of the power systems of the Nation. All such actions constitute better tools to attack the enormous task that must be accomplished to provide the optimum development of water resources essential to the strength and welfare of the Nation.

In closing, your committee wishes to re-emphasize, and direct to the attention of the Congress, that urgent needs exist today for water resource improvements, and much greater and more complex national needs face us in the near future. Accordingly, authorized programs should be funded for accomplishment, and recommended improvements should be authorized and funded, as rapidly as practicable, in order that they may soon start making their contribution toward meeting present-day needs. Because the leadtime is long in planning and building sound water resource projects, immediate emphasis must also be given to adequate funding of investigation programs to assure that essential future needs also will be met in a timely manner. We must not, we dare not, forget the admonition of the President in his message of last March that "Our Nation's progress is reflected in the history of our great river systems."

Respectfully submitted,

PHIL WEAVER,
Chairman.

Note A. A project which has been placed in class II, III, IV or V by the committee may be reexamined from time to time upon due application and the submission of material supplementary information, with a view to advancing its classification; but no project will be reported upon by the committee more than once in each year.

Note B. Attention is called to the fact that when a project is once put in class I—endorsed, such status continues and it is unnecessary to follow up at subsequent sessions with new applications. All projects "endorsed" by the congress, upon the recommendations of the committee, retain their status until finally constructed, unless such action is rescinded by the congress, and the congress stands pledged to do everything possible to assist in reaching that goal.

APPLICATIONS FOR APPROVAL OF PROJECTS RECEIVED BY THE PROJECTS COMMITTEE—APPENDIX A

(Letter "R" following the project number indicates revision of a previous application)

DIVISION I—ENDORSED

Endorsed. This means that it is the judgment of the committee that the project is sound, needful and sufficiently advanced in status; and that its construction is justified by the public interest it will serve.

Docket No.	Name of project	State or States	Division	Docket No.	Name of project	State or States	Division
181A-R3	Tennessee-Tombigbee Waterway	Alabama and Mississippi	Ohio River and South Atlantic	1199-R	Buttermilk Channel	New York	North Atlantic
723-R4	Comprehensive plan of development of the Cape Fear River Basin	North Carolina	South Atlantic	1200-R	Chelsea River, Boston Harbor	Massachusetts	Northeast
781-R6	Raystown multipurpose reservoir	Pennsylvania	North Atlantic	1231	Navajo Indian irrigation (reclamation)	New Mexico	Southwest
875-R6	Brookville Reservoir, East Fork, Whitewater River	Indiana	Ohio River	1232	San Juan-Chama (reclamation)	do	Do
1008-R3	Calcasieu low water dam	Louisiana	Lower Mississippi Valley	1235	Campiti-Clarence flood control	Louisiana	Lower Mississippi Valley
1091-R	Improvement of Oakland inner harbor	California	South Pacific	1236	Kaanakakai Harbor	Hawaii	Pacific Ocean
1094-R4	Rend Lake	Illinois	Lower Mississippi Valley	1237	Muskegon Harbor	Michigan	North Central
1100-R4	Wilmington Harbor	North Carolina	South Atlantic	1240	Turning basin, Green Bay Harbor	Wisconsin	Do
1100A-R4	do	do	Do	1241	Big Darby Reservoir	Ohio	Ohio River
1109-R3	Columbia and lower Willamette Rivers deep-draft ship channel	Washington and Oregon	North Pacific	1242	Deer Creek Reservoir	do	Do
1114-R4	Flint River navigation, flood control, etc.	Georgia	South Atlantic	1243	Paint Creek Reservoir	do	Do
1159-R3	Wailoa streams	Hawaii	Pacific Ocean	1244	Rollinson Channel and channel from Hatteras Inlet to Hatteras	North Carolina	South Atlantic
1167-R	Deepening of main channel of Rouge River	Michigan	North Central	1245	Wrightsville Beach	do	Do
1183-R2	Troxler Dam and Reservoir	Pennsylvania	North Atlantic	1246	Carolina Beach and vicinity	do	Do
1184-R2	Troeks Island Dam and Reservoir	Pennsylvania and New Jersey	Do	1247	Alameda Creek flood control project	California	South Pacific
1185-R2	Prompton Dam and Reservoir	Pennsylvania	Do	1248	East Fork watershed, Trinity River and tributaries	Texas	Southwest
1186-R2	Beltzville Dam and Reservoir	do	Do	1252	Okatibbee Creek	Mississippi	South Atlantic
1187-R2	Blue Marsh Dam and Reservoir	do	Do	1253	Chattahoochee River Dam, West Point	Georgia	Do
1195A-R2	Portland Harbor	Maine	Northeast	1254	J. Percy Priest	Tennessee	Ohio River
1195-R	do	do	Do	1259	Water quality improvement experimental projects, Red River Basin	Texas	Southwest
1196-R	Portsmouth Harbor and Piscataqua River	Maine and New Hampshire	Do	1262	Dubuque local flood protection project	Iowa	North Central
				1263	Fryingpan - Arkansas project (reclamation)	Colorado	Southwest
				1264	Freeport hurricane tidal protection	Texas	Do

DIVISION II—MERITORIOUS

Meritorious. This means that the committee believes that although the project is not sufficiently advanced in status to warrant its present endorsement, it is meritorious and that the committee is willing to consider in due course, its advancement to division I upon presentation by its sponsors of additional evidence justifying such action.

Docket No.	Name of project	State or States	Division
793-R9	Cleves flood protection	Ohio	Ohio River.
1073-R	Snake River project, Mountain Home Guffy, Long Tom, and Hillcrest units division (reclamation).	Idaho	North Pacific.
1096-R4	Deep draft and small craft harbor development, Port San Luis.	California	South Pacific.
1126-R3	Norfolk Harbor and channel to Newport News.	Virginia	North Atlantic.
1193A-R	Savannah Harbor improvement program.	Georgia	South Atlantic.
1194-R	Searsport.	Maine	Northeast.
1239	Green Bay Harbor, deepening of entrance and channel.	Wisconsin	North Central.
1249	Kennebunk River.	Maine	Northeast.
1250	Haw Ridge Park (regional public park).	Tennessee	Ohio River.
1255	Lynnhaven Inlet, Bay, and connecting waters.	Virginia	North Atlantic.

DIVISION III—EXPEDITIOUS REPORT ON AUTHORIZED SURVEY REQUESTED

Expeditious report on authorized survey requested. This means that the committee believes that the National Rivers and Harbors Congress should request the engineering authority to expedite any report on any authorized investigation or survey of the project to the end that appropriate further action may be had thereon in regard to its classification.

Docket No.	Name of project	State or States	Division
876-R7	West Fork, Whitewater River	Indiana	Ohio River.
1137-R2	Brazos River survey	Texas	Southwest.
1157-R2	Waikiki Beach improvement	Hawaii	Pacific Ocean.
1158-R2	Iao Stream flood control	do	Do.

Docket No.	Name of project	State or States	Division
1162-R2	Kihei district flood control	Hawaii	Pacific Ocean.
1163-R	Palolo and Manoa Valleys	do	Do.
1169-R2	Honolulu Harbor	do	Do.
1170-R2	Harbors for light-draft vessels, coast of Hawaiian Islands.	do	Do.
1172-R2	Port Allen Harbor modification	do	Do.
1173-R	Kahului Harbor, Oahu	do	Do.
1174-R2	Explosive handling facilities	do	Do.
1213-R	Northeast (Cape Fear) River, above Hilton Bridge.	North Carolina	South Atlantic.
1219-R	Kahoma Stream flood control	Hawaii	Pacific Ocean.
1220-R	Cape Fear River, above Wilmington.	North Carolina	South Atlantic.
1233	Little Calumet River survey	Indiana and Illinois	North Central.
1234	Salem Church Reservoir	Virginia	North Atlantic.
1238	Congaree River navigation	South Carolina	South Atlantic.
1256	Norfolk & Western Ry. Bridge	Virginia	North Atlantic.
1257	Thimble Shoal Channel, Norfolk Harbor and channel to Newport News.	do	Do.
1258	Pigeon Creek watershed survey	Indiana	Ohio River.
1260	Pascagoula Harbor and Bayou Casotte.	Mississippi	South Atlantic.
1261	Port Sutton and Ybor Channel, Tampa Harbor.	Florida	Do.
1261A	do	do	Do.

DIVISION IV—PROJECTS RECOMMENDED FOR SURVEY

Recommended for survey. This means that the committee believes that sufficient showing on behalf of the project has been made to warrant further examination in the form of an adequate survey by an appropriate agency of the Federal Government.

Docket No.	Name of project	State or States	Division
1168-R2	Haleiwa Beach erosion project	Hawaii	Pacific Ocean.
1215-R	Santa Rosa Peninsula channel	Florida	South Atlantic.
1229	Escambia River	do	Do.
1229-R	do	do	Do.
1230	Choctawhatchee-Pea River Basin.	Alabama and Florida	Do.
1251	Hanalei River flood control	Hawaii	Pacific Ocean.
1265	Mulat Bayou channel	Florida	South Atlantic.

Urgent Need for Federal Employees Pay Raise

EXTENSION OF REMARKS OF

HON. CHARLES A. BUCKLEY

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. BUCKLEY. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to insert the text of a statement which I submitted today to the House Post Office and Civil Service Committee in connection with hearings which have been held recently on Federal employees' pay legislation.

The statement reads as follows:

Mr. Chairman and members of the committee, may I thank you for the opportunity of appearing before this committee today and to commend you for the current series of hearings you are now holding on proposed legislation to raise the salaries of postal and Federal workers, and for the opportunity to give you my views on this legislation.

You are well aware of all the facts involved in the legislation before you and are entirely familiar with just what these bills entail. I would like to point out something that I am sure has been placed before you before this, and that is that the pay increase bill for postal employees has been endorsed by all postal groups, including both organizations of post office clerks, the railway carriers, and others. It also carries the support of the National Association of Letter Carriers and the Government Employees Council, AFL-CIO. With reference to the

pay increase bill for Federal employees, that is endorsed by the American Federation of Government Employees, affiliated with the AFL-CIO. Mr. Chairman, the cost of living in all categories has continued to move forward. Two years after the last pay increase that was authorized for postal and Federal employees, a majority of these workers find themselves deeper and deeper in an economic hole that is not of their own making. The cost of the basic commodities has risen since the last increase of 2 years ago and the wages of the worker in private industry has risen proportionately, but the postal workers and the Federal employees find themselves today still trying to maintain an adequate living on the salary of 2 years ago. They are in an intolerable position, hemmed in by the wage increases of private business and the spiraling cost of living I mentioned before.

As a result of this fact the Federal employee and the postal worker is limited at the present time by the salaries that were fixed for them 2 years ago. The average breadwinner who works either for the Post Office Department or the Federal Government, and particularly those in the lower income grade, find that the problem of maintaining an adequate standard for their family and themselves has increased. The postal worker or the classified Federal employee must either go into debt or find a subsidiary form of income to supplement the Government wage he is now receiving. The average Federal worker does not desire to do this. He wants to spend all time possible with his family. If he is forced into a second position, there is no doubt that his efficiency insofar as Federal work is concerned is hurt. This is indeed a tremendous burden to place on those who are devoting their lives to the service of their Government either in the Federal branch or in the Postal Department. The only possible solution to this problem is

an increase in wages to meet the demands of our times. This increase in wages that is contained in the legislation now before you plus the other features of the bills you are considering will be a great forward step in giving us a more efficient postal and Federal service and in helping to improve the lives of our dedicated Federal workers. I am in favor of this legislation you are now considering and I strongly urge that this committee report out such legislation favorably, effective July 1, 1962. It is my hope that before this Congress reaches its end it will have passed both Houses and been enacted into law.

The National Lottery of Peru

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. FINO. Mr. Speaker, I would like to point out to the Members of this House the national lottery of Peru.

This small and poor country has been smart enough to take advantage of and capitalize on the gambling spirit of its people. The gross receipts for 1961 amounted to over \$3 million. After payment of prizes, the amount of \$500,000 went into charitable organizations for hospital and medical services.

Mr. Speaker, it is hard to understand our stubbornness and reluctance in not

having our own Government-run lottery in the United States. A national lottery in this country could easily, painlessly, and voluntarily raise over \$10 billion a year in new revenue which could be used to lighten the tax burden of our taxpayers.

Citizens' Crime Commission of Metropolitan Washington Prepares for Vital Program—Honors Outgoing President; New Officers Announced

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Thursday, June 28, 1962

Mr. RANDOLPH. Mr. President, on June 27 it was my privilege to address a testimonial luncheon by the Citizens' Crime Commission of Metropolitan Washington in honor of its president, Robert C. Simmons. Having completed 3 successful years as commission spokesman, Mr. Simmons received merited praise and gratitude from his coworkers as he relinquished responsibilities to the new president, the Honorable Robert E. McLaughlin.

Installed along with Mr. McLaughlin were five newly elected directors of the commission, including: Ben Strouse, radio station WWDC; C. Aubrey Gasque, Deputy Director of Administration for the U.S. Courts; Mark Evans, vice president of Metropolitan Broadcasting Co.; Frank K. Smith, executive of an insurance firm which bears his name; and William K. Norwood, of the Chesapeake & Potomac Telephone Co.

Among those honoring Bob and present at this notable event were the Honorable Alexander Holtzoff, judge of the U.S. District Court for the District of Columbia; Donald Clemmer, Director of the District of Columbia Department of Corrections; Chief of Police Robert V. Murray; Chief of White House Police Ralph C. Stover; and executive director of the Citizens' Crime Commission, Miss Sally Orrison.

Ralph Pittman, a former president of the commission and chairman of its nominating committee, presented remarks concerning the work of the commission, and paid special tribute to the influence of Chief Murray in the efficient work of the Metropolitan Police.

Mr. McLaughlin, former President of the Board of Commissioners of the District of Columbia, in accepting the challenge of the presidency, urged that the community continue all-out efforts to convince criminal elements that the Nation's Capital has no soft outlook toward lawbreakers, and cited the crime commission's aim of providing a factual picture of our strengths and weaknesses in law enforcement.

Mr. President, before my own remarks it was an unexpected pleasure to read to the group a message from the Vice President of the United States, LYNDON B. JOHNSON, congratulating Mr. Sim-

mons for wise counseling and able leadership.

Before presenting the commission's certificate of appreciation to the honored guest, it was satisfying to add my words of gratitude, and to refer to the useful community service being carried forward by the Citizens' Crime Commission of Metropolitan Washington.

I ask unanimous consent that certain remarks and documents concerning the testimonial luncheon for Mr. Simmons be printed in the CONGRESSIONAL RECORD.

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

REMARKS OF HON. ROBERT E. McLAUGHLIN, FORMER PRESIDENT OF THE BOARD OF COMMISSIONERS OF WASHINGTON, D.C., AT A LUNCHEON MEETING OF THE CITIZENS' CRIME COMMISSION OF METROPOLITAN WASHINGTON

The Washington community is waking up to the threats and dangers of crime in a way and at a propitious time to give us hope of definite improvement. This Citizens' Crime Commission was born out of a time of stress in the Police Department, when congressional committees were forced to investigate, and found that the community was not taking the part it should take in crime prevention. Many good works have come out of this commission, yet it has been gradually forced out of United Givers Fund and placed in a financial position where it was greatly crippled in its operation. We must see to this financial situation. I do not say this lightly. I know of the strenuous efforts of Bob Simmons and his predecessors—to say nothing of Sally Orrison. (And it is difficult to say anything of the crime commission without saying something of Sally Orrison because she literally eats, drinks and sleeps "crime commission.")

One of the early bits of information that I received as a District Commissioner in 1955 was that I could rely on the work of the then Washington Criminal Justice Association, and I was introduced to a work on police administration which was its current accomplishment in conjunction with the District of Columbia management office and the Metropolitan Police.

There has been a strong yeast working in the whole Washington community which is bearing fruit in the neighborhood meetings which are now underway. While it is largely the churches, school and recreation officers who are coming forward—it is definitely a movement forward. The last time this area was so stirred up about crime was when the blasts of publicity were released on the "Report on Prisons, Probation, and Parole." This came at a time when for 5 years the crime curve dived consistently downward in the District of Columbia. It was my stated opinion then—and it is my opinion now—that the effect of the handling of that report was to telegraph to the Washington community that Washington was "going soft on crime." It was the opinion of the police as well. And, although the police redoubled their efforts, the crime curve changed its direction the next month and began the 5-year ascent that we are so concerned about at this moment.

We must convince the shady and criminal element that this community has not softened up, and that they had better go to work or leave town. The yeast is beginning to work.

I well remember the condition of the Police Department at the time of JENNINGS RANDOLPH'S investigation. It was largely an aftermath of the corrupting influence of prohibition.

It is significant that this organization was first called the Criminal Justice Association,

because brutality and the third degree had taken the place of good police work. Thank God, the latter is wholly finished in this community, and the former is well under control, and where practiced is definitely against police policy. This Police Department has come a long way in the past 25 years—and most of the progress has been accomplished in the past 10 years, since Bob Murray has been Chief of Police. Chief Murray has attacked the problems with integrity and intelligence. He has carried the weight of law enforcement in this community. We have watched his hair turn white in a remarkably short time. We citizens must give him a firm hand. No longer should he carry the whole burden of maintaining our police standards and criteria beyond compromise. No longer should he alone bear the brunt of right or left extremists or political influence.

There are many departments in a large municipal government. We have over 27,000 municipal employees. Less than 3,000 of them are policemen. Yet there is the one area in which the citizen can contribute most—he can help the police directly. We find that our advice on traffic engineering, health problems and welfare, is not too effective. But we are the milieu in which crime works, and we can stop it nearly dead if we all turn to and give assistance.

Our own peculiar niche as an organization is to crystallize and concentrate this effort. I think there is much to be done, and we can start immediately.

When the peace and calm of my farm was disturbed one weekend by a telephone call from one of my close friends in Washington, I accepted this new responsibility because I heard that one of the projects in view was a coordination of information on law enforcement in the District of Columbia. I had tried to get a modest appropriation for that purpose in 1960, but had been turned down. This organization, through Bob Simmons and Sally Orrison, tried in 1961 with the same results. Now, the plan is to get the money from the people and do the job. This community has little coordinated information which would permit an overall evaluation of the weaknesses of our system. The \$10,000 required for collection and evaluation of this information will be the cheapest contribution ever made to peace and good order in this city.

The price of freedom is eternal vigilance. Eternal vigilance was the reason for the organization of this group. With its roots in the fertile soil of JENNINGS RANDOLPH'S 1934 investigation, and its branches in the free air of another day, the Citizens' Crime Commission will grow in latitude and stature until its beneficial influence is felt from the courts and correctional institutions down to the dens and brothels where our criminals are bred, and contribute once more to safe streets in our city and the eradication of its crime. Crime, like traffic, is not just the problem of the police. It is your problem—the problem of the community.

REMARKS AT LUNCHEON MEETING OF CITIZENS' CRIME COMMISSION OF METROPOLITAN WASHINGTON BY RALPH D. PITTMAN, PAST PRESIDENT AND CHAIRMAN OF NOMINATING COMMITTEE, JUNE 27, 1962

The Citizens' Crime Commission is a group of leading business and professional men and women, privately organized to coordinate the records of the entire criminal process, that is, the police, the U.S. attorney, the grand jury, the courts, probation, the Department of Corrections, and Parole, and then to analyze the weakness of the system in the District of Columbia. It also studies and recommends improvements for specific areas therein, where outside help is needed. It is concerned with just treatment of the offender—but it is also concerned with justice for the law-abiding citizen. It is maintained as a private organization to be free

from any outside pressure that could impair its effectiveness. This is why it qualifies as a member of the National Association of Citizens' Crime Commissions.

The Citizens' Crime Commission recognizes that any phase of the criminal process, whether it be police or prisons, necessitates deep understanding and a professional approach to any improvement. It is appreciative of the very competent administrators of all the departments in the system of justice in Washington today, and of their continued dedication to improving their respective departments. Advances in the Police Department and in the prison system in the District of Columbia are phenomenal in the last decade. The Citizens' Crime Commission has been of assistance, as is its purpose. But the District of Columbia has exceptionally qualified police officials, prison officials and parole officials at this time. The Citizens' Crime Commission has supplemented their efforts—and is coordinating the records of persons arrested for felony offenses to learn what happens after arrest—and why so many arrested go free.

In 1957 when Police Chief Robert Murray and the Police Department were charged with police brutality, violation of civil rights and discrimination of promotions in the department, the Citizens' Crime Commission conducted detailed study of the complete record of every individual concerned. The records and a thorough analysis proved that in the promotion system—continued study and improvements had already been effected by Deputy Chief Howard Covell working with members of the Civil Service Commission and the Personnel Office of the District of Columbia. But it also proved that more promotions of Negro police officers in plainclothes or the detective force, where competitive examinations are not necessary, had been made during the tenure of Murray, as Chief, which at that time was about 7 years, then in the combined history of the department dating back to about 1920. He has made it the foremost department in this country as it is today and he is known internationally through his achievements in the International Association of Chiefs of Police. Commendations from high-ranking police officials from countries in Africa, Asia, Europe, Latin American countries, from all over the free world, have been awarded him following their visits to his department for observation and study. All this is to say—we leave him to run the complex, professional, internal affairs of his department—and we want to be on record as supporting his thinking in deploying the men in his department as well as the other responsibilities of the Chief of Police. We are equally as vociferous in our commendation to and support of Donald Clemmer, Director of the Department of Corrections.

JUNE 27, 1962.

HON. JENNINGS RANDOLPH,
U.S. Senator, Washington, D.C.

DEAR JENNINGS: Please convey to Bob Simmons my heartfelt congratulations on his being honored today by the Citizens' Crime Commission of Metropolitan Washington. During the 15 years that he has served the commission, and especially during the last 3 as president, his wise counseling and able leadership have spurred the Washington Crime Commission on to assuming ever greater responsibilities in the Nation's Capital.

With kindest personal regards,

LYNDON B. JOHNSON,
Vice President of the United States.

REMARKS BY SENATOR JENNINGS RANDOLPH, OF WEST VIRGINIA, AT TESTIMONIAL LUNCHEON FOR ROBERT C. SIMMONS

It is a genuine pleasure to join with this distinguished gathering in giving public recognition to the significant service per-

formed in the Nation's Capital by Robert C. Simmons in his capacity as president of the Citizens Crime Commission of Metropolitan Washington.

As a Member of the House of Representatives and the Senate of the United States, I have been intensely interested in the activities of our commission and its influence on criminal justice. As a property owner, as a legislator, and as a member of this commission, I am happy for this opportunity to counsel with you on certain responsibilities, problems, and aims in reducing crime in the District of Columbia.

Certainly, among the principal objectives of any civic group is the prevention of crime. This must be a particular concern to Washingtonians. We live in trying times. Times when public opinion influences the course of international policy and causes changes that effect tens of millions of men and women and children.

All who work in Washington, D.C., live in the very center of the world spotlight, with the eyes of people focused on the deliberations and decisions which take place in our Federal Government. However, it is not only the Federal area of this city which comes under close scrutiny; far from it. The farmer of India, the shopowner in Japan, the soldier of Argentina—all look with extreme interest at Washington, and from what they hear and see, form an opinion of America. More than that, they form an opinion of the democratic way of life. We are a showcase.

In this Capital City of the world's most influential nation, we present a picture of democracy. How can we win the underdeveloped lands to our side if we display a city filled with vice, crime, and hate? What do we answer when asked why citizens of a free country fear to walk their city's streets after dark? Indeed there is no answer. We must prevent, insofar as possible, these questions from being asked.

In 1934, as chairman of the subcommittee of the House District Committee, it was my duty to take active part in an investigation of crime in the District—a thorough investigation which lasted nearly a year. The picture was far from bright. The committee concluded that public misinformation about criminal conditions was due primarily to official statements which tended to discount the seriousness of the situation. An equally important cause of popular ignorance was the striking lack of coordinated records. In its concluding statement our committee stated that: "No improvement can be effected until the people of Washington become convinced of the unpleasant truth, and until the city, facing the facts of the situation, determines to wage unceasing warfare against the forces of vice and crime."

Recognizing that an urgent need existed, the committee recommended that a citizens group be formed to study the facts, and to lend all possible impetus to a program designed to strengthen the criminal process.

Such organizations had been tested in Chicago and Baltimore, and had met with considerable success.

Responding to the need, citizens formed the Washington Criminal Justice Association, which in 1961 became the Citizens' Crime Commission of Metropolitan Washington. Business and professional men, publishers, and interested citizens joined in this worthwhile effort to improve conditions. Their labors have borne positive results for good.

From its inception, the Citizens' Crime Commission has been deeply concerned with the lack of coordination between various elements of the law-enforcement structure. It was noted that difficulties and shortcomings are evident in such a divergent system. For example, the Police Department reports certain figures to the Federal Bureau of Investigation for inclusion in its uniform

crime index; the U.S. attorney's office reports to the Department of Justice; the courts report to the Administrative Office of the U.S. Courts; and the Department of Corrections reports to the Federal Bureau of Prisons. However, there was, prior to the efforts of this commission, little or no liaison between these agencies. A meaningful picture, therefore, of the overall criminal situation could not be drawn.

We emphasize the imperative need for an accurate and complete recording system so that the public can gauge the extent of the criminal problem, and the success of remedial efforts.

Were we to refer to statistics for an idea of the seriousness of the problem we would be appalled. For example: During the first 3 months of 1962, 56 percent of the young people brought before juvenile court authority were "repeaters"—boys and girls who had been arrested before, and who evidently had gained little help from efforts at rehabilitation. Can we consider figures like those and not be moved to action? Can we read in our daily newspapers the accounts of robbery, violence, and murder and not move with forthright action so that Washington, D.C., can maintain a sense of dignity, safety, and respect for law which is such an inherent part of our national heritage?

What then can we do? What is the aim of this commission? Our immediate concern lies in a problem at the grassroots level of community relations—to educate and challenge citizens to their responsibilities in crime prevention by achieving an understanding of the law; not merely obeying the law's letter.

We will then be attacking crime through a program of awareness and active interest; a program aimed at developing knowledge of the basic causes of lawbreaking and designed to reexamine the entire criminal process within the metropolitan area with a goal of feasible recommendations for improvement. We will be coordinating to the best possible degree the records and statistics of various law-enforcement agencies. We will provide more accurate and meaningful evaluations in problem areas.

A useful example of crime prevention efforts being carried forward in other cities is the series of documentary films produced by the city of Philadelphia. These are being shown in Metropolitan Washington over station WRC-TV. Filmed by the Philadelphia Crime Commission, and made available through the efforts of our own organization, the series can do much to inform our citizens in the various functions of criminal justice. We are grateful to station WRC-TV for its cooperation in providing this worthwhile presentation. I urge all of you to give the program your special attention and to tell others.

Progress has been made. Beginning in January, the commission initiated a new reporting procedure utilizing IBM machine coding. It will permit us to make much more accurate judgments concerning the effectiveness of criminal treatment.

Information on felony offenses is gathered from each police precinct, and from the Statistical Bureau at police headquarters; the office of the U.S. attorney forwards indictment lists which will be coordinated with the police arrest records; the courts furnish a copy of case dispositions; the Department of Corrections provides copies of reports sent to the Federal Bureau of Prisons; the Board of Parole sends information regarding board action and parole violations. Armed with this data, and by incorporating it into an accurate machine processing system, we will soon be able to provide citizens and enforcement agencies of this area with a complete picture.

The commitment of the crime commission is to gather and analyze data, ferret out weaknesses in the process, study individual

cases where indicated, publish and publicize reports giving findings and recommendations for improvement. Thus we gain a basis of information from which to report on overall criminal conditions and indicating the needs for future research. We study the entire scope of the picture and not merely isolated segments. We are concerned with police activities, the courts, the prison system, and the parole board—and we recognize that without a more complete and accurate perspective of all of these elements there can be no reasonable appreciation of the effectiveness of law enforcement.

The Citizens' Crime Commission of Metropolitan Washington is suited to such responsible work, and I am confident that its members will eagerly accept the challenge.

In connection with attention to duty on challenging problems here in the Capital City, I embrace the opportunity to commend my colleague from West Virginia, Senator ROBERT C. BYRD, for the thorough and fair manner in which he has labored as chairman of the Appropriations Subcommittee on the District of Columbia.

It is our pleasant purpose today, to gather in honor of one of our neighbors who has embraced this challenge as a personal commitment, and for 15 years has devoted much of his time and energies to the programs of this organization.

Retiring after 42 years of success in selling with the Johns-Manville Corp., Robert C. Simmons accepted the presidency of the Citizens' Crime Commission, and has been instrumental in its latter development, planning, and growth.

He has unselfishly devoted his time and talent to securing an intelligent and efficient administration of criminal justice within this city. He has understood the need for the positive approach, and has demonstrated it in his dealings with the leaders of the Metropolitan Police, the U.S. attorney, the courts, the Department of Corrections, and the Board of Parole.

Throughout his 3 years as president, and during the preceding 12 years in which he acted as a member of our board of directors, Robert C. Simmons has shown insight, dedication, patience, and willingness to carry the load. Now, because of these efforts, Washington, D.C., is a better home for us all, and the movement to which he has lent such strong support will continue to be meaningful to the community, and to the Nation.

Recognizing his leadership abilities, his sincere devotion, and his high sense of civic responsibility, we, the members and friends of the Citizens' Crime Commission of Metropolitan Washington, extend happy congratulations and deepest gratitude to Robert C. Simmons, our outgoing president. As a mark of further respect and affection we present him with this certificate as tangible evidence of our esteem, our good will, and our appreciation.

Faith in God Is America's Secret Weapon

EXTENSION OF REMARKS

OF

HON. WALTER S. BARING

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. BARING. Mr. Speaker, under leave to extend my remarks, I should like to have inserted in the CONGRESSIONAL RECORD the text of my press release on the occasion of my introduction of a House joint resolution to amend the U.S. Constitution so as to allow prayers to be offered in the course of any pro-

gram in any public school or other public place in the United States as follows:

Congressman BARING stated that, although over one-third of the world's population may be enslaved to communism, there is no reason why America should ever fall under its domination. We are told in the Scriptures that "one with God is a majority"—our Nation, under God, has the power to withstand and overcome the enemy—if our people will arouse themselves and if they will rise to the occasion.

Through praise and thanksgiving to God for the blessings which we now enjoy, through faith in the promises of God to His people, and through courage to act upon these promises, we have the mightiest weapons known to man to bring about our deliverance. Herein lies our strength and our protection, faith in God is America's secret weapon, and it is a defense which cannot be equaled by the efforts of a godless enemy.

I have, therefore, today introduced a resolution in opposition to the recent decision by the Supreme Court to ban prayers in schools. This resolution would amend the U.S. Constitution so as to allow prayers to be offered in the course of any program in any public school or other public place in the United States.

The Poznan Uprising

EXTENSION OF REMARKS

OF

HON. HENRY C. SCHADEBERG

OF WISCONSIN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. SCHADEBERG. Mr. Speaker, in looking ahead to the universally free world we are endeavoring to help build, we would do well at times to look back for inspiration and impetus to some of the heroic, even tragic, events in the history of man's struggle to be free.

Such an event took place just 6 years ago. On June 28 and 29, 1956, the factory workers in the industrial city of Poznan in western Poland staged an uprising that was stark evidence of the determination of the Poles to break the shackles forced on them by the Communists.

These sturdy workers objected to being grossly underpaid. Some could not buy enough bread with their hard-earned pay to nourish themselves and their families. They had appealed, but their pleas went unheeded by the Communist-controlled government which owns and operates the factories.

On June 28 the men in the large steel plant there, some 30,000 in all, staged an uprising which the Communist tyrants branded a revolt. Treating it as such, the Communist government ordered tanks, artillery, and troops to crush the demonstration. Within 48 hours the Polish workers were beaten. Some 45 of them were dead. Several hundred more were wounded.

The Poznan uprising was not written off by the Poles as a complete loss, however, despite the ruthless manner in which it was suppressed. The Polish Communist government discovered that it could never kill the spirit of liberty, and as a result made several conces-

sions to the workers. More important, however, it helps keep alive in the hearts of all those in bondage behind the Iron Curtain the hope of eventual freedom and the will to live, work, and ultimately to fight for it.

On this anniversary date of the Poznan uprising, Mr. Speaker, I would like to pay this small tribute to the courageous people of that city who dared to defy the military might of their Communist overlords in the name of liberty.

Ninth Annual Osmers Questionnaire

EXTENSION OF REMARKS

OF

HON. FRANK C. OSMERS, JR.

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. OSMERS. Mr. Speaker, this year, during the later part of May and early June, my office mailed out more than 100,000 questionnaires to voters of the Ninth Congressional District in New Jersey. My eight previous annual questionnaires have proved so helpful to me in doing my job here, that I sent questionnaires to twice as many constituents as last year. Approximately 90,000 on my list are voters selected from lists of registered voters without regard to party affiliation. The remaining 10,000 are leaders in the professions, labor, business, industry, religion, education, and government.

While my district has neither mining nor important agricultural activities within its borders, it is otherwise one of the most diverse in the Nation with nearly every conceivable type of business and industrial activity within it. Income levels are higher than national, but occupations are normally distributed among workers, both union and non-union, small and large business, and the professions. Minority groups are also normal in size compared to similar suburban areas.

In addition to the more than 20-percent return of questionnaires, nearly 2,000 constituents wrote me letters expressing their views on the subjects covered by the questions, as well as other issues.

After tabulating the returns, the statistical experts of the Legislative Reference Service at the Library of Congress were most helpful in checking the results for me according to the latest scientific sampling techniques.

Mr. Speaker, while the actual results in percentages will appear in the CONGRESSIONAL RECORD in a table below these remarks, there are several observations about them which seem appropriate.

This year 59 percent do not favor the overall record of the Kennedy administration, 28 percent favor it, while 13 percent are undecided. Impressive numbers of voters in my district appear to be losing confidence in the overall record of the Kennedy administration. A year ago, in response to my 1961 annual questionnaire, only 47 percent of those replying opposed the administration's record,

26 percent favored it and 27 percent were then undecided. It is interesting to note that as the Nation's economic picture became blurred during the past month by the stock market collapse, the daily returns of questionnaires showed a sharp dropping off of approval of the Kennedy administration.

Four out of five answering believe that the United States should stand firm in southeast Asia even at the risk of war; moreover, 9 out of 10 believe that concessions to Communists would not bring peace there or end the Berlin crisis.

Three-quarters of the replies registered opposition to granting the President standby recession power to start public works or to lower taxes without the approval of the Congress.

By better than 3½ to 1, my constituents oppose a tax withholding system for interest and dividends; 3 out of 4 favor strong Federal action to insure voting rights to every American citizen while the President's methods in the recent steel-price controversy are favored by less than a third.

A Federal program of health care for the aged had support by a 2-to-1 margin. Of those favoring such a program, 40 percent support the existing Kerr-Mills law with its Federal-State approach; 28 percent want the pending King-Anderson bill's social security plan, with the remaining 32 percent preferring a voluntary private health insurance program paid for by an income tax credit or by the Government.

The President's tariff and foreign trade program received the support of 39 percent with 31 percent opposed. A larger percentage of "undecided" replies—30 percent—were recorded on this question than any other.

Of course, not everyone answered every question. The percentages shown for each question in the tables below are based on the tabulation of all of the replies received to that particular question or part thereof.

Mr. Speaker, because many Members of the House and Senate have been inquiring about the results of my 1962 poll, I ask unanimous consent to include in the RECORD the tabulated percentages of the replies to my ninth questionnaire received up to June 27, 1962:

[Percent]

	Yes	No	Un- de- cided		Yes	No	Un- de- cided
Do you favor—				Do you favor—Continued			
1. The overall record of the Kennedy administration?.....	28	59	13	9. A tax withholding system for savings interest and stock dividends?.....	21	73	6
2. The United Nations as the best means of maintaining world peace?.....	60	27	13	10. The President's tariff and foreign trade program?.....	39	31	30
If yes, do you support—				11. Federal financial aid for community fallout shelters?.....	23	65	12
U.S. purchase of \$100,000,000 U.N. bonds?.....	43	43	14	12. Federal price-wage control in basic industries to curb inflation?.....	39	51	10
Permanent U.N. international police force?.....	79	14	7	13. Methods used by President in recent steel price controversy?.....	30	64	6
Admission of Red China?.....	10	78	12	14. Curtailing nonmilitary expenditures if cold-war crisis continues?.....	54	31	15
Congo operation and similar actions?.....	81	10	9	15. A Federal program to provide health care for the aged? --	63	32	5
3. United States standing firm in southeast Asia even at the risk of war?.....	81	10	9	If yes, please check the general method you prefer:			
If no, do you think concessions to Communists would bring peace?.....	6	91	3	Medical, hospital, and nursing home care for all in need; paid half by Federal, half by State government (Federal 1960 Kerr-Mills law; New Jersey residents not covered until State legislature acts).....	40		
4. United States standing firm in Berlin even at the risk of war?.....	90	7	3	Limited private home, hospital, and nursing home care only, but no medical expenses, for those under social security; paid for by increased social security taxes (King-Anderson bill).....	28		
If no, do you think concessions to Communists would end crisis?.....	5	90	5	Voluntary private health insurance; premiums covered by income tax credit, or paid by Government for those who owe no income tax.....	32		
5. A nuclear test ban before Soviets agree to foolproof inspection?.....	10	85	5				
6. Strong Federal action to insure voting rights to every American?.....	75	15	10				
7. Board Federal financial aid for commuter transportation?.....	40	42	18				
8. Granting the President the standby recession power he seeks—							
To start public works spending without approval of Congress?.....	21	75	4				
To lower taxes without approval of Congress?.....	22	75	3				

Prayers in Our Public Schools

EXTENSION OF REMARKS

OF

HON. W. R. HULL, JR.

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. HULL. Mr. Speaker, the decision by the Supreme Court that prayers in the public schools of the United States violate our constitutional right to freedom of religion is an affront to the people of this Nation, a distortion of our Constitution and its intent, and the worst sort of legalistic nitpicking.

The people of this country are outraged, and rightfully so, over this ruling which denies to our schoolchildren the opportunity, if they choose to use that opportunity, to affirm their reliance on Almighty God and pray for His blessings on parents, teachers and on the United States.

The first amendment to the Constitution, which the Supreme Court opines would be violated by the voluntary recitation of even a simple nondenominational prayer, specifies that "the Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof."

The application of this amendment to a prayer recommended by a State agency, in this case New York, must surely rank as one of the most amazing legal feats in recorded history.

How a simple nondenominational prayer can be equated with the enactment of a law establishing a religion is a complete mystery. No reasonable explanation is to be discovered in the Supreme Court decision.

Has Congress made a law establishing a religion or prohibiting the free exercise thereof? No.

Has anyone's freedom of religion been abrogated? No.

To read any such meanings or results into the recitation of the prayer in question requires clairvoyant powers to which ordinary mortals cannot aspire.

Carrying this illogical decision to its logical conclusion, perhaps the Supreme Court may next rule that the oath taken by the President of the United States upon entering office is a violation of the Constitution, not to mention oaths taken by other officials of the Federal, State, county and even city governments of this country.

Next the Supreme Court may wish to consider deleting the mention of God from our national pledge of allegiance and from our national anthem. The words "In God we trust" may be ordered removed from our coins.

The inspiring prayers which open each session of this House and of the Senate are clearly suspect by the terms of the Supreme Court decision.

The Supreme Court may have to make some drastic changes at home, such as the invocation of God's protection of the Court itself which opens each of its sessions. We would also assume the Court will expunge the mention of God in the oath taken by court witnesses.

It seems reasonable to suppose that some atheistic serviceman will initiate a suit to do away with chaplains of our military forces and the services they conduct, on this same frail basis that his right to freedom of religion has been abridged. Can there be any doubt as to how the Supreme Court would rule on this question, in light of the current decision?

If simple school prayers are in violation of the first amendment, what about Christmas activities in our public schools?

These examples may seem farfetched but after observing some of the rulings of the Supreme Court over the last decade, I wonder.

Like every other Member of the Congress, I have received countless letters over the years from Americans who are greatly concerned about the trend of the decisions handed down by the Supreme Court. I have refrained heretofore from

making any critical public expressions regarding these decisions, even though it has occurred to me that since the Supreme Court often appears to be legislating, I as a Member of the National Legislature ought to be entitled to reciprocal privileges. I can no longer remain silent.

It is a plain fact that in this and many other decisions, the will and welfare of the great majority of Americans have been subverted to protect some fancied rights of a minority of citizens, in some instances Communists, murderers, rapists and similar scum.

While I believe the individual rights of a citizen must be scrupulously protected, it is my settled judgment that the Supreme Court has stretched its interpretation of these rights far beyond any reasonable limit in some cases, with the result that the welfare of all the people has been prejudiced. Thus it is in this matter, which is a case of catering to the desires of a few malcontents by means of a specious interpretation of the Constitution, to the detriment of this Nation and its citizens.

James Bryce once observed that law will never be strong or respected unless it has the sentiment of the people behind it. This decision is not strong and cannot be respected because the people of this Nation do not and could not approve.

Thomas Jefferson also had advice which seems applicable to this decision. He noted that the strict observance of the law is one of the high virtues of a good citizen, but not the highest. The laws of necessity, of self-preservation, and of saving our country when it is in danger are of higher obligation.

Our country today is in danger and we are calling on our deepest resources to preserve ourselves and our Nation.

Our greatest resource is our national faith in God and the application of His will to our affairs, public and private.

I do not see that a voluntary reaffirmation of these principles, which have sustained our Nation since its founding, by our children in the public schools could be in violation of the letter or the spirit of the Constitution.

I understand that legislation has been introduced in the form of a constitutional amendment to nullify this decision by the Supreme Court.

I will support such legislation.

Address of Senator Dodd Before Convention of the International Upholsterers' Union of North America

EXTENSION OF REMARKS

OF

HON. PAUL H. DOUGLAS

OF ILLINOIS

IN THE SENATE OF THE UNITED STATES

Thursday, June 28, 1962

Mr. DOUGLAS. Mr. President, early this month the International Upholsterers' Union of North America, AFL-CIO, celebrated in convention, in Cleveland, Ohio, its 80th birthday.

CVIII—770

At the same time, this union, which is well known for its pioneering efforts in union democracy and in opposition to communism, celebrated also the 25th anniversary of the installation of Sal B. Hoffmann as international president.

The junior Senator from Connecticut [Mr. Dodd] was the principal speaker at the Cleveland convention held on June 8, 1962, and I believe his speech will be of interest to Members of Congress and others. I ask unanimous consent that Senator Dodd's remarks and the introductory remarks of President Hoffmann be printed in the RECORD.

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

INTRODUCTION BY SAL B. HOFFMANN, INTERNATIONAL PRESIDENT OF THE UPHOLSTERERS' INTERNATIONAL UNION OF NORTH AMERICA, AFL-CIO

We of the UIU are especially honored to have as our principal speaker this morning, not only one of the great contemporary liberal friends of labor, and of every good Democratic cause in the current U.S. Senate, but one of the great voices for human freedom known and heard around the world, from Free China, Laos, and the Philippines, to the Congo and behind the Iron Curtain, among the secret colleagues of the exiles of labor, and of all classes, who look to him for leadership here, and in free Western Europe.

He graduated from Yale Law School in the midst of the great depression here at home, and the rise of Hitler abroad, and served our Nation, until 1934, as a member of the Federal Bureau of Investigation. In 1935 he joined the Roosevelt New Deal as organizer of the National Youth Administration program in Connecticut, and to this day he persists in his special interest in young people, as the chairman of the Senate Judiciary Subcommittee on Juvenile Delinquency and its problems.

From 1938 until 1945 he was special assistant to the U.S. Attorney General, and organized the first civil rights section in the U.S. Department of Justice.

During 1945-46 he was U.S. executive trial counsel at the international Nuremberg war trial of Nazi war criminals.

He studied at firsthand the nature and character of the Nazi type totalitarian, amid the wreckage made of Germany, and much of Europe, by Hitler, whose rise to power, and the triggering of World War II, was made possible by the Communists. For his brilliant work for the prosecution at Nuremberg, he received a Presidential citation and the U.S. Medal of Freedom.

He was elected to the Congress from the First Congressional District of Connecticut, in 1952, and again in 1954, as a Democrat, in spite of the Eisenhower sweep.

He made a brilliant labor and liberal record.

His knowledge of international affairs was early recognized by appointment to the Foreign Affairs Committee, of the House, where he served on subcommittees on inter-American affairs, on Europe, and on national security, participating in special study missions to Latin America, and the Middle East.

In November 1958, Mr. Dodd was elected to the U.S. Senate from Connecticut.

After brilliant service on the Judiciary and the Aeronautical and Space Sciences Committee, he was signally recognized by appointment to the Senate Foreign Relations Committee in 1960.

As vice chairman of the Judiciary Subcommittee on Internal Security, he has given unprecedented dignity and reliability to congressional exposure and curbing of the Communist conspiracy, both in the United States, and in adjoining Cuba, and the

Caribbean. He piloted the Freedom Academy bill, setting up a West Point for political warfare against the Communist conspiracy, through the unanimous favorable report by the Senate Judiciary Committee, and the unanimous passage by the Senate in 1960, although at times his officially announced organized support seemed to be solely that of AFL-CIO, and our own UIU. In so doing, he incurred the wrath of the opposition of political extremists of both right and left.

We not only are honored by this courageous and just man's acceptance of our invitation to address our convention, but we deliberately seek to do him deserved honor today.

His open and secret enemies, among the open and secret enemies of our Nation, and of human freedom everywhere, have sought to obscure and deny, since they could not tarnish, Senator Dodd's outstanding, and unquestionable, labor and liberal record in the House and Senate of the United States and in the field of human and civil rights since his days in the civil rights section of the Department of Justice, and at Nuremberg, and up to this very moment.

In the course of legislation, there will be moments in any strong man's career when he may, and should, as Senator Dodd has done, in the light of individual conscience and judgment, disagree with us of UIU, or with our federation, but when the cause of the humblest and most oppressed is at stake anywhere, our speaker comes down hard on the side of equity, justice, and freedom, every time.

It is an unqualified honor and privilege to have the opportunity to introduce to this 34th convention of our union, a friend of labor, a friend of fairness, and a friend of liberty everywhere, the gentleman from Connecticut, Senator THOMAS J. DODD.

REMARKS OF SENATOR THOMAS J. DODD BEFORE THE CONVENTION OF THE INTERNATIONAL UPHOLSTERERS' UNION OF NORTH AMERICA, AFL-CIO, HOTEL STATLER-HILTON, CLEVELAND, OHIO, FRIDAY, JUNE 8, 1962

President Hoffmann, officers and members of the Upholsterers' International Union, I am honored and happy to be with you in Cleveland today, and to join you in celebrating the 80th birthday of your great union and the 25th anniversary of Sal Hoffmann's installation as international president.

I am always happy to be with my trade union friends because, since boyhood, I have looked to the American trade union movement as one of the principal architects of social progress in our country.

It is a particular pleasure to be with my friends of the Upholsterers' International Union because I have always had special admiration for the UIU's pioneering efforts in the fields of union democracy, political education, and anti-Communist action.

One hears many exaggerated criticisms of the American trade union movement. Unfortunately the critics are frequently so blinded by the details of their complaints that they ignore the historic contribution which the trade union movement has made to the building of a greater and better and freer America.

The enlightened welfare-state capitalism which exists in our country today is by far the best and most benevolent of all the modern systems of government, and the closest to the ideals of Jeffersonian democracy. But American society has had to travel a long way to achieve its present form; it has had to pass many milestones along the sometimes tortuous highway of social progress. Among these milestones were the 8-hour day, the 40-hour week, the minimum wage, unemployment insurance, social security, collective bargaining. These things are today part of the accepted texture of America, they are things that help to make America great. And it is the American trade union

movement that must be given the primary credit for the achievement of most of these vital social objectives.

In its approach to foreign affairs, as in domestic affairs, the trade union movement has embodied the best of the American liberal tradition. This tradition is most eloquently stated in Jefferson's timeless words of self-dedication: "I have sworn upon the altar of Almighty God eternal hostility to every form of tyranny over the mind of man."

In its consistent opposition to dictatorship and slave labor, the American trade union movement has shown itself completely faithful to this tradition. It was in the forefront of the fight against nazism and fascism in the twenties and thirties and through to the end of World War II. And it has, from the beginning, been in the forefront of the fight against the Red fascism which passes by the name of communism.

This consistent opposition to foreign tyranny, no matter what form it takes, is, in fact, the one touchstone that can reliably distinguish the true liberal from the false liberal.

It is not enough to be for the minimum wage, and for social security, and for the right to vote, and for racial equality, and for free milk for schoolchildren; it is not even enough to be anti-Fascist and anti-imperialist. The Communists and the crypto-Communists are all these things, or say they are. So are all the totalitarian liberals and sentimentalists liberals and frightened liberals and confused liberals—in short, all the "blind in one eye" liberals—who joined in the protest against every act of Nazi tyranny and bestiality, but who remain silent when millions die in the Soviet Union or in Red China; who protested against the appeasement of Hitler, but who today urge the appeasement of Khrushchev; who rail against the smallest act of anti-Semitism in the Bonn Republic, but who close their eyes to the monstrous anti-Semitism practiced by the Soviet Government; who warned that we must not trust the Nazis, but who, despite a thousand proofs of perfidy, insist that we rest the survival of our Nation on nothing more substantial than the Kremlin's word of honor.

These "blind in one eye" liberals, as distinguished from the crypto-Communist liberals, are not Communists. Many of them, in fact, profess to be anti-Communist, and look upon themselves as the true proponents of the American liberal tradition. But when you compare the details of their liberalism with the pretended liberalism of the Communist worker, the item-for-item similarity is complete and devastating.

You of the Upholsters' International Union will understand me when I say that no one is truly a liberal who does not oppose the tyranny of communism as energetically as he opposed the tyranny of nazism. This is the touchstone; this is the acid test. This test your own union and the great majority of American unions have passed with flying colors.

But, unfortunately, there have been too many "blind in one eye" liberals and too many shortsighted conservatives. The successive defeats which the free world has suffered at the hands of international communism since the close of World War II and the obstinate illusions which it displays to this day testify to the prevailing lack of understanding, at both public and official levels, of the nature of the Communist enemy and of the measures which must be taken if the free world is to triumph.

I believe you will find more solid comprehension of the life-and-death nature of the conflict between communism and freedom in the ranks of the American labor movement than you will in any other sector of the American community. True, the picture

is far from uniform. The labor movement has its fellow travelers and its dupes and its "blind in one eye" liberals. But men like George Meany and David Dubinsky and Sal Hoffmann are much more truly representative of what the American trade union movement stands for in world affairs.

There are trade union officials who must be numbered in the thousands and rank-and-file members whose number is legion, who know the meaning of communism and who understand the nature of the Communist enemy because they have engaged them in many a bitter battle in their trade union locals and in their factories and on the picket lines.

There is a tendency to think of the cold war as something that is fought in other countries. But the cold war is fought in every country of the world, including the United States—perhaps I should say above all in the United States. And the trade union movement has, from the very beginning, been one of the most critical fronts in this war.

From your own hard experience in this man-to-man combat with the forces of international communism, you have learned the essential lesson that coexistence with communism is impossible. You have learned that they are capable of any trickery or treachery; that their agreements are worthless; that their goal is total domination; that, if they cannot dominate an organization, they will seek to destroy it. And the losses you have learned from dealing with the Communists in the trade union movement apply, with only minor variations, to the larger problem of dealing with the Communist menace internationally.

Let me note in this connection that one of the first editorials ever carried by the Upholsters' International Union Journal, an editorial which appeared in August 1922, had this to say on the question of communism in the American trade union movement: "The issue is, shall they—the Communists—scuttle the ship of the American labor movement; or will labor make them walk the plank."

From your own hard experience you have learned, too, that communism cannot be combated on an on-and-off basis, that eternal vigilance is the price of freedom. I believe that no one has ever stated this fact more eloquently than your own president, Sal Hoffmann, when he said in December 1950:

"My 30 years of experience in the labor movement has taught me that the only way to fight the Communists is to fight them 24 hours a day, 365 days per year, wherever you find them."

The serious lapses in our foreign policy in the postwar period and the confused state of public opinion on certain issues today indicate that the lesson which Sal Hoffmann learned through his many years of experience in the trade union movement has not yet been learned by many members of the American community. Let me give you an example of what I mean.

In January of last year, the Senate Subcommittee on Internal Security got wind of the fact that a prominent machine tool company had been given a license to export to the Soviet Union 45 machines used in the mass production of ultra-high precision miniature ball bearings. These high precision bearings are of the greatest importance to the defense of our country. They are responsible for the accurate functioning of our missile guidance systems, our fire control systems, and much of our sophisticated defense hardware. In fact, virtually the entire output of these ultra-high precision miniature bearings goes to our Defense Establishment. And the millions of units that we require each year are produced in this country on just 72 machines—machines that had been designed by American engineering genius—machines incomparably superior to

ball bearing machines available in any other country. And, here we were, about to ship 45 of these precious and unique machines to an enemy who has sworn to bury us.

When the president of the firm was called before the subcommittee, he defended the proposed shipment on the grounds that the Commerce Department had approved it, that his company had, over the years, sent many shipments of machine tools to the Soviet Union, and that he saw no reason why American business should not take advantage of sales opportunities in the Communist bloc. When the Commerce Department testified before the subcommittee, its members also approved the shipment, although the testimony revealed that the Defense Department had strongly and repeatedly opposed the granting of an export license. I am happy to report that the findings of our investigation were so conclusive that the Commerce Department finally accepted their validity and canceled the shipment.

There is one more facet to this story which deserves comment. Just before the license was canceled, I received word from a group of longshoremen in New York City that if any effort were made to move the ball bearing machines destined for the Soviet Union, they—the longshoremen—would refuse to handle them.

There are many businessmen, fortunately, who do not share the attitude of the machine tool manufacturer to whom I have referred. I recall receiving a letter from a lumber machinery manufacturer on the west coast who had just turned down a Soviet offer to purchase a complete lumber mill, even though such machinery is not on the list of commodities proscribed for export. I recall, too, the example of Richard Stokes, British Labor MP and equipment manufacturer, who refused, on grounds of principle, to sell heavy mining and construction equipment to the Soviets, even though he knew that the Soviets could obtain comparable equipment from European competitors. The number of such businessmen is increasing every day.

In a recent article in the New York Times Sunday magazine, an official of the Anti-Defamation League made the statement that American liberals were, in part, responsible for the John Birch Society and for the rest of the current rash of right wing extremism, because they had failed to provide leadership in the fight against communism. From my own experience, I am convinced that this is so. And I believe this criticism also applies in certain measure to the American trade union movement.

The AFL-CIO and many of the unions affiliated with it put out excellent material on communism. They conduct excellent educational programs for their own members. But, by and large, they have made no effort to bring their educational activities to the general public; they provide no public leadership in intelligent anti-Communist activities.

The Upholsters' International Union is an outstanding exception. Through the Council Against Communist Aggression, you have created a bridge between your own union and a distinguished body of private citizens, whose domestic viewpoints may vary, but who see eye-to-eye on the cardinal issue of resisting communism and the various subterranean devices by which communism seeks to divide and undermine the free world.

In the Council Against Communist Aggression you have also created an instrument that can play, and has played, a significant role in informing public opinion, in exposing situations that call for exposure, in mobilizing protest actions where protest actions are in order. The Bang-Jensen case provides an example of the role that can be played by a responsible anti-Communist organization.

As you know, the Senate Subcommittee on Internal Security has issued a report on the case of Povl Bang-Jensen, the Danish diplomat who was dismissed from his U.N. post because he refused to turn over to U.N. safekeeping the list of Hungarian witnesses who had made anonymity a condition of their testimony. The Senate subcommittee began its investigation after Bang-Jensen's death. But when the fight between Bang-Jensen and the U.N. Secretariat was at its height, it was primarily the Council Against Communist Aggression, under the secretaryship of Art McDowell, that took up his case and fought the cause through the columns of the American press and through its own publications.

The tremendous crowds that turn out to anti-Communist meetings of all kinds in all parts of the country are testimony to the growing mood of frustration in our country. People are disturbed, and rightly so, over the fact that the free world seems to be losing round after round in the conflict with international communism. They want to learn; they want to understand; and they want to do something about the situation. And, if instruction and leadership are not forthcoming from responsible sources, then they will take it from quacks and extremists and amateurs who don the anti-Communist label.

I believe that this situation presents both business and labor in our country with a priceless opportunity. Effective programs of education on communism and world affairs are being carried on within the ranks of the business community by organizations like the Research Institute of America and the American Security Council. The trade-union movement is also carrying on a work of education within its own ranks. But it does so, by and large, with its own resources and without cooperation from management. Both programs could be infinitely more effective if management could be persuaded to give direct support to a trade-union educational program on the nature of communism, conducted at the factory and local level.

I also believe that management and labor, acting together, could make available to the citizens of every major community a concerted, continuing program of instruction on the nature of communism and on world affairs. Such a program, if it could be instituted, would be infinitely more effective than the one-stand strategy seminars and anti-Communist schools that have, until now, been the only sources of information open to the general public.

I believe this proposal is sound. I believe it is feasible. I believe it is in the best tradition of the partnership between management and labor and of their joint responsibility to the community.

Such a cooperative undertaking, sponsored by management and labor, would point the way to the national unity which alone can assure the survival of our Nation.

It is up to management and labor to accept this responsibility and grasp this opportunity.

I submit this proposal for the first time to your convention, because the Upholsterers' International Union has played the role of pioneer on so many fronts and in so many undertakings.

The preservation of freedom is everybody's business. This is something upon which we all agree. But if everyone pulls in different directions, freedom will not be preserved; it will be destroyed.

We are confronted with a crisis of survival, a crisis which demands not merely the utmost understanding and dedication from every citizen, but the broadest possible unity of action. It is a crisis that leaves no room for religious or racial or political prejudices, that calls imperatively for a national unity embracing Catholics, Protestants, and Jews, Republicans and Democrats, liberals and conservatives, business and labor.

It calls, in short, for the kind of national unity that existed in our country during World War II.

President Hoffmann, I want, in closing, to wish you a long life of continued service to the labor movement, to the trade union you have served so effectively during the 25 years of your presidency, and to the larger cause of human freedom the world over.

I am grateful to you for your invitation, and I hope we shall see much more of each other in the years to come.

Prayers in Our Public Schools

EXTENSION OF REMARKS

OF

HON. HUGH Q. ALEXANDER

OF NORTH CAROLINA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. ALEXANDER. Mr. Speaker, the American people have witnessed a succession of "black Mondays" this spring, and last Monday, June 25, was no exception. It ran true to form. For when the Supreme Court handed down its opinion in Engel against Vitale declaring unconstitutional the nondenominational, noncompulsory, short opening prayer recited in the public schools in New York, it struck at a heritage that is older than the Constitution itself—the acknowledgment at publicly sponsored meetings of a Supreme Being.

The Court struck down this simple prayer: "Almighty God, we acknowledge our dependence upon Thee, and we beg Thy blessings upon us, our parents, our teachers and our country." Who among us, whatever his faith, has not uttered similar sentiments a thousand times over at all kinds of publicly sponsored meetings? And why have we done so?

For a very simple but meaningful reason; we, a religious people, were recognizing in such prayers, as were the schoolchildren in New York, the inseparable relationship between religion, with its emphasis on the dignity of man, and freedom. We were not advancing the establishment of a particular church or of any particular belief. We were voluntarily acknowledging a basic tenet of free government, that belief in God is a vital component of liberty.

Perhaps it was never expressed more eloquently than by Thomas Jefferson when he said, "God who gave us life, gave us liberty. Can the liberties of a nation be secure when we have removed the conviction that these liberties are the gift of God?"

This was why the Regents of the State of New York recommended the prayer as one:

"* * * stressing the moral and spiritual heritage which is America's, the trust which our pioneer ancestors placed in Almighty God, and their gratitude to Him from whom they freely and frequently acknowledged came their blessings and their freedom and their abiding faith in the free way of life."

The Supreme Court itself has previously recognized that "we are a religious people whose institutions presuppose a Supreme Being" (*Zorach v. Clauson*, 343 U.S. 306, 313). And, numerous are the

authorities who have reiterated that the first amendment "was conceived to prohibit and prevent the establishment of a state religion; it was not intended to prevent or prohibit the growth and development of a religious state."

We all know, they have been mentioned so often, of similar expressions of acknowledgment of God in the Declaration of Independence, the Gettysburg Address, the oath of allegiance, our national anthem, on our coinage. The constitutions of our 50 States, including my own State of North Carolina, contain such statements of acknowledgment and thanksgiving.

Such expressions are uttered by the President, in the Halls of Congress, in the Supreme Court itself, and, like the New York prayer, most of these are statements composed by public officers paid from public funds for delivery on publicly sponsored occasions to "captive" audiences. Their vice, under the reasoning of the Court, is the same in all respects as the short, nondenominational, noncompulsory prayer that the little schoolchildren in New York and other States have been reciting at the opening of the schoolday.

Another consequence of the decision is that by drawing so rigid a line of demarcation between religion in any sense and the state, it throws into question the validity of numerous sound, nonreligious Federal aid programs to private organizations such as hospitals and institutions of higher education which just happen to be sectarian in nature.

This is why June 25 was another "black Monday." Imperiled, in fact, was the simple saying of all general prayers at governmentally sponsored meetings. Imperiled, in immediate probability, is the simple public expression of one of the great truisms of a free society, the inseparable relationship between belief in God and freedom.

This is why I so deeply reject the decision by the Court. It strikes at the very roots of our American system. As one of America's greatest judges and scholars in the law, Thomas M. Cooley, remarked many generations ago:

It was never intended by the Constitution that the Government should be prohibited from recognizing religion * * * where it might be done without drawing any invidious distinctions between different religious beliefs, organizations, or sects.

The decision of June 25 does indeed flaunt our deepest beliefs. The Court, contrary to its opinion, was not protecting the people of New York or of any other State from the creation of an established church. Rather, it was casting doubt on the expression at public functions of a fundamental and vital aspect of free government, the relation between religion and freedom. In so doing it has rendered a signal disservice to democracy.

Not only was it making questionable an honorable and rich tradition, but, as was stated by another New York court in another case in 1953, such a decision tends to "make a travesty of our glorified liberty of conscience. Liberty for non-believers in God, but denial to believers in a Deity, would be a mock liberty" indeed.

The Enslavement of the Baltic Nations

EXTENSION OF REMARKS

OF

HON. JOHN LESINSKI

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. LESINSKI. Mr. Speaker, world communism lives off people just like a parasite. It does not have the ability or initiative to produce, so it must take from others what it itself cannot do. As in Communist China where every plan has failed and the people are rebelling against their masters, so it is in Eastern Europe that the people are attempting to regain their freedoms.

It is unfortunate that during the debates at the United Nations our representatives do not stress Russian colonialism in Europe which exists all the while the Communists play the bleeding heart for others, always with the thought in mind that, through infiltration, they will promote their type of ism for the eventual takeover of all nations when, under the wing of Moscow, everyone will live in the Communist utopia of starvation and slavery.

Recently, Mr. Speaker, I had occasion to meet with a group of people who know well what life under communism is like, for their kith and kin are among those enslaved by the iron hand of Russia. On Sunday, June 17, 1962, the Baltic Nations Committee of Detroit met to mark the occasion of the mass deportations in 1941 by the Russians of the people from Estonia, Latvia, and Lithuania. At this point, I should like to insert for the RECORD, the remarks that were made on that occasion.

MEMORANDUM TO THE FRIENDS OF FREEDOM

The Estonians, Latvians and Lithuanians of Metropolitan Detroit, assembled at the International Institute of Detroit, Michigan, on June 17, 1962, to commemorate the 21st anniversary of the first cruel mass deportations by the Soviet police and army from the Baltic States, unanimously approve the following memorandum on this solemn occasion:

"We wish the American people and the friends of national self-determination everywhere in the world to recall what happened to the independent States of Lithuania, Latvia and Estonia in 1940, when the military intervention of the Soviet Union occurred and in June 1941, when the vandalistic deportations of about 120,000 persons to the east of Russia took place. There are grim documents to prove it. The Soviet international treaties with the Baltic States have been unilaterally broken and the unprecedented crime of genocide began against defenseless people and the peaceful communities in each and every one of the three states.

"We assembled here to express our deep gratitude to the Government of the United States and to many other governments for not recognizing the illegal and forceful incorporation of Estonia, Latvia and Lithuania into the Soviet Union; and respectfully urge the United States to take timely and effective measures in order to enhance the resumption of their national rights of sovereignty to freely choose governments of their own.

The passage of years, including 1962, has been marked by innumerable crimes, since

1954 under the guise of voluntarism, including many mass deportations of people, indeed of infants, children, and youth. Suspension of human rights and suppression of all fundamental freedoms, the closing of all monasteries and of many churches and enforced Russification of children and youth continue to make the deplorable situation of the Baltic people dreadful and intolerable. Indeed the exclusion of any foreign journalists or representatives from these countries (excepting a recent admission of tourists to the capitals) point to the suffering people in the abnormal conditions of life under the Soviet yoke. The humiliating legal and moral wrong to the Baltic people has not yet been improved. The most viciously organized colonial empire of the Soviet Russia, with its totalitarian and ultravandalistic techniques of destruction of any free self-expression of the will of nations, has not yet been fully condemned. Up to this time the Soviet Union has disregarded all international agreements condemning suppression of human rights. The Atlantic Charter, the genocide convention she signed, the resolution of December 14, 1960, of the General Assembly of the U.N. regarding the self-determination of the colonial countries and people did not exercise any positive effect on the behavior of the Soviet Government. These facts show that there can be no compromise with the most evil tyranny in recorded human history. Both freedom and self-determination of nations are indivisible and have to be fought for by all legitimate means if they are to be realized in the whole world. We believe that all who are choosing freedom for themselves will make individual and national contributions for the cause of freedom and the establishment of national sovereignties in Estonia, Latvia, and Lithuania and other captive nations.

Issued in Detroit, Mich., this 17th day of June A.D. 1962, by the Baltic Nations Committee of Detroit, Inc.

SPEECH BY THE HONORABLE JOHN LESINSKI BEFORE THE BALTIC NATIONS COMMITTEE OF DETROIT ON SUNDAY, JUNE 17, 1962, ON THE OCCASION OF THE ANNUAL COMMEMORATION OF THE MASS DEPORTATIONS BY THE RUSSIANS OF THE PEOPLE FROM ESTONIA, LATVIA, AND LITHUANIA

I am pleased to be with you this afternoon first to represent Governor Swainson, who has sent your secretary his regrets that a previous commitment prevents him from being here today and secondly to join with you in deploring the loss of life and liberty by those people who must endure Communist imperialism.

On this occasion we assemble to remind the world of the inhumane, terroristic tactics of the Communists who in 1941 uprooted thousands upon thousands of people from their homes in Estonia, Latvia, and Lithuania and sent them to slave labor camps deep in the wilderness of Siberia where many perished. These grim facts must necessarily be constantly called to the world's attention in order to contradict the blatant untruths and false propaganda issued by the Communists.

The facts are known. When in 1940 the Soviet Union attempted to force upon the Baltic peoples the Soviet system and tenets of communism—both of which were utterly unacceptable and repugnant to the people—not only was the political and economic life of the countries ruthlessly destroyed, but a storm of terror and violence was let loose on its helpless victims. Arrests, tortures and executions, the sudden disappearance of leading personalities of public life without trace became an everyday occurrence. It all culminated in the mass deportations of these people from their homeland to death and deprivation in the remote regions of the Soviet Union.

Such is the paradise to which the Communists wish to subject all the people of the world.

I am happy to say that the U.S. Government has never recognized the forcible seizure of the Baltic States and we all look for the day when these states and the other captive European nations will be ruled, through free elections, by governments representative of the will of the people.

It is interesting to note that recently Janos Kadar, Communist leader in Hungary, confessed that most Hungarians were not Marxists (and by implication, never would be) and that the Communist Party must learn to coexist with them. The same is true, I am sure, in Estonia, Latvia, Lithuania, and the other captive nations. The fact is that Communist leaders in those nations have been and are on a war footing with their own people.

There is an ever-increasing number of reports which indicate that throughout the Communist community political and economic difficulties are being encountered. You will recall Khrushchev's recent action to increase the price of butter in the Soviet Union to cut down consumption. The biggest evidence of the failure of communism is the fact that year after year the workers in the Communist countries have failed to meet the production goals which their leaders have set for them.

As a representative of Radio Free Europe recently stated: "The East European peoples, by its persistent refusal to accept communism, constitute a living dramatic example of the total undesirability of that system to the rest of the free world."

I am pleased to report to you that the Congress of the United States is concerned about the unfortunate plight of the people in the captive nations. Hearings are currently being held by the Subcommittee on Europe of the House Committee on Foreign Affairs on the subject of the captive nations which are Albania, Bulgaria, Czechoslovakia, Estonia, Hungary, Latvia, Lithuania, Poland, Rumania, and the colonial practices within the Soviet Union. The Honorable EDNA KELLY, Congresswoman from New York, stated the objectives of the hearings to be:

"1. To focus attention on the peoples of the captive European nations.

"2. To study present conditions within the captive European nations, including the possibility of changes from their present status, to study present policies of the United States regarding them, and to provide Congress with the latest and most reliable information on the situation in the captive European nations;

"3. To expose to the rest of the world that the Soviet Union has ruthlessly welded those captive nations into the Soviet colonial empire and is despotically keeping their peoples oppressed, while at the same time falsely and hypocritically posing as the international champion of those seeking liberty and independence."

On Wednesday, June 13, 1962, testimony was heard from Stanislaw Mikolajczyk, former Prime Minister of Poland and president of the International Peasant Union; and from Jan Karski, former member of the Polish underground movement, now a professor at Georgetown University. Further hearings will be held to hear from representatives of the other captive nations.

We in the United States have a moral obligation to the people in the captive nations for we have pledged to assist them in the establishment of self-government. It has been the Soviet Union that has arrogantly refused to abide by commitments it made following World War II to hold free elections in these countries.

It is imperative, therefore, that we in the free world continue to point out the failures of communism and to dramatize and call attention, as we are doing today, to the

horrible crimes the Communists will commit to achieve their aim of world domination so that the newly independent nations and the underdeveloped nations will not be deluded by the false propaganda and promises of the Communists.

We must also do this to let the enslaved people know that we are concerned about their unfortunate lot and, with them, yearn for the day when they will be able to live in liberty without fear of brutal oppression.

SUMMARY OF THE SPEECH BY MR. SIGURDS RUDZITIS, PRESIDENT OF THE LATVIAN ASSOCIATION IN DETROIT

Ladies and gentlemen, today we are again together to remember the unpunished crime in the world's history, the brutal occupation of Latvia and other Baltic States and to remember the mass murders and deportations of thousands of our people by the Communists.

It is hard to understand that in these days when colonialism is liquidated, only few voices are heard on behalf of those nations who are oppressed by the Communists, and the voices of those statesmen who are trying to raise the question of Baltic States and other Communist enslaved nations are opposed with the motivation that this might embarrass Khrushchev and other Red tyrants. Such soft approach makes the Red czars only more confident, and the result is that the Iron Curtain moves forward and more millions of unfortunate people join the Soviet "paradise".

Just recently we witnessed again that while the West confers and protests at some conference table, the Communists invade a territory by violence. If this continues, there will soon be nothing to confer about.

The Baltic States have witnessed three Communist invasions—in 1919, 1940, and 1944-45. All these invasions definitely showed that communism cannot survive without terrorism, which was introduced by Lenin, reached its peak under Stalin and continues under Nikita Khrushchev, and when today we are remembering those who were destroyed and deported by sickle and hammer in 1941, we cannot forget those who followed them. It is true that an amnesty announced in September 1955 applied to a part of the Baltic deportees, however, at the same time Kremlin is recruiting "volunteers" for cultivation of virgin soil in Siberia. Baltic students of high schools and universities are required to sign long-term contracts for work in the icy deserts of northern Russia. If a student declines he is barred from the final examinations and any other further education, and he and his family members are also subjected to other reprisals. "Voluntariness" does not represent any essential change in the Soviet system of terrorism or the process of decimating and enslaving smaller nations. The terrorism and enslavement will end only when communism is destroyed and Communist leaders receive well earned, however, unfortunately delayed, punishment.

The lasting terror in the Baltic States shows that after more than 20 years, the Communists have not been able to erase the freedom hopes of the hearts of our people and partisan fighting has been reported in Latvia as late as 1957, and news of well-organized resistance groups has also been received concerning the other Baltic countries. In addition, there is a tenacious passive resistance which the Soviet power has not been able to break.

Our people in Latvia are looking toward Western democracies and toward those statesmen whose goal is a noncompromise fight against communism and who are struggling for victory over the common enemy. They are looking upon us with the hope that we won't forget those who are in chains, that we will continue our struggle against the oppressors of the world, with the

strong faith and belief that the time will come when the red-white-red flag will again fly in Latvia, ending the terrible years and bringing a new day full of brightness.

God bless Latvia.

SUMMARY OF THE SPEECH BY DR. A. DAMUSIS, A REPRESENTATIVE OF THE LITHUANIAN COMMUNITY IN DETROIT, MICH., JUNE 17, 1962

On this occasion two questions have arisen. 1. How can the mass deportations of June 1941 be defined?

2. Wherein lies the hope for our liberation? The mass deportations to Siberia of the Lithuanian nation and its brother Baltic States is an example of an innocent peoples' suffering by a tyrannic and totalitarian intruder.

Only two alternatives are open to the persecuted—to submit or to resist.

Suffering is born when the individual who is persecuted refuses to compromise with his conscience and refuses to denounce his acquired truths and values.

Refusal to be intimidated by force and a courageous acceptance of suffering are signs of a fighting and resolved man's spirit.

It seems to be the higher instinct of man to rise above his persecution; the more tormented he is, the greater the resistance: Like the bird struggling against a violent gust; like the unrelenting fish fighting its way up the torrential downstream.

During the deportation to Siberia with all its hardships and willful persecution many were killed but the spirit of those who suffered was not destroyed.

Where does the hope of liberation lie at this time? Our nation's problems have become only a political toy and in the midst of the present day diplomatic nonsense and almost ludicrous peace talks we are treated as a taboo subject.

Only with an unquenchable longing can we look around us at the many free nations of the world. Everyone is aware of the menace of communism and Russia, yet those with the potential of action only speculate in terms of values. Values which like truth and justice and freedom are not and should not be the objects of speculation.

Our hopes lie in the United States of America, which we deeply believe, even in these critical times, will produce men who have the courage to act and fulfill that immense responsibility: the defense of freedom.

Our hopes of liberation lie in our own spiritual endurance and strength of our passive resistance, which is clearly exemplified in the prayerbook "Mary Save Us" written by Lithuanian girls imprisoned in Siberia.

Our hopes of liberation lie in the active resistance fortified with the blood spilt by overwhelming numbers of freedom fighters.

The hope for liberation will never die. Only let us remain firm in spirit and so strong in faith that the sacrifice of our lives would not be too great a price for what we believe.

God protect Lithuania, Latvia, and Estonia.

SUMMARY OF THE SPEECH IN ESTONIAN BY ILMAR HEINARU, MEMBER OF THE BALTIC NATIONS COMMITTEE OF DETROIT, INC.

Mr. Chairman, distinguished guests, ladies and gentlemen, today when our friends and neighbors observe Father's Day, we are gathered here to commemorate the mass deportations of the Baltic States by the Communists 21 years ago.

Like our American friends cannot forget Pearl Harbor, we cannot forget the mass deportations—"The Baltic Pearl Harbor."

Estonia alone lost, through the first deportation of June 13-14, 1941, 10,000 people, and the total loss of the first year of Soviet occupation was 60,000 or 5 percent of the population of Estonia. This would be comparable to 9 million peoples of the

population of the United States or the whole population of the State of Michigan.

It is a historical fact that shocked our Nation and is still deeply branded in our memory. For the Communists this act of genocide was just a part of the program which they call "The building of the new mankind." And the same can be expected in every country after Communist takeover.

Let us remind the world that all this happened to us despite a "Treaty of Nonaggression and Peaceful Settlement of Disputes Between Estonia and the U.S.S.R.," signed at Moscow on May 4, 1932. A similar nonaggression pact has been frequently suggested by the Soviet Union for NATO and the Warsaw Pact nations.

In conclusion, let me leave you with this message: Know your enemy, have faith in your country and in your government, and as a famous American once said: "Don't let them scare you."

**Facts on Communist Propaganda, VI—
Free Exchange of Ideas**

**EXTENSION OF REMARKS
OF**

HON. GLENN CUNNINGHAM

OF NEBRASKA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. CUNNINGHAM. Mr. Speaker, I now include material on the possible effect of the Communist propaganda amendment to the postal rate bill. This amendment is section 12, H.R. 7927.

This discussion of the effect of the House action follows previous parts I through V which gave background on the issue of Communist propaganda, as follows: International mail agreements, our deficit in this type of mail, volume of Communist propaganda and reflections on the accuracy of figures which are used, the fate of American publications in Russia.

FREE EXCHANGE OF IDEAS

This amendment could play an important role in forcing a crack in the Iron Curtain, might even lead to free circulation of our ideas and information behind the Iron Curtain. At the present time we fail miserably in our efforts to acquaint persons in Iron Curtain countries with the facts and the American position on international issues.

But this amendment could force the Russians to unfreeze their restrictions on our material so that both sides could freely circulate material through the Iron Curtain. Certainly we have little or nothing to fear from their propaganda; Americans are accustomed to learning all sides of all issues through our free press. But there is no reason why the American taxpayer should pay for the free or subsidized delivery of Communist propaganda by the post office.

In simple language, what the House of Representatives said to the Communist bloc nations is this:

We demand a free exchange of ideas and information between our countries. You are not allowing our ideas and information to be circulated among your people; you are therefore violating the

reciprocal terms of the Universal Postal Union. As a result we take this action and will stick to it until you permit the free exchange of information between our countries, including the right of inspection to see that all parties are living up to the agreement.

If reciprocity is truly granted, and if we have the reciprocal right of inspection to prove it, if the Voice of America is unjammed in Russia, if American newspapers and magazines appear on the newsstands of Russia, this House will indeed have helped strike a blow for the free exchange of information and ideas among all countries of the world.

Migration and Refugee Assistance Act of 1962

EXTENSION OF REMARKS OF

HON. DANTE B. FASCELL

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. FASCELL. Mr. Speaker, I want to compliment the distinguished gentleman from Pennsylvania, FRANCIS WALTER, chairman of the Immigration Subcommittee of the House, for his tireless efforts to gain approval of the bill H.R. 8291. Both Houses adopted the conference report on this measure yesterday and the measure is on its way for the President's signature.

There is hardly any one person in this country today more knowledgeable in immigration matters than TAD WALTERS. He introduced and, for the past 2 years, has worked on the provisions of this bill which is designed to improve the machinery for this country's participation in international migration and resettlement programs. Included in the measure is statutory authority for the assistance program initiated by the President, in behalf of the thousands of Cuban refugees who have found asylum on our shores.

As the Representative of the Fourth District of Florida where we have a concentration of these freedom-loving people, I have had a natural interest in the development of an effective and sound program of assistance for them. All of the people of my community, both individually and collectively, have responded magnificently to the needs of these refugees. Realizing this is not an emergency, temporary situation, however, it was wisely determined that additional help would be needed and the Federal Government was quick to respond. Funds were furnished under the authority contained in the Mutual Security Act and this program of assistance has been conducted on this basis for the past 2 years.

Chairman WALTER recognized the need for including in his bill permanent authorization for the operation of this program. Throughout the proceedings on this bill, he has been entirely cooperative and understanding of the plight of the Cuban refugees in our country, and

of the need for responsive, effective Federal participation in this program of assistance.

In behalf of the people of my community, I take advantage of the final passage of this legislation to commend Chairman WALTER for his unselfish interest and tireless efforts in support of this program.

Let Us Pray

EXTENSION OF REMARKS

OF

HON. HORACE SEELY-BROWN, JR.

OF CONNECTICUT

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. SEELY-BROWN. Mr. Speaker, I do not like the decision of the Supreme Court.

I believe it is not good for our country. It is not good ethics. It is not good morals. It is not good Americanism. It is not good law, although on that I have no authority to say so; but surely it badly misconstrues the meaning and purpose of the Founding Fathers as we have learned them from the records which are available to us of the debates in the Constitutional Convention, and of the personal writings and the environment of the various members.

The decision in the New York case in question, which comes 173 years after the Constitution was ratified, is based upon the first amendment to the Constitution, which says:

Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof.

The first amendment does not say that "no State" shall do what it says Congress shall not do; and the 10th amendment to the Constitution says:

The powers not delegated to the United States by the Constitution, nor prohibited by it to the States, are reserved to the States respectively, or to the people.

Connecticut, until the adoption of its constitution in 1818 had an establishment of religion, although it did not interfere with the free exercise of religion by persons so long as they paid their taxes to help support the established church. Massachusetts had an establishment of religion until some years after that date.

I believe that the minority opinion of the Court, by Mr. Justice Stewart, reduces the majority opinion to its patent absurdity, when he points out that the Supreme Court itself opens each session by an invocation to God; each House of Congress, and indeed, each of the State legislatures, opens each session with a prayer. Further, on the basis of the majority opinion, the very oath of office which the Constitution itself prescribes shall be taken by "the Senators and Representatives and the members of the State legislatures, and all executive and judicial officers, both of the United States and of the several States," must be unconstitutional.

Prayer at the opening of class in schools all over our country has not been a subject of controversy, except in a very few isolated instances. Since participation is voluntary, there is little contention that anyone's rights are infringed.

What should be done, in the light of the majority opinion of the Supreme Court, by those who love our country and who wish it to continue to be the kind of a country in which the religion of each of its citizens is a strong force in our daily lives, has not yet clearly appeared.

I have great faith that in this, as in other matters, sense and sanity in the end will prevail—even in the Supreme Court.

An amendment to the Constitution specifically authorizing the kind of prayers which were the subject of the Court's decision has been proposed; in fact, in various forms, such proposed amendments already have been introduced by several Members of Congress. These may not be necessary, although I can see no objection to such an amendment if it should be necessary.

It is entirely possible that another case, brought before the Court involving a somewhat different set of facts, might be decided differently. On many critical issues, the Court has reversed and clarified itself. I believe that we can afford to move slowly on this matter with justice to religious freedom as well as to religious fealty. Those States and those towns or school districts which have not been specifically directed under the terms of this decision of the Court to modify their practice, should continue as at present unless and until they are so directed.

Karl Marx Said He Was for Free World Trade Because That Was the Fastest Way To Communize the World

EXTENSION OF REMARKS

OF

HON. BEN F. JENSEN

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 28, 1962

Mr. JENSEN. Mr. Speaker, after listening to this debate on a bill which proposes to give the President the power to reduce tariffs even below the present low rates, it can only lead to more and more imports of many commodities from countries abroad where wage rates are from 50 to 500 percent below the wages paid to our factory workers.

Thousands of factories in the United States have already been forced to close their doors due to foreign competition and low tariffs.

For example, most of the millwork factories in my own State of Iowa have, during the past 5 years, been forced out of business due to the lowering of tariffs on the things they manufactured.

Hardly a single hardwood plywood plant in the entire United States is still operating, due to foreign competition.

The proponents of this bill can talk from now on in support of this bill, but the real down-to-earth facts are, that to reduce tariffs on any commodity manufactured in the United States can only add insult to injury for our economy from top to bottom. And our farmers will suffer in the backwash.

Under present circumstances, how, I ask in all sincerity, can anyone vote to give this President or any President the power to reduce tariffs, even with all the so-called safeguards provided in this bill, while good American wage earners by the tens of thousands are losing their jobs because of the very low tariffs on

imports already in effect? Facts are we are fast heading for free world trade. Karl Marx, the daddy of communism in one of his last speeches, said, "I am for free world trade because that is the fastest way to communize the world." Mr. Speaker, to lower our tariff more, would surely be playing right into the hands of the Commies.

SENATE

FRIDAY, JUNE 29, 1962

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

Rev. Leonard DeLaure, pastor, Centenary Methodist Church, Lexington, Ky., offered the following prayer:

O God, our Father, we lift our hearts in grateful praise for the love and mercy that have graciously brought us to this sacred hour. We thank Thee for the rest of body, for the peace of soul, and for the strength of purpose Thou hast given. We thank Thee that Thou hast closed the door upon yesterday, and that Thou dost offer us today a spotless page upon which we may write a richer and fuller declaration of our best selves.

We pray Thy blessing upon these human creatures that Thou and the people of this blessed land have entrusted with so many grave and crucial responsibilities. Help these honored men, so pressed for time, so exposed to insidious pressures, so beset by crushing problems, to have the courage and the will to be true to their brightest dreams of God and man. Help them, we implore Thee, to be deaf to the wooing of words and the clamor of selfish voices. Give them, we pray, patience in failure, charity in strife, and humility in victory. Help them, O God, to write today, with selfless deeds, a page in our history so bright with promise that the discouraged and bewildered of the world will lift up their heads, and that ages yet unborn will look back upon this day and upon them with pride and gratitude.

In Jesus' name. Amen.

THE JOURNAL

On request of Mr. HUMPHREY, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, June 28, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT— APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on June 28, 1962, the President had approved and signed the following acts:

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

S. 2164. An act to authorize the Secretary of the Interior to cooperate with the First World Conference on National Parks, and for other purposes;

S. 3203. An act to extend the Defense Production Act of 1950, as amended, and for other purposes; and

S. 3291. An act to amend section 14(b) of the Federal Reserve Act, as amended, to extend for 2 years the authority of Federal Reserve banks to purchase U.S. obligations directly from the Treasury.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed a bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills and joint resolution, and they were signed by the Vice President:

H.R. 10095. An act to continue until the close of June 30, 1963, the suspension of duties for metal scrap, and for other purposes;

H.R. 11990. An act to provide for a temporary increase in the public debt limit set forth in section 21 of the Second Liberty Bond Act; and

H.J. Res. 769. Joint resolution making continuing appropriations for the fiscal year 1963, and for other purposes.

HOUSE BILL REFERRED

The bill (H.R. 11970) to promote the general welfare, foreign policy, and security of the United States through international trade agreements and through adjustment assistance to domestic industry, agriculture, and labor, and for other purposes, was read twice by its title and referred to the Committee on Finance.

APPOINTMENTS BY THE VICE PRESIDENT

The VICE PRESIDENT. The Chair appoints Mr. ERVIN, Mr. JORDAN, Mr. JOHNSTON, and Mr. KUCHEL as members on the part of the Senate of the North Carolina Tercentenary Celebration Commission, established by Public Law 87-437.

Pursuant to House Concurrent Resolution 438, the following Senators are hereby appointed as members of the joint committee to represent Congress at the forthcoming ceremonies to be conducted at Roanoke Island, N.C., dur-

ing the week beginning August 12, 1962, for the celebration of the 375th anniversary of the birth of Virginia Dare, in commemoration of the 375th anniversary of the landing of Sir Walter Raleigh's colony on Roanoke Island, N.C., and the birth of the first English child in America, Virginia Dare:

Senator COTTON of New Hampshire, Senator ERVIN of North Carolina, Senator HOLLAND of Florida, Senator HRUSKA of Nebraska, Senator JACKSON of Washington, and Senator JORDAN of North Carolina.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. HUMPHREY, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. HUMPHREY, and by unanimous consent, the Public Health Subcommittee of the Committee on the District of Columbia was authorized to meet during the session of the Senate today.

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

EXECUTIVE SESSION

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

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

EXECUTIVE MESSAGES REFERRED

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

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

EXECUTIVE REPORTS OF COMMITTEES

The following favorable reports of nominations were submitted:

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

William H. Orrick, Jr., of California, to be Deputy Under Secretary of State;