In five paragraphs, this editorial contains five major errors, which is a very poor average.

Error 1:

People who appear before congressional committees frequently want the Government to do something for them, but spokesmen for a number of construction companies are asking the opposite.

This implication is completely incorrect.

The so-called spokesmen represent only the large contractors, who object to the fact that certain jobs are set aside for small contractors.

The only ineligible contractors are those who have done more than $5 million in business annually for 3 consecutive years. This group represents just 10 percent of all contractors, who already get more than 60 percent of the Government's construction business. Plainly, they want more. According to an SBA poll, the vast majority of general contractors—86.7 percent—favor the set-aside program.

Error 2:

The builders contend that among these firms are some of doubtful competence which the SBA itself, through its loan program, has helped to put in business in direct competition with established builders.

While technically correct—some builders do contend this—the Wall Street Journal compounds the false implication.

Small businesses are handicapped in securing the long term, low interest financing that is available to big business. Therefore, Congress authorized the SBA to make loans to qualified small business. It is untrue that firms who borrow from SBA are "of doubtful competence." Certainly small construction firms receiving SBA loans may bid on Government contracts, and when their bids are accepted their performance rating has been just as high as that of other firms.

Error 3:

If a company's qualifications are questioned, the SBA simply issues a certificate of competency attesting that the firm is qualified to bid on public projects.

The Journal captiously makes the certificate sound like a whitewash, which it is not. When the low bidder is an unknown small firm and the second low bidder is a well-known construction firm, the contracting officer is often tempted to reject the low bid unless the SBA makes a study to see if the low bidder is qualified. A certificate of competency is issued only after thorough study by SBA experts, and then only for that particular job. Thousands of small firms have obtained construction contracts, but only 30 percent of them have obtained these by certificates of competency.

Error 4:

The practical consequence of the SBA's set-aside procedures is that bidding is limited to firms designated as "small" by SBA standards, whether qualified or not.

Dead wrong—contracts are awarded only to firms considered to be qualified, and this consideration is made by the contracting officer, not by the SBA.

Error 5:

A low bidder on a Government project was ruled ineligible by SBA because he wasn't small enough. The next lowest bidder was given the job, which as a result cost the taxpayers 23 percent more than it should have.

A firm knows, by the $5 million 3-year standard, whether or not it is eligible before the bidding starts. Occasionally large firms submit false bids—sometimes below cost—to embarrass the set-aside program. They know the Government has no way to hold them to the bid because their size makes them ineligible. All Government contracting officers know of this strategy and, I trust, most Members of Congress know of it. If it is news to the Wall Street Journal, it is news to almost no one else.

As to saving the taxpayers' money, the Government construction engineers know in advance just about how much a job will cost. If the bids are too high on a job set aside for small business, the Government simply rejects them all and opens the bidding to large and small alike.

Thus the Government is amply protected on an individual project. But more important, the Department of Defense and the General Services Administration, the two largest Government contracting agencies, have told Congress that if small firms were not encouraged to compete for contracts by the set-aside program, the lessening of competition would cause a rise in prices. So the set-aside program is not only beneficial to small business, it has the overall effect of saving the taxpayers' money.

While newspapers are certainly entitled to express their opinions, freedom of the press is sorely abused when the editorial privilege is used to present statements that are deliberately misleading.

The Wall Street Journal has given a dubious performance.

Robert Wysocki Heads New York State Squires

EXTENSION OF REMARKS

OF

HON. VICTOR L. ANFUSO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Wednesday, July 11, 1962

Mr. ANFUSO. Mr. Speaker, it has come to my attention that one of my constituents, Robert W. J. Wysocki, has recently been elected as State chief squire, which is the highest position in the New York State Circle of Columbian Squires. For those who may not be familiar with this organization, I want to relate that the organization of the Columbian Squires is the junior order of the Knights of Columbus.

The Columbian Squires was started some 37 years ago by the Reverend Brother Barnabas, F.S.C., and it has since grown considerably throughout the country. New York State is the largest jurisdiction of the organization, with some 13 percent of its membership located there. It is this jurisdiction that Mr. Wysocki will head.

Mr. Wysocki resides in the Greenpoint section of my congressional district in Brooklyn. We are very proud of his election to this high position and there is no doubt in my mind that he will bring honor to his family, his friends, and all those who are associated with him. The people of Greenpoint feel honored that one of their own has been chosen for this important post.

I want to take this opportunity of congratulating Mr. Wysocki and his family and to wish him a most successful term as leader of his organization. He is an example for all our youth in proving that many opportunities still exist for young people who choose the path of service to their fellow men.

SENATE

THURSDAY, JULY 12, 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:

God of all grace and love: Pressed and pursued by the high concerns of public service and welfare, in this day of swift global change we come day by day to this altar of prayer, that our spirits may be steadied with the realization that back of all the dark tragedies of these bewildering days there is a permanent good toward which we strive, the blue sky above the clouds to which we must be loyal if our lives are to be saved from futility and frustration at last.

God the all-righteous One,
Man hath defied Thee:
Yet to eternity standeth Thy word:
Falsehood and wrong shall not tarry
beside Thee:
Give to us peace in our time O Lord!

We ask it in the name of the Prince of Peace. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Wednesday, July 11, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were com-

municated to the Senate by Mr. Ratchford, one of his secretaries, and he announced that on July 11, 1962, the President had approved and signed the following acts:

S. 2130. An act to repeal certain obsolete provisions of law relating to the mints and assay offices, and for other purposes;

S. 2309. An act for the relief of Tio Sien Tjiong; and

S. 2586. An act for the relief of Alexandra Callas.

LIMITATION OF DEBATE DURING MORNING HOUR

On request of Mr. MANSFIELD, and by unanimous consent, statements during the morning hour were ordered limited to 3 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, 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. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar, beginning with the postmaster nominations.

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 several nominations, which were referred to the Committee on the Judiciary.

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

EXECUTIVE REPORTS OF A COMMITTEE

The following favorable reports of nominations were submitted:

By Mr. DODD, from the Committee on the Judiciary:

Edward C. McLean, of Connecticut, to be U.S. district judge for the southern district of New York.

By Mr. HRUSKA, from the Committee on the Judiciary:

Edward J. McManus, of Iowa, to be U.S. district judge for the northern district of Iowa; and

William C. Hanson, of Iowa, to be U.S. district judge for the northern and southern districts of Iowa.

The VICE PRESIDENT. If there be no further reports of committees, the nominations on the Executive Calendar, beginning with the postmaster nominations, will be stated.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

COAST AND GEODETIC SURVEY

The Chief Clerk proceeded to read sundry nominations in the Coast and Geodetic Survey.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that these nominations be considered en bloc.

The VICE PRESIDENT. Without objection, the nominations will be considered en bloc; and, without objection, they are confirmed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the President be immediately notified of the confirmation of these nominations.

The VICE PRESIDENT. Without objection, the President will be notified forthwith.

LEGISLATIVE SESSION

Mr. MANSFIELD. 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.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. BURDICK, from the Committee on Interior and Insular Affairs, with an amendment:

S. 1161. A bill to provide for the use of lands in the Garrison Dam project by the Three Affiliated Tribes of the Fort Berthold Reservation (Rept. No. 1723).

By Mr. JORDAN, from the Committee on Agriculture and Forestry, without amendment:

H.R. 10595. An act to facilitate the sale and disposal of Government stocks of extra long staple cotton (Rept. No. 1724).

THE DESIGN PROTECTION ACT OF 1962—REPORT OF A COMMITTEE—INDIVIDUAL VIEWS (S. REPT. NO. 1725)

Mr. HART. Mr. President, from the Committee on the Judiciary, I submit a report to accompany the bill (S. 1884), to encourage the creation of original ornamental designs of useful articles by protecting the authors of such designs for a limited time against unauthorized copying, with amendments, and the individual views of the Senator from Tennessee [Mr. KEFAUVER].

I ask unanimous consent that the report, together with the individual views, be printed.

The VICE PRESIDENT. 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 Michigan.

BILLS INTRODUCED

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

By Mr. DIRKSEN:

S. 3534. A bill for the relief of Dr. Mohammed Adham; to the Committee on the Judiciary.

By Mr. BEALL:

S. 3535. A bill to amend the act of August 7, 1946, relating to the District of Columbia Hospital Center to extend the time during which appropriations may be made for the purposes of that act; to the Committee on the District of Columbia.

By Mr. CHAVEZ:

S. 3536. A bill to amend section 101 of title 38, United States Code, to extend full wartime benefits to persons who served in the Armed Forces of the United States in Mexico or on its borders during the period beginning on March 8, 1916, and ending on April 6, 1917, and to extend full wartime survivor benefits to the survivors of such persons; to the Committee on Finance.

By Mr. BIBLE:

S. 3537. A bill for the relief of Douglas Sum Fong; to the Committee on the Judiciary.

By Mr. BIBLE (for himself and Mr. CANNON):

S. 3538. A bill to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the city of Henderson, Nev.; to the Committee on Interior and Insular Affairs.

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

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

S. 3539. A bill to authorize the Administrator of Veterans' Affairs to convey to the city of Jackson, Miss., certain lands situated in such city which have been declared surplus to the needs of the Veterans' Administration; to the Committee on Government Operations.

By Mr. MONRONEY (for himself, Mr. RANDOLPH, Mr. MORTON, and Mr. SMITH of Massachusetts):

S. 3540. A bill to amend the Railway Labor Act so as to authorize the President to establish boards to resolve jurisdictional disputes in the air transportation industry, and for other purposes; to the Committee on Labor and Public Welfare.

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

By Mr. LONG of Louisiana:

S. 3541. A bill authorizing the modification of the Mississippi River, Baton Rouge to the Gulf of Mexico, Barge Channel through Devils Swamp, La. (Baton Rouge Harbor); to the Committee on Public Works.

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

CONVEYANCE OF CERTAIN LANDS TO CITY OF HENDERSON, NEV.

Mr. BIBLE. Mr. President, on behalf of my colleague, the junior Senator from Nevada [Mr. CANNON], and myself, I introduce, for appropriate reference, a bill to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the city of Henderson, Nev.

At the present time, approximately 87 percent of the 110,000 square miles that make up the State of Nevada is owned by the Federal Government. As a result of this ownership, most of the communities in Nevada are landlocked, and the city of Henderson falls in this category. Any growth by the city can take place only after acquiring some of the federally owned land. This bill provides that approximately 6,200 acres of land will be sold to the city after appraisal for its fair market value.

The city of Henderson is the industrial center of Nevada. Its industries contribute greatly to our defense efforts. It is hoped that if Congress gives its approval to this measure additional industries will see their way clear to move into this industrial complex.

This proposed legislation is vitally needed if the city of Henderson is to continue its growth, and I trust this proposal will receive prompt attention by the Congress.

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

The bill (S. 3538) to direct the Secretary of the Interior to convey certain public lands in the State of Nevada to the city of Henderson, Nev., introduced by Mr. BIBLE (for himself and Mr. CANNON), was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

MONRONEY BILL WOULD OUTLAW JURISDICTIONAL STRIKES ON AIRLINES

Mr. MONRONEY. Mr. President, on behalf of myself and Senators RANDOLPH, MORTON, and SMITH of Massachusetts, I introduce a bill and ask for its appropriate reference.

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

The bill (S. 3540) to amend the Railway Labor Act so as to authorize the President to establish boards to resolve jurisdictional disputes in the air transportation industry, and for other purposes, introduced by Mr. MONRONEY (for himself and other Senators), was received, read twice by its title, and referred to the Committee on Labor and Public Welfare.

Mr. MONRONEY. Mr. President, this proposed legislation is aimed at solving, in a way that guarantees fairness and provides proper court appeals, the jurisdictional problems that have beset the airline industry for several years.

This bill provides that when a strike, or the threat of a strike, occurs in the operation of an airline, on a finding by the National Mediation Board that the labor dispute involves jurisdictional matters the President may then submit such dispute to a Jurisdictional Disputes Board, which would be established by this bill. The bill applies solely to the operation of airlines.

The Board is then empowered to take jurisdiction over the dispute, to conduct hearings, and to make a final determination of the jurisdictional dispute, which shall be binding upon all parties involved.

Such a finding is appealable to the proper courts to guarantee the justice of the findings. During the consideration of the dispute by the Jurisdictional Disputes Board, no labor organization, its agents, or the air carriers may strike or lock out or change the terms and conditions of employment out of which the dispute arose. Obligation to observe this requirement is enforcible by order of any U.S. district court having jurisdiction.

After the Board's findings, the award shall be final and binding unless upset by the court, and shall be enforcible by the U.S. district court.

The Jurisdictional Disputes Board would be appointed by the President and would serve until the determination of the case is reached. The bill provides that the determination shall be made within 60 days from the date the Board is established, unless extended by stipulation of the parties. Each board would be established to handle individual jurisdictional disputes and would expire on completion of its findings.

The current airline strike, for which I see no genuine justification, was started by the airline flight engineers on June 23. It has been going forward since that date, with no hope of settlement in sight. The Eastern engineers, numbering 575, have put all but 200 of Eastern Air Lines' 18,000 employees out of work. They have been sitting idle, without pay, except for the 200 of those 18,000 who have remained at work, because 575 willful men have shut down the airline, inconvenienced more than 30,000 air travelers, cut services to 115 cities in 28 States, and grounded 208 aircraft.

The loss to the airline in revenue of about $1 million already has forced the airline to apply to the Civil Aeronautics Board for a huge subsidy. There has been no progress in any way in settling this purely jurisdictional issue since the engineers walked out on June 23.

Mr. President, I feel it is high time that the Congress acts to give some degree of finality to the settlement of jurisdictional strikes in the airline industry. In entirely too many cases, we have seen the Nation's vast airline industry paralyzed by a jurisdictional strike or walkout involving the Air Line Pilots Association and the flight engineers.

This type of strike, which so adversely affects our national air transport system, and renders unemployed tens of thousands of other airline workers who have no dispute at all with the airlines, is not a strike by workers against management. It is a strike of one union against another.

It is not a genuine strike over wages or working conditions. It is a strike over which union will handle which job in the operation of the aircraft.

Management is powerless to settle this kind of jurisdictional strike. If it holds in favor the engineers, the pilots walk out; or if it holds in favor of the pilots, the engineers walk out.

Over the horizon, there is a strike threatening Pan American, our big international airline, with 17,000 employees to be affected. Down the road is the strike being threatened against American, affecting 23,000 employees. All those employees are threatened with idleness by this small group which insists on a backward interpretation of the old prop-driven, reciprocating motor days. The National Mediation Board, after hearings, determined that the duties of flight engineer and pilot on jet aircraft did not differ to such an extent to entitle them to representation as a separate craft. This determination was sustained by the courts. Threat of an industrywide strike over this decision brought a new study by a President dential commission headed by Professor Feinsinger. Again merger was recommended. But the flight engineers persisted. On June 16, they decided to strike, but withheld the information as to what lines and when, later announcing it would be Trans World Airlines.

After the Trans World strike threat, and after weeks of bargaining, in which the Secretary of Labor and representatives of management and the engineers met, they agreed on the engineers' right in the cockpits and a proper representation in the merger of the unions if they saw fit to merge.

It is about time that the Congress passed some law that would enable the public, the airlines, and the workers to have some kind of relief against willful men who think of nothing except the interest of a small group of union czars sitting in Idlewild telling the employees of the airlines of the Nation that they can be unemployed while they fight over vanity and the preservation of a monopoly over a certain type of job that no longer requires the skill that once was required.

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

Mr. MONRONEY. I yield.

Mr. RANDOLPH. Mr. President, the Senator from Oklahoma states the seriousness of this problem. It is not a problem of tomorrow, but of today. As a fact, it is a problem of yesterday. It is a matter which the Federal Government must consider as an imperative challenge. Congress, certainly the Senate cannot delay longer its attention to this impairment of an essential portion of our air transport system.

I shall not go into a repetition of the lucid language by my colleague, the Senator from Oklahoma, because he has well set forth the situation, but I do indicate that in the State of West Virginia this is a matter which goes deeper than a disruption of needed airline service. It is a condition which results in serious deterrent of the growth of the State and the wellbeing of our citizens. The strike is not only a stoppage of planes but it adversely affects business. In connection with the operation of flights of Eastern Air Lines at the Kanawha Airport at Charleston and the Tri-State Airport in Huntington, we are cognizant of the breakdown of bargaining which keeps the aircraft grounded. The people of West Virginia who depend upon the services of this scheduled carrier realize the ill effects. Our people are alarmed. Telegrams of protest to me are evidence of the widespread discontent.

For the record, I will indicate that in 1961, in Charleston and Huntington, Eastern handled 124,228 passengers. In that year this carrier originated in those two areas of West Virginia 568,014 pounds of cargo.

I am in earnest in these vigorous remarks. I join in support of the proposal; and I remember that not many days ago in this forum I joined my colleagues, the Senator from Oregon [Mr. MORSE] and the Senator from Oklahoma [Mr. MONRONEY], in pledging that affirmative efforts would be formulated. This approach may not be the best device, but hearings should be held in the Labor and Public Welfare Committee, on which I serve, on the problem.

I am not critical of the delay in the introduction of legislation except to warn that this strike moves into its third week. It is, I repeat, a serious situation. I cosponsor this measure, believing that I act in a responsible manner in doing so.

Mr. HOLLAND. Mr. President, I congratulate warmly the Senator from Oklahoma. I have been waiting for a long time to hear vigorous words such as his from someone who is an authority in the field. The Senator from Oklahoma is the chairman of the subcommittee of the Senate which deals with the entire field of aviation. I hope that his words will be followed by early action of the Senate.

I have been moving in this direction for years now. I have pending on this subject S. 88, which might go a little further than is suggested in the bill offered by the Senator from Oklahoma. I shall not quibble about the distance to which the Senator would go. I wish to support the Senator in anything to bring relief.

What has been said by the distinguished Senator from West Virginia [Mr. RANDOLPH] could be multiplied many times in its application to the city of Miami and to the city of Hialeah, in which several thousand employees and many thousands of travelers are affected by the current strike each day.

I hope the Senate will finally be aroused to take some action in this field. I have talked several times recently with the able Secretary of Labor. I had hoped he would come out for the administration with some suggestion, and I believe that is imminent.

I hope the Senate, without letting innocent people continue to suffer, will soon take action in this field.

Mr. JAVITS. Mr. President, New York has been seriously disrupted by the Eastern Air Lines strike, as have many other cities in the country. This does not mean, necessarily, we have to take action which may be unwise.

I agree with the Senator from Oklahoma, who graciously offered me the opportunity to join in sponsorship of his bill, that there is a serious problem, but I did not think it wise to join as a cosponsor, as a member of the Committee on Labor and Public Welfare.

The Senator has pointed out for all of us the real deficiency in the Railway Labor Act as well as in the National Labor Relations Act. In the final analysis one does not know what to do about major strikes which tie up major elements of the transportation system except to come to the Congress. Therefore, I wish to state advisedly, as a member of the Committee on Labor and Public Welfare, I shall consider it my duty to do everything I humanly can to get an immediate hearing on the bill. I agree that the Senate and the Congress must and should act in the national interest.

The Senator from Oklahoma has given us his proposal, his prescription. There may be others. Congress is charged with the responsibility of determining what is the best approach. The Congress is the final residual basis of authority. That we must act in a situation of this character I have no doubt.

I hope very much that other colleagues on the committee, including the Senator from West Virginia [Mr. RANDOLPH], will assist me in getting committee attention promptly directed to the problem.

MODIFICATION OF THE DEVILS SWAMP PROJECT ON THE MISSISSIPPI RIVER

Mr. LONG of Louisiana. Mr. President, I introduce, for appropriate reference, a bill to authorize a modification of the Mississippi River, Baton Rouge to the Gulf of Mexico, barge channel through Devils Swamp, La.

The purpose of this bill is to provide for the completion of the 5-mile barge canal known as the Devils Swamp project, and to add to the existing authorization, the construction of suitable dikes and other retaining structures, for the construction and future maintenance of the project, in order to provide additional industrial sites with water frontage which are now needed to permit the normal development and expansion of the industrial and commercial activities of the locality.

The bill that originally authorized this barge canal provided for a canal 5 miles in length, but indicated that only half of this canal would be dug, and the second half would follow when the industrial development warranted it. The bill failed to state that necessary retaining dikes would be provided to prevent the spoil from returning to the river and that would make it possible for the banks of the river to be improved to an extent that they would attract the desired industrial development.

In spite of this inducement, the industrial development in this area is both obvious and imminent. It is time to build the second half of the project. However, it should be built in such a way that this development should be encouraged rather than retarded.

The cost of constructing retaining dikes is insignificant when compared with the benefits that will be accrued from the project. Further, as inducement to the Federal Government, local interests matched the Federal Government 50–50 on the cost of the first half of the project. No such matching funds should be required for the second half of the project, and what has already been contributed should be considered as more than adequate to cover a fair contribution toward the land enhancement that will accrue from the judicious disposal of the material that is removed from the river in connection with the construction of the channel.

I move the earliest possible completion of this needed project and hope that it will be included in the omnibus public works authorization bill that I feel certain will be approved by this Congress.

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

The bill (S. 3541) authorizing the modification of the Mississippi River, Baton Rouge to the Gulf of Mexico, barge channel through Devils Swamp, La. (Baton Rouge Harbor), introduced by Mr. LONG of Louisiana, was received, read twice by its title, and referred to the Committee on Public Works.

REVENUE ACT OF 1962—AMENDMENT

Mr. KERR. Mr. President, I submit an amendment to section 13 of H.R. 10650 which is in addition to the amendment which I submitted on July 10, 1962. I feel that this is a most important amendment because it eliminates from coverage under section 13 those foreign corporations which promote the export of products manufactured, produced, grown, or extracted in the United States. It also benefits those foreign subsidiaries which promote the licensing abroad of patents, secret processes, and other like property owned by U.S. companies. The foreign subsidiaries who would be eligible would be those having 75 percent or more of their income from export trade activities. To the extent that the profits from such export trade activities were reinvested in assets used in export trade business, deferral of U.S. tax will be continued. In the case of certain agricultural products, a 50-percent requirement is subsituted for the 75-percent requirement. A detailed explanation of the amendment is as follows:

II. DETAILED EXPLANATION OF AMENDMENT

A. Definition of export trade corporation: An export trade corporation would be a controlled foreign corporation 90 percent or more of the gross income of which for a 3-year period immediately preceding the close of the taxable year was derived from sources without the United States and 75 percent or more of the gross income of which for such period constituted export trade income. The rule would be reduced to 50 percent in the case of export trade income derived in respect of agricultural products grown in the United States.

B. Definition of export trade income. Export trade income would consist of four categories described as follows:

First. Sale of U.S. exports: Income from the sale of U.S. exports together with various kinds of service income rendered in connection with the sale or in connection with the installation or maintenance of such property.

Second. Licensing of U.S. patents, and so forth: Income derived by the foreign

corporation from the conduct of a foreign license and technical assistance program. Here, the foreign subsidiary would receive commissions, fees, and so forth, for negotiating and servicing license agreements between unrelated foreign users and U.S. companies which acquired or developed and owned certain patents, copyrights, secret processes, and so forth. It would be required that the U.S. company owning such intangible rights be the same company that manufactured or produced export property in respect of which the export trade corporation earns income under the preceding paragraph.

Third. Income from rentals and use of U.S. exports: The third category would consist of rentals or other income received from unrelated parties for the use of property manufactured in the United States—for example, rentals on equipment—and a related kind of income; namely, the income attributable to the use by the controlled foreign corporation of U.S.-manufactured property used in the rendition of services, and so forth, to an unrelated party. Under the latter category, if the controlled foreign corporation rendered services to an unrelated foreign person that part of the compensation received from the unrelated person which was attributable to the use of technical equipment manufactured in the United States would be treated as export trade income. Unless such income were readily ascertainable, it would be assumed that it was that part of the profit which the depreciation on the U.S. equipment bore to the total cost of earning the income.

Fourth. Interest income from financing of export income: The final category would consist of interest income received by the controlled foreign corporation on credit advanced by it to unrelated persons in connection with transactions giving rise to export trade income.

C. Definition of export trade assets: Export trade assets are the assets which are eligible for reinvestment out of the export trade profits of a controlled foreign corporation. These would be limited to, first, working capital reasonably necessary for the production of export trade income; second, inventory of U.S. export property; third, facilities located outside the United States for the storage, packaging, handling, transportation, or servicing of export property; or, fourth, evidences of indebtedness from unrelated persons in connection with payment for export trade income.

D. Definition of export trade expenses: The amount of profit of an export trade corporation eligible for reinvestment is limited to either 10 percent of its gross receipts or 1½ times its export trade promotion expenses, whichever is lesser. Export promotion expenses means ordinary and necessary expenses paid or incurred for the purpose of producing export trade income and include a reasonable allowance for salaries, rentals for property used in the export business, depreciation on property used in such business, and a reasonable allocation of all other ordinary and necessary expenses of the controlled foreign corporation allocable to the production of export trade income provided that at least 90 percent of each such category of expenses is incurred outside of the United States. If less than 90 percent of each such category is incurred outside the United States, then the amount of the profit eligible for reinvestment would actually be limited to 1½ times the amount incurred outside the United States.

E. Export property: Export property, the kind of property the sale or use of which gives rise to export trade income, is defined as any property or any interest in property manufactured, produced, grown, or extracted in the United States.

F. Treatment of export trade corporation: If a controlled foreign corporation qualifies as an export trade corporation, then, in lieu of the amount of subpart F income, it would normally be taxable on under section 951(a)(1)(A), it would be taxed only on the following amounts:

First. That part of its subpart F income which does not result from export trade income.

Second. That part of its subpart F income which exceeds either 10 percent of its gross receipts or 1½ times its trade promotion expenses. It is expected that in many cases the 10-percent limitation will serve as reasonable assurance that intercompany pricing has been proper. In such cases the application of section 482 would be unnecessary.

Third. That part of its subpart F income which is within the 10-percent or 1½-times rule, but which is not reinvested in export trade assets. Investment in export trade assets means the annual increase in such assets so that in order to obtain deferral with respect to such export trade income, the controlled foreign corporation must continue to grow and continue to expand its investment in inventory, credit extension, foreign warehouses, and so forth. If in any year there was actually a net decrease in the amount of such investments, the net decrease would in such year constitute income which would be taxed to the U.S. shareholders.

G. Consolidation: Provision is made for several controlled foreign corporations which are in a single chain of ownership to be consolidated for purposes of meeting the requirements and gaining the benefits of the amendment. The chain of controlled foreign corporations eligible for consolidation would consist of a single controlled foreign corporation and its 80 percent owned subsidiaries and sub-subsidiaries. Each company in the chain has to qualify as an export trade corporation.

The VICE PRESIDENT. The amendment will be received, printed, and referred to the Committee on Finance.

TO PRINT AS A SENATE DOCUMENT THE CONFERENCE REPORT ON H.R. 11131, TO AUTHORIZE CERTAIN CONSTRUCTION AT MILITARY INSTALLATIONS (S. DOC. NO. 107)

Mr. MANSFIELD. Mr. President, on behalf of the Senator from Washington [Mr. JACKSON], I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 11131) to authorize certain construction at military installations. I ask unanimous consent that the report be printed as a Senate document.

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

NOTICE OF HEARING ON NOMINATION OF NOEL P. FOX TO BE U.S. DISTRICT JUDGE, WESTERN DISTRICT OF MICHIGAN

Mr. HART. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Thursday, July 19, 1962, at 10:30 a.m., in room 2228 New Senate Office Building, on the nomination of Noel P. Fox, of Michigan, to be U.S. district judge, western district of Michigan, vice Raymond W. Starr, retired.

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

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

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. COTTON:

Remarks made by Senator BUSH on the "Dana Clark Show."

Letter dated June 22, 1962, from President Kennedy to John D. Pemberton, Jr., executive director, American Civil Liberties Union, conveying best wishes for the biennial conference of the American Civil Liberties Union.

THE 100TH ANNIVERSARY OF ARMY MEDAL OF HONOR

Mr. SALTONSTALL. Mr. President, I am reminded today of a statement made by President Eisenhower as he bestowed the Army's Medal of Honor on a young hero of the Korean war. In words which expressed the sentiments of the Nation, and indicated his personal esteem of our Nation's highest award for gallantry in action, the President said:

> Son, I would rather have the right to wear this than be President of the United States.

This story comes to mind, Mr. President, for today is the 100th anniversary of the authorization of the Army's Medal of Honor. It was on this date, a century ago, that President Lincoln signed a congressional resolution which provided for the preparation of Medals of Honor to be presented "to such noncommissioned officers and privates as shall most distinguish themselves by their gallantry in action, and other such soldierlike qualities."

The law was amended, in 1863, to apply to officers, as well.

Over the years, the Medal of Honor has come to be much more than a handsome, five-pointed star, laurel wreathed in

green enamel, and held by a white starred ribbon of blue silk. It is a token of national esteem. It is the ultimate symbol of our national gratitude.

The Army's Medal of Honor, epitomizing valor and heroic action, stands at the apex of a pyramid of honor. This pyramid, created by precedent and procedure, is built in recognition of the various degrees of courage and service to the Nation. All deeds of honor in combat deserve recognition; but only those of truly extraordinary personal bravery which clearly lifts the individual far above his comrades are worthy of our Nation's highest award.

The soldiers who have won the Medal of Honor are the flower of our American manhood—strong, hardy, full of the vigor, courage, and idealism of our Nation. They come from cities, towns, villages, and farms throughout the United States. They represent every rank, from private to general. They are soldiers who wrote in the tumultuous tide of war truly magnificent pages in the history of freemen.

Each one knew of the enormity of the sacrifice his Nation was calling upon him to make, for when men have been long in battle and have thought deeply about their situation, there comes at last the awareness of ultimate responsibility—the realization that one must go ahead, that a nation may live.

Today, a grateful nation is honoring these men. Some of them are still compiling distinguished records in our Nation's Armed Forces. Others have returned to civilian life. And many lie beneath the lands and seas of all the continents. But our memory of them and of their deeds is still sharp and clear in our minds.

The winners of the Medal of Honor purchased our legacy of freedom with their deeds. It is now our duty to preserve that legacy, enhance it if possible, and then transfer it safely to the next generation.

In preparing ourselves to live up to our responsibilities as the champion of freedom for the free world, we should reflect on the heroic example of the winners of our Nation's Medal of Honor. Inspired by their example, we can renew our strength to meet successfully the challenges which lie before us, as we work together for the cause of peace with honor.

Mr. CASE. Mr. President, on the occasion of the 100th anniversary of the signing by Abraham Lincoln of the law establishing the Congressional Medal of Honor, I congratulate the 14 New Jersey residents who have received the Nation's highest award for valor.

New Jersey is honored to have among its residents men who have been recognized for courage and valor in defending our Nation.

Luther Skaggs, president of the Congressional Medal of Honor Society, an organization chartered by the Congress, has informed me that New Jersey has one of the largest numbers of members in his society. This society has as its goal "to protect, uphold, and preserve the dignity of the medal and its individual holders."

In a statement prepared by Mr. Skaggs he pays particular tribute to Benjamin Kaufman, 925 Bellevue Avenue, Trenton, N.J. Mr. Kaufman, former national commander of the Jewish War Veterans, won his Congressional Medal of Honor during World War I. At that time a first sergeant, Kaufman was leading an infantry patrol in the Argonne Forest, France, in October 1918, when a burst of machinegun fire shattered his right arm. Hurling grenades with his left hand and brandishing an empty pistol in his useless right hand, he made a one-man charge on the enemy machinegun nest, capturing a prisoner and scattering the rest of the crew. He brought the machinegun, his prisoner, and his empty pistol back to the American lines under intense enemy fire.

The other Congressional Medal of Honor winners from my State are: Stephen R. Gregg, 130 Lexington Avenue, Bayonne, N.J.; Hector A. Cafferata, Crestwood Drive, R.F.D. 1, Dover, N.J.; Francis X. Burke, 132 Kensington Avenue, Jersey City, N.J.; Capt. Carlton R. Rouh, 414 Chestnut Avenue, Lindenwold, N.J.; John W. Meagher, 22 Cliff Street, Jersey City, N.J.; Samuel M. Sampler, 434–B Whitman Drive, Haddonfield, N.J.; Franklin E. Sigler, Long Hill Road, Little Falls, N.J.; Allan L. Eggers, Sand Spring Road, Morristown, N.J.; Capt. Freeman V. Horner, 2 Hensing Drive, Mount Holly, N.J.; Nicholas Oresko, 31 Benjamin Road, Tenafly, N.J.; Frank J. Bart, 1100 West Street, Union City, N.J.; Carl Emil Petersen, 427 Hyatt Street, Avenel, N.J.; and William A. Shomo, 107 Crescent Avenue., Waldwick, N.J.

As a Senator from New Jersey, I join with the residents of all States in honoring these men who have been recognized for deeds of courage performed on the field of battle. We shall always appreciate their great contribution toward preserving our Nation.

COOPERATION OF GOVERNMENT AND PRIVATE ENTERPRISE IN SUCCESSFUL ORBITING OF TELSTAR SATELLITE

Mrs. SMITH of Maine. Mr. President, the brilliant success of the Telstar communications satellite on Tuesday of this week gave me one of the emotional highlights of my life.

It was my privilege to be present at the ceremony and to view the closed circuit coverage of this historic event.

When the Vice President of the United States and the chairman of the board of the American Telephone & Telegraph Co. talked with each other by telephone through the Telstar that was 3,000 miles above the earth, I was extremely proud that I had once been a member of the telephone company.

My thoughts flashed back many years ago to those nights when I was a switchboard operator in my hometown of Skowhegan—of how I made connections for the callers in Skowhegan. Now I was watching Telstar make connections not only between Andover, Maine, and Washington, D.C., but across the Atlantic Ocean between the United States and France and Britain.

Yes, there was a great thrill in my pride that I had been an employee of the company that had made this remarkable achievement. The sound of success Tuesday night over the satellite communications system of the telephone company was like the time when, as the switchboard operator in Skowhegan, I first heard the beautiful voice of the man I was later to marry.

And I had great pride in the fact that the key point of this tremendous operation was in my home State of Maine at Andover.

But the deepest feeling that I had was as a member of the Senate Committee on Aeronautical and Space Sciences and the faith that I had that freemen and private industry could work in full cooperation with the Government. Others have not had that faith.

Tuesday night my faith was fully vindicated, for it was the great teamwork between the Government and private industry that produced the magnificent achievement—that proved the superiority of freedom and free enterprise over the Communist system of slaves and enslavement in which the government controls all.

Tuesday night brought complete vindication to the faith I had in private enterprise and to the support that I had given in committee on legislation to give private enterprise its proper role in this wondrous space exploration program.

DEATH OF COUNCILMAN STANLEY ISAACS

Mr. JAVITS. Mr. President, I have the sad duty of announcing to the Senate the passing from this earth and our life of a very, very distinguished New Yorker, and a very close friend of mine, Councilman Stanley Isaacs, who was almost as synonymous with New York City as is City Hall and the Mayor of New York. He passed away last night, but the newspapers have not yet carried the news. Radio and television have.

It is with great sadness that I announce this news to the Senate. I think the distinction and eminence of my close friend and fellow New Yorker was of such a character as to deserve mention here on the floor of the Senate.

Stanley Isaacs was not only one of our most luminous citizens, but he carried in his heart as he did in his mind a deep feeling and love for the people of New York and for New York as a great metropolitan example of communal living which was unique in our time.

He served us for a great part of his life. He was deeply beloved by New Yorkers of all ranks, stations, and parties. He was a one-man minority and a one-man conscience for the people of New York, and he lived a very honored life.

He came under fire and attack from time to time, but always realized the affection and trust of his fellow citizens, and won their confirmation, which is the pride of every American.

So I extend my deepest sympathy to Mrs. Isaacs, who is also a close friend

of mine and my wife's. I know I express the feeling of many, many Americans, and certainly of every New Yorker, in mourning the loss of a man who could be described as our No. 1 New Yorker—other than our mayor—Councilman Stanley Isaacs.

Mr. President, I ask unanimous consent to include in the RECORD as a part of my remarks the biography of Councilman Isaacs from "Who's Who."

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

Isaacs, Stanley Myer, United States, attorney, public official; born New York City, September 27, 1882; son Myer S. and Maria (Solomon); B.A., Columbia University, 1903, M.A. 1904; L.L.B., New York Law School, 1905; married Edith Somborn, May 18, 1910; children: Myron S., Mrs. Helen Herrick. Associated with law firm, M. S. & I. Isaacs, since 1942, member of firm, 1905–19; associated with real estate, building and investments, 1919–38. Member, city council, New York, since 1941. Republican minority leader since 1949; president, Borough of Manhattan, 1938–41; chairman, local draft board No. 164; consultant on labor problems, Office of Secretary of War, World War I; member, advisory commission, New York State Conference on Social Work, president, 1944; executive board, New York State Commission on Discrimination in Housing. President, United Neighborhood Houses, since 1932; member, board of directors, Citizen's Housing and Planning Council, New York; board of trustees, Roosevelt Memorial Association; advisory commission, National Council on Naturalization and Citizenship; Citizen's Commission on Children; United Service for New Americans; New York Fund for Children, Inc.; advisory board, Play School Association; New York Division, American Friends of Hebrew University; college commission, Public Education Association; trustee at large, Federation of Jewish Philanthropies of New York; State board, New York Chapter, Americans for Democratic Action; board of directors, Institute of Practical Politics, 1952; vice president: United Jewish Appeal, Greater New York; Baron de Hirsch Fund; honorary trustee: Edn1 Alliance, president, 1933–37; James Weldon Johnson Community Center; trustee, West End Synagogue; treasurer, Dalton Schools, Inc.; member, advisory board, Wiltwyck School for Boys. Recipient, awards: Brooklyn Philanthropic League, for activities on behalf of Settlement House, 1938; Fine Arts Federation for distinguished service to the fine arts, 1941; City-Wide Tenants Council, for meritorious housing service, 1941; Felix M. Warburg Memorial Award, Federation of Jewish Philanthropies, for 25 years' service, 1948; citation, United Neighborhood Houses, for 50 years' service in settlement movement, 1951; award, New York Young Republican Club, for civic service, 1953. Clubs: Republican City; City Athletic; Yorkville Neighborhood; The Judeans. Home: 14 East 96th Street, New York, N.Y. Office: 475 Fifth Avenue, New York, N.Y.

Mr. KEATING. Mr. President, the tragic death of Stanley Isaacs, member of the New York City Council, and a beloved figure to all who knew him, will be an irreparable loss to the people of New York.

He was for many years the only Republican member of the city council, in which capacity he served all the citizens of that city, without regard to party affiliation. He spoke for all the people, regardless of race, religion, and nationality. He stood for honesty and integrity in government.

Mr. President, his death will be a great loss to the great city of New York. His shoes will not be easily filled, for he was a man with breadth of wisdom and honesty of judgment in all his public and private dealings. He did not look for the limelight, but where he saw neglect, indifference, or corruption he did not hesitate to expose or to oppose it. New York City and the Nation need more men like Stanley Isaacs. May his efforts be an example and an inspiration to others who face the high responsibilities and continuing challenges of our city government.

My deepest sympathy goes to Mrs. Isaacs and to Stanley's other relatives and his thousands of friends.

EQUAL-TIME SUSPENSION

Mr. JAVITS. Mr. President, I should like to bring to the attention of my colleagues an editorial which appeared in the Washington Post of July 12, 1962, in connection with the hearings now being conducted by the Communications Subcommittee of the Senate Commerce Committee on various measures to suspend the equal-time requirement of section 315 of the Communications Act.

Among the measures being considered is Senate Joint Resolution 196, introduced by myself and the Senator from Pennsylvania [Mr. CLARK], which calls for continuing, for the period of the 1962 congressional campaign, the experiment begun with the Kennedy-Nixon debates of 1960. The editorial squarely supports the principle behind this measure, that the benefits of continuing the experiment in public information clearly outweigh whatever risks may be involved.

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

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

POLITICAL DEBATE PATTERN

The question of removing the barriers to political debates on television and radio is, basically, one of using the public airwaves for a public purpose. The chief arguments for modification or repeal of section 315 of the Federal Communications Act come from the broadcasting industry. But the primary benefits would go to the candidates, in terms of free radio and TV time, and to the voters in terms of more complete information about the personalities and the issues involved in the campaigns. Congress can scarcely avoid the conclusion, therefore, that the lifting of section 315 for the 1962 campaigns would be a good bargain.

In the past Congress has been reluctant to free broadcasters from the legal requirement of providing equal time to all candidates running for an office because it has feared that abuse might develop. Given full discretion in the matter, some broadcasters might favor one candidate over another and thus exercise undue influence upon the electorate. Important minority parties might be shut out from television and radio coverage. It is generally conceded, however, that the Kennedy-Nixon debates in 1960 were eminently fair, and the general record of broadcasters for nonpartisanship in the presentation of candidates is good.

If the necessity of extending equal time to fringe candidates is relaxed for the campaigns this fall, political debates will be heard in California, Michigan, Massachusetts and various other States. The pattern of debate that is now well established leaves the broadcasters very little chance for favoritism even if they were so disposed. There is also strong precedent for fair treatment of third parties and fringe candidates if this can be done without putting them on a par with the major contenders. To our way of thinking, the advantages from relaxation of the present rigid rule are great enough to justify Congress in extending that policy and relying upon other means of coping with abuses when and if they should develop.

WHY COMMUNIST CHINA IS HUNGRY

Mr. JAVITS. Mr. President, communism's greatest defeat lies in the field of agriculture, and its greatest failure is in Communist China. Starvation conditions in this country can be blamed directly on the drive by Communist leaders to transform China's ancient and traditional forms of agriculture into the Communist mold. The delicate balance that Chinese farmers had developed through generations of trial and error was scrapped and the results have been disastrous.

A highly informed report on conditions inside China and the reasons why the damage which has been done may take many years to repair was published recently by Valentin Chu, a former newspaper correspondent in Shanghai and later in Hong Kong. I ask unanimous consent to have printed in the RECORD his article entitled "The Faminemakers: A Report on Why China Is Starving," which appeared in the New Leader, June 11, 1962.

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

THE FAMINEMAKERS—A REPORT ON WHY CHINA IS STARVING

(By Valentin Chu)

In the third century, B.C., the ruler of a Chinese kingdom suffering from a severe famine sought advice from the sage Mencius. The king had been energetically shifting his people and his resources about the country in an all-out effort to alleviate the starvation and to govern effectively. Yet the nation failed to prosper. He wondered why.

Mencius told the king: "If the seasons of cultivation are not interfered with, the grain will be more than you can eat. If close-knit nets are not cast in the pools and ponds, the fish and turtles will be more than you can eat. If axes enter the hills and forests only at the proper time, the wood will be more than you can use. But your dogs and swine eat the food of men, and you curb them not. People are starving by the wayside, and you open not your granaries. When people die, you say: 'I am not responsible; it is the year.' What difference is this from stabbing a man to death and saying: 'I am not responsible; it is the weapon'?"

Twenty-two centuries later Mao Tse-tung, the ruler of another Chinese empire suffering from famine, is energetically moving his people and his resources all over the country in a similar effort to govern effectively. He, too, must wonder why hunger remains the plague of his people. And it is something to wonder about. For during the decade 1949–59 Communist China's food increase was seven times its population increase.

Even under the severest natural conditions, there should have been enough reserve to forestall a famine. The answer to this riddle can only be understood after a long look at both China's traditional agricultural economy and the program of the present regime since its takeover in 1949.

The land of China, slightly larger in area than the United States, is hardly ideal for agriculture. China is more mountainous than the United States, the U.S.S.R. or India. Almost 70 percent of its land is over 3,000 feet above sea level, and only 15 percent is under 1,600 feet. Its climate varies from subtropic summer to Siberian winter. Arable land on the mainland amounts to 264 million acres, or only one-tenth the total area. Of this, 30 percent is good soil, 40 percent medium quality and the rest inferior. To maintain a subsistence level four-fifths of China's population has to toil on one-tenth of its land. In Soviet Russia, half of the population works on one-eleventh of the land to provide a meager standard of living. In the United States, one-eighth of the population farms one-fifth of the land to create a national overweight problem and pile up great surpluses.

The trouble with the Chinese is that the fecundity of their soil can never match the fecundity of their loins; in their land it is easier to breed than to feed. But too little arable land and too large a population are not the only problems. In China a year without natural calamities is indeed a year for thanksgiving. The country's peasants have always been at the mercy of their eroded mountains and capricious rivers.

China's history records 1,397 serious droughts since Christ was born. Floods have also been disastrous. The Huai River, draining an area 6 times the size of the Netherlands but without a mouth of its own, flooded its valley 979 times in 2,200 years. The mighty Yangtze River, the world's third longest, in whose valley nearly half the population lives, had 242 floods and droughts in 265 years. From mythical times there have been attempts to tame the Yellow River, known as "China's Sorrow." This 2,900-mile river, with a basin equal in area to Italy, Switzerland, and Norway combined, devastated its plain 1,500 times in 3,000 years, and made 9 major changes of its course, swinging its mouth in wild arcs up to 500 miles long.

Add to all this frequent dust storms in the arid northwest, typhoons along the coast, insect pests everywhere, rare but severe earthquakes, and it can be seen that the lot of the Chinese peasant has been tied to natural calamities. Because the peasants obtain three-quarters of their food directly from their own land, when famine strikes it always means hunger and often means starvation. One million people were killed in the 1887 flood alone. Some 800,000 lost their lives in the great earthquake of 1556, and another 246,000 perished in a similar disaster in 1920.

Moreover, after many centuries of exploitation by a vast farming population, China has very little natural vegetation left. Forests make up only one-tenth of its total area (about 80th down the list among the world's countries on a percentage area basis). The waterholding capacity of the soil is therefore extremely poor, and excessive runoff is a major cause of floods. Another major cause is the breaching of dykes. The Yellow River, the world's siltiest, deposits enough sediment on its delta to fill up one and a half Empire State Buildings daily. For hundreds of miles it flows between dykes on a riverbed high above the surrounding countryside, with the silt raising the bottom continuously. A single breach can empty the entire river on to the flat, densely populated Yellow Plain for as far as the eye can see, sometimes inundating the region for as long as a year. Many other rivers in North China have similar skyway river beds between precarious dykes, and floods in this area are the most destructive. When too much water goes to one place, there is bound to be too little elsewhere. And in China drought occurs oftener than floods, is even more destructive and more extensive in area, and lasts longer.

Since historically China is a land of catastrophes, it is tempting to conclude that the current famine is just one of those things. This is not so. True, Peiping has publicized the natural causes and played down other factors. But the present famine is due not so much to sudden dramatic blows from nature as to the grave errors of a bureaucracy highly efficient in control but childishly lacking in commonsense. A sizable portion of the floods and droughts which China has suffered during the past few years have been aggravated, and at times directly caused, by a decade of pseudoscientific methods in farming, irrigation, and soil treatment. Each year since the Communists came to power in 1949, the total area of farmland affected by natural calamities has risen steadily: It was only 13 million acres in 1950; 29 million in 1954; 38 million in 1956; 78 million in 1958; 107 million in 1959; and 148 million in 1960. It is safe to assume that the 1961 total, although never officially announced, was probably at least as large as 1960's.

What China is now facing is no common natural disturbance, affecting a few provinces for a short time. It is a nationwide exhaustion of the land and the people, the cumulative result of 12 years of abusing nature and human nature. Peiping's search for a breakthrough in agriculture has resulted in a breakdown.

In the beginning, the Chinese Communists attempted to implement a titanic program of farm mechanization on the Russian or American scale. But unlike either the Soviet Union or the United States, both of which have vast plains that are thinly settled, China's huge population is extremely dense wherever the land is arable. Most of the farmland consists of cut up wet paddies or terraced hillside plots where modern tractors are of no use. The United States has 5 million tractors, the U.S.S.R. 1.7 million. China has fewer than 33,500 tractors, with some 6,700 in disrepair, but despite their limited usefulness this is less than 4 percent of the number required as estimated by the regime. In October 1957 the People's Daily, Peiping's official organ, finally had to admit: "It is too early to talk about general mechanization. We have no oil, too few animals. Steel is expensive. The cost of machinery is prohibitive."

Attention was then turned to semimechanization, which meant improved animal-powered farming implements. The glamour star of "semimechanization" was the double-wheel double-share plow, an ordinary all-metal plow pulled by animals. With great fanfare, Peiping turned out 3.5 million double plows in 1956 and 6 million in 1957. But they were a flop. Not only were they too heavy for China's wet paddies and terraced fields; they were also badly manufactured, with many brandnew plows missing parts. Soon peasants all over the country refused to use what they called the "sleeping plow." Peiping accused the peasants of hostility toward innovations and backward conservatism. But 6 months later the production of a new, lighter model was announced.

Lately, the regime has been encouraging the use of small, handmade instruments. The quality of the newly made small implements, however, leaves much to be desired. A recent People's Daily editorial recalled wistfully the days of the pre-Communist peasant, when "a hoe would last three generations * * * the property of the man who used it, repaired it and cared for it." Today a hoe often does not last one season, especially when it is made of the "steel" from the backyard furnaces. Nor does the peasant own it, repair it or care for it. Instead, the small implements are "lost, wasted or destroyed * * * left scattered in the open air in the fields where rains and winds ruined them."

Mechanization having failed as a panacea, Peiping has been trying its luck with fertilizer. Each winter since 1957 tens of millions of peasants and city residents have been taking part in fertilizer marches. With gongs clanging, drums beating and red pennants fluttering in the scented breezes, these brigades, singing and moving in military formation, transport their precious commodity to the fields. In wooden buckets, bamboo baskets, tin cans and earthern pots slung from bamboo poles, or in makeshift carts pulled by children, the brigades carry the excrement of China's 700 million human beings and 265 million farm animals, plus sewage silt, garbage, river mud, peat, green meal, fumigated earth, chimney ashes, brackish water and industrial waste.

For all its bizarreness, the fertilizer drive is intended to make up for a real agricultural deficiency. Communist China produces less than 3 million tons of chemical fertilizer a year; it needs at least 10 times that amount. Peiping cannot afford to build enough modern fertilizer plants or to import fertilizer from abroad, and China must still depend largely on compost. The population daily returns to the earth, in the form of manure, more than 700 tons of phosphorus, 1,200 tons of potassium, and a large amount of nitrogen. Yet human and animal excrement, green compost, and river mud have been used by Chinese farmers for 40 centuries. Thus, the fertilizer drive has not really increased fertilizing strength, even though mixing compost with adulterating ingredients has increased the total tonnage.

In the summer of 1958, after it took over direct control of agriculture, the party ordered nearly half of the cropland deep plowed and close sown. But such practices demand discretion and careful coordination with fertilization. The regime acted indiscriminately, with the result that many plants either weakened or died, and much soil was debilitated. By the fall of 1959, Peiping conceded: "What we gained was not up to what we lost."

Further damage was caused by the so-called battle of crops. In its early stages, this involved an ambitious simultaneous assault on agriculture, fishing, animal husbandry, and forestry. The result was a reduction in the food crop. The regime then reversed its policy: Concentrate on food crops; ignore subsidiary activities. So the party kanpu (cadre) had hundreds of thousands of acres of cotton, hemp, tea, mulberry, peaches, oranges, lychees, and bamboo razed and turned into unstable, unfit, ill-conditioned fields for wet rice, wheat, and potatoes.

In agricultural China each valley and plain has its own special combination of soil, climate and economic requirements. Over the centuries, the peasants have learned which crops are the best and the most profitable. In a silk-producing area near Canton, for example, the peasants eng..ge in fish culture as a sideline. They use the waste from the silkworms to feed the fish, then dig up the fertile mud from the fish ponds to fertilize mulberry trees, the leaves of which are fed to the silkworms. Everything is used, nothing wasted. When the mulberry trees in a village near Canton were razed by zealous party robots to plant rice, the entire cycle of agricultural economy was upset. Similar disruption was caused by plowing too deeply, sowing too closely, planting too early, using the wrong crops or wrong seeds, employing too much or too little or inadequate fertilizer, and not fallowing fields that should have been fallowed. All these mistakes dealt the harvests a severe blow.

The 1959 locust disaster is another enlightening example of the party bureaucrats' knack for worsening natural calamities. In early April of that year, peasants in Honan discovered some young locusts and reported their find to the commune's kanpu. But the kanpu scolded the peasants: "The corn and soybean have just sprouted and the wheat will ripen soon. We don't even have enough people for weeding and fertilizing. How can we divert labor for insect pests We must take care of urgent business first." The peasants then appealed to the county party commissar. They were again pushed aside: "Little ghost and big fright. You saw an insect and you bring us a heap of blind words. We shall have an insect-destroying campaign some day anyway. Why make the fuss now?"

Two months later the crops in two counties were eaten up by locusts in 1 night. Immediately the provincial party secretary pushed the panic button and issued a set of "Regulations Pertaining to the Swift Extermination of Locusts." During 3 days in mid-June, 1.3 million peasants were hurled into a sea of locusts for an epic extermination battle. By then, however, it was too late. Crops, grass, and tree leaves on a million acres in 48 counties in Honan were stripped clean. The locusts next invaded the neighboring provinces of Anhwei, Kiangsu, and Shantung, damaging nearly 5 million acres of farmland in 179 counties. Peasants from 6 to 80 were pressed into the fight. Airplanes were used to spray insecticide. But the spraying, done with frenzy and inexperience, killed 100,000 farm animals. By Peiping's own estimate, insect pests damage 10 percent of the country's grain, 20 percent of the cotton, and 40 percent of the fruits every year.

Given China's limited means, water conservation seems the only practical means of improving the country's agriculture. In sheer quantity, China has plenty of water, but its distribution is lopsided. Every year 668 cubic miles of water flow over the mainland's 3.6 million square miles of land, averaging 12 tons of water for each person daily. Three-quarters of this water, however, is in the Yangtze Valley and south of it. North China has less than 5 percent.

The regime claims that during the first 10 years of its rule the nation's irrigated area increased from 40 to 180 million acres. Officials figures speak of 40 billion man-days used to dig 105 billion cubic yards of earth equivalent to 450 Panama Canals, or a wall 3.3 feet high and wide girdling the earth 2,000 times. The work, according to Peiping, consisted of building or repairing some 60 large reservoirs, 1,000 medium ones, 4 million small reservoirs and canals, 74,600 miles of dikes, 15 million farm weirs, and 10 million wells.

The official statistics are impressive. One imagines millions of Chinese peasants, antlike and faceless, digging and hauling all over the land, disciplining the savage rivers and salving the fields with gentle moisture. With this image in mind, it is even possible to rationalize that the misery of millions forced to labor today might bring some good to additional millions who will inherit the land tomorrow. But the fact is that China's water conservation efforts have done more harm than good. Indeed, they are an important factor in the current famine.

Until 1957, Peiping concentrated its energies on big, hydroelectrically oriented dams. Many of these expensive projects were either ill planned or badly executed. The largest and most important project was a TVA-like system to regulate the Yellow River and its tributaries; by the time the river passed the vicinity of Kaifeng and reached the flat Yellow Plain, its flow was to be controlled. When the project was initiated, Peiping proudly announced that the Yellow River, perhaps the world's most unmanageable body of water, would not only be tamed forever, but that by 1961 its lower reaches would be crystal clear.

The key to the Yellow River system was to be the mammoth Sanmen Gorge Dam, at a point just before the river leaves the mountains. To protect it, 59 high dams were to be constructed in the upper river. By 1956 half of the high dams were completed. The same year, floods destroyed or silted up almost all of them. Despite a Chinese specialist's warning to reexamine the whole plan, the Sanmen Gorge Dam, with a 1-million-kilowatt powerplant, was started in 1957. The dam was planned, model tested, and supervised by Russian technicians. Because of structural defects, its design and construction had to be altered time and again. In 1958 there was another flood, and this time 70 percent of the swollen water came from below the Sanmen Gorge. An official technical journal, Water Conservation and Power, then admitted this proved that even after the completion of the project, major floods could not be prevented.

Another big pride of Communist China's hydraulic engineering is the much-ballyhooed Futseling reservoir and powerplant in Anhwei. This project was completed with Russian aid in 1954. Soon after the Huai River overflowed its banks and inundated the entire plain the reservoir was supposed to protect. Five years later the reservoir was still not functioning: The sluice gates had turned out to be heavier than designed, and it was feared that they would not open when the reservoir was filled with water. A similar fate befell the Yungting Reservoir tunnel near Peiping, which was also opened with a loud blast of propaganda. After the hosannas came the flood, inundating 7 million acres and washing away 2.6 million houses. Then there is the incident of the Tahuofang Dam, the country's second biggest reservoir, near Fushun in Manchuria. After a year's work on it, construction had to be halted in 1954 because it was discovered that the structure "had the consistency of rubber."

Some of the mistakes are almost unbelievable. During the dry season, fields in many areas could not get a single drop of water even though the reservoirs were full. It was discovered that no one had been ordered to build water conveyance systems for the reservoirs—no sluice gates, no canals, no ditches. In June 1959, the People's Daily summed up the results of many of the large-scale projects: "There are reservoirs without water, reservoirs with water but without aqueducts. A great number of flood-prevention works which have to be renewed yearly were not renewed, or, if they were started, were not finished." And Water Conservation and Power reported that a number of hydroelectric dams were leaking badly, that many reservoirs "look all right as long as water is not let in," and that on some projects equipment was installed but no power could be produced. Medium and small works, by Peiping's own admission, have fared even worse.

Water conservation is a complicated science. It requires detailed study, careful surveys and coordinated planning. The planners must have intimate knowledge of river flow, flood history, silt content, topography, soil characteristics, water tables, weather patterns and the needs of surrounding areas. But Peiping has never had any overall water conservation plan. Technical direction often has not matched actual working conditions. Quality has always been less important than quantity and speed. For large projects, there has never been enough steel and cement available. For smaller ones, only earth and stone have been used because of shortages. Everywhere substitute materials and short cuts in construction have been favored—and praised as technical innovations. Is it any wonder that China has registered such spectacular water conservation failures?

The dam fiascoes touched off an orgy of canal digging in 1958–59. Peiping finally realized that the much-vaunted huge projects, which had so impressed foreign visitors, often turned out to be mere monuments to stupidity. In 1958, the year of the Great Leap Forward, it turned its attention from big dams to regional irrigation projects of medium and small dams, wells and, especially, canals.

In August of that year, the Party Central Committee announced a stupendous project: a network of canals which would criss-cross the entire area of the China Plains and link the three great rivers—the Yellow, the Yangtze and the Huai. The canals were to be of five sizes, ranging from small irrigation ditches to large ones accommodating 3,000-ton ships. They would serve as inland waterways, as a gigantic reservoir, and as a water-regulating system to bring water from south to north China. When the plan was announced, millions of peasants had already been digging for months. By early 1960 half of the canals in some provinces were completed.

But after months of confused experience, the small canals proved inadequate. They were too numerous, creating problems for future farm mechanization. They were also too small, providing little protection in times of flood or drought. To further complicate matters, the village kanpu in charge of digging were unclear about the various canal measurements, and they varied greatly. In the winter of 1958 the plan was revised: Small canals already dug were abandoned or filled up; medium and large canals were dug at relocated sites.

The frenzied canal digging created problems undreamed of in the Communist philosophy: The canals took away much valuable farmland. They leaked badly (in many cases 60 percent of the water escaped). In some areas where the water table was near the surface, excessively deep canals drained the land, creating an artificial drought where none had existed. In other areas, mainly in dry north China, where the water table was low and the soil unleached, water leaking from the canals raised the water table, thus accentuating capillary action through the lime-rich earth. This brought up harmful salts and alkali from the subsoil and formed a crust on the surface after evaporation, spoiling formerly dry but good farmland. By 1959, the People's Daily sensed something was wrong: "During the past 1 or 2 years, the alkalization of much soil in many irrigated areas in the north has spread." But the canal digging went on. In 1960, the same paper again reported that saltpeter, which normally appears only in serious drought, had affected millions of acres of farmland. And in April 1961, the Kuang Ming Daily noted that "arable land is continuously shrinking and alkalized soil spreading."

In a country like China, where the water balance has already been upset by centuries of intensive cultivation and population weight, the best place to store water is not behind big dams or in sloppy canals, but underground near where it falls. Not surprisingly, Peiping has also had insanely grandiose forestation plans. The original great vision program—no longer mentioned today—consisted of a number of bold forestation projects, which included two "Green Great Walls." One was to be a 1,000-mile protective windbreaker, starting from the Chinese-Korean border, winding along the China coast, and ending at the mouth of the Yangtze. The other, equally long, was to be a forest shield against the sand from Outer Mongolia. It was to start from the vicinity of the Old Silk Road in Kansu, cut across the sand dunes of the Alashan Desert and the Ordos Desert in Inner Mongolia, and end at the great bend of the Yellow River.

In early 1956, a campaign to "green up China in 12 years" was begun. The job would be easy: "if every one of the country's 500 million peasants plants 2 trees each year, we shall have 1 billion trees in a single year." Peiping believed that in 12 years it could change China's arid land, barren hills, and deserts into 160 million acres of sylvan delight. So millions of school children were ordered to plant trees all over the country. In most cases the entire program consisted of digging holes, inserting cuttings or saplings, and watering them for a few days. Then the human sea surged in other directions, for other campaigns, and the trees were left to die of thirst.

While forestation surged up and died off, deforestation seemed to progress systematically. Forest fires and the incidence of tree diseases have increased. Artificial deforestation has also been on the increase, especially since 1958. Farm cooperatives and communes have set their cattle to graze on saplings, and have chopped down roadside trees and whole forests for timber or to "open virgin land." During the 1958 steelmaking campaign many mountains were stripped bare for fuel. A commune in Kwangtung close-shaved 13 forest-covered hills in one swoop. Timber industries in forest areas, led by quota-conscious kanpu, competed with each other in cutting down big and small trees without replanting. Even saplings were not left to protect the soil, which soon became barren. Since the 1958 great leap, the Chinese have been too busy making steel, digging canals, and fighting calamities to worry about reforestation. But deforestation is continuing at an even faster pace, reducing the already poor moisture-capturing capacity of the soil, extending the erosion area, heightening excessive runoff of rainwater, and insuring severer damage from floods and droughts for generations to come.

The foolish squandering of resources and manpower on big, haphazard projects before 1958, and the wanton canal digging since then, has deteriorated the water and soil in China's richest farming regions. It is no coincidence that the worst droughts of the past 4 years have taken place in the very provinces where millions dug canals from 1957 to 1959. The entire hydrologic cycle in China is now upset by faulty water conservation and deforestation. Communist China has unwittingly changed nature.

While food coming out of the earth is decreasing, crops already harvested are increasingly spoiled or wasted. For centuries wasting food was considered a sin in China. Under the Communists a good deal of food is unnecessarily spoiled. Many granaries are haphazardly built; others are created from decrepit temples or ancestral shrines; still others are without doors and windows—though all have fences or walls to prevent theft. One year an investigation revealed serious conditions in grain storage in seven provinces. In Kwangsi, for example, of the 740,000 tons of grain inspected, 83 percent was spoiled by worms. One granary reported 10 percent of its grain mildewed. Another, in Shensi, had 30 percent mildewed and 40 percent sprouting. The party kanpu in charge of food supply in the communes are nicknamed by the peasants: "The Five Don't Knows": They don't know how much grain is harvested; don't know how much is eaten; don't know how much is in the commune kitchen; don't know how much is stored in the granaries; and don't know how long the store will last. When famine became acute late in 1960, a People's Daily editorial revealed that the total amount of grain stored in Communist China was unknown. It launched a national campaign to weigh the stored grain, explaining: "We shall only know the real situation if we weigh and clearly account for the food grain collected." Since 1961, Peiping has imported grain. The real situation, apparently, is now known.

The efficiency of China's farm labor, low in the old days because of inadequate equipment, has been lowered even further by Peiping's administrative epilepsy. The peasants always worked hard; each knew what to do and how to do it with the limited means available. Today, they are told how to plow, when to sow and what to plant. They are pressed into a robot army and maneuvered with human-sea strategy and commando tactics.

In the winter of 1955, many millions were "volunteered" into constructing dams and dikes. The following summer, when it was found that subsidiary farm work had slumped to half its normal amount, they were shunted back to the fields. In some provinces the party ordered up to 40 percent of the peasants to stick to subsidiary farm work, although drought was spreading. Left unharvested, much rice and sweet potatoes were damaged by the drought. When this was discovered, the peasants were hurried back to plant more food crops. Meanwhile, the half-finished dams and dikes they had left were damaged by floods.

In 1958 some 60 million people, most of them peasants, were told to make village steel, creating a labor shortage on the farms. In many areas fertilizer was not put into the fields and rice was not harvested in time. Forty percent of the land in Hopei Province that needed sowing was left untended. In north China cotton and potato picking were not done on time. Elsewhere 650,000 tons of tobacco leaves were plucked but unsorted, and the damp leaves began to spoil. For three consecutive winters, up to 70 million peasants were commandeered to dig canals. More recently, the peasants have been recruited to fight flood and drought. The number of calamity fighters now exceeds 10 million in each seriously affected province. When the fertilizer drive was on, 80 million had to forage for manure. When there was a coal shortage, 20 million were sent to the hills to dig for dubious fuel.

The madcap use of farm labor is responsible for at least one unnatural disaster, the "weed calamity." This term was coined by the Communists to denote fields left unplanted or unattended which subsequently were found covered with weeds. The weed calamity first came to light in 1959. By the fall of 1960 weeds were reported in at least 13 provinces, from northern Manchuria to Kiangsu, and covered 20 percent of China's farmland. In many areas the weeds were taller than the crops. In Shantung one-third of the farmland was covered by weeds, which at places grew so thick that a man was unable to walk into the fields. Soon the Ministry of Agriculture sounded another alarm, this time to fight weeds. Peasants, city people, students, civil servants, and even soldiers were ordered to forsake whatever they were doing and hand-pluck weeds from the fields. In Hopei, 6 million were mobilized; in Shantung, more than 7 million. In Liaoning, two-thirds of the students and civil servants from the cities were diverted to the countryside. In Shansi, half of the total farm labor was used.

The more the peasants work under the party's blundering policy, of course, the less they produce. And the less they produce, the more they have to work. The end result is debilitating famine.

At present, an ordinary resident in show cities like Peiping and Shanghai receives small ration of inferior rice or flour, plus a monthly allotment of about half a pound of pork, 3 ounces of sugar and 3 ounces of edible oil. For a small quantity of vegetables, he has to line up as early as 3 a.m. Eggs, poultry, and fish have virtually disappeared. The peasant in the commune receives much less—usually two bowls of semiliquid gruel or paste, made from bad cereals, gritty flour or sweet potatoes, for each meal.

Since 1959, Communist China has officially ordered the eating of rice husks, bean waste, potato leaves, pumpkin flowers, wild plants, and algae. During the past two winters, each province sent from a half a million to 3 million peasants and city dwellers to forage for wild plants in the hills. Newspapers praised the high nutritive value of wild plants and recommended recipes for these and other novel foods. Rice straw, soaked in lime solution, dried, ground into powder and mixed with flour, is made into cakes and served in restaurants upon surrender of ration coupons.

China's streets and villages, formerly cluttered with friendly dogs and cats, are now empty of domestic animals. Common birds, such as sparrows, pigeons, crows, and cuckoos, are also gone. Some 2.2 billion sparrows were systematically exterminated as predatory birds in a nationwide campaign. The campaign ended when a sizable increase in predatory insects was noted.

The appearance of a wild rabbit or a crow in China today is an occasion for a mass hunt for extra food. Sweet potatoes, turnips, and other vegetables grown in city suburbs must be guarded throughout the night, or they will be stolen by city people who raid the fields and sometimes eat the loot on the spot. Beggars openly wait by restaurant tables for leftover food, often grabbing food from the patrons. Policemen merely shrug at such petty crimes. The black market is growing, supplied by corrupt Communists controlling food supply centers. Black market rings sometimes have their own sampans and armed escorts.

Until late 1960, Communist China limited food parcels from Hong Kong and Macao. Immediately after the restrictions were lifted, the tiny Hong Kong post office was buried under a daily avalanche of 50,000 food parcels from frantic relatives; at present, more than 200,000 parcels are sent daily. The little British colony now has more than 1,000 firms specializing in sending food parcels to China. Not long ago, Hong Kong Communist newspapers eagerly quoted a Japanese visitor to China who said, "I did not see any hunger in Peiping." On the same pages where this story appeared were advertisements of firms offering to deliver food parcels to China, with such screaming titles as "Fast, Fast, Fast" and "Rocket Speed."

A normal man in the Far East, according to the United Nations Food and Agriculture Organization, requires a minimum of 2,300 calories of food daily. In food-short India, according to a United Nations survey, the daily average intake is 2,000 calories. In prewar China it was 2,234 calories. At present, a great number of Chinese peasants, who must put in 14–18 hours of hard labor a day, receive less than 1,000 calories.

Like most Asian countries, China has always had major public health problems. Modern doctors number only 1 to every 10,000 people. Except for those in the big cities, people have to depend on the traditional herb doctors, who are good at common ailments but have little knowledge of contagious diseases and surgery. In certain rural areas diseases like schistosomiasis (a chronic intestinal malady involving enlargement of the liver and spleen), hookworm and beriberi have always been common. But the bulk of the population has fared well, perhaps, because of strong immunities and wise eating habits. Except for fresh fruits, the Chinese have never eaten uncooked food or unboiled water. And most Chinese food is eaten piping hot.

During the first few years of Communist rule, a real attempt was made to improve health. Notable were the campaigns of fly-swatting, rat-exterminating and street-sweeping, all amply reported by foreign visitors. But since the mid-1950's, and particularly since the Great Leap, conditions have changed drastically. Drinking water in

the communes is no longer boiled because of fuel shortage, although in many villages water is often taken from polluted creeks and ponds. Manure, green compost and garbage are handled with bare hands during the fertilizer drives. (Newspapers often praise fertilizer heroes who, after handling manure, refuse to wash their hands as a patriotic gesture.) And collective working and living without adequate sanitary precautions has resulted in widespread food poisoning and epidemics.

According to recent refugee information, one out of three or four peasants have dropsy. It is not uncommon for laborers working in the fields to collapse and drop dead suddenly. A former Government technician from Nanchang has reported that in his bureau 20 percent of the civil servants had liver inflammation or infectious hepatitis. A nurse from Peiping said 10 percent of her colleagues were hospitalized. Hospitals in all cities are full of patents suffering from hepatitis and other diseases, but only serious cases are admitted. Tuberculosis is also spreading widely, but sufferers are not even treated because TB is less alarming than other prevalent diseases. Many babies are born dead. Families of people who die have to make reservations at the busy crematoriums; those who supply firewood get priority.

These grisly first-hand accounts are supported by the official press in its guarded but still revealing stories. In July 1959 the Honan Peasant's Daily, a provincial paper not even allowed outside Honan, divulged that many peasants were dying from malnutrition and overwork. During two summer weeks in 1959, 367,000 peasants collapsed and 29,000 died in the fields of Honan. In the same summer 60,000 peasants collapsed after 6 days and nights of flood-fighting with little sleep or rest. Other press reports reveal that during similar periods 7,000 peasants died in the fields in Kiangsi, 8,000 in Kiangsu and 13,000 in Chekiang.

Epidemics have been developing in China for 4 years, though their full extent is not known. At first the press was able to cover up the situation, but during the past 2 years there have been partial admissions and reports of "seasonal contagious diseases." Moreover, the Minister of Health, Li Te-ch'uan, recently admitted that in 1959 a total of 70 million cases of schistosomiasis, filariasis (parasitic worms in the blood), hookworm, and malaria were treated. She has also admitted that influenza, measles, diphtheria, and spinal meningitis are spreading at water conservation sites, in commune nurseries, and primary schools. In April 1960, too, the People's Congress revealed that kalanazar (infection of the liver, spleen and bone marrow, especially prevalent among children) was spreading; that ke-shan (a disease caused by infected water) had erupted in Inner Mongolia; and that there was large-scale chemical poisoning in industrial cities. Six months later, an emergency public health committee warned that careless handling of manure, garbage, and dirty water had spread "all kinds of diseases: schistosomiasis, tapeworm, hookworm, diphtheria, typhus, liver inflammation and animal diseases."

Actual epidemic conditions have never been publicly reported. They can only be gathered from press reports about large numbers of public health teams rushing madly from cities to unnamed rural areas at short notice. In the spring of 1960, some 500,000 city people from eight provinces were sent to the countryside to enforce emergency public health measures. In the summer of that year, 110,000 were sent to villages in Szechwan, 60,000 to Huana, and 2,000 to Fukien. According to refugees, cholera killed 30,000–50,000 in Kwangtung last year alone. After the plague spread to Hong Kong, Macao, Indonesia, and North Borneo, Peiping finally admitted the outbreak of cholera to the Geneva Red Cross.

The regime is worried not so much about the people's suffering, however, as it is about the loss of manpower. The basic rule was sternly laid down by the People's Daily in late 1959: "The point of departure is production. It must be our unwavering determination in fighting pests and extinguishing diseases that this work shall be subservient to production. Public health as a purpose in itself—a bourgeois way of thinking—should not be permitted."

When a government fails to fill its people's stomachs, it finds it even harder to wash their brains. Escapees report that food riots occurred throughout South China in 1960 and 1961, with many killed. Tens of thousands of peasants have deserted famine-stricken northern Kiangsu and converged on once-prosperous Shanghai, searching for food. Other groups are moving from Chekiang into Fukien. Of course, only last month 70,000 from Kwangtung sought refuge across the border in Hong Kong.

In December 1960, workers at the Anshan steel mills and the Fushun coal mines, China's biggest steel and coal centers, staged a strike demanding food and cotton as wages. Later, in Sian, students of 38 colleges and high schools turned a memorial meeting into an antihunger demonstration. Similar demonstrations broke out in Szechwan cities. In Hunan, soldiers sent to pursue granary robbers deliberately let the thieving peasants escape. In an Army barrack in Kiangsu, soldiers refused to get out of their beds for morning drills, protesting against short rations, which have now affected all the armed forces. And a strong, well-organized underground movement is making its presence felt repeatedly in Shanghai, where most of modern China's revolutions have begun.

All this could be a mere straw in the wind. Impulsive demonstrations and spontaneous food riots are no match against a monolithic regime with a powerful secret police and armed forces. But if overt resistance is not effective at the moment, the conditions breeding it are likely to persist and will probably get worse. Thus the monolithic picture could be deceptive. No one realizes this more than the Chinese Communists themselves. Peiping recently resuscitated the regional political bureaus to tighten its control over the provinces. It has replaced militiamen in strategic areas with regular troops, and steadily moved stored grain from the communes to bigger granaries near cities, which are easier to guard.

Communist China is estimated to have 2.5 million regular troops and 20 million militiamen. The militia is no longer trusted because it is part of the local peasantry. Nearly 90 percent of the regular troops are recruited from the peasantry. Their families, who formerly received special privileges, are now living the same hard life as other peasants. The morale of the regular troops will become an increasingly significant factor if peasant livelihood is not improved. Furthermore, among the peasants and water conservation workers there are 10 million demobilized soldiers. These veterans are the bitterest and the most articulate complainers. Since 1958, a vast number of low-level kanpu, who have been sent to the countryside to live, work and eat with the peasants, have been infected. They have been repeatedly blamed by Peiping for being afraid of the peasants and for their "misguided sentimentality."

It would be highly unrealistic to ignore the significant realinement of forces which has taken place in China during the past few years. Many Westerners tend to appraise the Communist regime by simply gawking at its production statistics, or weighing its military equipment, or guessing what is up its diplomatic sleeves. They seldom try to probe into the crosscurrents of China's complex economy, or the subtle psychological undertow of its silent millions. This is food for thought for the free world.

NEW GUIDELINES FOR TAX DEPRECIATION

Mr. HUMPHREY. Mr. President, yesterday the President of the United States announced the new guidelines for tax depreciation of business assets. This particular announcement, to my mind, is of great significance to the well-being and the prosperity of the American economy.

The Treasury Department acted within the authority of the present tax law to modernize, revise, and update our so-called depreciation schedules. The press release or statement of Mr. Mortimer M. Caplin, Commissioner of Internal Revenue, is explicit as to what this new policy means to our economy. I quote now from what Mr. Caplin said:

> The new guidelines give more liberal lives and meet the urgent need for an objective approach to depreciation, and should also eliminate many administrative problems. They have been designed to give taxpayers and tax agents a new concept consistent with our present law and regulations, and to translate into action our forward looking objectives.

I ask unanimous consent that the statement of Mr. Caplin, along with the statement of the President of the United States, the statement of the Treasury Department entitled "Depreciation Guidelines and Rules," as well as the statement of Secretary of the Treasury Douglas Dillon, be printed at the conclusion of my remarks.

The PRESIDING OFFICER (Mr. McCARTHY in the chair). Without objection, it is so ordered.

(See exhibit 1.)

Mr. HUMPHREY. Secretary Dillon, in commenting upon the revised procedures for determining depreciation on machinery and equipment by American business, noted that in the past our depreciation practices have not been realistic for a great number of years. He called to our attention that the new guidelines will average 32 percent shorter than those that have been established in so-called Bulletin F.

I note that this particular action on the part of the Treasury Department and the President has had a very salutary effect insofar as investment opportunities are concerned in the State of Minnesota and the Midwest.

Some months ago the present Presiding Officer [Mr. McCARTHY], Representative BLATNIK, and I addressed a letter to the Secretary of the Treasury and the Secretary of Commerce, asking that the administration consider modernization of depreciation schedules, shortening that time so as to afford accelerated depreciation and to offer some tax incentive for investment. We followed that letter by a number of visits to the Treasury Department, urging prompt action.

It is my view that the action which has been taken will have a more immediate effect upon the economy than even a tax cut, even though it should not be re-

garded as a substitute for that worthy endeavor.

The revisions will offer a huge incentive for new capital investment in mining equipment, such as taconite, in logging and sawmilling equipment, in production and conversion equipment in the pulp and paper industry, in new electronics production equipment, and other industries of substantial importance throughout the country, and particularly in the State of Minnesota.

I ask unanimous consent that a statement which was issued by myself as of yesterday on this matter be printed at this point in the RECORD.

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

MINNESOTA DEMOCRATS HAIL "HUGE FEDERAL TAX INCENTIVES" FOR NEW CAPITAL INVESTMENT IN MINING AND OTHER MAJOR INDUSTRIES OF MINNESOTA

Senators HUBERT H. HUMPHREY and EUGENE J. MCCARTHY and Congressman JOHN A. BLATNIK (all Democrat-Farmer-Labor, Minnesota) today hailed the Wednesday announcement by the President of revisions in schedule F tax depreciation procedures and guidelines.

"This revision provides a major incentive for economic expansion and development in northeastern Minnesota and other areas," they said. "It will have a more immediate effect than a tax cut."

They said the revisions will offer "a huge Federal incentive for new capital investment in mining equipment (such as taconite) in logging and sawmilling equipment, in production and conversion equipment in the pulp and paper industry, in new electronics production equipment, and other industries of substantial importance in Minnesota."

"In the taconite industry, for example," they pointed out, "companies contemplating a major investment in Minnesota will now be able to plan a complete tax writeoff of the capital equipment costs in just half the time of the old schedule—a reduction from 20 years to 10 years, on the average.

"Such a company, determining to invest, for example, $400 million in a new taconite processing plant, could expect to 'take home' in cash some $55 million more during the first 5 years than it could have under the old schedules. In the first year alone—under the new schedule—such a new taconite company could expect to increase its cash flow by $20,800,000 over the old schedule."

The Minnesotans pointed out that, together with the proposed investment credit act or other reduction in corporate taxes now under consideration by the Congress, companies wishing to build new taconite or other iron ore processing plants in Minnesota would have "as good as or better a tax situation than Erie and Reserve Mining had from the 1950 emergency certificates initiated in the Congress by Congressman BLATNIK."

"The President's announcement comes 7 months after the Minnesota congressional delegation representing the iron mining areas of Minnesota first urged the Secretary of the Treasury to consider this major tax incentive, and after solid assistance from the Secretary of Commerce," HUMPHREY said.

He termed the announcement "a giant step to offset the competition from Canada and other areas which have been offering heavy tax incentives to American investors—incentives which clearly have been the overwhelming cause for the investments in recent years in Canadian mining operations by U.S. companies."

"To summarize the effect of the President's announcement," the three Members of Congress said in a joint statement, "investors in taconite plants and in many other major production units in Minnesota will be able to recover their original investment money in about half the time.

"In mining, in the logging and pulp and paper industries, in electronics and other major Minnesota industries, investors are now encouraged to invest in newer, more efficient plants, and thereby to provide new employment opportunities."

Mr. HUMPHREY. Mr. President, I ask unanimous consent that an editorial in this morning's Washington Post, entitled "Sound Tax Reform," be printed in the RECORD.

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

SOUND TAX REFORM

With the publication of its new guidelines for tax depreciation of business assets the administration has accomplished a sweeping fiscal reform that will confer enormous benefits upon the American economy.

For the past two decades American industry has operated under the severe handicap imposed by the regulations of the Internal Revenue Service's Bulletin F which were retrospective in spirit and frequently administered in an arbitrary or capricious fashion. Moreover, they made no provision for the rising costs of capital goods or the obsolescence induced by the rapid pace of technological change.

The new regulations are a most impressive example of modern fiscal craftsmanship for which Treasury Secretary Douglas Dillon and his staff deserve the highest praise. Their new guidelines, which establish flexible but objective criteria for determining the taxable lives of depreciable assets, forge a strong and significant link between the tax practices of business enterprises and their capital replacement policies. Firms which rapidly replace or augment their stock of capital assets will be entitled to commensurately larger depreciation allowances. By thus increasing the corporate cash flow, the new regulations should provide a powerful stimulus to investment. At the same time depreciation allowances will be reduced for those corporations whose reserves are excessive relative to the value of their assets.

The immediate impact of the new guidelines, which increase depreciation allowances by shortening the lives of business assets, will be a $1.5 billion corporate tax reduction. One may take exception to the administration's optimistic estimates of the short-term effects of this tax cut upon investment and the level of economic activity at a time when there is considerable excess capacity, but there can be little doubt that the longer term impacts will be salutary.

While the depreciation reform is a vital step in the right direction, Secretary Dillon ably demonstrated that it does not complete the task of placing American industry on an equal footing with foreign competition. There still remains a depreciation gap—the difference between the new depreciation allowances and the replacement costs of capital equipment—which can only be closed by the passage of the investment credit provision of the revenue act now pending before the Senate Finance Committee. President Kennedy underscored the importance of this vital legislation when he stated:

"The reform announced today has been carried out as quickly as possible, and it goes as far as it is administratively possible to go to meet the investment needs of American business. I am hopeful that Congress will do its part by enacting the investment credit."

Mr. HUMPHREY. Mr. President, I ask unanimous consent that an article from the New York Times of today, entitled "Business Taxes Are Cut 1.5 Billion by Treasury," with the subheadline, "Writeoffs Sped—Depreciation Action Is Intended To Spur Economic Growth," be printed in the RECORD at this point.

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

BUSINESS TAXES ARE CUT 1.5 BILLION BY TREASURY; DIVIDEND-LEVY PLAN FAILS—WRITEOFFS SPED—DEPRECIATION ACTION IS INTENDED TO SPUR ECONOMIC GROWTH

(By John D. Morris)

WASHINGTON, July 11.—The Kennedy administration gave business a $1,500 million tax cut today in the form of more liberal allowances for depreciation of machinery and equipment.

The Treasury issued new rules and guidelines that will enable business concerns and individual businessmen, including farmers and other self-employed persons, to deduct the cost of machinery and equipment from their taxable income more rapidly than most of them are now permitted to do.

The Treasury's action, culminating years of study that began during the Eisenhower administration, was a long-awaited and welcome gesture to business. It was designed to stimulate investment in modern and more efficient facilities, and these increase the country's productivity, spur economic growth and employment, and enable American producers to compete more effectively for world markets.

President Kennedy declared: "By encouraging American business to replace its machinery more rapidly, we hope to make American products more cost-competitive, to step up our rate of recovery and growth, and to provide expanded job opportunities for all American workers."

EARLY IMPACT FORESEEN

While the new depreciation procedures are aimed at achieving long-range goals, officials said they were likely to have an immediate impact on the lagging national economy.

Secretary of the Treasury Douglas Dillon declined to estimate the extent of the impact either immediately or over the long range. However, he observed at a news conference that Roger M. Blough, board chairman of the United States Steel Corp., had recently said that the steel industry would immediately invest the entire tax saving in new equipment.

This alone would amount to about $40 million in the next 12 months, Mr. Dillon noted.

If the year's overall tax savings of $1,500 million were similarly invested, according to administration economists, an increase of at least $3,750 million in the gross national product would result, and employment would rise proportionately.

The gross national product is the dollar value of all goods and services produced in a year. The present rate is about $544 billion.

Some economists believe the actual increase in the gross national product over the long run might range as high as $15 billion a year under the new depreciation rules.

President Kennedy and Secretary Dillon issued statements in which they emphasized that the new depreciation procedures represented only half of a two-part plan.

The other part, a special tax credit on new outlays for machinery and equipment, is embodied in a tax revision bill passed by the House on March 29 and now before the Senate Finance Committee.

The committee approved the bill's tax-credit provisions today but rejected another feature—a 3-year transition period.

PREDICTIONS NOTED

In his statement on the new depreciation procedures, President Kennedy quoted estimates by some business spokesmen that perhaps as much as four times the amount of tax savings would be invested in new machinery and equipment.

"In any event," the President said, "it is clear that at least an equal amount will go into new income-producing investment and eventually return to the Government in tax revenues most, if not all of the initial costs."

The President and other officials estimated that the new procedures would automatically permit "more rapid and more realistic depreciation" on 70 to 80 percent of the machinery and equipment of businessmen and farmers.

The Treasury action represented the first time since 1942 that the tax depreciation system had been overhauled by administrative action. The last major changes were made by legislation in 1954. A law passed in that year allowed greater deductions in the first few years of the "useful life" of business facilities.

PROCEDURE 62–21

The useful life of such an asset is the number of years over which tax deductions for depreciation must be spread. Until today, the guidelines established in 1942 for determining the useful, or depreciable, lives of more than 5,000 separate items had been in effect without change except for a few additions and revisions last fall for the textile industry.

The items were listed in a green-covered Treasury pamphlet entitled "Bulletin F." They ranged from mules, which were assigned useful lives of 10 years, to blast furnaces, 15 years, and warehouses, 75 years.

In today's action, the Treasury replaced Bulletin F with a maroon-covered pamphlet destined to be known by tax lawyers and accountants as "Revenue Procedure 62–21."

The new bulletin substitutes fewer than 100 categories of depreciable property for the old pamphlet's 5,000 items. For example, office furniture, fixtures, machines and equipment used by business in general are lumped together and given a depreciable life of 10 years.

However, there are still a number of individual items, such as "horses, breeding or work, 10 years" and "portable sawmills, 6 years."

NEW AVERAGE 12 YEARS

The average depreciable life of manufacturing assets listed in the 1942 bulletin was about 19 years. But many companies, by individual negotiations with the Internal Revene Service, were permitted to use shorter lives. The actual average, according to Treasury estimates, is now about 15 years.

The guidelines published today allow an average life of about 12 years, according to Under Secretary Henry H. Fowler.

All taxpayers, under the new rules, will be allowed to switch to depreciable lives as short as those specified by the new guidelines, and pay taxes on that basis, for at least 3 years without challenge by the Internal Revenue Service.

At the end of 3 years, the Internal Revenue Service will use an arithmetical formula to indicate whether the guidelines are suitable in individual cases. Known as the "reserve ratio" formula, it is designed to determine whether the depreciation deductions taken by a concern are consistent with its actual practice in retiring and replacing machinery and equipment.

A GUIDE, NOT A RULE

If the ratio exceeds designate levels, the taxpayer will be subject to possible increases in the useful lives over which his tax deductions must be spread. However, the reserve ratio test will be used as a guide rather than a binding rule, the Treasury said. Individual taxpayers, officials explained, may be able to justify more advantageous treatment by presenting other pertinent facts and circumstances.

Some taxpayers already are taking deductions at a faster rate than the newly published guidelines suggest. They may continue to do so, the Treasury said.

Other taxpayers now within the guidelines may want to go beyond them and are free to do so, officials said, if the reserve ratio formula does not indicate that their new depreciation rates are too fast. In that event, other pertinent facts and circumstances will be weighed before a change is ordered.

The same considerations will prevail, the Treasury said, in cases where taxpayers are already taking deductions at a faster rate than the guidelines suggest and decide to move to an even faster basis.

NO PENALTY TAXES

Penalty taxes no longer will be imposed on those who claim depreciation deductions at a faster rate than the Internal Revenue Service determines to be justified. Instead, the Service will merely adjust future deductions to compensate for any such miscalculations.

The procedures are effective tomorrow. That is, they may be applied to all tax returns due after tomorrow. Included are all returns for the calendar year 1962 as well as corporation returns for fiscal years starting after last April 1 and returns by nonincorporated businesses for fiscal years starting after last March 31.

Secretary Dillon said nearly all of the initial $1,500 million in reduced taxes would be reflected in lower Treasury revenues in the present Federal fiscal year, which started July 1. This removed any remaining hope that the budget for the year would be balanced. President Kennedy projected a precarious surplus of $500 million last January.

* * * * *

Mr. Dillon declined to estimate the revenue effect in future years. He noted that increased depreciation allowances would exceed $1,500 million a year of the desired increases in new outlays for machinery and equipment resulted. However, he said, the resulting rise in economic activity would yield greater total revenues and probably offset any longrun loss.

Revised depreciation guidelines for the textile manufacturing industry were put into effect on the old item-by-item basis last October 11. Taxpayers in that industry may now either use that method or the new procedures established today.

EXHIBIT 1

STATEMENT BY MORTIMER M. CAPLIN, COMMISSIONER OF INTERNAL REVENUE, IN CONNECTION WITH THE RELEASE OF NEW DEPRECIATION GUIDELINES AND RULES

The new depreciation guidelines and rules released today constitute one of the most significant revenue documents ever issued. For some time, technological improvements and other factors directly affecting the lives of many assets had created difficulties for both taxpayers and tax agents in considering depreciation.

The new guidelines give more liberal lives and meet the urgent need for an objective approach to depreciation, and should also eliminate many administrative problems. They have been designed to give taxpayers and tax agents a new concept consistent with our present law and regulations, and to translate into action our forward looking objectives.

Release of the new rules and guidelines on depreciation is the first step. The Internal Revenue Service is planning a series of training programs to familiarize tax agents with this new tool for computing and testing depreciation. At a later date it is expected that seminars will be held for representatives of industry in our regional and district offices.

Our policy of encouraging voluntary compliance through reasonable administration of the tax laws requires the support and understanding of both taxpayers and the Internal Revenue Service. The new depreciation procedure, effective for income tax returns due to be filed on or after July 12, 1962, is part of this approach and two-way cooperation will assure its success.

STATEMENT BY THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY, ON THE ISSUANCE OF THE NEW DEPRECIATION GUIDELINES AND RULES, JULY 11, 1962

The new guidelines and procedures for determining depreciation on machinery and equipment used by all American business constitute a fundamental reform in the tax treatment of depreciation that will provide a major stimulus to our continued economic growth.

This reform culminates a year of intensive study and work on the part of the Treasury with cooperation and assistance every step of the way by the Internal Revenue Service, substantial help from other Government agencies, and advice from countless businessmen, their lawyers, engineers, and accountants.

Successful completion of the job required us to examine the depreciation practices, present and prospective rates of economic obsolescence, and the pace of technological change in American industry and in industry abroad. This enormous task has been completed with the greatest possible speed.

The reform we have achieved fully meets—while in no way exceeding—the requirement of existing law that reasonable allowances be given for depreciation.

Depreciation has been a major problem of U.S. tax policy for decades. As a deduction used in determinging the taxable income of a business, it directly affects the rate of recovery of invested capital. For that reason, it plays a vital role in business investment decisions—a major factor in determining a nation's rate of economic growth. Faster economic growth is essential if we are to reduce unemployment and provide jobs for the millions of workers coming into the labor force. Equally important, the investment level is closely related to productivity, hence plays an important part in determining the competitive position of U.S. producers in world markets. We must be competitive if we are to reduce our balance-of-payments deficit and stem the drain on our gold stocks. Depreciation rates are, therefore, important not only to the welfare of business, but to the welfare of every American citizen.

Our depreciation practices have not been realistic for a great many years. Based essentially on taxpayers' past replacement practices, they have inadequately reflected the fast-moving pace of economic and technological change.

The new depreciation guidelines correct this fundamental flaw and the new rules for application of the guidelines recognize that economic obsolescence is a continuing factor in business life which our tax administration must take fully into account. The rate of depreciation permitted under the rules will not be tied to past history—it is tied to concurrent adoption of replacement practices consistent with the lives which are claimed for tax purposes.

The guidelines will not be allowed to become outdated—as was the case for so long with Bulletin F, which the new guide lines replace. Our revision of depreciation guidelines and rules recognizes that depreciation reform is not something that, once accomplished, is valid for all time. It re-

flects an administrative policy dedicated to a continuing review and updating of depreciation standards and procedures to keep abreast of changing conditions and circumstances. The experience under the new guideline lives, industry and asset classifications, and administrative procedures, will be watched carefully with a view to possible corrections and improvements. Periodic reexamination and revision will be essential to maintain tax depreciation treatment which is in keeping with modern industrial practices.

This depreciation revision will bring meaningful and lasting benefits to all of American business, agriculture, and mining.

The new guideline lives average 32 percent shorter than those established in Bulletin F. More significantly, they are—as our Treasury depreciation survey showed—15 percent shorter than the lives in actual use by 1,100 large corporations which hold two-thirds of all the depreciable assets in manufacturing.

In actual practice, we anticipate that these same companies will be able to take faster depreciation than that provided in the new guidelines. As a result, the depreciable lives they will actually use are expected to be 21 percent shorter than those in use now.

More rapid depreciation than presently taken will be immediately allowed under the new guidelines on 70 to 80 percent of the assets in use by American business today.

For all of our 12 million corporate and noncorporate businesses, we estimate that the potential increase in annual depreciation charges under the new guidelines will amount to 17 percent, or a total of $4.7 billion, in the first year. Because some businesses operate at a loss, and others may not choose to make immediate full use of the new guidelines, we estimate that the additional depreciation claimed on taxable returns in the first year will be $3.4 billion. In contrast, the increased annual depreciation charges resulting from enactment of accelerated depreciation in 1954 had—after 7 years—reached only $2.5 billion by last year.

The $3.4 billion potential increase in depreciation charges will mean a reduction in business tax liabilities, in the first year, of $1.5 billion. But this is a gross figure. A very substantial part, if not all, of this sum will be recouped promptly by the Government as higher depreciation charges increase the flow of cash to corporations and this money finds its way directly into new investment, thus creating jobs and taxable income for business and individuals.

The potential $4.7 billion in increased depreciation charges for business is also interesting when viewed in another light; namely, the extent to which it closes the so-called depreciation gap. This gap was caused by the inflation of years past which meant that business had to replace its machinery and equipment at ever-rising cost, while the cash it retained through depreciation was based on the cost of its outworn assets. The gap is obviously hard to measure, but such important business organizations as the Machinery & Allied Products Institute have placed it at $5 to $8 billion a year.

Our new depreciation guidelines are not based on any estimate of the effects of inflation on replacement costs—nor could they be under existing law, even if we thought such a policy desirable. But the fact is that our depreciation reform standing alone, goes much of the way toward closing the so-called depreciation gap. Coupled with the investment credit, now pending before the Senate Finance Committee, the reform will close the gap entirely, because the depreciation equivalent of the credit is $2.9 billion.

This is not, however, the only reason why enactment of the credit is essential. Depreciation reform, important as it is, will not put American business on a comparable footing with its foreign competitors so far as tax treatment of investment is concerned.

The percentage of first-year cost recovery on investment in the United States is now only a little more than 13 percent. Because of special tax incentives for new investment granted by our nine friendly major industrial competitor nations, the average first-year recovery in those countries is 29 percent—more than twice our current figure. With this new revision, our percentage will rise to 16.7 percent—but still far short of equality. If, however, we couple the proposed 7 percent investment credit with the depreciation revision, this picture will change sharply. Our average percentage, first-year cost recovery would then climb to 30.7 percent—higher than the average of the nine other nations and above the actual cost recovery allowed in all but two, Japan and the United Kingdom.

That is why we recommended the credit—because we believe it imperative to give American producers every legitimate assistance in meeting foreign competition. The administration has done its part with the completion of this depreciation reform. Further action must come from the Congress, and I hope that Congress will soon take favorable action on the investment credit.

STATEMENT OF THE PRESIDENT

THE WHITE HOUSE.

The Treasury has today completed its work on the first administrative modernization of Federal tax depreciation schedules and procedures in the 20 years since the present guidelines were issued. The new schedules, which will go into effect immediately, will automatically permit more rapid and more realistic depreciation than is presently taken on 70 to 80 percent of the machinery and equipment now used by American businessmen and farmers. The tax cut these changes will make possible—the net reduction in tax liabilities—will reach $1½ billion in the first year.

Although the executive branch has long been authorized by statute to allow reasonable deductions for depreciation based on obsolescence as well as wear and tear, the Internal Revenue's Bulletin F has never been changed since its publication in 1942, despite the vast and apparent changes in the rate at which modern machinery in a new age of technology can become obsolescent and require replacement. As a result, American businessmen have been handicapped in their efforts to expand and modernize their plants, to lay aside funds for reinvestment and to compete with the efficient, modern plants of other industrial nations.

The more realistic view of an asset's depreciable life, as contained in today's new guidelines, suggests schedules which average (for manufacturing industry) 32 percent less than those which have been covered in Bulletin F since 1942—and 21 percent less even than those currently in use by manufacturers covered in the Treasury depreciation survey.

In addition to these new schedules, the new rules issued today give our businessmen much greater freedom and flexibility in determining for themselves the rate at which their equipment is to be written off for tax purposes. Hereafter, that rate will not be questioned so long as it is consistent with actual practice in retiring and replacing machines. By encouraging American business to replace its machinery more rapidly, we hope to make American products more cost competitive, to step up our rate of recovery and growth and to provide expanded job opportunities for all American workers.

Business spokesmen who have long urged this step estimate that the stimulus to new investment will be far greater—perhaps as much as four times greater—than the $1.5 billion made available. In any event, it is clear that at least an equal amount will go into new income-producing investment and eventually return to the Government in tax revenues most, if not all, of the initial costs.

This is a permanent change in the light of technological advance. Until these long-standing and outmoded handicaps to modernization were removed, it was difficult for American business to achieve its maximum productivity—and the highest possible productivity is urgently needed today to keep our costs and prices competitive with those of other nations, and to expand our economy fast enough to provide jobs for all who want them.

This is only part of the solution. In addition to modern and realistic depreciable lives, most major industrialized nations provide a special tax incentive for investment. The investment credit contained in the pending tax bill is needed to put American producers on a comparable tax footing with their foreign competitors, to increase our share of both foreign and domestic markets, and thus protect our balance of international payments and gold reserves.

The reform announced today has been carried out as quickly as possible, and goes as far as it is administratively possible to go to meet the investment needs of American business. I am hopeful that the Congress will do its part by enacting the investment credit.

DEPRECIATION GUIDELINES AND RULES

The Treasury today made public IRS Revenue Procedure 62–21, embodying a basic reform in the standards and procedures used for the determination of depreciation for tax purposes.

The fundamental concept underlying the new procedure is that the depreciation claimed by a taxpayer will not be disturbed if there is an overall consistency between the depreciation schedule he uses and his actual practice in retiring and replacing his machinery and equipment. Demonstration of this overall consistency will be based upon broad classes of assets. Guidelines are established for each of these classes—in all cases shorter than those previously suggested for the guideline class as a whole—to assist in the determination of appropriate appreciable lives.

A central objective of the new procedure is to facilitate the adoption of depreciable lives even shorter than those set forth in the new guidelines—and shorter than those currently in use, even where current usage is already below the guidelines—provided only that certain standards are met and that subsequent replacement practices are reasonably consistent with the tax lives claimed.

The procedure becomes effective immediately and may be used in the preparation of any tax return due after the date of publication. The new guideline lives and new administrative procedures are applicable to all depreciable property, including existing assets as well as new acquisitions.

The procedure, while replacing the Bulletin F guidelines for depreciable lives, does not supersede existing rules, outstanding arrangements, or established procedures for determining depreciation for any taxpayer who wishes to continue to use them.

GUIDELINE LIVES BASED ON BROAD ASSET CLASSES

The new, shorter guideline lives apply to about 75 broad classes of assets, rather than to explicitly detailed items of depreciable property. In most cases, a single industry guideline class will cover all the production machinery and equipment typically used in the industry. Certain assets in general use by all industries, such as automobiles and trucks and office machines and furniture, are covered by guideline classes which cut across industry lines. For most taxpayers, three or four guidelines will encompass all of their depreciable assets.

The emphasis in this broad class approach is on achieving a reasonable overall result

in measuring depreciation rather than a needless and labored item-by-item accuracy.

Example: IRS Bulletin F, which the new guidelines supersede as a benchmark for the determination of appropriate depreciable lives, sets forth:

For the hotel industry—18 separate specified lives for equipment used in hotels, ranging from 6 years on blankets and spreads to 20 years for fire alarm and prevention equipment. Hotel equipment is now encompassed in the guideline class for service industries, set at 10 years.

For ice-cream producers—111 item lives ranging from 4 years for ice-cream cans to 25 years for cast-iron flavoring kettles. Equipment used by ice-cream manufacturers is now covered in the guideline class for food products, at 12 years.

For soap producers—201 item lives, ranging from 4 years for fat acid pumps to 30 years for lathes used in making barrels. Soap manufacturers are now covered by the 11-year guideline for all machinery and equipment used in the chemical and allied industries.

THE OBJECTIVE RESERVE RATIO TEST

In many situations under Revenue Procedure 62–21, the use of an objective standard for determining the appropriateness of the depreciation taken comes into play. This standard is the reserve ratio, which is computed by dividing the depreciation reserve for a particular class of assets by the original cost (or other basis) of these assets.

The reserve ratio test measures the relationship between tax lives and replacement practice on a comprehensive basis with the objective of achieving a reasonable overall result.

Its use and its application to broad classes of assets will therefore end preoccupation with determination of specific item lives, which can burden both taxpayers and the Internal Revenue Service without necessarily achieving meaningful improvement in the fairness or realism of depreciation allowances.

The reserve ratio test may be used by the taxpayer as a means of automatically justifying his right to follow the depreciation practices he is using. It will, however, be used only in conjunction with established standards as a basis for imposing longer lives than those the taxpayer considers appropriate. Where the reserve ratio test is not met, the taxpayer will always be allowed, as at present, to demonstrate the reasonableness of the depreciation claimed on the basis of all the pertinent facts and circumstances.

The reserve ratio test embodied in Revenue Procedure 62–21 differs significantly from the rough rules of thumb which have in the past sometimes been used. The appropriate ratios set forth vary according to the method of depreciation employed, the depreciable lives used and the rate of growth of a taxpayer's assets.

While the reserve ratio test is more carefully designed than former tests based on the same general concept, it is, however, also more flexible. It takes into account the inevitable deviations from a theoretical norm by providing a range within which the reserve ratio may vary without signaling a possible need for adjustment of tax lives.

An important feature of the reserve ratio test is the latitude it allows taxpayers in the determination of their depreciable lives, provided they meet reasonable standards. The margin of tolerance contained in the reserve ratio table encompasses rates of replacement as much as 20 percent slower than the tax life used but only 10 percent faster. Thus the reserve ratio will more quickly indicate a taxpayer's right to faster depreciation writeoffs than the possibility that longer tax lives should be used.

The reserve ratio test is computed as follows:

1. The reserve ratio is determined by dividing the depreciation reserve for a particular class of assets by the original cost or other basis of these assets.

2. The rate of growth of the guideline class is ascertained by first computing the ratio of assets in the class at the close of the current year to the assets in the class at the close of a "base year"—where possible, an entire replacement cycle earlier. The taxpayer can then read his rate of growth from the table provided in the procedure.

3. The class life to be tested is then found.

4. The taxpayer's reserve ratio is then compared with the reserve ratio range selected from the reserve ratio table which is appropriate to the method of depreciation being used for the assets in that class, the rate of growth in the class and the test life for that class.

Here is an example of how a taxpayer using straight-line depreciation and a 10-year class life would compute—and find that he met—the reserve ratio test:

Cost of assets in guideline class: $10,000.

Depreciation reserve: $5,200.

Reserve ratio therefore is 52 percent.

Assets one replacement cycle earlier: $8,200.

Ratio of present assets to base year assets: 1.129.

Rate of growth (from growth table) is 2 percent.

Test life used: 10 years.

Appropriate reserve ratio range (from reserve ratio table): 44 to 56 percent.

NEW GUIDELINES IMMEDIATELY AVAILABLE TO ALL TAXPAYERS

Any taxpayer who wishes to use the new guideline lives—or a life longer than the guidelines—may do so initially as a matter of right and without question by the Internal Revenue Service for a period of 3 years. He may if he wishes, shift to the use of the guideline classes and lives and depreciate all the assets in each class at a single rate, which in a majority of cases will be shorter than the rate he has been using. Or, he may rearrange the individual lives used in his item accounts or his multiple-asset accounts, to reach an average equal to the guideline.

Example: A taxpayer with three assets comprising a guideline class is presently depreciating them at straight line as follows:

	Cost (or basis)	Life used	Depreciation rate (percent per year)	Straight line depreciation taken
Machine A	$12,000	12 years	8¼ percent	$1,000
Machine B	10,000	8 years	12½ percent	1,250
Machine C	20,000	20 years	5 percent	1,000
Total	42,000			3,250

The depreciation the taxpayer is presently taking, item by item, equals a weighted average depreciable life for the three assets ($42,000 divided by $3,250) of 12.8 years.

Suppose the guideline has been set at 10 years.

He may shift to the class approach and the guideline life immediately and without challenge, thus taking an annual depreciation deduction of $4,200.

Or he may change his item lives to achieve a 10-year weighted average life. One such shift might be as follows:

	Cost (or basis)	Life used	Depreciation rate (percent per year)	Straight line depreciation taken
Machine A	$12,000	8 years	12½ percent	$1,500
Machine B	10,000	8 years	12½ percent	1,250
Machine C	20,000	14 years	7⅛ percent	1,428
Total	42,000			4,178

MOVEMENT TO GUIDELINE UNQUESTIONED FOR 3 YEARS

Use of the guidelines, automatically allowed to all taxpayers at the outset, will continue to be accepted after the end of the 3-year transitional period unless there are clear indications that the taxpayer's replacement practices do not conform with the depreciation claimed and are not even showing a trend in that direction.

Taxpayers who have, in the past, been following replacement practices consistent with the tax lives previously used and who continue to follow practices consistent with the new lives claimed will automatically meet the reserve ratio test. They will, therefore, be allowed to continue indefinitely to use the tax lives at least as short as the guidelines.

In those exceptional situations where the taxpayer's depreciation reserve is initially above the appropriate reserve ratio range for the guideline life or rises above that range during the first 3 years, he will nevertheless be allowed to continue to use a life at least as short as the guide line for a 3-year transition period.

The new lives may be questioned beginning in the fourth year only if the use of the reserve ratio test shows that the taxpayer is not, in fact, moving toward a replacement practice consistent with the class life used for tax purposes. Movement toward a consistent retirement and replacement pattern will be considered to be demonstrated if the amount by which the taxpayer's reserve ratio exceeds the appropriate range is lower than in any one of the 3 preceding years. If a taxpayer with an initially excessive reserve meets this test in the fourth year and does so continuously each year thereafter, he will be permitted a period of years equal to the guideline life to reach the upper limit of the appropriate reserve ratio range. For example, if a taxpayer is using a 12-year guideline life, he would be allowed a period of 12 years, beginning with the first year under Revenue Procedure 62–21, to reduce his reserve ratio to within the range.

USE OF LIVES SHORTER THAN GUIDELINES PERMITTED

The guideline lives will not be treated as minimums. Shorter lives which have already been established or which may in the future be justified as reflecting the taxpayer's existing or intended replacement practices will be permitted.

Revenue Procedure 62–21 will not disturb the continued use of below-guideline lives which a taxpayer has already demonstrated to be realistic.

In addition, the procedure sets forth standards under which taxpayers, including those

previously using lives below the guidelines, may establish still shorter tax lives concurrent with the adoption of more progressive replacement and modernization practices.

A taxpayer who has previously used lives shorter than the guidelines will be permitted automatically to continue to use these shorter lives if:

1. He has previously demonstrated his right to such shorter lives, or

2. He has used these lives for at least one-half of a replacement cycle and his reserve ratio falls within the appropriate range.

It is necessary that lives be in use for one-half a replacement cycle before the taxpayer's reserve ratio may be used as automatic justification for below-guideline lives because the reserve ratio will not reliably indicate whether shorter lives are justified when the life used has only recently been adopted.

A taxpayer who wishes to move for the first time to a below-guideline life or to reduce further an already below-guideline life will be allowed to do so automatically if:

1. His reserve ratio for the preceding taxable year is below the lower limit of the appropriate reserve ratio range, and

2. He has been using the life which he now wishes to reduce for at least one-half a full replacement cycle, and

3. The new life to which he wishes to move is no lower than the life which can be justified by the use of an adjustment table which is provided as part of the new procedure.

Example: A taxpayer has been using a 16-year class life, and has been using it for at least 8 years. He can automatically shift to a shorter life in the following situation:

Method of depreciation: Straight line.

Cost of assets in the guideline class: $10,000.

Depreciation reserve: $4,200.

Reserve ratio therefore is 42 percent.

Rate of growth is 2 percent.

Life being tested: 16 years.

Appropriate reserve ratio range (from reserve ratio table): 43 to 55 percent.

Life to which he may drop (from adjustment table): 13.5 years.

Taxpayers who do not meet the prescribed tests for automatic use of lives shorter than those prescribed in the guidelines, regardless of whether or not they have used them previously, may in all cases demonstrate their entitlement to such shorter lives on the basis of all the relevant facts and circumstances.

Relevant facts and circumstances include, but are not limited to, demonstration that:

1. The taxpayer (if other than a regulated public utility) is using the same depreciable life on his books as the one he is claiming for tax purposes.

2. The taxpayer actually intends to follow a more rapid replacement practice.

3. The taxpayer has previously followed replacement practices consistent with the depreciation allowances previously claimed.

4. The taxpayer makes abnormally intensive use of his assets.

5. A number of the assets in a guideline class were not new when acquired by the taxpayer.

6. The guideline class contains, for the particular taxpayer, a disproportionate number of relatively short-lived assets.

7. Extraordinary obsolescence affects the particular taxpayer.

The 3-year transition rule, which gives the taxpayer an interval of time following the effective date of Revenue Procedure 62–21 to bring his replacement practices into conformity with his tax depreciation claimed, will apply to those who move below the guidelines as well as those who shift to a class life at or above the guidelines.

Following expiration of the transition rule, the reserve ratio test will provide to all taxpayers a continual means of demonstrating that the tax lives being used correspond with replacement practices.

AMOUNT OF UPWARD ADJUSTMENT SPECIFIED

Where the depreciation claimed by the taxpayer proves to be significantly out of line and cannot be justified by the reserve ratio test or by a showing of facts and circumstances, adjustments will be called for. Revenue Procedure 62–21 provides tables which will indicate how much adjustment is appropriate, but in no case will depreciable lives be lengthened beyond the shortest which can be justified by all the facts and circumstances. "Penalty rates," which have in the past been used in an attempt to correct past errors over a short period of time will no longer be imposed. Lives will be lengthened merely to correspond with actual replacement practice.

In most cases, the life for the guideline class will be lengthened in accordance with the table for adjustment of depreciable lives, which is part of Revenue Procedure 62–21.

Example: A taxpayer who has been using a 12-year class life and who is unable to demonstrate that the facts and circumstances of his case justify use of that life would have the life lengthened in the following situation:

Method of depreciation: Double declining balance.

Cost of assets in guideline class: $10,000.

Depreciation reserve for class: $6,500.

Reserve ratio therefore is 65 percent.

Rate of growth is 4 percent.

Life being tested: 12 years.

Appropriate reserve ratio range (from reserve ratio table): 53 to 61 percent.

Life to which he would be lengthened (from adjustment table): 15 years.

Any necessary lengthening of depreciable lives will be put into effect no earlier than the first year in which the reserve ratio test is not met and the life cannot be justified on the basis of the facts and circumstances. The lives will not be lengthened for any earlier taxable year.

GUIDELINES NOT RETROACTIVE

This procedure will be effective immediately but will not apply to depreciation allowances for taxable years for which returns were due to be filed before the date of publication of revenue procedure 62–21.

Examination of the depreciation claimed for earlier taxable years will be made under previously established procedures. The new guideline lives set forth in the procedure will not be considered as evidence that these lives were the appropriate ones in previous years for a taxpayer who did not follow replacement practices consistent with the guidelines.

A taxpayer may, however, in certain circumstances resort to the reserve ratio table in this procedure to demonstrate that his replacement practice in past years supports the life claimed.

Example: A more complete and realistic example of the means of shifting present item depreciation accounts to the new guideline lives follows. It includes consideration of salvage value and the use of the double declining balance method of depreciation.

	Cost (or basis)	Life used	Method of depreciation	Salvage	Depreciation rate (percent per year)	Straight line depreciation	Actual depreciation taken
Machine A	$10,000	10 years	Straight line	$1,000	10 percent (times basis less salvage)	$900	$900
Machine B	5,000	8 years	do	$1,000	12½ percent (times basis less salvage)	500	500
Machine C	6,000	20 years	Double declining balance	Reserve $1,626	10 percent (times basis less reserve)	300	437
Machine D	15,000	15 years	do	$2,000	13⅓ percent (times basis less reserve)	1,000	1,733
Total	36,000					2,700	3,570

The depreciation this taxpayer is presently taking, item by item, equals a weighted average class life of 13⅓ years ($36,000 divided by $2,700).

Suppose the guideline for the class which these four assets comprise has been set at 10 years. The total depreciation taken at the straight line rate, which is used for purposes of testing and comparison, cannot therefore exceed $3,600 (the 10-percent straight-line depreciation rate times the total basis).

This taxpayer has the following alternatives: He may subgroup the items in the class according to the method of depreciation used and change the lives to achieve a 10-year weighted average life. One such shift might be as follows:

	Basis less salvage	Life used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machines A and B	$13,000	7½ years	14 percent	$1,820	$1,820
Machines C and D	Basis, $21,000	12 years	8⅓ percent	1,749	2,894
Total				3,569	4,714

Alternatively, this taxpayer may change his item lives to achieve a 10-year weighted average life. One shift might be as follows:

	Basis less salvage	Life used	Straight line depreciation rate	Straight line depreciation	Actual depreciation taken
Machine A	$9,000	10 years	10 percent	$900	$900
Machine B	$4,000	5 years	20 percent	800	800
Machine C	Basis, $6,000	15 years	6⅔ percent	400	883
Machine D	$15,000	10 years	10 percent	1,500	2,600
Total				3,600	4,883

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

Mr. HUMPHREY. I yield.

Mr. JAVITS. I have conferred with the Senator from Minnesota rather constantly on tax policy. I agree with him that the new depreciation schedules, which have been long overdue, will be of real benefit to business; but I hope very much we will now move into completing action on the tax bill, which is being voted on in the Finance Committee, get it to the floor of the Senate and vote on it, so that it may produce additional revenue; get that done and then have a look at the need for some tax reform, perhaps tax reduction, in order to deal with the present exigencies.

I agree with the Senator from Minnesota that this action has been needed. It is not so much a question of amount as it is the right placement of the relief at a point where it can do the most good to our economy today.

I agree with the Senator thoroughly that that is the virtue of this readjustment of depreciation schedules.

Mr. HUMPHREY. I thank the Senator. I add that the Secretary of the Treasury, in announcing this particular revision of the depreciation schedules, made note of the fact that this was but a first step, even though a vital step in the right direction. Other things need to be done. Of course, he strongly recommended the investment credit provision for the Revenue Act, now pending in the Congress.

There are some of us who feel that the most important development which could take place for the stimulation of the economy—to give it the momentum it really needs to absorb unemployment, to move us along toward the goal of a $600 million gross national product—would be a reduction in both corporate and individual taxes. It is my view that this is needed. I shall continue to press as best I can for the acceptance of that point of view.

SIGNIFICANCE OF THE SAFETY LOCK AGAINST ACCIDENTAL WAR—NEED FOR REPORT BY U.S.S.R. ON SIMILAR SAFEGUARD

Mr. HUMPHREY. Mr. President, the Nation has welcomed word from the White House that the United States has devised a secret electronic "safety lock" to prevent accidental or unauthorized firing of nuclear weapons.

This research program demonstrates, again, the dedication of President Kennedy and of his administration to the goal of reducing the danger of war, whatever be the nature of the danger.

COMMENDATION OF JOINT COMMITTEE

At the same time, I wish to commend the Joint Committee on Atomic Energy. Its long standing expert interest in this subject was very aptly described July 10 by the distinguished Senator from New Mexico [Mr. ANDERSON]. He traced year by year, step by step, the origin of this historic development in safety on nuclear weaponry.

I would only add that this issue, in all its diplomatic-military implications, has naturally been of deep interest, as well, to the Subcommittee on Disarmament of the Committee on Foreign Relations. As chairman of that subcommittee, may I point out that our concern has been with the full range of hazards of war—war by hostile calculation, by miscalculation, by escalation, by unauthorized decision, by human error, mechanical flaw, or man-machine mistake.

Almost everyone realizes that the hazard of accidental war, in particular, tends to increase with the onrush of technology everywhere. More and more nations will be developing nuclear capability and delivery power and/or will be requesting the right to share in that capability or power. More and more individuals of different background, viewpoint, training and authority will be involved. This means there will be more and more risk with every development. Let me sum up now a few observations on accidental conflict, per se:

OPEN AND CLOSED SOCIETIES

There are naturally two phases to avoidance of accidental nuclear war: Avoidance of a mishap within an open society; that is, by the United States and other nations of the free world.

Avoidance of a mishap in a closed society; that is, by the U.S.S.R., Red China, or Communist bloc nations, when the latter develop or receive nuclear capability and delivery power.

ONE NATION'S ERROR—MANY NATIONS' GRAVE

As the popular song states, it "takes two to tango." But, it only takes one nation to commit a nuclear mistake, and all nations would thereafter suffer.

The United States and the U.S.S.R., in particular, carry an awesome obligation to themselves and to mankind. The most powerful nations owe to all nations, including the very smallest, a firm assurance that the fullest precautions have been taken against the triggering of an accidental holocaust.

After all, no nation, large or small, is in a position to tell this spinning globe: "Stop. We're getting off." We are all on one shrinking danger-filled planet.

U.S. ACTION ON ITS RESPONSIBILITY

The United States has clearly recognized its obligation to itself and to the world—not only to adopt precautions, but also to inform the world on the outline of these safeguards. The White House announcement illustrates, once again, America's sense of responsibility as well as the candor of our open society.

LACK OF KNOWLEDGE OF U.S.S.R.'S SAFEGUARDS

But the U.S. news is in stark contrast to the ominous silence on the subject of safety precautions on the part of the U.S.S.R. The free world, thus, remains in almost complete ignorance as to safeguards which may have been taken by the Kremlin. We assume and hope such safeguards exist and, indeed, "must exist," particularly within an authoritarian society, where decisionmaking is centralized.

But we do not know to what extent collective leadership in the Kremlin may control the use of nuclear weapons or whether a single man—Khrushchev alone—has the power to press the button. Moreover, we do not know what the practices of command and control are in the Red army, Red navy, and Red air force, from highest to operational levels and back. We do not know, for example, what procedures exist in the U.S.S.R. to prevent Soviet escalation of conventional war.

MY 1961 SENATE RESOLUTION

In order to help make available to the world the information to which it is entitled, I offered on September 5, 1961, Senate Resolution 203, 87th Congress. It would express the desire of the Senate that the President "instruct the U.S. Representative to the United Nations to propose in the Security Council, and to press for adoption by the Council, a resolution calling upon the member states which possess weapons or capabilities in nuclear warfare to report at the earliest possible date, to the extent consistent with the reasonable requirements of national and international security, of the organizational, procedural, mechanical, and other precautions or safeguards which they have taken to prevent accidental nuclear conflict."

The United States has, of course, everything to gain and nothing to lose from such reports, since we already have released so much information on the subject.

Since September, in various public statements, I have repeatedly urged that safeguards against accidental war be recognized as a unilateral, bilateral, and multilateral obligation on all sides. It is hardly sufficient if the free world has foolproof safety locks but the U.S.S.R., or, later, Red China, does not.

STATE DEPARTMENT PRAISED RESOLUTION'S AIM

On April 26, 1962, Assistant Secretary of State Frederick Dutton officially responded to the Senate Foreign Relations Committee's inquiry as to reaction on Senate Resolution 203. I have been authorized by the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], to make public the State Department's reply. Mr. Dutton's letter stated:

> The problem toward which Senator HUMPHREY's resolution is directed is one of the most important facing our civilization. The Department is in full accord with the objectives of the HUMPHREY resolution to provide for what he described in the Senate speech on July 31, 1961, as "complete reciprocity" in the exchange of information on this subject between the U.S., U.S.S.R. and other nuclear powers.

Mr. Dutton then expressed doubt that even the passage of a Security Council resolution would result in Soviet disclosure of what Russia regards as highly classified data.

It will be recalled that, I, too, had realistically mentioned that chances of disclosure might be very modest, but were certainly worth the effort. It is for this reason that I feel that the United States should not hesitate to urge the Security Council to request the reports, as my resolution originally urged.

Mr. Dutton did soundly point out that steps to minimize the danger of accidental war are now part and parcel of the Disarmament Treaty proposals which the United States has submitted to the U.S.S.R.

KEEP THIS SUBJECT ON GENEVA AGENDA

And so, I now express the hope that the United States will maintain the initiative and that it will keep high on the agenda of the Geneva discussions this particular phase; namely, precautions to alleviate the possibility of accidental nuclear conflict through a nuclear accident in the weaponry department. We must never lose faith that a so-called impossible agreement can be achieved. No stone must be left unturned in our quest for security and peace.

EDITORIALS ON SAFETY LOCK

Gradually, the subject of accidental war has gained increasing consideration. Most discussion has, however, revolved around the U.S. efforts to minimize the danger. This phase of the discussion is, nevertheless, to the good. I submit that accidental war is a danger which deserves attention not only by this country but also by every major power.

In its July 9 edition, the Washington Evening Star published an important editorial on the new U.S. safety lock. I congratulate the Star for this valuable expression on a subject whose significance can hardly be overestimated.

I welcome the keen understanding manifest, too, by the Baltimore Sun. On July 8 it, likewise, editorialized on the U.S. phase of this momentous subject.

SILENCE ON U.S.S.R.'S OBLIGATIONS TENDS TO GIVE CONSENT

It would be very good for mankind if there were similar editorials in the press of every free nation—in England, in France, in India, in Brazil, and everywhere else. It would be especially valuable if the editorials focussed on the Soviet phase—that is on the Soviet's obligation to mankind. Silence as to the Soviet's obligation may be interpreted by the U.S.S.R. as giving consent to its refusing to speak up. Silence, I feel, must not give consent. The world should speak up for its rights—the right not to be plunged into a war not of its making or of its choice because of the possible absence of Soviet precautions.

Mr. President, I have spoken on the subject repeatedly. I repeat that the scientific community is deeply concerned over the possibility of nuclear conflict due to accident or the failure of intricate mechanisms in nuclear warheads or in atomic bombs.

We know that aircraft carry atomic weapons. We know that the Soviet Union has such weapons. We know that the Soviet Union has atomic and nuclear weapons which are carried by plane or by rocket. I submit that it is the duty of every nation on the face of the earth to demand that the Soviet Union reveal the precautions that have been taken to prevent an accident, or an explosion of one of those weapons, particularly in our missile and rocket age.

Our Government has gone to great length and expense to see to it that there is a safety lock upon these weapons that would prevent their being triggered accidentally. We have no information thus far as to what the Soviet Union is doing in this direction. We have no information as to who has control over the possibility of the firing of a nuclear weapon.

The world knows that in the United States the responsibility rests with the President of the United States. The world knows that not even our NATO allies can utilize nuclear weapons without the express order and command of the President of the United States because nuclear weapons are under the control of the Government of the United States in our alliance under the terms of NATO.

We have no information whatsoever on the subject from the Soviet Union. I recognize that certain practical people will say, "You will never be able to get such information from the Soviet Union." That does not mean that we should not demand it. The Soviet Union constantly harasses us. The Soviet Union asks us question after question at every conference. They besiege us with points of view and argument in conference after conference.

I suggest that we indulge ourselves in a constant inquiry of the Soviet Union in every conference in the United Nations with every means that we have available as to what precautions that country is taking as a nuclear power to prevent an accidental war through the accidental triggering of a nuclear weapon which could cause a major catastrophe.

I ask unanimous consent that the Evening Star and Baltimore Sun editorials to which I have referred, together with Secretary Dutton's reply of April 26, be printed at this point in the RECORD.

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

DEPARTMENT OF STATE,
Washington, D.C., April 26, 1962.

Hon. J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: This is in reply to your letter of September 12, 1961 requesting the Department's comments upon Senate Resolution 203, submitted by Senator HUMPHREY on September 5, 1961. The resolution recommends that the President instruct the U.S. representative to the United Nations to propose in the Security Council a resolution calling upon nuclear powers to report "to the extent consistent with the reasonable requirements of national and international security," the measures which they have taken to prevent "accidental nuclear conflict."

The problem toward which Senator HUMPHREY's resolution is directed is one of the most important facing our civilization. The Department is in full accord with the objective of the Humphrey resolution to provide for what he described in the Senate speech on July 31, 1961, as "complete reciprocity" in the exchange of information on this subject between the United States, U.S.S.R., and other nuclear powers. However, we are doubtful that a Security Council resolution will cause the Soviets to disclose information which they have so far regarded as highly classified.

The Department believes that the objectives of the Humphrey resolution of preventing accidental nuclear conflict can be met most effectively by discussions within the framework of the disarmament negotiations now going on in Geneva. The "Outline of Basic Provisions of a Treaty on General and Complete Disarmament in a Peaceful World" which was announced by the President and submitted to the Geneva Conference on April 18, 1962, contains a number of proposals designed to reduce the risk of war by accident, miscalculation or failure of communications. In stage I, for example, the outline contains provisions for advance notification of military movements; for an exchange of military missions between, for example, NATO and the Warsaw Pact organization; and for improvement of communications between heads of government, such as the installation of a direct telephone line for use by President Kennedy and Premier Khrushchev. In addition, the outline proposes creation of an International Commission on Reduction of the Risk of War where methods for reducing the risk of accidental explosion of nuclear weapons and many related measures could be discussed.

The Soviet Union has shown interest in discussing some of these proposals as limited measures which might be agreed to separately from any comprehensive disarmament agreement. The U.S. delegation at Geneva has urged that priority be given to this subject which is already on the agenda of the Conference. The U.S. and U.S.S.R. representatives, as permanent cochairmen of the Conference, have been and will be discussing these matters privately, and this may offer the most fruitful method of achieving the objective of Senator HUMPHREY's resolution.

In this context, the Soviet Union may be more willing than heretofore to consider seriously the dangers of accidental nuclear conflict as well as the mutually useful step of exchanging information as a means of ensuring against nuclear war by accident or miscalculation. The Department believes in this way effective progress can be made in achieving the exchange of information recommended in Senate Resolution 203.

The Department has been advised by the Bureau of the Budget that from the standpoint of the administration's program, there is no objection to the submission of this report.

Sincerely yours,

FREDERICK G. DUTTON,
Assistant Secretary.

[From the Washington Star, July 9, 1962]

SAFETY LOCK ON THE BOMB

The disclosure that the United States has developed a secret electronic device to safeguard against accidental or unauthorized detonation of any of our atomic weapons should help to ease fears both here and abroad of such a mistake. The news will be especially welcome among our NATO allies where we have batteries of atomic missiles deployed for instant use in event of an atomic attack on the West.

President Kennedy is reported ready to ask Congress for funds with which to complete development of the device and to begin its manufacture and its distribution to our atomic outposts. Once installed, it will be impossible for a nuclear warhead to be triggered off either by an accidental pushing of the discharge button or by the reaction of a panic-stricken field commander or of a disordered mind. The trigger may be operated, but nothing will happen until a commander in supreme authority, acting under Presidential command, actuates the safety lock on the trigger by means of a coded radio signal.

The safety lock consists of an electronic mechanism to control an electrical circuit operating the detonator. Until the circuit is completed by the transmission of a signal from the controller, the detonator will not fire, no matter how many times the trigger button is depressed. The system is similar to the mechanism of a gun—until the gun is cocked the trigger will not fire the shell.

The added safety feature will be installed first on our intermediate range missiles already deployed in Europe and later on all

other missiles intended for use against an enemy. It is a timely improvement, for there has been increasing concern among our allies as well as among Communist and neutralist countries over the possibility of a cataclysmic accident that might set off a nuclear war feared by everyone.

[From the Baltimore Sun, July 8, 1962]

COMMAND AND CONTROL

The nuclear age has brought with it, as William Faulkner said in his Nobel Prize address 12 years ago, a general and universal physical fear. It is a fear that will persist until the peoples of the earth learn to live in peace—which is to say that it may persist through the rest of mankind's story. Meanwhile, any least mitigation of the terrible peril of nuclear destruction is most welcome.

Some of the fear arises from the possibility of accidental or unauthorized firings of nuclear warheads, and much scientific and organizational effort has gone into methods of preventing such firings on the part of the United States. In this country the President alone may order a nuclear detonation, in peace or war. By law, he has command of these weapons. The problem has been to see that he also has full control. Procedures have been worked out making unlikely any unauthorized firing on the decision of one or two individuals anywhere down the chain of command, but the procedures are not considered fully secure under all circumstances.

Now a tighter security is in prospect through a device of "electronic locking," for which the President has requested an appropriation of $23 million. Its details are necessarily secret, but it is believed to be something along the principle of a television channel switcher, allowing for remote—and selective—control and command of all American nuclear warheads in alert status.

To find comfort in this is perhaps but one more measure, one further reminder, of the doom that depends over our race if we do not find a way to peace; but, in the context of the nuclear age we have created, comforting it is.

TRIBUTE TO SENATOR LONG OF LOUISIANA—A HISTORIC EDITORIAL

Mr. ELLENDER. Mr. President, I ask unanimous consent that at the conclusion of my remarks an editorial from the New Orleans Times-Picayune be printed in the RECORD.

The PRESIDING OFFICER. Without objection, it is so ordered.

(See exhibit 1.)

Mr. ELLENDER. In this editorial, the New Orleans newspaper strongly endorses my colleague, Senator RUSSELL B. LONG, for reelection.

Mr. President, this is a historic editorial. In all probability, it marks the end of an era of political warfare which has torn Louisiana asunder for the past 30 years.

In the history of the Times-Picayune, the newspaper has never endorsed a Long. Since 1929, the hostility between the Long faction and the Times-Picayune has been open and bitter. However, the progress of the State of Louisiana required that sooner or later men be allowed to judge each other for what they are, without regard to old quarrels and enmities. This day has now dawned in Louisiana.

Mr. President, I firmly predict the beginning of a political and economic stability which will free Louisiana once and for all from the shadow of suspense and fear that has caused so many businesses and industries to shy away from our State in favor of other areas with resources far inferior to our own. I believe that an era of peace and progress has now begun, which will propel the State of Louisiana into its rightful position of national prominence as an industrial and business center. Therefore, I would term this editorial from the Times-Picayune truly historic.

EXHIBIT 1

RUSSELL B. LONG DESERVES REELECTION TO THE U.S. SENATE

In the years past, Senator RUSSELL B. LONG has taken positions and performed acts which we believe merited criticism by this newspaper.

Nevertheless, on his record in the Congress, we believe that Senator LONG is entitled to reelection.

This record, analysis shows, is a record of independence. It reflects that the Senator has not been awed by the power of the Kennedy administration but has done his own thinking and voting.

In many vital fields Senator LONG has opposed the Kennedy administration. He fought efforts to tighten Federal control of education through so-called Federal aid to education. He fought the administration's so-called civil rights bills. He has opposed the continuance of foreign aid to satellites of the Soviet Union.

When amendments to foreign aid legislation which would have prohibited assistance to Communist-controlled nations were rejected, Senator LONG voted against foreign aid appropriations.

Senator LONG voted against several bills which would have lowered voter qualifications. These votes were on the Keating-Kefauver proposal to reduce from 1 year to 90 days the residence requirements for voting for President in the District of Columbia and on the Randolph amendment to reduce the District of Columbia residency requirement from 1 year to 6 months period. Both of these proposals had the support of the Kennedy administration. He also spoke and voted against the proposal to reduce the voting age from 21 to 18, supporting the Long-Holland amendment which became part of the District election bill.

The Senator is pledged to vote against the bill for medicare under social security and to oppose tax legislation to provide for withholding of dividends and interests on savings accounts.

Senator LONG first went to the Congress in 1948 to fill the unexpired term of the late Senator John H. Overton. The campaign in which he was nominated was a strenuous, hard-fought one. In 1950, up for election to a full term, Senator LONG won handily, defeating two opponents by a topheavy vote. At the end of his first full term in the Senate, in 1956, he was unopposed for reelection. That no one qualified to run against him, it seems to us, was a mark of commendation of his record.

During his 14 years in Washington Senator LONG has gained several important committee assignments. He is a member of the Senate's important Finance and Foreign Relations Committees and of the Joint Committee on Internal Revenue and Taxation. By virtue of his seniority, he is the third ranking majority member of the Finance Committee — outranked only by Senator HARRY F. BYRD, of Virginia, and Senator ROBERT S. KERR, of Oklahoma. That Senator LONG has been effective in protecting the interests of the constituents whose need for protection is great, it seems to us, is demonstrated by the continued utilization of Fort Polk—for which he has made strenuous efforts. Senator LONG is in a position to render outstanding service to the Nation and to Louisiana. We believe that he should be returned to that position where he is rendering such a service. The Times-Picayune recommends the reelection of Senator RUSSELL B. LONG on his record.

OWEN D. YOUNG

Mr. KEATING. Mr. President, it is with great sorrow that I note the passing of one of New York's great citizens, Owen D. Young, yesterday, at the age of 87.

His country will remember him best for his brilliant and dedicated service during the difficult years between the First and Second World Wars. There was no one who labored harder, or with more understanding, than Owen Young as he represented the United States, first at the Allied Reparations Conference of 1924, and again at the Paris Reparations Conference of 1929. His presence at the conference table in 1924 and his marvelous ability for conciliation was thought to be largely responsible for allied acceptance of the Dawes plan, of which he was the coauthor. He was eagerly encouraged to chair the Reparations Conference of 1929, and again, his abilities as a negotiator were largely responsible for the important diplomatic results.

Mr. Young was also widely respected as an industrialist, the head of two large and important American corporations—General Electric and RCA. He also had a lifelong interest in politics, and his counsel was eagerly sought after in both the Nation and the State. Mr. Young was a political independent, but he offered his services to five Presidents of both political parties.

The list of Mr. Young's accomplishments are impressive, but he will best be remembered in my State as a good friend, a good neighbor in the Van Hornesville area he loved, and a beloved man. Mr. President, the New York Times contained an editorial comment on Owen D. Young's passing which very eloquently expresses the loss which my State and the entire Nation has suffered. I ask unanimous consent that it be printed in the RECORD at this point.

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

STATESMAN OF FINANCE

Owen D. Young, who died in Florida yesterday in his 88th year, had a career in the classic American pattern. Born on a farm in upstate New York, where his ancestors had lived since before the American Revolution, he had to work his way through school, college, and law school. He became a pattern-setter of enlightened industrialism as chairman of General Electric and the Radio Corp. of America. His contributions of time, wealth and energy to the general good included efforts to help forge a durable peace after World War I through the Dawes plan and the Young plan for German reparations.

Mr. Young, a believer in early retirement, went back to the family farm at Van Hornesville in his early sixties. But he scarcely stayed retired, so many people wanted his advice and help. He would not run for high office, but he could give good counsel to those who did. His neighbors, too, came to find

out what he thought about issues, and when they as milk producers went on strike, Mr. Young refrained from shipping the milk of his own farm to market. Characteristically, he also arranged a settlement of the quarrel. At a great old age, he was still a figure to look up to.

THE IMPASSE ON APPROPRIATION BILLS

Mr. DIRKSEN. Mr. President, I have just read a letter which the Senator from Virginia [Mr. ROBERTSON] addressed to the Speaker of the House on July 11, 1962, in which he redirects attention to a bill which was introduced in the 1st session of the 87th Congress for the creation of a joint committee on the budget.

I notice that in the bill there is a provision that such a joint committee is to select its own chairman, and that the chairmanship would rotate between the House and the Senate, with the chairmanship going to the House of Representatives in the even-numbered years and to the Senate in the odd-numbered years. The bill provides also that such a joint committee would make thorough and continuing investigations, and equip itself with an adequate staff.

In view of the impasse which has been reached by the House and the Senate with respect to appropriation bills, and the fact that they have not yet been sent to conference for disposition, it would occur to me that out of the comity and better feeling that might eventuate from a joint committee on the Federal budget, the matter comes into sharp focus now and merits some attention. It has been approved by the Senate on other occasions, but it has never had House approval.

I join with the distinguished Senator from Virginia in uttering the hope that the House might give the proposal some attention, because I believe that at long last it will allay some of the apprehensions, some of the friction, and some of the difficulties which are presently being encountered, and out of which might come some truly sweet fruit.

I am not insensible to the fact that at the moment the House and Senate have agreed upon the designation of a subcommittee composed of Members of each of the two bodies for the purpose of exploring the difficulty in which we presently find ourselves.

Therefore I believe this suggestion is very much in point at the present time.

By way of precedent, I would note the fact that the Joint Committee on Internal Revenue Taxation, the members of which represent the Ways and Means Committee of the House and the Senate Finance Committee, rotates the chairmanship every year, and that system has worked out splendidly and has developed in good feeling, to say the least, among the members who serve on that joint committee.

I do commend this letter to all who are interested and, in connection with my remarks, if the letter has not yet been inserted in the RECORD, I ask unanimous consent that it may be printed now as a part of my remarks.

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

U.S. SENATE,
COMMITTEE ON BANKING
AND CURRENCY,
July 11, 1962.

Hon. JOHN W. MCCORMACK,
House of Representatives,
Washington, D.C.

DEAR JOHN: You will, of course, recall that when I was in the House I served for 10 years on the Ways and Means Committee. Under the Constitution, all revenue bills must originate in the House, and the Ways and Means Committee was one of the first committees to be created in the First Congress. But soon after the adoption of the amendment to authorize the Federal income tax, the Ways and Means Committee of the House and the Finance Committee of the Senate agreed to the establishment of a Joint Committee on Internal Revenue Taxation, which was to be the official staff for both House and Senate on all matters involving taxation. It was further provided that the chairmanship or control, so to speak, of that joint committee should appropriately alternate between the House and the Senate. You know, of course, how very efficiently that joint committee has functioned. The days when I was a House conferee on tax bills, a conference would be held on the House side as often as on the Senate side, and Mr. Doughton would preside as often as the chairman of the Senate Finance Committee.

It has been the source of some disappointment to me that the House Appropriations Committee always has been opposed to the creation of a similar Joint Committee on the Budget, because if we had had such a committee we would not now have a most unfortunate impasse as to where conferences are to be held and who is to preside.

On four different occasions the Senate has, I believe, unanimously passed a bill to create a Joint Committee on the Budget, but, as you will recall, the House has never agreed. The last bill passed the Senate last year and has been pending on the House side ever since. I enclose the Senate report on that bill, which is still pending before the House Rules Committee, and also invite your attention to a statement contained in Senate Document No. 11, 87th Congress, 1st session, pages 195–218, and write this letter to express the hope that the bill will have your support.

Frequently I have commended the work done by the House Appropriations Committee on the bills that have come to us. They have had a larger staff than we; they have had more time to consider the bills. Certainly, it would be in the interest of economy, efficiency and comity if we could have a joint staff to study all of the ramifications of appropriations that will soon amount to $100 billion a year and assemble the same information for both branches of the Congress. A few years ago we authorized a measurable increase in the staff of both the House and Senate committees.

In other words, I want to see a joint committee of genuine experts selected from the standpoint of merit only and the other employees of the House and Senate committee would be mere clerical workers.

With all good wishes, I am,

Sincerely yours,

A. WILLIS ROBERTSON.

CAPTIVE NATIONS WEEK

Mr. DOUGLAS. Mr. President, in 1959, I introduced in the Senate a resolution to designate the third week in July as Captive Nations Week. On the third anniversary of the enactment of this resolution, it is fitting that we should consider the tragic plight of the captive people.

The Communists never grow tired of accusing the West of colonialism and imperialism. But it is time people everywhere became aware that in some areas of the world colonialism has just begun. It is not actually colonialism, it is slavery. In Eastern Europe and in east and southeast Asia, the Communists have taken over peoples who were once free and independent, such as the Poles, the Ukrainians, the Georgians, the Lithuanians, the Cossacks, and the Tibetans. We have sorrowfully come to call these people the "captive nations." In 1959, the Congress and the President authorized the designation of 1 week as Captive Nations Week to express the hope of the American people for the earliest possible liberation of these captive people.

The problem of the captive nations is, today, a major eyesore in international relations, to all free-thinking and freedom-loving men and women. The enslavement by the Soviet Union of those once free peoples and nations from the Baltic to the Black Sea to the Pacific Ocean is a moral crime against humanity and a legal crime against international law and custom. But if we, for 1 minute, surrender them to Communist control by recognizing that present domination as permanent or right, we will be committing an even greater crime against the historical conscience of men, past, present, and future. Therefore, we must never cease to denounce this tyranny and to keep alive the hopes of the captive peoples behind the Iron and Bamboo Curtains. For the Communists realize that these embers of freedom and coals of hope are the major deterrents to the formation of an effective, unified force that will solidify and spread their tyranny. Premier Khrushchev's tirades against the celebration of Captive Nations Week are the proof of the pudding. The yearning of the captive peoples for freedom and their unwillingness to fight for the Communist tyranny are a thorn in Khrushchev's side and a major hope for peace.

We must never forget the symbolic importance of Captive Nations Week for those new and neutralist nations in the developing areas of the world. Our observance this week is a pointed reminder to them of the inevitable fate of those who try to cooperate with the Communists. It is a warning to them not to jump from the frying pan of Western colonialism into the fires of Communist imperialism.

Lastly, Captive Nations Week is a reminder to the people of the United States of the close ties we share with the people of Eastern Europe and Asia as ethnic brothers and brothers in the cause of freedom.

For these reasons, I was proud to sponsor the Captive Nations Resolution in 1959. I feel that the symbolic and practical purposes of Captive Nations Week are of overwhelming importance to every American, to every person in the world, in these desperate times when we are struggling for our ultimate survival.

In dealing with the Communists, one of our major advantages is their failures. As a system of government, they have time and time again failed the people they have subjugated, industrially and agriculturally. As human beings, it is hard for us to know that people are starving and homeless. It is only natural to want to help these people in every way we can. It is, after all, not they who have failed, but the Communist system. The fact that our own system of freedom and private initiative has worked almost too well and given us not only abundance, but also surpluses, makes it even harder to deny aid to those who must suffer because of Communist failures. Above all, I do not want to help the Communists and so I would oppose aid that would in anyway strengthen their hand. But, if there is a way, with our eyes open to the dangers involved therein, to share our abundance of food in a fair and well-identified manner, then I am for that. Generosity, almost to a fault, has always been an American characteristic of which we can be proud. And, given close supervision and alertness, I can think of no place where there is more real need for the expression of our generosity and humanitarian instincts than in the captive nations and among the refugees who have escaped from them.

To obtain the goal of liberation of the captive nations, we will need not only to utilize our generosity and abundance, but all courses to action at our disposal to press for action on civil rights, self-determination, and free elections for the peoples of the captive nations. It is to this end that we have set aside this week to rededicate ourselves in our purposes and to renew our struggle to achieve these ends.

FORWARD ON TRADE

Mr. LONG of Hawaii. Mr. President, President Kennedy's trade bill is truly one of the most significant pieces of legislation under consideration at this session of Congress. Its importance, and the need for Senate approval, are outlined in an editorial of the Honolulu Advertiser of Tuesday, July 10, 1962. I ask unanimous consent that the editorial be printed in the RECORD.

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

FORWARD ON TRADE

The House of Representatives did two things when it passed the Kennedy administration's trade expansion bill.

It set in motion machinery to revitalize the American economy and it struck a blow for free world unity.

At present, the American economy is sluggish. It has been slowed by unemployment, underemployment of our productive capacity and a slow rate of economic growth. It has been vitally affected by the economic boom in Europe.

The emergence in recent years of the European Common Market—a six-nation economic alliance—poses both a promise and a threat. In clearing away tariff barriers among themselves, the Europeans have created a lush market of more than 200 million consumers.

At the same time, however, the Common Market has built new tariff walls to minimize competition from nonmember nations. The objective of the trade bill is to give the President the authority he needs to lower American tariffs on certain goods in return for similar reductions by the Common Market.

This will do two things. It will enable us to hold our present markets in Europe, which now buys 30 percent of all goods this country sells abroad. Further, it will open up new opportunity for American business in perhaps the richest, fastest growing market in the world.

Thus, President Kennedy had good reason to call this bill the year's most important single piece of legislation. The Senate should waste no time following the lead of the House in passing the bill.

If it does, President Kennedy will be given for a period of 5 years more power than any previous President to negotiate tariff-cutting trade agreements with European and other countries.

He also will be given the power to help domestic industries and workers who may be injured by dislocations resulting from the increased interlocking of the American and European economies.

The benefits of the bill, however, greatly outweigh such passing disadvantages. One important consequence of the bill will be to strengthen the Atlantic community, thus providing a bulwark against communism.

THE SUPREME COURT AND THE ESTABLISHMENT OF RELIGION

Mr. BUTLER. Mr. President, on July 1, 1962, the Reverend Dr. Iain Wilson, pastor of Franklin Street Presbyterian Church, Baltimore, Md., preached a very profound sermon in connection with the establishment-of-religion clause of the Constitution of the United States, as interpreted by the Supreme Court. Inasmuch as he spoke from notes, unfortunately he was unable thereafter to reproduce the entire sermon, at the request of large numbers of persons in Baltimore City.

However, he has prepared a preface explaining the situation; and the preface is followed by a number of his notes which are excellent and very profound. I ask unanimous consent that they be printed in the body of the RECORD, in connection with my remarks.

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

NOTES ON THE SUPREME COURT AND THE ESTABLISHMENT OF RELIGION

(By Dr. Iain Wilson)

PREFACE

The notes that follow are based upon parts of a sermon preached in the Franklin Street Presbyterian Church, Baltimore, on July 1, 1962. Several persons who heard the sermon urged that it be made available in printed form. Unfortunately, as I was preaching from brief headings rather than from a prepared text, and as no tape recording was made, I cannot reproduce the sermon as it was delivered. What I have therefore attempted to do is to recapitulate some of the principal observations which I made regarding the Supreme Court's recent decision on prayers in the New York public schools. It is with great reluctance that I have done so, because I realize that the subject calls for a much fuller and more carefully wrought treatment than I have been able to give, in the brief time available. I must therefore repeat what I tried to say in the sermon, that these remarks are an expression of personal conviction, and are not made in the spirit of a directive to others, but as one person's small contribution to a debate which ought to bring about a soul searching on the part of every thoughtful American, and which I pray will lead us to a deeper and firmer understanding of what we are and what we stand for, through the recurrent crises of history, and above all in an age when secularism has established such an ascendancy within Western Christendom, and aggressive official atheism has commandeered huge areas of the world, with the explicit intention of stopping short at nothing less than the domination of all humanity.

IAIN WILSON.

BALTIMORE, *July 6, 1962.*

On June 25, 1962, the Supreme Court of the United States ruled that the Constitution had been violated by the use of a prayer in the daily routine of public schools in the State of New York. Despite the fact that "its observance on the part of the students is voluntary," the use of this prayer was held by the Court, with one dissenting opinion, to be a breach of the first amendment's provision that "Congress shall make no law respecting an establishment of religion, or prohibiting the free exercise thereof"—a provision which applies to the States by virtue of the 14th amendment.

Since the decision was announced, there has been considerable discussion of its meaning and implications in the public press and elsewhere, and this discussion is likely to continue. It is desirable that there be as full a respect and as candid an understanding as possible between all who are interested, including ministers and their congregations. Most of us, too, will recognize the need for an all-round exercise of restraint and courtesy in the discussion of what is a controversial and often emotion-charged question. Already there have been wild and hotheaded exchanges between supporters and opponents of the Court's decision, but the gravity of the issue and its very nature—having to do with man's relationship to the ultimate—should produce a willingness to listen carefully to the other man's point of view, and to keep a check upon our own tongues.

The significance of the Supreme Court's decision clearly goes far beyond the particular situation in connection with which it was delivered. This wider significance is indicated quite specifically both in Justice Douglas' concurring opinion, and in Justice Stewart's dissenting opinion. The decision, in fact, calls into question several other features and practices of our official life as a nation. It is quite possible, and indeed probable, that in time the question regarding these other features and practices will be raised. As and when this happens, the possibility exists that these features and practices will also be ruled unconstitutional, and will therefore be illegal, and brought to an end.

There seems, for example, to be no reason in law or logic why future Supreme Court decisions should not proceed to rule as unconstitutional the prayer with which its own sessions have always been opened: "God save the United States and this honorable Court."

There seems to be no reason in law or logic why the practice of opening the daily sessions of the Senate and the House should not be ruled as violating the Constitution of the United States.

There seems to be no reason in law or logic why the offering of prayers by clergy of the Roman Catholic, Jewish, Orthodox, and Protestant groups at the inauguration of our Presidents should not similarly be regarded as "an establishment of religion" and therefore unconstitutional.

There seems to be no reason in law or logic, in the light of the decision given on June 25, why the provision, on the Federal payroll, of chaplains to the Armed Forces,

should not be ruled as a violation—indeed, a gross violation—of the first amendment.

There are other features and practices of our official life as a nation which might similarly be challenged—including that congressional legislation by which the President calls for a National Day of Prayer, the use of such phrases as "under God" in the Pledge of Allegiance to the Flag, or "In God we trust" on our national coinage, and the tax exemptions granted to religious institutions—but these instances suffice to show that the Supreme Court's decision will be regarded as encouraging by all who for any reason wish to divorce religious faith from any connection with our national institutions.

There is no reason to assume that the Supreme Court will not be requested to rule on these features and practices, either seriatim or in toto. There is even less reason, in view of the precedent set by the June 25 decision, and the general tenor of its arguments, to assume that the Supreme Court will affirm that such features and practices are consistent with the provisions of the first amendment.

The possibility exists then, real and not wholly remote, of an end to all official recognition by the Federal and State Governments of the religious dimension in national life and experience, on the ground that such recognition is unconstitutional, and amounts to an "establishment of religion."

If that is what the majority of the citizens of the United States really want, well and good. I do not believe that the churches of this country would wish to compel—least of all, with governmental aid—an unwilling or hostile majority of its citizens to comply with religious formulas or observances which they inwardly reject.

Many of us, however, are not yet convinced that the Nation as a whole desires such a termination of official recognition of religious faith. The Supreme Court's decision—which of necessity deals primarily with law, rather than with public opinion, although by no means indifferent to the latter, especially in those portions of the decision which describe the origin of the first amendment—has not brought us nearer to this conviction.

We are not ready, therefore, to withdraw from the debate.

There are two absolutely fundamental questions which must be raised. The first is: What is meant by the words "establishment of religion" in the first amendment? The second is: Does the New York prayer actually constitute an establishment of religion"?

Perhaps we should begin with the second of these questions, although it seems very presumptuous for one who is a layman in legal matters even to query the announced findings of the Supreme Court, which of course is an answer to this second question. However, the Court's decision was not unanimous, and Justice Stewart in his dissenting opinion states flatly that "I think this decision is wrong," and proceeds to support his statement with arguments which deserve respect. The layman, therefore, may be excused from the charge of presumption if he, also, with a genuine sense of the majesty of the law and the authority of the Supreme Court, still ventures to query its decision.

Furthermore, Justice Black, in delivering the Court's decision, says: "It is true that New York's establishment of its regents' prayer * * * does not amount to a total establishment of one particular religious sect to the exclusion of all others."

Justice Douglas, in his concurring opinion, also concedes that he "cannot say that to authorize this prayer is to establish a religion in the strictly historical meaning of those words."

Yet, even after such admissions and the embarrassing ambiguity they involve, the Supreme Court says that the New York prayer is "a practice wholly inconsistent with the establishment clause" (of the first amendment).

It is difficult to understand how the prayer can simultaneously be judged "wholly inconsistent" with the establishment clause, and yet not be found altogether guilty of doing that which the clause forbids.

It is clear that the answer to this second question depends upon the answer to the first question—What is meant by the words "establishment of religion" in the first amendment? Let us therefore consider that question.

There can surely be no doubt that what Madison and others had in mind, as the first amendment was articulated, was that the Government of the United States should not relate itself organically to any one church or denomination, or afford special favors or recognition to any one church or denomination, to the detriment of others or the victimization of those who professed no particular creed. In other words, the first amendment deals with relationships between the institutions of government and religion, and aims at maintaining a clear structural separation between organized government and any particular ecclesiastical organization. There is no implication that there either can or ought to be a total separation between a religious understanding of the nature of reality and the moral attitudes engendered by such an understanding, on the one hand, and the active life of men in social, economic or political decisions, on the other hand. It is a known matter of fact that the founders of the Nation were for the most part sincerely religious men, whose political motivations were closely related to the concepts of human worth and the proper designing of human society, which derived from their religious beliefs. It is because of this that there was no sense that a breach had been made in the Constitution, when the Supreme Court opened its sessions with prayer, or when there gradually took shape, in the course of history and national experience, those other symbols of the recognition that, as the Supreme Court itself said in 1952: "We are a religious people whose institutions presuppose a Supreme Being."

If, then, the first amendment is intended simply to keep the organized institutions of religion and the state independent of one another (as they still are), and if the New York prayer neither fuses nor tends to fuse those institutions (nor does it), then it is difficult to see anything unconstitutional in the use of the prayer, and the reason for the ambiguity of the Supreme Court's statements would appear to be a failure to observe consistently that distinction which was fundamental and clear to Madison—namely, the distinction between religious faith per se and the organized churches and denominations.

The decision has been made, however, and we may now anticipate a further series of moves to eliminate prayers from public schools across the Nation, and to eradicate other similar symbols both of the religious factors in our national origins and of the vital connection which many of us still believe exists between our concepts of the nature and task of our American society, and the will of the Ruler of all the nations.

In the meantime, the debate as to the constitutionality of these practices will continue, and with it a new exploration of the whole mysterious relationship between religion and society. In many ways, this is something for which to be grateful, for it ought to lead to a self-scrutiny that is enlightening for religious believers and sceptics alike, and could conceivably result in a more wholesome relationship between them. One hopes that the debate will be unhurried and general and profound, and that it will reach some worthy conclusion, but in the present distracted and fidgety condition of public thinking there seems to be little real prospect of such a national engagement with the problem as will truly correspond to its magnitude and gravity. Nor, to be candid, does the content of the Supreme Court decision itself aid us greatly in this situation, for from a historical, philosophical, not to say theological, standpoint (and in this case, these are surely as relevant and necessary standpoints as the purely legal one) it is not a very impressive document.

It is simply not enough to say that the Supreme Court has the task of interpreting the Constitution, and to leave it at that, in a question of this nature. Certainly, the Constitution and its integrity are as necessary to the proper functioning of the body politic of the United States as is the skeleton to the human body. But just as the skeleton is essentially the enabling framework about which the body in its multiplicity of limbs, tissues and organs is assembled and mobilized, so there is assembled and mobilized about the Constitution that complex totality of experiences and impressions, and the rich emotional energies, traditions, sociological and cultural groupings and interchanges which are a people, and in which totality, as a matter of simple fact, the specifically religious element is present and active, and from which it cannot be excised without a crippling effect upon the whole.

Yet, if the logic of the Supreme Court's decision is followed through to the end, it is nothing less than such an excision that is in view. If the United States officially disowns every form of religious recognition the Nation will be wounded at its heart.

I, for one, am not willing supinely to let this happen, without protest or without argument: for I cannot see any necessity to eliminate all official recognition of the religious dimensions in the Nation's life, or of that which religious faith had done and is doing both in establishing our national goals or in supplying the dynamic thrusts toward those goals. Least of all can I see such a necessity, when there is as yet no evidence that the manner of such recognition as exists is distasteful to the majority of our citizens.

It is true that the rights of minority groups must be protected. It is largely because of the moral convictions about the worth and sanctity of the individual which are held by the majority of believers that these rights are protected as assiduously and solicitously as is actually the case in the United States. Despite our real and much-publicized failures, there is no country in the world in which public conscience is more exercised than it is in America, by the problem of securing minority rights. But it seems to me that we must now recall that the majority also has rights, and insist that it is neither a tyrannical nor an intolerant spirit that leads us to defend them, to decline to yield them to the hands of a highly vocal minority, who are not in fact being victimized, and who seem to us to be profoundly defective in their comprehension of the nature of nationhood.

We "believers," as "believers," also have a stake in this Nation. We do not agree that the symbols of America's recognition that she is indeed "under God" should now be jettisoned. We believe that it would be a bitter day for the Nation, when prayers were no longer offered at the inauguration of Presidents, and when our children were required by law to pledge allegiance to the flag while they were simultaneouly forbidden by law even to mention any obligation to a law and a power transcending the evanescent forms of human society. We believe that it would be a sickening day for our Nation, when there were no longer any chaplains to share the hard experiences of our soldiers, to give them the Sacraments, to befriend them

in God's name as they die, and to bury their bodies reverently.

We believe, too, that the more seriously we Americans bring ourselves and our institutions under the guidance of that Power greater than ourselves, who is the source of wisdom and holiness and love, the more certain it is that we shall fulfill the destiny for which the Nation was brought into being, and become what our truest patriots have always longed that we should become—a blessing to all mankind.

BASCOM TIMMONS

Mr. YARBOROUGH. Mr. President, more than 50 years as a newsman covering the great events of our Nation from the vantage point in Washington is one of the most signal experiences of our time. Such an experience has come to Bascom N. Timmons, a native of Collin County, Tex., who today, at 72 years of age, is still an active correspondent, and is listed in the Congressional Directory as representing 20 newspapers.

Twenty-five years ago I visited the Capital of the United States, and brought with me an admonition from a friend, "Do not leave Washington until you have met and visited with Bascom N. Timmons."

I called on him at his office in the National Press Building; and I will never forget his friendly, searching inquiries and his informed comments on the Texas scene.

He knew events there as though he were still living in Texas, although he had left there 25 years before.

To know Bascom N. Timmons is to admire his intellectual integrity, his news reporting honesty, and his great depth of character.

He has authored three successful biographies: "Garner of Texas, a Personal History," New York, Harper, 1948; "Portrait of an American, a Biography of Charles Gates Dawes", New York, Holt, 1953; and "Jesse H. Jones, the Man and the Statesman," New York, Holt, 1956. He also was the author of a perceptive and informative series of articles on the late Speaker Sam Rayburn, written for newspapers, and incorporated from the CONGRESSIONAL RECORD in the book, "Sam Rayburn, Late a Representative from Texas," published in the 2d session of the 87th Congress.

I ask unanimous consent to have printed in the RECORD an article captioned "Old Days in Capital; Newsman Reminisces." The article, which was written by Bascom N. Timmons, was published in the Washington Star on July 4, 1962.

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

[From the Evening Star, July 4, 1962]

NEWSMAN REMINISCES

(By Bascom N. Timmons)

It was torrid in Washington on July 4, 1912. But I had become accustomed to heat of all sorts for I had covered the Republican National Convention at Chicago, which saw the William Howard Taft-Theodore Roosevelt split and the birth of T.R.'s Bull Moose Party.

From Chicago I, with other newspapermen, had gone directly to Baltimore, where, after more than a week of steamy day and night sessions, the deadlock between Champ Clark and Woodrow Wilson was broken. On the afternoon of July 2, on the 46th ballot, Wilson received the two-thirds majority then necessary to nominate in a Democratic National Convention.

And there was an incident which made that Fourth of July a pleasant one for me. At approximately 2:30 in the afternoon of that day I got a job on a Washington newspaper. A Washington newspaper friend helped me celebrate the occasion by taking me for a drive around the city in his second-hand Pope-Toledo automobile.

THE 48-STAR FLAG

He drove down Pennsylvania Avenue to where the flag of 48 stars floated over the Capitol Dome for the first time—Arizona and New Mexico having been admitted as States since the last Independence Day. My automobile-owning friend did not negotiate the Washington street intersection circles very expertly.

He had been one of the holdout horse and buggy men to the last but he told me the high cost of horse living had decided him to buy gas rather than oats. He predicted that the then remaining horse population of Washington would go down rapidly and automobiles increase by leaps and bounds. He proved a true prophet.

I had always wanted to be a Washington newspaperman and now at the age of 22 and with 6 years of writing experience I was.

SHADOW OF CHANGE

Fat William Howard Taft was President of the United States that year, but the shadow of change, as always, hung over Washington. Mr. Taft was in a three-way presidential race with Theodore Roosevelt and Woodrow Wilson and there was no doubt that with Mr. Roosevelt and President Taft dividing the Republican vote Mr. Wilson would surely be elected.

There were some eminent figures among the newsmakers in Washington in 1912 as there have been in the five decades of pageant since. There were no press handouts, press conferences, press relations men or professional image makers then. A reporter dealt directly with the great men themselves and got to know them all.

Edward Douglas White, who had been a Confederate soldier, was Chief Justice of the United States and on the Supreme Court also sat John M. Harlan, Oliver Wendell Holmes, Charles Evans Hughes, Joseph McKenna, William R. Day, Horace H. Lurton, Willis Van Devanter, and Joseph R. Lamar.

THREE GREATEST SENATORS

In the Senate were Elihu Root, of New York; John Sharp Williams, of Mississippi; and Charles A. Culberson, of Texas; who I think are the three greatest Senators I have known. There were also John H. Bankhead and Joseph F. Johnston, of Alabama; Martin and Swanson, of Virginia; William E. Borah of Idaho; Shelby M. Cullom, of Illinois; Albert B. Cummins, of Iowa; Henry Cabot Lodge, of Massachusetts; James A. Reed, of Missouri; Isador Rayner and John Walter Smith, of Maryland; Boies Penrose, of Pennsylvania; Benjamin R. Tillman, of South Carolina; Joseph Weldon Bailey, of Texas; Robert M. La Follette, of Wisconsin; and Francis E. Warren, of Wyoming.

In the House of Representatives Champ Clark was Speaker and Oscar W. Underwood of Alabama was the Democratic leader. There were also Henry D. Clayton, J. Thomas Heflin, and Richmond Pearson Hobson, of Alabama; Joseph T. Robinson, of Arkansas; Joseph G. Cannon and James R. Mann, of Illinois; John Nance Garner, of Texas; Victor Murdock, of Kansas; Joseph Ransdell and Arsene Pujo, of Louisiana, Joseph W. Fordney, of Michigan; Pat Harrison, of Mississippi; George W. Norris, of Nebraska; Claude Kitchin, Edward W. Pou, and Charles M. Stedman, of North Carolina; James M. Cox, of Ohio, and John W. Davis, of West Virginia (the 1920 and 1924 Democratic presidential nominees), Nicholas Longworth, of Ohio; Martin Littleton and Sereno E. Payne, of New York; James F. Byrnes, of South Carolina; Cordell Hull, Joseph W. Byrns, and Finis J. Garrett, of Tennessee; Albert S. Burleson, of Texas; and Carter Glass, of Virginia.

FAME FORGOTTEN

(I think Uncle Joe Cannon and Nance Garner were the two most colorful Members of Congress I have known.)

Philander Knox was Secretary of State, and, I think with the possible exception of Charles Evans Hughes, the ablest man who has held that post in my Washington time. (Strange how names of men who once marched high in the history of the Nation are forgotten.)

At the three most important Embassies were Ambassador James Bryce, of Great Britain, J. J. Jusserand, of France, and Count J. H. Von Bernstorff, of Germany. There have never been three more able Ambassadors in Washington at any one time.

Still the Nation's greatest hero was Admiral George Dewey, the victor at Manila Bay, who in Washington lived in retirement. Frequent visitors were J. P. Morgan, Andrew Carnegie, Chauncy M. Depew, Buffalo Bill Cody and Enrico Caruso.

It took $689,881,334 to run the entire Federal Government in 1912. The Government took in $692,609,204 and the day I went to work in Washington announced a Treasury surplus for the year. There was no income tax. A constitutional amendment making woman suffrage possible had not passed.

PROCESSION OF EVENTS

Since then have come the eight Presidents, beginning with Mr. Wilson, a complete turnover several times in the Supreme Court. In Congress only CARL HAYDEN, who was a Representative from Arizona in 1912 and now is a Senator, remains. Brig. Gen. John J. Pershing and young Capt. Douglas MacArthur became our most noted military figures of the 20th century.

There are memories of two World Wars and a great depression; of 13 presidential races and more than double that number of major party national conventions; of knowing 18 presidential nominees of the major parties, 8 of whom won and 10 of whom lost (a couple of whom lost twice and one who both won and lost); of covering such assignments as the League of Nations debate, the Money Trust and the Teapot Dome investigations; of news trips in this and other lands.

I think it will be readily granted that the last half century has seen some notable events in Washington. The next half century may be even more momentous. I won't know about much of that.

ANTITRUST MEANS ECONOMIC FREEDOM

Mr. KEFAUVER. Mr. President, frequently during these recent days the enforcement of the antitrust laws is interpreted as being antibusiness. The exact opposite is in truth the fact because the antitrust laws constitute the protector of the American free competitive enterprise system. The very able head of the Antitrust Division of the Department of Justice, Judge Lee Loevinger, made an address on this subject before the American Society of Corporate Secretaries in Atlantic City on June 19. Judge Loevinger's address should be read by all businessmen. It traces the history of antitrust laws and concludes that antitrust laws and their proper enforcement

are in the spirit of the American Constitution and the American people and that antitrust means equal economic opportunity for all in a free system.

Judge Loevinger's presentation is an exceptionally splendid one. I ask unanimous consent that it be printed in the RECORD at this point in my remarks.

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

ANTITRUST MEANS ECONOMIC FREEDOM

(Address by Lee Loevinger, Assistant Attorney General in charge of the Antitrust Division, U.S. Department of Justice, prepared for delivery before the American Society of Corporate Secretaries, Atlantic City, N.J., June 19, 1962)

The term "antitrust" is an anachronism, although the idea it represents is as contemporary as the human spirit. To understand both the word and the idea it is best to begin by looking at their history.

From the beginning of recorded history, man has been concerned about the exercise of economic power. The oldest known legal code is that of a Sumerian king who ruled in the 24th century, B.C. This code set forth laws on clay tablets providing for removal from office of the "grabbers" of the citizens' oxen, sheep and donkeys, for setting up and enforcing an honest system of weights and measures, and for protecting widows and orphans against the wealthy and powerful. Similiar provisions are in the code of the Babylonian king, Hammurabi, of the 21st century, B.C., and in ancient Chinese legal codes. An edict of the Roman Emperor Zeno in A.D. 483 prohibited any monopolizing and price fixing among competitors under penalty of forfeiture of all property and perpetual exile.

The first reported English case on restraint of trade was in 1415. The court held that such a contract was unenforcible and went on to say that the party who tried to enforce it should be sent to jail. The English courts first held that a monopoly was against the public interest and illegal in 1602. Parliament passed a statute outlawing monopoly in 1623. Blackstone's commentaries on the laws of England, published in the 1760's, said not only that monopolies are illegal but also that any party injured by a monopoly might sue and recover treble damages and double costs. Laws enacted in France in 1791 declared illegal any combination of persons for the purpose of charging a certain price for services. Article 419 of the penal code promulgated by Napoleon in 1810 made it a criminal offense to attempt to bring about an artificial rise or fall in the price of foodstuffs or other goods by combining or monopolizing.

During the 19th century, there was an explosive development in the means of production, transportation, and communication. As a consequence, markets became national in scope and economic organizations grew to unprecedented size. Accompanying the industrial and technological changes were two important legal developments. The first was the emergence of the corporation in its modern form. The second was the discovery of several means of combining the economic strength of different enterprises. One of the most effective of these legal devices was the so-called voting trust by which control of the shares of a number of corporations was brought into the hands of a single trustee or group of trustees. This served effectively to centralize the operations of the corporations and to eliminate competition between them. By this means, large concentrations of economic power were built up and these became popularly known as trusts.

In the latter half of the 19th century, the opinion developed in the United States that State laws were inadequate to cope with the growing power of the great trusts. Public sentiment demanded an effective national "antitrust" law. As the term "trust" in this sense meant essentially what we mean today by monopoly, so the term "antitrust" meant essentially "antimonopoly."

By the latter part of the century, such sentiment was sufficiently widespread and powerful to secure results. In 1889, an antitrust statute was passed in Canada, and the following year, 1890, the Congress of the United States passed the Sherman Act, which remains the basic antitrust statute of this country.

THE OBJECTIVES OF ANTITRUST

The objectives of the antitrust laws are the economic aims of the American people. The first, and the most obvious purpose is to avoid exploitation of the consumer by maintaining reasonable prices and good quality. It is the assumption of the antitrust laws that this can best be achieved by the maintenance of competition.

The second objective is economic efficiency, which it is thought will result from an impersonal and automatic control of prices, products, the quality of goods, and, perhaps, most important, the allocation of manpower and resources. Our economic system is based on the premise that the automatic and impersonal action of the market is likely in the long run to be more effective and more efficient than personal judgment, whether exercised through government power or private monopoly.

In the third place, it is believed that we will insure technological and economic progress best by a full utilization of the diversity that a free competitive market offers. Our great resource of individual inventiveness and personal initiative can be fully utilized only in a free enterprise system. Under a system of cartels or of monopolies, inventions and technological innovations will be employed only within the confines of the cartel or monopoly with established power over the relevant field. The contributions of outsiders are neither encouraged nor permitted. By keeping the economy free, we offer both opportunity and incentive for the widest participation, and thus for utilization of the full range of diversity, individual talent and energy which is possessed by the entire population.

As one of our greatest judges, Learned Hand, has said, the Sherman Act is based on these premises: "That possession of unchallenged economic power deadens initiative, discourages thrift and depresses energy; that immunity from competition is a narcotic, and rivalry is a stimulant, to industrial progress; that the spur of constant stress is necessary to counteract an inevitable disposition to let well enough alone. * * * [C]ompetitors, versed in the craft as no consumer can be, will be quick to detect opportunities for saving and new shifts in production, and be eager to profit by them." (*U.S.* v. *Aluminum Co.*, 148 F. 2d 427.)

Fourth, it is a premise of the antitrust laws that by maintaining the widest possible area of freedom in the economic realm, we maintain the conditions and lay the foundation for political democracy and civil liberties. To illustrate this point, it is necessary only to suggest the situation that might exist were the economy to be composed of a series of cartels or of a single monopoly. Then an individual skilled in a business, craft, or profession might find only a single employer within the economy. The overwhelming majority of people would most surely be under great restraint and personal freedom would be dependent on the tolerance of the employer. This, of course, is precisely the situation that does exist in countries where the economy is wholly socialized. Monopoly is merely slightly less extensive in its effect.

The U.S. Supreme Court has recently recognized these objectives of the antitrust laws in an opinion which declared:

"The Sherman Act was designed to be a comprehensive charter of economic liberty aimed at preserving free and unfettered competition as the rule of trade. It rests on the premise that the unrestrained interaction of competitive forces will yield the best allocation of our economic resources, the lowest prices, the highest quality and the greatest material progress, while at the same time providing an environment conducive to the preservation of our democratic, political, and social institutions." (*Northern Pacific* v. *United States*, 356 U.S. 1.)

Finally, it should be added, that by seeking to maintain and preserve economic freedom, the antitrust laws secure something which is valued as an end in itself. Freedom needs no justification or ulterior purpose. Freedom itself is something that the American people believe to be good, and is an essential part of that ethical system in which the individual and the welfare of the individual represent the ultimate standard of value.

THE ALTERNATIVE METHODS OF ACHIEVING ECONOMIC AIMS

Although there is infinite variety of detail possible, there are a limited number of basic methods by which society can achieve its economic aims. All of the methods involve the existence of some laws which control or limit economic activity in some degree. Any society which has a business and economic system is based upon a legal order. Most business enterprises, such as corporations, partnerships, trusts, and joint ventures, are creations of the law, as are such elements of business itself as money and credit, bills and notes, contracts, property and, most basic of all, the reasonable expectation of law and order. The law which creates these economic instruments also specifies their use and limitations.

Basically, there are three alternative methods of securing economic objectives. The first is by a limitation on the form and extent of economic power. This is the method of competition or free enterprise. The second is by a government determination of the standards of economic performance. The government's determination may be made effective either by the imposition of sanctions for failure to comply with the standards of performance, or by the offering of incentives for such compliance. There are many variations of this method, but they all involve the determination by government itself of the kind and quality of economic performance that is sought. This is the method of regulation. The third alternative is the control of major economic institutions by government through ownership. This is the method of nationalization or socialism.

All governments utilize some elements of each of these methods to some extent. In the United States the post office system is owned and operated by the Government and thus may be regarded as a socialized enterprise. The transportation industry is largely subject to governmental control and, therefore, is an example of the method of regulation. However, with respect to the greater part of the economy, the American method is that of private enterprise operating freely within the broad limits set by legal rules required to maintain competition. This is the general method of American law. In other fields than the economic, conduct or activities which are thought to be undesirable are prohibited, and citizens are left free to engage in the pursuit of their own interests so long as they do not commit acts that are forbidden. To prescribe and require conduct that is thought to be desirable would leave a much narrower area of freedom to the citizen and

would require a much greater governmental apparatus to administer.

Both theory and experience indicate it to be more practical and more efficient, particularly in the economic realm, to have the limited prohibitions of law protecting a wide area of freedom and to permit the widest possible discretion for the individual, rather than to subject extensive areas of economic life to either government regulation or government ownership.

THE PRINCIPLES OF ANTITRUST

As business and economic activity have expanded and developed in complexity through the years, so has the law. Thus, the simple principle of limiting the form and extent of economic power now has been embodied in a very large number of statutes. There are antitrust statutes applicable to numerous specific situations such as those involving import and export trade, those involving special or partial exemptions or administration procedures and those applicable to particular businesses ranging from packers and stockyards to ocean carriers. The are provisions relating to the issuance of injunctions, to damage suits by private parties and by the government to limitations of time within which action may be brought, to the procedural effect of judgments, to securing testimony before grand juries, and to many other similar matters.

However, detailed, technical and complex as the body of statutes may be, there are, basically, four simple principles of the antitrust laws. The first principle, contained in section 1 of the Sherman Act, is that all contracts, combinations, and conspiracies in restraint of trade are prohibited. In this usage, the word "trade" may be understood as meaning "competition." Thus, the first and most general principle is simply that all combinations to restrain competition are prohibited.

The second principle is in section 2 of the Sherman Act and is that it is prohibited to monopolize or attempt to monopolize or combine or conspire to monopolize any part of trade.

The third principle, in section 7 of the Clayton Act, is that no corporation shall acquire or merge with any other corporation where the effect may be substantially to lessen competition or tend to create a monopoly.

The fourth principle is in section 2 of the Clayton Act, commonly known as the Robinson-Patman Act. This provides that it is unlawful to discriminate in price, directly or indirectly, between different purchasers of the same or similar commodity where the effect may be to lessen competition or tend to create a monopoly. This statute permits differentials that make only due allowance for differences in cost of manufacture, sale, or delivery and contains a number of other specific provisions. This act seeks to spell out with some certainty the circumstances which involve illegal price discrimination and those in which price differentials are permitted. However, the attempt to write rules that are certain and specific has probably created as much difficulty and confusion as would exist if the law stated merely a general principle against discrimination and left detailed construction to the discretion of the courts.

There are some other additional specific provisions of the law, such as prohibitions against tying agreements and against interlocking directorates. In essence, these are merely efforts to specify and emphasize particular practices which are thought to constitute restraints of trade or of competition.

THE EFFECTIVENESS OF ANTITRUST LAWS

There has been a continuing debate among businessmen, lawyers, and economists as to the effectiveness of the antitrust laws almost since their passage. These criticisms, however, have by no means been consistent.

Some businessmen assert that the antitrust laws are too rigid, restrictive, and inflexible. They say that these laws have put business in a straitjacket, that it is necessary in the modern age for business to grow bigger than ever and that it cannot grow and expand as it should with the antitrust laws in effect.

It is asserted by some businessmen that the antitrust laws are too indefinite and uncertain. They say that because of this uncertainty they cannot know how to comply with the antitrust laws.

On the other hand, there are critics who say that the antitrust laws are not rigorous enough. They assert antitrust has not succeeded in preventing the concentration of economic power, that business in America has grown bigger than ever before, that competition has given way to administered prices. They argue that the antitrust laws serve only as a symbol with which to satisfy the public while monopolistic businesses grow ever larger and more powerful.

Another group believes business should be subject to greater limitation and that antitrust is not adequate to provide this in contemporary circumstances. The underlying assumption of this viewpoint is that competition is no longer a reliable governing principle for the economy. It is interesting to note that faith in the efficacy of competition is rejected by those who believe that we must have Government regulation in one form or another and by those who advocate socialism as well as by those who contend that business should be permitted to form cartels or exercise monopoly power.

It is significant that the criticisms of the antitrust laws are inconsistent and contradictory to each other. Some business critics claim that the laws are at once too rigid and inflexible and also too uncertain. However, it is impossible for the laws to be both flexible and certain at the same time. To the degree that the laws are flexible and adaptable to different circumstances they are uncertain, since judgments will differ as to their application. To the degree that the laws are certain and definite they are rigid and inflexible.

The antitrust laws combine both flexibility and certainty, or generality and detail, by the same method as most of our important laws. The basic principles of the laws are stated in broad general terms. This requires the laws to be interpreted in the course of application to specific situations. Thus a body of judicial precedents is built up by the decisions in specific cases, which supplements the statutes and provides guides to the meaning of the laws.

This is the common law method of developing legal doctrine and is fundamental to our system of government. For example, the legal principle of most common and general application is the rule imposing liability for negligence. This rule states generally that anyone who fails to exercise the care of a reasonable man and thereby injures another must pay for the damages caused. This is a principle of wide application stated in simple and general terms and most flexible in its application. The interpretation or application of this principle has given rise to literally tens of thousands of cases which give specific content to the general rule.

Similarly, Chief Justice Hughes stated, the Sherman Act, as a charter of freedom, "has a generality and adaptability comparable to that found to be desirable in constitutional provisions. It does not go into detailed definitions which might either work injury to legitimate enterprise or through particularization defeat its purposes by providing loopholes for escape. The restrictions the act imposes are not mechanical or artificial." (*Appalachian Coals* v. *U.S.*, 288 US 344).

Early in the history of the antitrust laws, the Supreme Court declared that the Sherman Act was to be applied in a reasonable manner, which would not interfere with the power to carry on business by all normal methods, but which would prohibit all acts and practices that restrained competition. Over the years, the courts have recognized that certain practices are of a kind the statute clearly intended to prohibit. Thus the Supreme Court has held that certain acts are unreasonable per se and therefore illegal. The practices that are conclusively presumed to be unreasonable are principally price fixing of every kind, agreements among competitors for the allocation of customers or territories, group boycotts, the pooling of profits by competitors, and other similar types of agreements not to compete.

As to these practices which are per se unreasonable, and therefore illegal, there is great certainty and little flexibility. On the other hand, practices which are not per se unreasonable must be judged by their purposes and probable effects in the light of all the economic circumstances. As to these practices, there is considerable flexibility but correspondingly less certainty. This antithesis of certainty and flexibility is not a peculiarity of the antitrust laws, but a logically inescapable element in all law.

The argument that the antitrust laws are not rigorous enough, is, of course, completely inconsistent with the claim that the laws are too rigorous. The validity of this argument necessarily depends upon the view that is held as to the economic structure that this country should possess. But generally the argument is rested upon the assertion that economic concentration is increasing despite the antitrust laws.

Unfortunately there is dispute among scholars and others both as to whether economic concentration has increased significantly in this country during this century and also as to the nature and validity of the criteria by which such concentration may be measured. In any event, it is clear that there is still a large degree of competition and freedom in the economy generally. This appears to be due in great measure to the antitrust laws.

It is, of course, impossible to make a rigorous proof of any historical cause and effect. No one can measure the degree to which basic legal principles have influenced social development. For example, the concept of "due process of law" has certainly had a profound effect on the course of American history. But it is difficult to specify and impossible to quantify that effect. Likewise, the principles of antitrust have had a substantial effect upon economic structure according to the testimony of most observers and business participants although the degree of influence is incommensurable.

Those who criticize the antitrust laws on the ground that competition is ineffective or outmoded have yet to make either a cogent theoretical argument or a practical demonstration that there is any better alternative social model. The experience of this country would certainly seem to offer at least some evidence to the contrary.

One of the first great antitrust cases resulted in the dissolution of the Standard Oil combination in 1911. Now, half a century later, the oil companies which resulted from the splitting up of the Standard Oil combine, are large and prosperous and are among the largest corporations of the country. On the other hand, many railroads, airlines and other regulated enterprises are in obvious financial difficulty. Clearly there are numerous complex causes. However, this suggests at least that regulation and restriction of competition is no guarantee of prosperity, and that competition enforced by antitrust action is no barrier to prosperity and growth. There are numerous industries in which antitrust action has taken place

and in which business has grown large and prosperous. Indeed the critics who claim that the antitrust laws are too rigorous can point to no specific example where they have prevented the growth or development of American industry in any field.

In an event, no system of regulation or of Socialist incentives has yet been suggested that will secure all of the purposes and objectives of the antitrust laws. It is possible that regulation or Government ownership might avoid exploitation of the consumer and unduly high prices. There is no serious reason to doubt that this will be true in practice over any substantial period, but the point may be conceded for the sake of argument. However, it is clear that neither regulation, Government ownership, nor monopoly, will furnish that automatic and impersonal control of prices and allocation of resources which is most likely to insure economic efficiency without reliance upon the fallability of human knowledge and judgment. Further, the stimulation and utilization of diversity which generate technological progress can hardly be achieved by any other method than that freedom which is protected by antitrust principles.

It is noteworthy that since the end of World War II many of the other industrial countries of of the world, particularly in Europe, have adopted new or substantially strengthened statutes against restrictive business practices. Japan adopted such a statute in 1947; Austria in 1951; Norway, Sweden, and Ireland in 1953; France in 1954; Denmark in 1955; Great Britain and Netherlands in 1956; Germany and Finland in 1957; Belgium, Israel, and Canada in 1960. Moreover, broad provisions against restraints on competition were contained in the treaty establishing the European Coal and Steel Community in 1951, and also in the Treaty of Rome establishing the European Economic Community (or Common Market) in 1957. The treaty setting up the European Free Trade Association or the "Outer Seven," in 1960 likewise contained provisions on the subject. While there are numerous differences and a variety of detail among these statutes and treaties, it is significant that all, like our own antitrust laws, seek the maintenance of competition and the elimination of what we call restraint of trade.

Prof. Albert Coppé, vice president of the High Authority of the European Coal and Steel Community and a distinguished economist, has said:

"Even among those of us who looked for great results from the Common Market there was astonishment at the swiftness with which the intensification of competition produced a considerable increase in investments. In various sectors of the Community's industries, investments are now going up swiftly. There has been a 40 percent increase in coal mine investments, and an increase of nearly 50 percent in the steel industry as compared with the first years of the Common Market.

"With this increase in capital investment has come increased productivity in the Community's industries. Certainly productivity is the key to higher living standards in a modern industrial economy. Therefore, another lesson to be learned from our experience is that by establishing a climate of competition it becomes possible—because it becomes commercially necessary—to increase investments, boost productivity, and thus contribute to higher living standards." (Speech at St. Mary's University, San Antonio, Tex., Oct. 3, 1957.)

Beyond the economic benefits, probably the most important purpose achieved by the maintenance of a free enterprise system through the antitrust laws is the establishment of conditions that foster and permit political democracy and civil liberty. Neither government regulation nor any of the alternative theories or schemes yet suggested would afford conditions of individual economic freedom to nurture political democracy and civil liberty as antitrust and free enterprise do.

Without suggesting either that the antitrust laws are perfect or that they are the sole cause involved, it may be observed that their purposes have been largely achieved. The United States has developed a free and competitive economy and has made unprecedented technological progress. It has increasingly made more goods available to more people and has maintained an economic system with a very large degree of individual freedom, opportunity for initiative and political democracy. These achievements are surely the result of both the underlying philosophy that produced the antitrust laws, and the existence and enforcement of the laws themselves.

ENFORCEMENT POLICY

The enforcement of laws can be more or less efficient or vigorous, but, if it is honest, it cannot be partisan or political. The enforcement of the Federal laws, particularly the antitrust laws, over the years has been honest, nonpartisan and nonpolitical. Differences of opinion as to application of general antitrust principles to particular cases can and do exist among conscientious lawyers. However, there has been relatively little differences among those charged with enforcement of Federal antitrust laws as to the principles that should apply.

The basic antitrust enforcement policy is, and we believe always should be, to achieve the objectives of the law by securing compliance. The enforcement policy of this administration does not seek to impose penalties upon business, to secure injunctions or to win cases for the sake of a statistical record. Indeed, we believe that the effectiveness of antitrust enforcement cannot be measured by statistics. Were the program of enforcement perfectly effective, there would be universal voluntary compliance and litigation would be confined entirely to borderline cases in which the application of general principles required full judicial inquiry and determination. No such utopian condition seems imminent or prospective. However, such a hypothesis emphasizes the point that statistical measures of cases filed are not a good indication of the effectiveness of enforcement activity.

With respect to the specific cases that are brought, there is an inescapable burden of discretion on enforcement officials since manpower and money are limited. There always are more complaints than it is possible to investigate fully and more potential cases than it is possible to prosecute.

Within this area of discretion, the selection of cases is now being made on the basis of economic significance and potential contribution to the achievement of antitrust objectives. Enforcement activity is not fashioned to fit any preconceived ideas as to which sections of law should be enforced or which areas of business should be prosecuted. While errors of judgment are always possible, enforcement policy now is guided solely by the policy and standards of the statutes on the basis of the specific facts in each case. Despite some published opinions to the contrary, enforcement policy and activity under the present administration has been neither punitive nor hostile. For example, the proportion of criminal cases filed in 1961 was the lowest of any year in the last decade.

In the past, enforcement officials sometimes have suggested that one section of the antitrust statutes might be more important or more effective than another. The announced policy of this administration to enforce all sections of the law with equal vigor has led some writers to the erroneous conclusion that we are less vigorous with respect to certain statutes than those who talked more emphatically about them. Specifically it has been asserted that we are bringing fewer cases under the Celler-Kefauver Antimerger Act than the preceding administration. The fact is, however, that the largest number of cases brought under this statute in any year prior to 1961 was 11, while 18 such cases were filed in the year 1961. Furthermore, of the 18 cases filed in 1961, 5 were actually brought to trial during that calendar year and 1 additional case was brought to trial within 1 year of the date on which it was filed. As many merger cases were tried in 1961 as were tried during the preceding decade.

This does not mean that all mergers are automatically challenged by the Antitrust Division. On the contrary, the number of cases is relatively small in relation to the total number of mergers. The Antitrust Division examines over a thousand mergers a year. Between 1 and 2 percent of these mergers are challenged in court.

In this connection, the Antitrust Division is guided by the statements of the courts that mere size is not an offense against the antitrust laws, but that market power is one of those economic circumstances relevant in certain cases. Practices such as price fixing which are unreasonable per se are equally forbidden for all businesses whether big or small in market power. On the other hand, a far wider range of practices is prohibited only as the practices appear to be unreasonable in the setting of economic circumstances. In such cases the relative market size of the enterprise involved clearly is of importance. For example, an acquisition or merger by a company that is already very large in relation to its market is far more likely to lessen competition substantially or tend to create a monopoly in violation of the antitrust laws than a similar transaction by a small company.

Most of the investigations and cases of the Antitrust Division are in response to complaints received. These come in at the rate of more than 100 a month. Of the total number of complaints received only about 13 percent develop into major investigations and less than 5 percent in the filing of a case. A most significant fact is that of all the complaints received over two-thirds are from businessmen themselves. The great majority of the investigations made and the cases filed under the antitrust laws are the result of requests by business for legal protection.

THE SPIRIT OF ANTITRUST

In the final analysis, therefore, the antitrust laws are truly pro-business. By keeping the economy free, by preventing restrictive and unfair practices, and by permitting equality of opportunity for all, they have maintained the conditions that permit and foster the growth of American business. The antitrust laws, in this respect, may be likened to the laws that regulate traffic. Nearly everyone is annoyed at some traffic laws and indignant after receiving a traffic ticket. But most reasonable men recognize that without traffic laws and officers to enforce them no one could drive safely on the crowded public highways.

In the same manner it is antitrust enforcement that keeps the economic highways free and open to business. If it were not for enforcement of the antitrust laws there might be one or two businesses able to survive and drive others off the highway or out of the field. However, the overwhelming majority of businesses, literally more than 99 percent of all present business enterprises, would have little chance of prosperity or even survival without such protection.

Beyond this, the antitrust laws offer one common ground upon which those of varying political and economic viewpoints can, and indeed must, meet if Americans are to work together in building greater economic strength for the future. The concept of

pluralism in the organization of power is the one positive and practical program that can challenge the strength of tyranny arising from the monopolistic concentration of power under the totalitarian systems.

The matter was well stated by Fortune in an editorial in July 1948:

"Unique among those institutions which have tended to preserve America's flexible, dynamic, and competitive society is the Sherman Antitrust Act, passed 58 years ago by a Republican Congress and currently being applied in a way that may profoundly affect U.S. enterprise. * * * Redemption can come only as freemen everywhere come to see that liberty is meaningful only as power, political as well as economic, is dispersed, and that the high road to such dispersal lies through the cultivation, not the elimination, of private property, and the broadening, not the constriction, of the market. But within the context the Sherman Act does make sense—a signpost from the past providentially preserved into the present. We may not be able and we may not wish to recreate the exact ideal society envisaged by its framers. They too were unsure and did not know all the answers. What they did know was that the free society rests on the idea of limited power and that there are moral reasons for insisting on this which transcend any economic considerations. Let us, therefore, apply the letter of the Sherman Act as best we can to our complex industrial society—preserving its spirit to fight the deadly statist tyrannies of our time."

This is the spirit of the antitrust laws, as it is the spirit of the American Constitution and the American people. This is the spirit that moves and guides the present enforcement of the antitrust laws. In this spirit, antitrust is truly probusiness, but is much more than that. Antitrust means free enterprise. It means equal economic opportunity for all in a free society.

The basic vision of the antitrust laws is that freedom can exist only where it is established and protected by law, and that the law must secure a pluralistic rather than a monopolistic organization of power in every realm. This concept is built into the very structure of our Government. The Constitution itself provides for a system of checks and balances by organizing the power of Government into three separate and coordinate branches. The purpose of the founders of the Nation was to guard against tyranny by preventing too great a concentration of power in the hands of one or a few. In the economic, as in the political realm, we must insure that power is organized on a pluralistic, not a monopolistic basis. The spirit of antitrust is the spirit of liberty, and its method is the most practical means of securing and maintaining liberty that mankind has yet learned.

PROPOSED FEDERAL TAX REDUCTION

Mr. BYRD of Virginia. Mr. President, on June 29, 1962, the Chamber of Commerce of the United States, through Mr. Ladd Plumley, president, announced its recommendations for immediate Federal tax reduction with a statement that its committee on taxation was "not unmindful of the immediate impact of rate reduction on the imbalance in the budget."

I replied to this action by the board of the U.S. Chamber in a letter to Mr. Plumley dated July 6. My letter was made a part of the RECORD on July 9. Copies of this letter were sent to executive officers of State chambers of commerce.

After my letter to Mr. Plumley had been mailed I received a letter dated July 5 from Mr. Plumley regarding the action which had been taken by the U.S. Chamber board.

Subsequently, on July 11 I received a memorandum dated July 10 from Mr. Arch N. Booth, executive vice president of the Chamber of Commerce of the United States. The memorandum was addressed to "Members of the Senate Finance Committee," and it enclosed a "copy of a wire to executives of State chambers of commerce" and a copy of a letter to Mr. Herschel C. Atkinson, executive vice president of the Ohio State Chamber of Commerce, at Columbus.

I have replied to Mr. Booth's memorandum. I ask unanimous consent that my reply to Mr. Booth, the text of Mr. Plumley's letter of July 5, and Mr. Booth's memorandum to Senate Finance Committee members, with enclosures, be published in the RECORD as a part of these remarks.

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

JULY 11, 1962.

Mr. ARCH N. BOOTH,
Executive Vice President, Chamber of Commerce of the United States, Washington, D.C.

MY DEAR MR. BOOTH: I am in receipt of your memorandum dated July 10, 1962, addressed to "Members of the Senate Finance Committee" which said:

"To help set the record straight about recommendations made by the Chamber of Commerce of the United States for cutting Government expenditures and for cutting individual and corporate income taxes, the attached is sent to you."

To this memorandum you attached two enclosures: (1) a copy of wire sent to executives of State chambers of commerce, and (2) a letter to Mr. Herschel C. Atkinson, executive vice president, Ohio State Chamber of Commerce, Columbus, Ohio.

In your wire to State chamber executives you say in part:

"Senator BYRD's July 6 open letter to President Plumley and his letters to State chambers both fail to present accurately our position on reduction of tax rates and Federal spending. Recent board action in no way deviates from policy positions set for the chamber by its member organizations.

"The national chamber has consistently pressed for reduction of Federal spending. This year alone we have detailed more than $5 billion in constructive cuts and urged congressional action. We insist every needless expenditure be eliminated.

"These two major positions are inseparable and must be considered together."

In your letter to Mr. Atkinson, you say in part:

"As stated in the July 6 issue of our publication Washington Report, the national chamber coupled its tax proposal with a demand for reduced Government expenditures."

In my letter of July 6 to President Ladd Plumley of your organization, I said in part:

"I was astonished and dismayed by the June 29 action of the board of the U.S. Chamber of Commerce recommending immediate Federal tax reduction without equal reduction in expenditures," and that "I was shocked by the fact that * * * you would propose tax reductions with admitted recognition of 'imbalance in the budget,' and that you would do so with minimum emphasis on expenditure reduction."

I said further that:

"It is untimely, dangerous and panicky for the president of the U.S. Chamber of Commerce at this time to say delay in tax reduction 'courts the disaster of a recession in the United States' which may spread to Canada and Europe."

I submit that these statements by me are in no way at variance with the two statements attributed to President Plumley, released by the U.S. Chamber of Commerce on June 29, relative to immediate reduction in Federal taxes.

If I misinterpreted the June 29 action by the U.S. Chamber board, I am in company with the authors of every public comment on the matter which I have seen to date.

I do not think I misinterpreted the action. I quote in part, but directly, from a letter dated July 5, 1962, from Mr. Plumley to me:

"Some suggest a cut in Government spending must precede rate reduction. But the experience we have had in recent years argues that forces in power may demand more spending rather than less.

"To await the day when spending is cut, as propitious for reducing tax rates, may be to wait in vain. Experience again shows clearly that Federal spending preempts Federal revenues even before they are received.

"To the chamber membership, the question is one of seeking among alternatives * * * although the various alternatives, we admit, are fraught with dangers.

"To us, the immediate cut of tax rates—so burdensome to private initiative and accomplishment—is a first step."

I would appreciate a reconciliation of all of the statements made by you and Mr. Plumley on this subject and a complete statement of the position of the U.S. Chamber of Commerce with respect to immediate reduction of taxes with or without compensating reduction in expenditures.

Very sincerely yours,

HARRY F. BYRD.

The full text of Mr. Plumley's letter of July 5 to me follows:

CHAMBER OF COMMERCE
OF THE UNITED STATES,
Washington, D.C., July 5, 1962.

Hon. HARRY F. BYRD,
U.S. Senate
Washington, D.C.

DEAR SENATOR BYRD: Some recent press commentaries suggest that you may be viewing the national chamber askance, particularly in view of a recent statement on tax-rate revision.

As a principal means of transmission of that statement, let me assure you—if such assurance is indeed necessary—that the chamber has not rejected the facts of fiscal responsibility.

For some years now, as you may recall, the chamber has been urging both the reduction of less-essential Federal expenditures and the advisability of lowering the corporate and individual income-tax rates.

This year, we are doing the same, but with even more emphasis.

Many suggest that tax-rate reduction would bolster the economy. Much sound testimony to Congress from tax specialists supports this view. There is increasingly more general recognition of the harm that high rates may cause.

The problem, briefly, is when and how to bring these cuts about, and what specifically should the cuts be.

Here, of course, is a point where honest opinion may differ.

Some suggest a cut in Government spending must precede rate reduction. But the experience we have had in recent years argues that forces in power may demand more spending rather than less.

In the year of our highest GNP, we have witnessed a $7 billion deficit. Another is already abuilding, we are advised for this year. And there is much administration comment to support the merit of deficit spending for years to come.

To await the day when spending is cut, as propitious for reducing tax rates, may be to wait in vain. Experience again shows clearly that Federal spending preempts Federal revenues even before they are received.

What then is the alternative? If we are to live with deficit spending, how best may we turn it to our advantage?

In effect, as I see it, that is the debate that is best conjured up by the chamber's suggestion for acting now on tax-rate revision.

Currently, there is talk of recession, perhaps this fall, next spring. Inevitably, suggestions will come for more Federal spending—to combat this economic trend.

Yet, many propose that immediate tax-rate reduction would forestall this economic possibility and turn us into new ways of economic growth.

We are aware, from past experience, that this Nation cannot spend itself into prosperity—out of the Federal Treasury. Yet we have reason to believe that just that course may be attempted, if the signs pointing to recession deepen.

To the chamber membership, the question is one of seeking among alternatives, although the various alternatives, we admit, are fraught with dangers.

To us, the immediate cut of tax rates—so burdensome to private initiative and accomplishment—is a first step.

It is our way of declaring a form of cold war against forces depriving the economy of its full measure of growth.

Granted some temporary and immediate cost, it provides a measure of offensive action which—used wisely—can effectively combat the negative outmoded approaches to the problems of economic development.

I should welcome the opportunity to sit down with you—in your office, or mine—and discuss these problems with objectivity.

It needs no words from me to express our appreciation of your stand for us in the Congress. We know you act in the best interests—as you see them—of us all.

If there is difference of opinion, at best it is but temporary. And if the facts support one side or another more comfortably, I should like to have the privilege and opportunity of presenting your views more widely to our chamber membership.

Cordially,

LADD PLUMLEY.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, D.C., July 10, 1962.

Members, U.S. Senate Finance Committee:

To help set the record straight about recommendations made by the Chamber of Commerce of the United States for cutting Government expenditures and for cutting individual and corporate income taxes, the attached is sent to you.

Cordially yours,

ARCH N. BOOTH.

[Copy of wire sent to executives of the State chambers of commerce]

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, D.C., July 10, 1962.

Senator BYRD's July 6 open letter to President Plumley and his letters to State chambers both fail to present accurately our position on reduction of tax rates and Federal spending. Recent board action in no way deviates from policy positions set for the chamber by its member organizations.

The national chamber has consistently pressed for reduction of Federal spending. This year alone we have detailed more than $5 billion in constructive cuts and urged congressional action. We insist every needless expenditure be eliminated.

These two major positions are inseparable and must be considered together.

The national economy is now at a critical point where action is essential. Future balanced budgets, fiscal sanity, and continued economic growth depend upon reduction of needless Federal spending and removal of present tax rate deterrents.

ARCH N. BOOTH,
Executive Vice President.

CHAMBER OF COMMERCE OF THE
UNITED STATES OF AMERICA,
Washington, D.C., July 10, 1962.

Mr. HERSCHEL C. ATKINSON,
Executive Vice President,
Ohio Chamber of Commerce,
Columbus, Ohio.

DEAR HERSH: Your July 9 day letter to Senator HARRY F. BYRD states, "Ohio chamber board has taken position that major reduction of Federal expenditures and downward tax adjustments are inseparable."

As stated in the July 6 issue of our publication, Washington Report, the national chamber coupled its tax proposal with a demand for reduced Government expenditures.

I'm sorry you didn't call to learn the details of the national chamber's recommendation for cutting Government expenditures and for cutting individual and corporate income taxes. The national chamber has presented 19 separate recommendations to congressional committees in support of our contention that more than $5 billion can be trimmed from appropriations. Additionally, we have taken a position for deficit-cutting postal rate increases—against debt ceiling hikes—and against standby public works authority.

Our positions are quite similar—almost identical—yet you have implied important differences of opinion and you have implied no expenditure reduction effort by the national chamber in your wire to Senator BYRD, copies of which you sent to the members of the Senate Finance Committee and the House Ways and Means Committee.

Thank you for sending copies of your communications.

Cordially yours,

ARCH BOOTH.

ALASKA'S LAND-GRANT COLLEGE PERSONIFIES ITS MOTTO: AD SUMMUM

Mr. GRUENING. Mr. President, 5 years before the signing of the Treaty of Cession of Russian America to the United States, President Abraham Lincoln signed the Morrill Act into law. The date was July 2, 1862.

In the 100 years which have elapsed since the signing of the Morrill Act its value has far exceeded the hopes of Congressman Justin Smith Morrill, of Vermont. The Morrill Act offered to each State, Federal land upon which to build a college. It is significant that today there are land-grant institutions in each of the 50 States and in Puerto Rico.

Justin Morrill brought the colleges to the people. For today 1 of 3 high school graduates attend college rather than the 1 of 1,500, the ration in 1862.

As the States availed themselves of this remarkable Federal plan, certain of their leaders saw the need to work together to resolve mutual problems. By 1885 the Association of State Universities and Land-Grant Colleges was formed.

In 1862 32 million Americans could, if funds were available, have sought admittance to the Nation's 203 colleges. One hundred years later 180 million Americans are served by more than 2,000 institutions of higher learning. One-fifth of nearly 4 million enrolled students attended land-grant colleges. Millions more have attended or graduated from them, among them 25 of the 42 living American Nobel Prize winners, according to Chancellor John T. Caldwell, of North Carolina State College, president of the Association of State Universities and Land-Grant Colleges.

The land-grant institutions during this historic centennial year have named chairmen to coordinate appropriate events at the colleges. Dr. Arthur S. Buswell, dean of statewide services, heads the University of Alaska Centennial Committee.

The Morrill Act has been described often during its century of service, but I particularly like the recent definition offered by my able colleague the senior Senator from Vermont [Mr. AIKEN] when he opened the land-grant centennial exhibit at the National Archives in Washington, D.C.

He said:

Many thousands of words have been used to define the land-grant college system.

The Morrill Act of 1862 has been called the Magna Carta of American education, and "the emancipation proclamation for those striving for higher education."

It is both of these but the land-grant college laws, as a whole, are something more: They are designed to teach people how to do for themselves.

This fundamental objective is embodied in the original Morrill Act. It is the intent and the spirit underlying subsequent legislation—the Morrill Act of 1890, the Hatch Act of 1887, the Smith-Lever Act of 1914 and the Bankhead-Jones Act of 1935.

That the senior Senator from Vermont [Mr. AIKEN] should open the land-grant centennial exhibit is appropriate. The principal proponent of the Morrill Act, U.S. Representative Justin Morrill, represented Vermont in the U.S. Congress for nearly 50 years.

Fifty-five years after the signing of the Morrill Act, the Alaska Territorial Legislature by its acts of May 3, 1917, accepted the land grant and created a corporation known as the Alaska Agricultural College and School of Mines, which had been established by the 63d Congress, during the first term of President Woodrow Wilson.

The University of Alaska actually dates from July 4, 1915, when the Honorable James Wickersham, Alaska's delegate to the U.S. Congress, laid the cornerstone on college hill near Fairbanks on land set aside by the Congress on March 14, 1915.

The doors of Alaska's first public institution of higher learning opened September 18, 1922, to six students, but not until July 1, 1935, was it named the University of Alaska by act of the Territorial legislature. In the following 40 years its enrollment has grown to nearly 1,000 at the home campus. The scope of its instruction increased substantially in 1953 when the Territorial legislature authorized the university to cooperate with qualified school districts in the setting up of community colleges. Four such colleges have been established in Anchorage, February 8, 1953; Ketchikan, fall of 1954; Juneau-Douglas, fall of

1956; and Palmer, fall of 1961. A fifth is planned at Sitka.

Students attending these institutions may take courses for academic credit at the freshman and sophomore level. These courses and their instructors are approved and supervised by the university. They are offered in the evening and local school facilities are utilized.

Justin Morrill, according to my friend, the senior Senator from Vermont [Mr. AIKEN], believed the land-grant idea to be a commonsense plan for extending the advantages of education to all American people. Justin Morrill realized that education was essential for effective, intelligent, and informed popular government. How well his concepts apply to the development of the public higher education system in Alaska, a State one-fifth the size of the entire United States yet whose progress constantly has been impeded by its inadequate highway system. Thus, as education at the college level is brought closer to more Alaskans because of the Morrill Act and its subsequent expansion, it is possible to teach people how to do for themselves, as my friend from Vermont suggests.

President Kennedy in his message on education sent to the Congress February 6, 1962, said:

> No task before our Nation is more important than expanding and improving the education opportunities of all our people.

Alaskans are working to implement his statement.

Since the University admitted its first 6 students, taught by 6 faculty members, it has grown in size to nearly 1,000 students and 93 faculty, and a Stanford University School Planning Laboratory study anticipates an enrollment of 3,500 by 1970. The 1962 enrollment figure is implemented by students attending the Community Colleges and hundreds participate in noncredit courses.

The University of Alaska is the farthest north institution of higher learning in the Western Hemisphere. Located only 125 miles from the Arctic Circle, it offers 4 year courses leading to bachelor's degrees in agriculture, arts and letters, biological science, business administration, chemistry, civil engineering, education, electrical engineering, general science, geophysics, home economics, mining engineering, geological engineering, metallurgical engineering, geology, physics, and wildlife management. Graduate programs leading to the master's and doctor's degrees also are offered.

Since 1922 four men have served as president of the institution. The first was Dr. Charles E. Bunnell, a former U.S. district judge, in whose honor Bunnell Memorial Building is named. He came to Valdez, Alaska, in 1900, as an educator, taught school there, then served as district judge of the fourth division bench before assuming his duties December 7, 1921.

Handicapped in the matter of appropriations by largely uninterested and often hostile legislatures more or less dominated by absentee interests whose chief preoccupation was to take as much as they could out of Alaska and leave as little as possible, Bunnell struggled heroically to keep the institution alive. To his pertinacity, to his vision, to his determination, exercised unflaggingly for a quarter of a century, that the advantages of higher education should be available to Alaska's youth, Alaska owes the survival of its one State university.

Dr. Terris Moore succeeded Dr. Bunnell as president of the University of Alaska, July 1, 1949. He served until October 31, 1953.

Dr. Moore, known as the "flying" president, visited many parts of the then-Territory in his airplane. Today he works for the Army Research and Engineering Center in Natick, Mass., and in 1959 in Alaska set what is believed to be the high altitude landing record for fixed wing aircraft.

His successor, President Ernest N. Patty, immediately began to build the academic and physical plant of the University of Alaska. Long familiar with the university, Dr. Patty joined the faculty in 1922 as a professor of geology and mineralogy. In 1926, President Bunnell had appointed him dean of the college and head of the School of Mines. Dean Patty had entered private business in 1935, but returned in 1953 when the board of regents elected him president of the university. Fortunately a different attitude from that which had plagued President Bunnell now prevailed in the legislatures.

Dr. William R. Wood succeeded President Patty in the fall of 1960 as president, coming to Alaska from Nevada where he was academic vice president of the University of Nevada and director of the Desert Research Institute.

Thus in 1962 the University of Alaska looks ahead in this era which has been called the age of technological leapfrog. In his inaugural address of October 23, 1960, President Wood said:

> Let us build the University of Alaska to be the northernmost star in the intellectual firmament—a polar guidemark for freemen everywhere.

And the University of Alaska is taking the giant strides necessary to achieve this goal. The most modern of facilities will enable students and faculty to pursue new forestry research, help erase water pollution, advance in biological science, and develop the untapped resources of the vast northland on a campus which will include 100,000 acres.

A great center of Arctic and sub-Arctic research is in the making at the University of Alaska. Daily more people become aware of Alaska's geographic location, of the State's strategic implications for global relations.

The university is the closest of all U.S. institutions of higher learning to Asia. The polar route makes it a near neighbor to the universities of the Scandinavian countries and northern Europe. Jet travel puts it less than 7 hours away from New York City and the colleges of the Atlantic seaboard.

We of Alaska know that it is inevitable that our university becomes a distinguished regional world center for research and advanced studies. As President Wood has said:

> It is precisely the right place at the right time in history. Not only the State, but the Nation is concerned that great strides toward the fulfillment of this destiny be undertaken promptly.

Thomas Jefferson has written:

> If a nation expects to be ignorant and free, in a state of civilization, it expects what never was and never will be.

Written in 1816, the Jeffersonian comment epitomizes the purposes of all colleges for we must keep informed of progress. No substitute exists for thinking people.

"We live today in the first era of changing fact," according to Mr. J. Lewis Powell, an official in the Department of Defense. When someone says "what goes up, must come down" remind him, suggests Mr. Powell, that there are more than 50 satellites orbiting the earth which went up but have not come down and will not until a button is pressed.

If we are to keep informed of progress, of actual changes in fact, we must make sure that we do not repeat as new experience that which has been learned and digested previously.

The president of the University of Alaska concurs.

In his inaugural address of 1960 he said:

> It is easy to educate for yesterday. Mediocrity loves it. Besides it is cheaper. The worthless usually is. Higher education for the 21st century will require the most strenuous efforts of our toughest minds. It will be very, very expensive. As expensive by comparison as a Polaris missile is to a World War I torpedo—and as necessary for survival as the Polaris. Yet there is little choice open to us as a people. We go forward militantly into the 21st century intellectually and ethically armed or we shall stand still and be dragged into it to generate into ignorance and mediocrity and oblivion.

And I agree with his statement that "governments exist for the benefit of men; men do not exist for the benefit of governments."

The century of progress in education since inception of the land-grant college program attests to this.

A university enshrines the soul and spirit of the people it serves. It can be the dynamo which sparks their intellectual urge. It may serve as their leader, beckoning to greater heights of purpose, service, and achievement.

So appropriately "Ad Summum" is the University of Alaska's motto; and on its seal is depicted Mount McKinley, the continent's highest eminence, which, 160 miles to the southwest, is visible on a clear day from the campus.

The struggle to the summit is never easy. The University of Alaska needs much to fulfill its mission. The purpose to attain it has never been firmer among the regents, president, faculty, student body, and alumni—and among the people of Alaska generally. It is in the national interest that this goal of a great university, not only serving the people of America furthest north and west, but also being the center of Arctic and sub-Arctic research and knowledge for the free world, be achieved.

Mr. MANSFIELD. Mr. President, is there further morning business?

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

EXECUTIVE SESSION — AMBASSADOR TO IRELAND

The PRESIDING OFFICER. Under the order entered on yesterday, the Senate will now proceed to consider, in executive session, the nomination of Matthew H. McCloskey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ireland.

The question is, Will the Senate advise and consent to this nomination?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HUMPHREY. Mr. President, I ask unanimous consent that further proceedings under the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. SPARKMAN obtained the floor.

Mr. KEATING. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. KEATING. Is the Senate in the morning hour?

The PRESIDING OFFICER. The Senate is in executive session. The question is, Will the Senate advise and consent to the nomination of Matthew H. McCloskey to be Ambassador to Ireland?

Mr. KEATING. Will the Senator from Alabama yield?

I do not wish to delay the proceeding in any way. I wish to address the Senate for 4 or 5 minutes on a different subject. If it is agreeable, I can do so at this time. However, I can defer my remarks.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that I may yield 5 minutes to the distinguished Senator from New York without losing my right to the floor.

The PRESIDING OFFICER. As in legislative session, without objection, it is so ordered.

TELSTAR SUCCESS POINTS UP NEED FOR SATELLITE COMMUNICATIONS BILL

Mr. KEATING. Mr. President, this week the American Telephone & Telegraph Corp. joined forces with the Government of the United States in launching a crucially important satellite—the first link in this country's planned communications network in outer space. The launching was a total success and television transmittals were completely successful. Fifteen hours after its launching from Cape Canaveral, our scientists were able to demonstrate this success by flashing a television beam from Andover, Maine, to the satellite, and from there to another ground receiving station in France. No one who saw the taped image of that program, with the flag of the United States furling against the huge white dome of the transmitting station, could fail to be thrilled by the magnitude and the potential of what we had done. In Europe, the French and British are already contesting their own claims and efforts to participate.

A.T. & T. paid $3 million for this launch, Mr. President, and it contracted to reimburse the Government whether the launch was a success or failure. A comparable public venture, the Space Agency's Project Relay, which is financed by the American taxpayer, is still on the ground, and will not be launched for another 2 months. In the meantime, Telstar is providing the company and the country, valuable information which will be used to develop and improve our vital communications network. The point is obvious, Mr. President. Private initiative, when it is allowed to function in cooperation with the Government facilities, can do the job, and can do it well. Project Telstar is an unqualified success.

I wish I could say the same about the space communications bill that we are attempting to launch in this Chamber. We have heard more than a week of debate on the bill already, and more is scheduled for the near future. If all of this talk were for the purpose of writing the best and most farsighted bill possible, there could be no objection, but, such, unfortunately, is not the case. The sole purpose of this extended debate is to talk the communications satellite bill to death, to block its passage in the current session of Congress, so that its opponents can look for some more convincing arguments next year.

I deplore the use of this tactic, Mr. President, in this or any other legislative struggle, and I would venture to predict that it will not be successful. The launching of the Telstar can only lend weight to our arguments. We must act now, with a private satellite in orbit, if we are to have an effective partnership of Government and private enterprise in the rapidly expanding world of space exploration. If we do not work out this partnership now, it is quite certain that we will have lost the chance, for A.T. & T.—which the opponents of this bill profess to fear so much—will have gone ahead and established its space communications system alone. If the opponents of this bill continue to stall, they will have succeeded in accomplishing the very thing they profess to oppose—the establishment of a monopoly.

The time to act is now, Mr. President, while we have a chance sensibly and effectively to regulate this new venture without the scandals and acrimony which accompanied the regulation of railroads 75 years ago. The time is now, Mr. President, while we are on the threshold of this great venture, to approve this model space age legislation. From the past, we can learn that governments and nations have always prospered in the transfer of new discoveries and techniques from public to private hands. From the future, we can catch a glimpse of the limitless horizons of our potential in space and a consequent realization of the overriding significance of what we do today.

Mr. President, the only reasonable choice before the Senate now is: Will we approve an organized cooperative venture? Or will we permit individual and possibly in future haphazard efforts by anyone who wants to go ahead

The British and French dispute over who should have filmed what first is just the kind of thing we can expect here unless we act promptly. Needless and undignified conflict can be avoided by approval of the bill now before us.

Mr. President, the whole country seems to be alert to this new effort. Only the Senate is not. Two very fine editorials appeared in the New York papers this week which eloquently pinpoint the reasons for moving ahead promptly. I ask unanimous consent that these editorials—from Tuesday's New York Times and Wednesday's Herald Tribune—be included in the RECORD at the conclusion of my remarks, and I commend them to the particular attention of those Senators who intransigently oppose the measure.

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

[From the New York Times, July 10, 1962]

THE SPACE COMMUNICATIONS SATELLITE

The planned launching this morning of the Telstar communications satellite marks another dramatic thrust in man's penetration of the mysteries of space. The satellite, sent into orbit through a partnership of industry and Government, inaugurates a new era in communications.

Its readiness for experimental use focuses fresh attention on the merits of the administration-backed bill, which the Senate is about to debate, creating a private corporation to own and operate the U.S. portion of a global satellite system. The probability that such a system will be operating by 1965 represents an incalculable advance, and there is understandable controversy over the rules the Government should set to insure that the benefits for us and the world will be fully realized.

The bill, similar to one already passed by a House vote of 354 to 9, would make half the stock in the new corporation available to the general public and half to the common carriers in the communications field. The private stockholders would elect 6 of the corportions 15 directors, the communications companies 6 and 3 would be appointed by the Government. The Federal Communications Commission would regulate rates and services under powers broader than any it now exercises.

The measure's foes contend that it proposes a giveaway of the fruits of huge sums in Government-financed research to a private monopoly more interested in profit than in the satellite's great potentiality for service. Special fear is expressed that the corporation would be dominated by the American Telephone & Telegraph Co., which would supply 80 percent or more of its traffic. Government ownership along the lines of the Tennessee Valley Authority is the alternative these critics favor.

Supporters of the bill insist that safeguards in the proposed legislation prevent one-company domination and make the private corporation a promising instrument for integrating the satellite into the privately operated communications pattern that prevails in this country. The validity of these hopes would depend on the stringency of the powers assigned to the FCC and on the adequacy of the funds and staff it got for the most exacting regulatory task in its history.

Among the specific requirements it would have to enforce is a guarantee that all present and future communications companies have access to the satellite and its ground terminal stations on a nondiscriminatory

basis under just and reasonable charges and conditions. The FCC also would have a mandate to police the manner in which facilities were allocated and interconnections supplied to insure competition. Effective followthrough on these requirements is a sine qua non for proper public protection.

The giveaway argument has no greater force in this field than it does in agriculture, *mining*, aircraft development, electronics, or any of the dozens of other areas in which Government-paid research has long provided benefits for both public and private users. Few experts believe a commercial satellite system can approach the break-even point in less than 5 years. The primitive state of present knowledge is indicated by the Pentagon's recent decision to scrap Project Advent, on which it had already spent $170 million in an attempt to develop a synchronous satellite that would travel in equatorial orbit 22,300 miles above the earth.

What is needed now for maximum progress in military and commercial applications is a pooling of public and private talent. The Telstar, developed by A.T. & T. and hurled into orbit by a Government rocket, indicates the virtue of such cooperation. Its first uses for transatlantic television transmission will reflect a similar partnership—private broadcasters on this side of the ocean and Government-run networks in Europe. With rigorous FCC supervision, the same pattern, embodied in the projected corporation for satellite communications, could permit the United States to play its full part in extending to all sections of the globe the high purposes of service to mankind offered by this newest gift of science.

[From the Herald Tribune, July 11, 1962]

A WORK OF PEACE: TELSTAR BLAZES A TRAIL IN THE SKIES

Even in an age which is well-accustomed to scientific marvels, there is something special about yesterday's successful launching of Telstar, the "switchboard in the sky," at Cape Canaveral.

For this new satellite, built by private industry—the American Telephone & Telegraph Co.—and launched by Government—the National Aeronautics and Space Administration—dramatizes with rare immediacy the changes to be wrought in our lives by the strides of space technology.

A new era has been opened in human communication. The launching of Telstar means that the continents will be linked together more closely and securely than ever. Stations in space will transmit signals with incredible speed, ease and accuracy around the globe, opening new pathways for intercontinental television, radio and telephone.

Telstar is an answer to those who have wondered what part private industry was going to play in forging the scientific advances of the future. It is an answer, too, to those who have wondered what practical, not to say immediate, benefits there were in man's forward surge into space.

Even as it races through space right now, the solitary space device of its type, Telstar has cut a new channel through the heavens for men to communicate with one another. And it is inevitable that within a short time there will be other Telstars girdling the globe, removing virtually all limits from men's ability to exchange words, ideas and thoughts with one another across the oceans, mountains and deserts that separate them physically.

America's new star in the skies bears one other indisputable and praiseworthy distinction. It is a work of peace. Telstar threatens no one, menaces no one, does not carry within itself the potential of disaster. It seeks to build, not to destroy.

All those who had a hand in putting it into space can view their work with satisfaction, and the country in which it was developed can present it to the world with pride. Indeed, perhaps we can all repeat today, in wonderment and gratitude, the words with which Samuel Morse more than a century ago inaugurated the telegraph age: "What hath God wrought."

EXECUTIVE SESSION — AMBASSADOR TO IRELAND

Mr. SPARKMAN. Mr. President, I am prepared to suggest the absence of a quorum. It has been indicated to me that some Senators have asked that it be a live quorum. Therefore, I would suggest that we start out with a request for a live quorum, so that Members of the Senate may be notified immediately.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

[No. 116 Ex.]

Aiken	Fong	Monroney
Allott	Goldwater	Morse
Anderson	Gore	Morton
Bartlett	Gruening	Moss
Beall	Hart	Mundt
Bennett	Hartke	Murphy
Bible	Hayden	Muskie
Boggs	Hickenlooper	Neuberger
Bottum	Hickey	Pastore
Burdick	Hill	Pearson
Bush	Holland	Pell
Butler	Hruska	Prouty
Byrd, Va.	Humphrey	Proxmire
Byrd, W. Va.	Jackson	Randolph
Cannon	Javits	Robertson
Capehart	Johnston	Russell
Carlson	Jordan	Saltonstall
Carroll	Keating	Scott
Case	Kefauver	Smathers
Chavez	Kerr	Smith, Mass.
Church	Kuchel	Smith, Maine
Clark	Lausche	Sparkman
Cooper	Long, Mo.	Stennis
Cotton	Long, Hawaii	Symington
Curtis	Long, La.	Talmadge
Dirksen	Magnuson	Thurmond
Dodd	Mansfield	Wiley
Douglas	McCarthy	Williams, N.J.
Dworshak	McClellan	Williams, Del.
Eastland	McGee	Yarborough
Ellender	McNamara	Young, N. Dak.
Engle	Metcalf	Young, Ohio
Ervin	Miller	

Mr. HUMPHREY. I announce that the Senator from Arkansas [Mr. FULBRIGHT] is necessarily absent.

Mr. KUCHEL. I announce that the Senator from Texas [Mr. TOWER] is absent on official business.

The PRESIDING OFFICER (Mr. HICKEY in the chair). A quorum is present.

The question is, Will the Senate advise and consent to the nomination of Matthew H. McCloskey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ireland?

Mr. SPARKMAN. Mr. President, the question before the Senate is, Will the Senate advise and consent to the nomination of Matthew H. McCloskey, of Pennsylvania, to be U.S. Ambassador to Ireland?

The Committee on Foreign Relations held hearings on the nomination, and held the nomination for 2 or 3 days, while there was committee discussion of the nomination.

Finally, on Monday of this week, the committee, by a large majority, voted to recommend to the Senate that the nomination of Mr. McCloskey, to be U.S. Ambassador to Ireland, be confirmed.

It is the feeling of the majority of the committee that Mr. McCloskey is in every way fitted for this position, and will make a good ambassador.

In the committee, there was some opposition to confirmation of the nomination; and the Senator from Delaware [Mr. WILLIAMS] is prepared to discuss the nomination from that point of view.

At this time, I shall not say more.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. Yes; or I am ready to yield the floor.

Mr. WILLIAMS of Delaware. I should like to have the Senator from Alabama yield in order that we may get the record straight.

Will not the Senator from Alabama agree that on the day when the committee held its first hearings, the day when Mr. McCloskey appeared before the committee, the questions concerning certain of his business deals which later were raised, had not been before any of us at that time?

Mr. SPARKMAN. That is correct.

Mr. WILLIAMS of Delaware. I think that should be made clear because, as the Senator from Alabama knows, at the time when the committee held the public hearing at which Mr. McCloskey routinely appeared—no question as to his eligibility had been raised.

Mr. SPARKMAN. That is correct. As a matter of fact, the question was raised by the Senator from Delaware at one of the subsequent meetings.

Mr. WILLIAMS of Delaware. Yes; in executive session.

Mr. SPARKMAN. And that was the reason why we had the series of meetings—in order to get before us the necessary records, so that the Senator from Delaware might have an opportunity to examine them.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from Alabama yield further?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. Will not the Senator from Alabama also agree that after these records were brought to the committee, the nomination was ordered by the committee to be reported favorably to the Senate without the members of the committee having had an opportunity—even if they had desired to do so—to read the records prior to the taking of that vote?

Mr. SPARKMAN. Well, I would say the committee was satisfied with what had been presented before it, and felt that a full case had been presented, and on that basis proceeded to recommend to the Senate that the nomination be confirmed.

Mr. WILLIAMS of Delaware. That is only correct to a certain extent. But I return to the point that the rather serious questions which have been raised—and if the reports were accurate they would raise a serious question as to his eligibility—were not before the committee in time for the members of the committee to examine them before they voted on the question of reporting the nomination to the Senate. I point that out inasmuch as I had raised the ques-

tions, the reports were brought to my attention, and I examined them, but other members did not have this opportunity. So I am not saying that I, personally, did not have an opportunity to examine the reports. I did examine them; and after I had examined them I still had some unanswered questions. I do not believe it was fair to the other members of the committee to have to rely only on what I said and not have an opportunity to see the reports themselves.

In short, am I not correct when I say that the reports were not made available to the committee in time for the other members of the committee to examine them before the taking of the vote?

Mr. SPARKMAN. Mr. President, I could make a rather long speech anticipating the opposition that the Senator from Delaware is going to present. It seems to me this matter might better be presented by the Senator from Delaware's going ahead and presenting his opposition, because my statement will be predicated upon matters he is mentioning now.

Just briefly, I will say the committee was convinced, from all it heard, including what the Senator from Delaware said he had found in the voluminous reports, that there was no validity to the opposition raised against Mr. McCloskey; that it was based upon rumor, and in order to sustain it, it was necessary to draw an inference upon an inference. Anyone who has practiced law knows that is not a proper way of presenting evidence, either in a civil or criminal case.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I think we can develop this point later, after the Senator from Delaware has presented his argument.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. The Senator says these allegations were based on idle rumors which could not be supported. Is it not true that one of those allegations, which involved a $25,000 payment to a Government official, was substantiated? It was shown that payment had been made although it had not been followed through to ascertain who was responsible for the payment?

Mr. SPARKMAN. Oh, yes; payment had been made, but it was made by a man who had no connection whatsoever with Mr. McCloskey. As a matter of fact, the Senator from Delaware said—and I hope he will check me on this—that he could not vote for Mr. McCloskey because he was associated with Mr. Wolfson, for whom Mr. Weber was working, or with whom he had been associated, and Mr. Weber was the man who had made the payment to a Mr. Knapp.

As a matter of fact, I shall show by the record, as we proceed, that Mr. McCloskey was not at the time connected with Mr. Wolfson. I think the Senator from Delaware used the term "partnership." There was no partnership. There was no association. There was no connection between Mr. McCloskey and Mr. Weber, and Mr. McCloskey stated he did not know Mr. Knapp at all.

We have gotten into the heart of this opposition, but that is the situation, and I can show it.

Mr. WILLIAMS of Delaware. Did I correctly understand the Senator to say it was his understanding that the Mr. Weber who handled this payment had no connection with Mr. McCloskey and that Mr. McCloskey did not know him?

Mr. SPARKMAN. No. I said Mr. McCloskey said he did not know Mr. Knapp. I said it was he to whom the payment was made by Mr. Weber. The Senator from Delaware said that he was working with Mr. Wolfson. But there was no connection at that time between Wolfson and McCloskey, and McCloskey has said he had nothing to do with Weber, so far as this payment is concerned, if the payment was made, and that he had never known Mr. Knapp, the man to whom the payment was made.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. I know the Senator wants to be accurate on this, and I have great respect for him, but I think if he will examine the record which he has before him on his desk—in fact, a little later I will give him the page—he will find Mr. Weber did state that while he was working for Mr. Wolfson it was his suggestion that he and Mr. Wolfson and Mr. McCloskey get together and that he was the go-between for Mr. Wolfson and Mr. McCloskey. The record will support that statement.

He was working for them at the time they were negotiating for the purchase of the shipyard. It was Mr. Weber who had acted as the go between for getting the two men together, and it was he who paid the Government official—a Government official who was in a key position to have helped anyone bidding on the shipyard.

I think the Senator will admit that part is true.

I said in the committee, and I repeat here, that to trace down exactly who actually furnished the money is difficult. We do know who passed the money. It is in the record. It was Mr. Weber, who was working for Mr. Wolfson, who had been to see Mr. McCloskey, and who was working for the two of them when they were working together——

Mr. SPARKMAN. Had been to see Mr. McCloskey when? I think the element of time comes into this question. I will present my statement when the time comes. I would rather the Senator from Delaware proceed.

Mr. WILLIAMS of Delaware. If the Senator has some element of time for us to consider I wish he would proceed, because I want to make this clear. He was working for them while they were negotiating for the yard, and the payment was made after the contract was signed.

Mr. SPARKMAN. Let me make it clear. I have stated that the Foreign Relations Committee, by an overwhelming vote, has voted to recommend to the Senate the confirmation of the nomination of Mr. McCloskey, and I think it ought to be confirmed. I am willing to rest my case on that. If the Senator from Delaware wants to make a case against him, it is up to him to proceed. I am not supposed to stand here and defend Mr. McCloskey before the case has been made against him; and I invite the Senator from Delaware to proceed, if he wants to oppose the confirmation.

Mr. WILLIAMS of Delaware. I will in a moment, if the Senator will yield for a question.

Mr. SPARKMAN. I have yielded the floor. I will yield if the Senator wants to ask a question.

Mr. WILLIAMS of Delaware. Was there not a suggestion on another payoff that when the Justice Department attempted to investigate, the tax returns of the two individuals involved could not be produced, that presumably they had been lost, and on that excuse they stopped the investigation? Was not that part of the report?

Mr. SPARKMAN. Mr. President, if I remember correctly, there was a series of grand jury investigations, and no bill was ever found. It was investigated by a grand jury as late as 1955, during a Republican administration, and still no bill was returned.

Mr. WILLIAMS of Delaware. During which time the charge was outlawed. The statute of limitations had run.

Mr. SPARKMAN. I do not believe the Senator has any proof of that. The Senator implied that in the committee hearings, and I questioned it.

Mr. WILLIAMS of Delaware. I am not an attorney.

Mr. SPARKMAN. I have not looked at the statute. I do not know whether the statute of limitations runs against a proposition like this. It does not in the case of fraud, and I do not believe it runs against a case of bribery of a Government official. There is no statute of limitations in such a case, if I understand the law correctly.

Mr. WILLIAMS of Delaware. As a layman, I shall not pursue that point. The Senator may be right, but that all the more raises the question as to why this case was allowed to be pigeonholed.

Is it not true that when this matter was presented to a grand jury nearly 6 years later an important witness for the Government concerning this payoff had died, and in the other case was the claim not made that the tax returns of the two participants involved had been lost? Allegedly the Treasury Department could not find them, even though they admitted that those two tax returns had been filed in offices as much as 600 or 800 miles apart? Was that not called to our attention? Is that not one of the unanswered questions?

Mr. SPARKMAN. It was called to our attention that some of the income tax files were missing, but there was nothing to show there was any connection between the income tax returns and what was alleged to have happened. There again, one would have to rely upon a supposition that there was a connection.

I have a letter from the Department of Justice, which I am prepared to put into

the RECORD, showing the matter was investigated, showing that Mr. McCloskey himself was called before the grand jury, and that following the hearings no bill was returned.

I want to point out something else. I referred to the grand jury investigation during the Republican administration. There was a hearing held in Congress on this matter during a Republican Congress, the 80th Congress. It was a House investigation, and the chairman of the subcommittee was a very fine and esteemed Member of Congress from the State of Oklahoma, with whom I served, Ross Rizley.

Ross Rizley was chairman of the subcommittee. I submit to anybody who reads the hearings of the subcommittee, there is not one single word which would tie Matt McCloskey to any such charges as the Senator from Delaware implies.

Not only that, but the subcommittee never did even call Mr. McCloskey before it.

This was a Republican subcommittee. Matt McCloskey had been one of the most active people in this country in the Democratic cause, and this was a Republican congressional subcommittee presided over by a very fine Republican Representative in Congress, who later was appointed to be a Federal judge and who is serving today as a Federal judge in the State of Oklahoma. They found "no bill." They did not even file a report. There was nothing in the hearings which would tie Matt McCloskey to any of these things the Senator from Delaware is threatening to parade before us.

The suggestion was made in our committee, after the Senator from Delaware raised this question, based on such tenuous rumors and inferences, that we might call Mr. McCloskey and ask him pointblank about these things, and the Senator from Delaware said, "No, I don't care about having Mr. McCloskey appear."

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield? I think we should get the record straight.

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. I said I did not think we should call Mr. McCloskey until after we got the representatives from the departments in and we had had an opportunity to study the reports and establish the facts for our own information. Then we should have talked with Mr. McCloskey.

Mr. SPARKMAN. I do not agree with the Senator from Delaware on that.

Mr. WILLIAMS of Delaware. The Senator has the report.

Mr. SPARKMAN. The Senator has the transcript before him.

Mr. WILLIAMS of Delaware. I do.

Mr. SPARKMAN. I looked at it a few minutes ago. My recollection is that it shows the Senator from Delaware said, "No; I don't care about having Mr. McCloskey up here."

Mr. President, again I do not care about presenting my case before the opposition has been presented. I have a letter from Mr. McCloskey. I asked him pointblank about the matter. I asked him to write me a letter and state exactly what was his connection. I have the letter here. At the proper time I shall read it.

Mr. WILLIAMS of Delaware. Mr. President, I suggest to the Senator that he read it at this time.

Mr. SPARKMAN. I am not ready to read it. If the Senator from Delaware is going to present his case, I should like to have him present it. Then I will present mine.

Mr. WILLIAMS of Delaware. I will present my arguments, but first I express regret that this is being handled in this manner on the Senate floor.

Mr. SPARKMAN. I am ready for a vote, Mr. President, at any time.

Mr. WILLIAMS of Delaware. I appreciate the fact that the Senator from Alabama is ready for a vote. In fact, the Senator said that he was ready for a vote before he ever examined the report in the committee. I appreciate that. However, I think we are entitled to have answers to these serious questions.

As the Senator pointed out, when it was suggested that we ask Mr. McCloskey to come back before the committee I said that in all fairness to Mr. McCloskey, or to any other man—whether it be Joe Doakes or Sam Smith—I did not think we should bring any man before the committee to ask him questions pointblank until we had first examined the record and submitted to him a copy of what we were investigating and the questions which were bothering us.

At that time I had not seen any reports, other than those which had just been brought to me. I made it clear that these questions should be treated as allegations, but I also thought we should examine them. They could not be ignored.

Mr. SPARKMAN. We got those reports.

Mr. WILLIAMS of Delaware. We did, and I studied them.

Mr. SPARKMAN. We gave the Senator from Delaware time to study them. Then, after that was in, the people from downtown, from the Maritime Administration, called and said, "We found one more file. We found it in a warehouse down at Franconia."

These are old files. They have been stored away. A search was made everywhere to get any files pertaining to this transaction. They sent that file to us.

On Friday, when the committee met for the purpose of voting on the nomination, the Senator from Delaware said that he had had only the night before to look at that file—or perhaps only that morning, I am not sure. We passed the nomination over until Monday, with the understanding that we would not even vote on Monday if the Senator needed more time, or if he wanted time to discuss it. We said in that event we would carry the vote over until Tuesday.

On Monday the Senator came in, and apparently was fully prepared for the question to come to a vote before the committee. A vote was taken. Someone suggested that we call up Mr. McCloskey and the Senator said, "No; I don't want Mr. McCloskey to come up here."

Mr. President, I think we have shown every reasonable courtesy to the Senator from Delaware. We operate in the Foreign Relations Committee very much on a nonpartisan basis. Certainly we have never tried to bulldoze anything through or to run anything over on any Senator. I think we have been as considerate of the Senator from Delaware as any committee or any group of Senators could be. I respectfully ask that the Senator now proceed to state his case, and then I will answer as best I can.

The PRESIDING OFFICER. The Senator from Alabama yields the floor.

Mr. WILLIAMS of Delaware. Mr. President——

The PRESIDING OFFICER. The Senator from Delaware is recognized.

Mr. WILLIAMS of Delaware. Mr. President, before beginning I should like to point out, as the Senator from Alabama said, when I came into the committee meeting on Monday morning after having the files over the weekend, I did state that so far as I was concerned I was ready to vote unless the committee would help in getting some of the answers to the questions raised. I made the suggestion that it might be a more orderly procedure and that Senators might be able to more intelligently cast votes, if some of the other members of the committee had sufficient interest in the problem to read the reports. Apparently the Senator from Alabama and some of the other Senators were so convinced as to the merits of the nomination that they were not interested in reading the reports.

That is a matter of record. I had the reports at home over the weekend. They were not in the committee, and I do not think the other committee members even saw them until after the vote was taken. Why ask for these reports if they were not going to be read?

As to asking Mr. McCloskey to come before the committee, I did make a suggestion that we should first examine these reports and satisfy ourselves as to some of the background and then get Mr. McCloskey to come before the committee to discuss the allegations if it were thought necessary.

I still think that would have been the more orderly procedure to follow. I think that would have been the proper method to follow, and it would have been fairer to Mr. McCloskey.

As to the fact that the Foreign Relations Committee favorably reported the nomination, the committee did, but it was far from a unanimous vote.

My good friend from Alabama praised so highly our good Republican colleague in the House of Representatives, former Representative Rizley, who conducted the investigation. Mr. Rizley, according to the Senator from Alabama, saw absolutely nothing wrong with anything that happened in this transaction. Apparently the Senator from Alabama was under the illusion that he saw nothing wrong with regard to the alleged payment to a Government official.

Let us examine what Mr. Rizley had to say on the subject. I wish to quote what Mr. Rizley said:

You and Mr. Knapp had a promotional scheme—

He was speaking to Mr. Weber, the man who made the payment to the Government official—

You and Mr. Knapp had a promotional scheme. You did not own anything, and the promotional scheme had not worked out at the time of his death. I want to tell you, Mr. Weber, sometimes we are pretty gullible, but I am not gullible enough to believe that $25,000 was paid to Mr. Knapp, who was an official of the Maritime Commission, because you and he had a promotional scheme that had not worked out at the time of his death. You ought to tell the committee the truth. You ought to tell the committee you paid him that $25,000 because he furnished you information about the inventories at the St. John's Shipyard. It is as plain as the nose on your face.

I am going to insist that the Federal Bureau of Investigation investigate this thing to the fullest extent. This kind of thing, coming before a congressional committee, and your telling us that you paid $25,000 to a Government official for a promotional scheme of some kind, it does not make sense.

That is the statement by Representative Rizley, whom the Senator from Alabama has just quoted as having investigated this case, and that was his opinion.

Perhaps I do not understand the English language, but if I had such a statement made to me, I do not think I would consider that I had been exonerated.

Furthermore, I emphasize that this same Mr. Weber was working with Mr. Wolfson and Mr. McCloskey in their attempt to buy this shipyard, and the payment referred to was made to this Maritime employee while they were negotiating with that agency.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BUSH. I thought I came to the Chamber almost at the beginning, but I still do not understand what this is all about. Has the Senator made his statement?

Mr. WILLIAMS of Delaware. No; I am starting.

Mr. BUSH. I thought the Senator was pointing out the situation.

Mr. WILLIAMS of Delaware. The Senator from Alabama had claimed that those questions had already been investigated by the House committee under the chairmanship of Representative Rizley and presumably he was under the impression that Representative Rizley had seen nothing wrong with it. So I thought I would first quote Representative Rizley's own conclusions. If I understand the English language, he most certainly did see something wrong with it.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. SPARKMAN. I did not say a word about Mr. Rizley's not finding anything wrong with "it," in the sense that the Senator from Delaware is talking about the transaction, when Weber paid Knapp $25,000. Of course, that was wrong. What I am saying is that there is no connection between that and Matt McCloskey. I asked the Senator from Delaware to show the connection if he can. There is none whatsoever.

Mr. WILLIAMS of Delaware. That is the point on which I am asking the help of the Senator from Alabama in establishing before we vote. Mr. Weber was working for and being paid by Mr. Wolfson. Mr. McCloskey and Mr. Wolfson were working together with Mr. Weber to get the shipyard. During the negotiations a Government employee was paid $25,000. Let us find out who put up this money. I start my remarks by saying that our ambassadors are the official representatives of the people of the United States of America, and our country to a large extent is judged based upon the degree of respect and confidence which the citizens of the respective countries have in our official representatives. We cannot expect the citizens of any country to respect and to have confidence in our ambassadors unless first the men and women who are appointed to these positions can command it from our people at home.

In the selection of our ambassadors it is the responsibility of the President to nominate only those who, based upon their personal experience and ability, have the proper qualifications and whose integrity is above reproach. There should be no doubt as to their character or qualifications.

It was never intended that these ambassadorships be passed out as political plums or on the basis of the individual's contribution to the political party.

If in the course of the consideration of one of these nominations questions concerning his character or integrity are raised these questions cannot be ignored.

In fairness to the nominee they should be explored and, if untrue, rejected, or if substantiated, taken into consideration. This does not mean that a nominee should be rejected on unsubstantiated rumors; however, on the other hand it does not mean that a nominee should be confirmed without such reports being given some attention.

After Mr. Matthew H. McCloskey's nomination as our Ambassador to Ireland had been received reports came to the attention of the committee which if true raised a question concerning Mr. McCloskey's eligibility. I called these allegations to the attention of the full committee in executive session with the request that the appropriate departments be asked to comment and to produce certain records to substantiate or repudiate the charges.

The committee complied with this request; however, I was very much disappointed that when on Monday they decided to vote on the confirmation of Mr. McCloskey they did so without having fully examined the reports or comments which had been furnished.

The Senator from Alabama has confirmed the fact that the vote was taken before the members of the committee had even had an opportunity, had they so desired, to read the report. That does not go for myself. I had, with the permission of the committee, carried the reports home over the weekend. Personally I am not complaining, but I did think that when questions as serious as the ones now presented are raised, at least some members on the majority side of the committee should be sufficiently interested in those questions to study them.

The fact that the man against whom the charges were made was a prominent member of and a heavy contributor to a political party should not entitle him to any special consideration.

Assuming that the nominee is innocent, why is anybody afraid to have the charges investigated?

The reports did not arrive until late Friday evening, and while I had an opportunity to examine them over the weekend, other members of the committee did not see the reports until after the nomination had been voted on and some of the Senators here today who voted at that time have never seen those reports as yet.

In fact, one of the reports requested was not received until yesterday morning, 48 hours after the nomination had been reported. One of those reports was delivered to my office 48 hours after the nomination had been approved. As one who did examine the reports, I was not at all satisfied with the answers furnished concerning what I consider to be two serious allegations. Before discussing those allegations I wish to point out that in my opinion it would have been far better and far more fair to Mr. McCloskey to have explored those questions in the executive sessions of the committee, at which time the individuals involved could have had an opportunity to present their answers. I still feel that way today. I discussed the question with the acting chairman of the committee this afternoon and pleaded with him to take the nomination back to the committee and at least let the committee hear the evidence in executive session, before we discussed it on the floor of the Senate. Then the members of the committee could render their decision on the question as to whether it should come before the Senate, or not.

However, the membership of the committee decided otherwise. Last Monday the committee insisted upon approving the nomination even before the reports from the respective agencies had been examined. Therefore, under the circumstances, I am confronted with no choice other than to present to the Senate today my reasons for opposing the confirmation of Mr. McCloskey as an Ambassador.

First, I wish to state that based upon my examination of these reports I am convinced that the allegations are not entirely unfounded. There is not only a serious question in my mind concerning the propriety of some of the transactions but also an even more serious question as to why the transactions were not pursued more diligently by the Department of Justice.

I shall discuss those charges in two separate phases. The first deals with Mr. McCloskey's participation with Mr. Louis Wolfson in the procurement of the St. Johns River shipyard at Jacksonville, Fla., and the questionable procedures of the sale as well as the fact that

during the negotiation a Government official of the Maritime Commission, from which agency this shipyard was obtained, was paid $25,000.

In fairness to Mr. McCloskey it should be pointed out in the beginning that he has denied any connection with Mr. Louis Wolfson's company which bought this particular shipyard; however, I will show that he was not as far removed from the transaction as he claims. Mr. McCloskey confirms that in the beginning of the negotiations he was working with the Maritime Commission on behalf of Mr. Wolfson. It should also be pointed out that both men have denied having any part in the payment of the Government agent or that any political influence had been exerted upon the Maritime Commission which would have obtained special consideration for Mr. Wolfson's company.

Likewise they both denied they had received any special or favored consideration in their proposal to buy the yard.

I shall now let the record speak for itself as to what happened.

In 1945, the Maritime Commission decided to dispose of the Government-owned St. Johns shipyard in Jacksonville, Fla., which when originally constructed during the early war years had cost the Government $19,262,775.

On October 30, 1945, this yard was advertised by the Maritime Commission as being for sale with bids scheduled to be received no later than December 4, 1945.

Prior to the bidding Mr. Louis Wolfson, who was operating as the Florida Pipe & Supply Co., had contacted Mr. Matthew McCloskey in Philadelphia enlisting his assistance and participation in the acquisition of this surplus yard.

First Mr. McCloskey tried on behalf of Louis Wolfson and himself to buy this yard from the Maritime Commission on a negotiated basis at around a million and a half dollars; however, the Commission refused to sell the yard on a negotiated basis and called for sealed bids. McCloskey & Co. submitted two bids which were opened with the bids of other companies on December 4.

When the bids were opened on December 4, 1945, it was found that two other companies each had bid higher than Mr. McCloskey.

At this point I ask unanimous consent to have printed in the RECORD a list of the bids that were submitted in answer to the first request of the Maritime Commission.

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

Bid No.	Bidder	Bid	Date of bid	Date bid received	Terms	Use of property	Conditions	Scope of bid
1	M. B. Ogden	$1,915,000	Dec. 3, 1945	Dec. 4, 1945	Cash on transfer of title $25,000 deposit acceptance of offer.	Steel fabrication employing 200 to 400 men.	Title to be free of all liens and encumbrances.	Entire shipyard, including 8 tanker hulls now at yard, and all materials and supplies unsold and located in yard on Dec. 3, 1945 (date of bid). Also includes Enterprise engine.
2	M. B. Ogden	1,755,000	do	do	Same	Same	Same	Same as above but excludes 8 tanker hulls.
1	St. Johns River Shipbuilding Co.	1,650,000	Oct. 15, 1945	Oct. 15, 1945	$250,000 on acceptance of offer, balance in 13 months in 13 monthly payments.	Portion for general shipbuilding and repair work—balance of yard for marine terminal facilities.	Free of liens and encumbrances. Any materials and supplies sold or removed from inventory since Nov. 21, 1945, to be deducted from purchase price.	Entire shipyard not including 8 tanker hulls and including all materials and supplies as of Nov. 21, 1945. Excludes Enterprise engine for hull 94. Bidder requests privilege of meeting highest bid.
2	do	1,625,000	Dec. 4, 1945		$300,000 on acceptance of offer, balance 30 days after execution of sale contract.	Same	Same	Same.
1	McCloskey & Co.	1,530,000	do		Cash—deposit of $75,000 in hand.	Unknown	In event bid is not accepted on or before Dec. 6, 1945, bidder has option to withdraw.	Entire shipyard, excluding 8 tanker hulls, and including all materials and supplies as of Nov. 21, 1945. Includes Enterprise engine for hull 94.
2	do	1,675,000	do		$500,000 cash on execution of sale contract. Balance in 12 equal monthly installments.	Same	Same	Same.
1	City of Jacksonville	300,000	Dec. 1, 1945	Dec. 3, 1945	Cash	1. Municipal light plant 2. Extension of municipal docks and terminals 3. Recreational areas 4. Additional water supply	None	Land and buildings (apparently excluding facilities, equipment and machinery, and supplies, materials, etc.).

NOTE.—An industrial user places Maritime Commission in a favorable position to dispose of power contract with city of Jacksonville either to city or to such user. Value of Enterprise engine (new) $113,445; surplus salable price per Surplus Property Administration, $90,000.

Appraisal and bid data: St. Johns River Shipbuilding Co. plant, Jacksonville, Fla. Terminals and Real Estate Division, USMC—Dec. 10, 1945.

Mr. WILLIAMS of Delaware. From this report it can readily be seen that two companies had outbid Mr. McCloskey and Mr. Wolfson. In fact, the M. B. Ogden Co.'s highest bid was $1,915,000 as compared with Mr. McCloskey's highest bid of $1,675,000. Likewise, the St. Johns River Shipbuilding Co.'s cash bid was higher than Mr. McCloskey's cash bid.

The St. Johns River Shipbuilding Co. should not be confused with the St. Johns River shipyard which was being sold.

Based upon these bids it was evident that there was no chance of McCloskey's and Wolfson's obtaining the yard. Therefore a process was started to justify a rejection of the bids.

I am not putting any evidence in the RECORD to support the fact that Messrs. McCloskey and Wolfson were together on the bid because this point is admitted in the committee hearings; there is no question about it. In fact, the bids were submitted as shown by the record for him and Mr. Wolfson under Mr. McCloskey's name. There is no question about the fact that they were operating together. That is admitted.

On December 11, 1945, 7 days after these bids had been opened, the Florida Pipe & Supply Co., owned by Mr. Wolfson, wired the Maritime Commission and offered to buy the yard, indicating they would pay more than the other cash bid.

The following day, on December 12, 1945, the Maritime Commission rejected all bids and 6 days later, on December 18, 1945, advertised a new request for bids on the sale of this yard.

In advertising for the sale of this yard it was made very clear by the Commissioners that priority would be given to a bidder who would indicate intention to utilize the yard as a continuing shipyard rather than to dismantle it; however, the record shows that between the date of advertising for these bids—December 18, 1945—and the date upon which they were to be opened—January 3, 1946—while other bidders were given the impression by the Maritime Commission that their bids should be on a basis of keeping the yard in use, Mr. Wolfson and Mr. McCloskey were given to understand that if they bought the yard

there would be no restrictions as to its continued use. In other words, they would be free to dismantle and junk it. With this inside knowledge Mr. Wolfson and Mr. McCloskey had a definite advantage in bidding.

As evidence of these completely opposite terms, I cite the following official records.

Messrs. Sidney G. Rose and Philip Moskowitz, of Cincinnati, Ohio, were prospective bidders on this shipyard and had contacted Mr. H. J. Marsden, a member of the Commission, concerning the terms of the sale. On January 2, 1946, this company asked for an extension of time, and on that same date Mr. A. J. Williams, Secretary of the Commission, replied rejecting the extension; however, attached to the Maritime official records there was a pencil notation on the original file copy initialed by Mr. H. J. Marsden summarizing his telephone conversation with this concern.

At this point I should like to read the telegram and the pencil notation thereon. From the notation it can readily be seen that Mr. Marsden, as a member of the Commission, as late as the day before the final bidding was closed was telling prospective bidders that the position of the Maritime Commission was to sell the yard for marine purposes and to keep it in operation. The telegram is dated January 2, 1946, and reads:

JANUARY 2, 1946.

SIDNEY G. ROSE AND PHILIP MOSKOWITZ,
Cincinnati:

Your telegram January 2 to H. J. Marsden referred to me for reply. Commission cannot extend time for receiving bids as requested.

A. J. WILLIAMS.

Mr. A. J. Williams was the Secretary to the Maritime Commission.

However, there appears a pencil notation on the original file copy of the telegram, as follows:

Discussed above on phone with Mr. Moskowitz January 3, 1946. He stated they were interested in bidding for dismantling purposes. Explained our position on selling for marine purposes and he will carefully consider before bidding on Tampa yard.

H.J.M.

JANUARY 3, 1946.

"H.J.M." stands for H. J. Marsden, a member of the Maritime Commission.

Later, when being questioned by a congressional committee on this same subject as to the position of the Maritime Commission on the terms of the sale, Mr. Marsden stated:

Mr. WISE. What was your position on the Commission's policy on selling for marine purposes on January 3, 1946?

Mr. MARSDEN. As I recall, regulation 20 was issued on December 22, 1945, so at about that time the document was being analyzed.

Mr. WISE. You told him the Maritime Commission was going to sell for marine purposes and not for dismantling purposes?

Mr. MARSDEN. If that is my handwriting.

Mr. WISE. And that was your understanding at that time?

Mr. MARSDEN. If that is my handwriting, yes.

Mr. WISE. And that was the day the bids were opened.

Mr. JENKINS. As of January 3, 1946, then, your previous answer that there was no official or unofficial change in what you understood to be the Commission's policy is correct, in view of this notation?

Mr. MARSDEN. Yes.

Mr. JENKINS. So that as far as you knew on January 3, 1946, the policy of the Commission still was that this property would be disposed of to those who would use it for marine purposes only?

Mr. MARSDEN. Apparently so.

Let us remember that the date to which they refer is the day on which the bids were being opened. This is the day upon which all these bids were being opened, and this is the Commissioner speaking as to their policy for selling the yard.

Mr. JENKINS. So that I am correct that any dealings you had with prospective bidders, or they with you as agent of the Commission, were on the basis of this understanding that the property would be disposed of only to those who would use it for marine purposes?

Mr. MARSDEN. The bidders were bidding on the basis of the advertisement.

Mr. JENKINS. Did you talk to any of them besides Mr. Ogden?

Mr. MARSDEN. I imagine they were all in my office at one time or another.

Mr. JENKINS. And you told them all the same thing, did you not?

Mr. MARSDEN. My telegram to Mr. Ogden, of course, was in reply to a letter. If the others asked the question, I would have told them the same thing.

Mr. JENKINS. Did you at any time tell them bids would be received for any use other than marine purposes?

Mr. MARSDEN. Yes. I said if they wished to submit a bid for other than marine purposes, they could do so, and it would be held in abeyance.

Mr. WISE. Held in abeyance for future consideration if shipyard not sold for marine purposes.

Mr. JENKINS. So that all bidders except the successful one dealt on the proposition the use would be for marine purposes?

Mr. MARSDEN. I could not say.

Mr. JENKINS. So far as you were concerned, they did?

Mr. MARSDEN. If they asked me.

However, while the Maritime Commission was telling other bidders that they should compute their bids on the basis of keeping the yard in operation and not on the basis of dismantling it, the record shows that one of the Commissioners admitted that they had told the Florida Pipe & Supply Co., one of Mr. Wolfson's companies that their bids would be considered for other than marine purposes. In other words, they could bid and subsequently dismantle the yard if they saw fit.

As evidence of this I quote the testimony of Mr. Marsden in which he confirmed this point. Mr. Marsden was the Assistant Director of Terminals, Operating Contract Division, U.S. Maritime Commission and was being questioned in a congressional hearing—

Mr. WISE. In other words, at the very end of December the Florida Pipe & Supply Co. did receive information to the effect that bids would be received on a term basis, and if the bids were interesting enough the property might be used for other than marine purposes?

Mr. MARSDEN. Yes.

Therefore we can see very clearly from their testmony and from the telegram notation that while the other bidders were being told that the shipyard was being sold for marine purposes, Mr. Wolfson and Mr. McCloskey were being told otherwise. The Maritime Commission recognized that it would bring more money if there were no restrictions.

Based upon this testimony it can readily be seen that the Commission as late as the day before the bids were opened was telling the other bidders that the yard would be sold on the basis of keeping it in operation. However, the bid of the Wolfson-McCloskey group was accepted with the understanding that there were no conditions attached, and they did subsequently dismantle the yard.

Recognizing the possibility, however, that some argument may be raised as to the authority to sell this surplus yard to a person who admittedly was going to junk it, Mr. Wolfson and his group just 4 days prior to the date of the opening of the bids—January 3, 1946—bought a controlling interest in the Tampa Shipbuilding Co., and had that company submit two bids.

At the same time Mr. Wolfson under his other company, the Florida Pipe & Supply Co., had also submitted two bids.

At this point I ask unanimous consent that all the bids received on January 3, 1946, for this shipyard be printed in the RECORD.

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

EXHIBIT No. 310

Appraisal as of Nov. 13, 1945	Total value	Land	Buildings	Substructures and underground installations	Railroad tracks	Machinery and equipment	Materials and supplies
Physical value	$3,778,800	[1] $949,625	[2] $976,583	$125,000	$243,525	$1,084,586	$399,481
Market value	2,553,678	756,000	683,608	50,000	[3] 5,250	750,210	299,610

[1] Based on sales of small tracks.
[2] Based on reproduction costs less depreciation.
[3] Salvage value of excess railroad tracks (main tracks included in land value).

Bid No.	Bidder	Bid	Date of bid	Date bid received	Terms	Use of property	Conditions	Scope of bid
1	Tampa Shipbuilding Co.	$2,226,500.00	Jan. 3, 1946	Jan. 3, 1946	25 percent on transfer of title, balance in 12 equal monthly payments with interest at 3½ percent.	Unknown	Free of encumbrances. Option to withdraw bid if not accepted on or before Jan. 4, 1946.	Entire yard as advertised plus 1 of 8 tanker hulls plus option for 120 days to purchase all or any of remaining tanker hulls at $300,000 each. Does not expressly exclude *Enterprise* engine.
2	do	1,926,500.00	do	do	do	do	do	Entire yard as advertised.
1	St. Johns River Shipbuilding Co.	1,850,550.98	Dec. 31, 1945	do	Cash	do	None	Do.
[1] 1	Florida Pipe & Supply Co.	1,850,000.00	Jan. 3, 1946	do	Unknown	do	do	Do.
[1] 2	do	1,350,000.00	do	do	do	do	do	Personal property (al. inventories and equipment excluding 8 tankers, land, and buildings).
1	M. B. Ogden	1,761,000.00	do	do	Cash	Steel fabrication plant and utilization of ship repair facilities.	Title to pass to buyer within 15 days.	Entire yard as advertised.
1	City Commission of the City o Jacksonville, Fla.	400,000.00	Dec. 28, 1945	do	do	1. Municipal light plant. 2. Extension municipal docks and terminals. 3. Recreational areas. 4. Additional water supply.	None	Land and buildings.

[1] Offer received in form of telegram 12:10 p.m. Jan. 3, 1946, at Mail and File Section, Marine Corps. No deposit received. Details of offer vague.

NOTE.—An industrial user places Maritime Commission in a favorable position dispose of power contract with city of Jacksonville either to city or to such user.

Value of *Enterprise* engine (new), $113,445; surplus salable price per Surplus Property Administration, $90,000.

Appraisal and bid data: St. Johns River Shipbuilding Co. plant, Jacksonville, Fla. Terminals and Real Estate Division, USMC, Jan. 4, 1946.

Mr. WILLIAMS of Delaware. Mr. President, this shipyard had been advertised as being for sale on cash terms. An examination of the above bids shows that the St. Johns River Shipbuilding Co. submitted the highest cash bid, which was $1,850,550.98. That was the highest cash bid on record, and under the terms of the sale as advertized, they were entitled to the yard unless all bids were rejected.

The two bids of the Florida Pipe & Supply Co. were both below the St. Johns' bid, but Mr. Wolfson's newly acquired Tampa Shipbuilding had two bids, both of which were higher than the St. Johns River Shipbuilding Co. bid, but both the Tampa Shipbuilding bids were based on a 25-percent time payment with the remainder on an installment basis to be paid in 12 monthly installments with interest at 3½ percent per annum and thereby did not qualify as cash bids, but Mr. McCloskey and Mr. Wolfson had friends in court. The Senator from Alabama has claimed that McCloskey was out of the transaction and had no connection with Mr. Wolfson or any interest in the bidding. I disagree, but as I said awhile ago, I shall let the record speak for itself concerning the extent to which Mr. McCloskey was interested.

The record shows that on January 9 Commissioner John M. Carmody called Mr. McCloskey and told him of the difficulty and suggested that if they wanted the yard one of the bids would have to be changed to a cash bid, presumably indicating that such change in their bid would be acceptable.

The following day, on January 9, 1946, Mr. McCloskey, who insists that he had no connection nor any interest in the later Wolfson bidding, wired the Commission as follows:

ATLANTIC CITY, N.J., *January 9, 1946.*

Cmdr. JOHN M. CARMODY,
U.S. Maritime Commission,
Commerce Building:

Confirming telephone conversation I have been authorized to say for the Tampa Shipbuilding Co. that their proposal for the purchase of the St. Johns River Yard they will pay cash when settlement is made.

M. H. MCCLOSKEY, Jr.

How can Mr. McCloskey claim that he had no interest in the bidding in the face of that telegram? I have had a little experience in business—not to the extent of dealing in shipyards worth a couple of million dollars—but I find it hard to accept the fact that here was a man who signed his name to a telegram authorizing a change in a bid—a $2 million bid—from an installment basis to a cash basis and then saying, "I did not have anything to do with it; I was not even interested." I have more respect for Mr. McCloskey's business judgment than to think he would put his name to a $2 million commitment unless he were a part of the deal.

The telegram is a matter of record; there is no argument about it. The Senator from Alabama has been furnished a copy of it.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. BUSH. Is McCloskey a lawyer, or was he representing Wolfson as an attorney? What was his connection?

Mr. WILLIAMS of Delaware. I do not know whether he is a lawyer or not. It is my understanding, based upon a reading of the record, that McCloskey and Wolfson were engaged in this venture with the idea that they would buy the shipyard together. Whether they changed their plan later or not, I do not know; neither do I know what the final disposition was, but this telegram was dated 6 days after the bids had been opened.

I know that Mr. McCloskey was working with the Maritime Commission on this case. The record shows that the bid of the Tampa Shipbuilding Co. was changed after the bids had been opened. This was a highly irregular procedure. They were sealed bids. One of the bids, the Wolfson-McCloskey bid, was changed from an installment basis to a cash basis, thereby making it the highest bid. The authorization for the changed bid was made by Mr. McCloskey. That is a matter of record. The change was subsequently confirmed by the company.

But Mr. McCloskey authorized the change of this bid, after the bids had been opened. Here is Mr. McCloskey's authorizing telegram which later was confirmed by Wolfson. This change of their bid from an installment bid to a cash bid automatically placed it $75,000 higher than the St. Johns River Shipbuilding Co. cash bid. This change was made on January 9.

The very next morning before 11 o'clock, on January 10, 1946, the Maritime Commission officially approved the changed bid and publicly announced to the press that Mr. Wolfson's company was the successful bidder.

Mr. SALTONSTALL. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. SALTONSTALL. Will the Senator be good enough to read the telegram or letter or restate the telephone conversation which stated that the one company would not have continued as a maritime enterprise?

Mr. WILLIAMS of Delaware. Yes. The Senator from Massachusetts is referring to a notation which appeared upon the telegram sent January 2 by A. J. Williams, Secretary of the Commission, to a prospective bidder in Ohio. The notation on the telegram was initialed by H. J. Marsden, a member of the Maritime Commission. The telegram and the notation read as follows:

JANUARY 2, 1946.

SIDNEY G. ROSE,
PHILIP MOSKOWITZ,
Cincinnati:

Your telegram January 2 to H. J. Marsden referred to me for reply. Commission cannot extend time for receiving bids as requested.

A. J. WILLIAMS.

(Pencil notation on original file copy: Discussed above on phone with Mr. Moskowitz January 3, 1946. He stated they were

interested in bidding for dismantling purposes. Explained our position on selling for marine purposes and he will carefully consider before bidding on Tampa yard. (H.J.M. Jan. 3, 1946).)

After the bids were received by the Commission and opened on January 3 the record shows that McCloskey was contacted by a member of the Commission who called him on the telephone and suggested that if they wanted the yard they would have to change the bid from an installment bid to a cash bid. It was McCloskey's telegram, not Wolfson's telegram, which authorized the change.

Thus, upon Mr. McCloskey's authorization, later confirmed by Mr. Wolfson, one of the Tampa Shipbuilding Co. bids was changed from an installment bid to a cash bid, thereby placing it approximately $75,000 higher than the St. Johns River Shipbuilding Co. cash bid. The next morning, on January 10, 1946, the Maritime Commission officially approved this changed bid and publicly announced the sale.

As evidence that this was recognized by the Commission as a change in bids after the bids had been opened I quote from the testimony of one of the Commissioners when later questioned upon this subject by a congressional committee. Certainly none of the other bidders were given such an opportunity, and unquestionably this favored treatment of Mr. McCloskey was a testimonial to his political influence.

I quote:

Mr. WISE. You called McCloskey.

Mr. CARMODY. Yes; but I told my colleagues I had called McCloskey to ask whether he would change his bid—that is, not change it, but pay cash.

I should like to emphasize that point. This was a Commissioner of the Maritime Commission calling Mr. McCloskey on January 8, 6 days after the bids were opened, and following this call Mr. McCloskey sent his telegram to the Maritime Commission authorizing a change in the bid. In the face of this, how can Mr. McCloskey say he had nothing to do with this transaction. It was his telegram that guaranteed that the amount would be paid in cash.

I continue quoting from Mr. Carmody's testimony:

Mr. WISE. Did you point out to the Commission that nobody else had been asked if they would modify their bids?

Mr. CARMODY. I do not know that I called it to their attention.

Mr. WISE. I believe you testified that you knew before the final action of the Commission that St. Johns said they would pay more?

Mr. CARMODY. Almost always the second or third high bidders say they would pay more if given another shot.

Mr. WISE. Do you sometimes give them another shot?

Mr. CARMODY. If all bids are thrown out, yes.

Mr. WISE. In this case, was Tampa Shipbuilding Co., the only one that got another shot?

Mr. CARMODY. I do not say they got another shot.

Mr. WISE. You will admit they changed their bid from an installment bid to a cash bid?

Mr. CARMODY. Yes.

Not only were Mr. McCloskey and Mr. Wolfson given an opportunity to change their bid after the bids had been opened but also the record shows that during the course of the negotiations an official of the U.S. Government working at the time of the sale for the Maritime Commission—as the resident plant manager of the St. Johns shipyard in Jacksonville—was paid $25,000.

This payment was made by Mr. Fred Weber, who was an employee of Mr. Wolfson's company. Mr. Weber's duties as an employee of the Wolfson company were to work with Mr. McCloskey and the Maritime Commission toward getting the shipyard.

Mr. Weber's testimony under oath before the committee of the Congress confirmed the payment to the Government official, although, while admitting the payment, he claimed that it was not for assistance in obtaining the shipyard but said that they had talked about forming a partnership and that when the idea was abandoned he gave him $25,000. Who ever heard of paying a Government official $25,000 as a part on an abandoned partnership which had never been organized and upon which no one had ever advanced any money?

It was admitted that no partnership had been formed, that no corporation had been formed, and that no money had been spent and no commitments made. He claimed they were just talking about forming a partnership and in substance said that after abandoning the idea of forming it he decided he would pay him $25,000.

But, Mr. President, who ever heard of paying $25,000 for a partnership which never was organized and on which no money was paid?

I point out that the payment of this $25,000 to this Maritime official was made during the period when the negotiations for purchase of the shipyard were going on; and the payments were made by Mr. Weber, who was on Mr. Wolfson's payroll and who was working with Mr. McCloskey and Mr. Wolfson in connection with buying the shipyard.

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

The PRESIDING OFFICER (Mr. PELL in the chair). Does the Senator from Delaware yield to the Senator from Connecticut?

Mr. WILLIAMS of Delaware. I yield.

Mr. BUSH. Who was the one who received the $25,000?

Mr. WILLIAMS of Delaware. Mr. David K. Knapp, the plant manager of the St. John's shipyard, at Jacksonville, Fla. He was an employee of the Maritime Commission and as such would be in a key position to give any bidder inside information as to what the plant was worth, its condition, and so forth—a particular advantage in connection with bidding on the yard.

There has been no dispute that the payment of the $25,000 was made to this Government official during the process of the negotiation and was made by a man who was working with both Mr. McCloskey and Mr. Wolfson. There is no question about that. The evidence shows that Mr. Weber, the man who paid this Government official, was drawing a salary of $50,000 from one of Mr. Wolfson's companies. Whether the $25,000 payment came from this amount or not is not clear. But, knowing human nature, it is obvious that a man who then was working for someone else was not paying $25,000 out of his own pocket. Someone reimbursed him, we can be sure of that point. What I want to know is—who did it?

Representative Rizley, a prominent Member of the House of Representatives in the 80th Congress, investigated this charge some years ago and referred the case to the Department of Justice. I shall read again what Mr. Rizley said when Mr. Weber was before him and was trying to justify the payment of the $25,000:

Representative RIZLEY. You and Mr. Knapp had a promotional scheme. You did not own anything, and the promotional scheme had not worked out at the time of his death. I want to tell you, Mr. Weber, sometimes we are pretty gullible, but I am not gullible enough to believe that $25,000 was paid to Mr. Knapp, who was an official of the Maritime Commission, because you and he had a promotional scheme that had not worked out at the time of his death. You ought to tell the committee the truth. You ought to tell the committee you paid him that $25,000 because he furnished you information about the inventories at the St. John's River shipyard. It is as plain as the nose on your face.

I am going to insist that the Federal Bureau of Investigation investigate this thing to the fullest extent. This kind of thing, coming before a congressional committee, and your telling us that you paid $25,000 to a Government official for a promotional scheme of some kind, it does not make sense.

Furthermore, the record shows that at about the same time this payment of $25,000 was made by Mr. Weber to the Government official, Mr. Weber had signed a contract with Mr. Wolfson, whereby he was to receive $50,000 for his services while working on the purchase arrangements for the shipyard.

It is apparent to me, at least, that Mr. Weber was acting as a middleman for this payoff. There is no argument but that the Maritime Commission official who accepted the $25,000 was in a key position to assist Mr. Wolfson and Mr. McCloskey in evaluating the yard; nor is there any question but that they did get favored treatment. They were allowed to change the bid, after the bids were opened, from an installment bid to a cash bid, and it is also clear that before they entered their bids for the shipyard they had inside information which could have been obtained only from someone in the Maritime Commission. The exact appraisal was $1,926,208; and the successful bid, after the bid had been changed from an installment basis to a cash basis, was $1,926,500—or a difference of only $292.

As evidence that perhaps they did have inside knowledge of that confidential appraisal, I shall submit now, for the record, a statement by Mr. Alvin J. Register, of Jacksonville, Fla., who was the official Government appraiser. I shall submit that statement, as well as other statements.

Mr. Register, in his testimony before the committee, was describing the highly confidential nature of these appraisal

reports, and he also confirmed the fact that at the time there was plenty of evidence in the Jacksonville area that information contained in his report—which was supposed to be secret and which had been mailed to the Washington office—had been leaked or transmitted to some of the bidders.

I now quote from Mr. Register's testimony:

Mr. JENKINS. It is interesting to note that your total value of land and buildings amounted to $1,926,208, which is within a very few hundred dollars of the bid submitted by the successful bidder. That is correct, is it not?

Mr. REGISTER. Yes, sir.

Mr. JENKINS. The bid was submitted January 3, 1946, after your appraisal was a matter of record in the Maritime Commission?

Mr. REGISTER. Yes, sir.

Mr. JENKINS. It makes an interesting coincident.

Mr. HOLIFIELD. So far as you know, you did not release your appraisal to any source but the Maritime Commission?

Mr. REGISTER. I did not.

Mr. JENKINS. It was for their private information, was it not?

Mr. REGISTER. It was for their own use. I do a great deal of work for the Justice Department, and for the Army and Navy, and their contracts always provide that the information is confidential.

Mr. HOLIFIELD. You did not reveal that figure to any other source than your employers?

Mr. REGISTER. That is right.

* * * * *

I would like to say I had different calls while that appraisal was being made. Mr. Glover Taylor was representing Ogden, and he lives three doors from me, and I am his son's godfather. He came down, and I said: "Glover, I am sorry, but I cannot let you see it."

In a week or two I got a call from Charlie Murchison, and he said he had talked to someone in Washington and they told him he could see the appraisal. I said: "If they did, you will have to get a letter from Washington." That is the last I heard of Charlie.

Joe Glickstein called me up.

Mr. JENKINS. Who is he?

Mr. REGISTER. An attorney for Tampa Shipbuilding Co. He wanted to know if he could borrow the appraisal. I said "No." He said: "I have already seen it."

Mr. JENKINS. When was that?

Mr. REGISTER. It may have been in December or January. I do not remember the date.

I have known Jim Merrill all my life. I was raised across the street from him and am godfather of his son. I would not reveal it to Jim.

Mr. JENKINS. Mr. Register, it all goes to show that mind reading and mental telepathy are not lost arts.

Mr. REGISTER. Then I was in Miami on the appraisal of the Palm Beach Biltmore Hotel for the Navy, and while I was in Miami, Mr. McKey told me he had a copy of my appraisal.

Mr. WISE. Do you remember when that was?

Mr. REGISTER. It was in the first part of December or latter part of November.

Mr. WISE. The chairman will remember there was testimony that Mr. Page had sent this appraisal to Mr. McKey.

But you refused consistently to disclose it?

Mr. REGISTER. Yes.

Mr. President, now, I shall submit for the RECORD certain communications which clearly show that this information was leaked. The secret report had first been forwarded to the Maritime Commission here in Washington by Mr. Register, the official appraiser.

Instead of keeping this highly confidential information in their Washington office, the Maritime Commission allowed this report to be sent to a man working in one of Mr. McCloskey's shipyards in the Jacksonville area.

I quote the following exchange of communications which speak for themselves:

U.S. MARITIME COMMISSION,
Washington, D.C., October 22, 1945.

Mr. J. ALVIN REGISTER,
Jacksonville, Fla.

DEAR MR. REGISTER:

* * * * *

You will realize that this appraisal and your own are wholly confidential and should not be made known to anyone, and in particular to any employees of McCloskey & Co., which company is negotiating for the acquisition of the shipyard, facilities, stores, materials, and supplies.

Very truly yours,

PAUL D. PAGE, Jr.,
Solicitor.

Now I shall read a telegram which was sent by Paul D. Page, Jr., dated November 26, 1945, addressed to R. M. McKey, who at that time was stationed in Miami, Fla.:

NOVEMBER 26, 1945.

R. M. MCKEY,
Miami, Fla.:

Relet and retel November 23. Baker on way to Tampa. Hope you can meet him there. As soon as possible send me estimate of date you can furnish appraisal and also furnish preliminary figure as soon as possible. We are much pleased with appraisal of St. Johns Yard made by Alvin Register, of Jacksonville. Am mailing you copy for reference but wish it returned as soon as practicable.

PAUL D. PAGE, Jr.

And on December 1, 1945, from Miami, Mr. McKey sent the following wire to Mr. Paul D. Page, Jr., Maritime Commission, Washington, D.C.:

MIAMI, FLA., *December 1, 1945.*

PAUL D. PAGE, Jr.:

Have not received copy of Register's St. Johns Yard appraisal. Please send to me care of Ehrman, at McCloskey Yard, Tampa, Fla.

R. M. MCKEY.

Here we find this highly confidential report going from the Maritime Commission here in Washington to a man in Tampa, and it is to be mailed in care of someone at the McCloskey Yard.

Mr. CARLSON. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CARLSON. I think at this point it might be well to state who Mr. Page was.

Mr. WILLIAMS of Delaware. He was the Solicitor of the Maritime Commission.

Mr. McKey was working in the McCloskey yard at Tampa on another appraisal project. Why was this appraisal report on the St. John's project sent to a man who was working in the McCloskey yard?

This is another question upon which no answer has been supplied.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. MORTON. Who is McKey?

Mr. WILLIAMS of Delaware. R. M. McKey was a Florida real estate dealer who at the time was working with the Maritime Commission on another project at the McCloskey yard.

Mr. MORTON. He was not an employee of McCloskey?

Mr. WILLIAMS of Delaware. He was an employee of the Government working on the yard. Presumably McCloskey was doing other work for Maritime and McKey was supervising the work. He had nothing to do with this appraisal, and therefore there was no reason to send him the report.

Mr. MORTON. He was the one who requested it?

Mr. WILLIAMS of Delaware. He was the one who requested it.

Mr. MORTON. Does the Senator maintain that through him they got the bid on the yard?

Mr. WILLIAMS of Delaware. I only say it was sent down to a man on the McCloskey yard, and the bid which came back was just $292 higher on a near $2 million bid than the appraisal. Maritime had a rule in which it could not be sold below the appraised valuation. Therefore the appraised valuation was highly confidential and not available to those who would be bidding.

As yet no one has advanced a logical reason for the appraisal reports being sent to this real estate dealer in case of the McCloskey yard; and what is even worse the administration apparently does not care. At least they appear determined not to let us get a chance to get the answers.

Mr. MORTON. Was this yard, once it was sold, dismantled?

Mr. WILLIAMS of Delaware. Yes.

Mr. MORTON. And those who bid on the yard, except for that one company, felt they had to keep it in operation?

Mr. WILLIAMS of Delaware. Those who bid on the yard, based on the testimony of Mr. Marsden, felt they were bidding on the yard on the understanding that preference was going to be given to those bidders who would keep the yard in operation, yes. Mr. Wolfson and Mr. McCloskey, however, had been told differently.

Mr. MORTON. Nevertheless, the yard was dismantled.

Mr. WILLIAMS of Delaware. It was dismantled, and as I said the records indicate that the McCloskey group knew in advance they could submit a bid accordingly, and that it would be considered.

Mr. MORTON. Does the Senator have any idea of the salvage value of the cranes and other equipment in the yard that were sold?

Mr. WILLIAMS of Delaware. I do not know. There was testimony at the time which partially answered that question. The appraised value was based on the value of the buildings and land, which was near $2 million without too much valuation being placed on the machinery. This was on the basis of keeping the yard in operation. At the time this question was first asked they had sold about $1½ million worth of equipment from the yard alone, and they were still in the process of selling more equipment.

I understand that this was an unusually profitable deal.

Mr. MORTON. And they still had the property?

Mr. WILLIAMS of Delaware. Yes.

Mr. MORTON. Does the Senator from Delaware recall that in 1946, right after the war years, there were priorities on heavy machinery and cranes and the rest of the heavy equipment that was to be found in shipyards, and it was almost impossible to obtain such equipment? It was a seller's market, was it not?

Mr. WILLIAMS of Delaware. Yes, and that is why the yard was worth so much more if they were assured of permission to dismantle it. The record also shows that later Maritime negotiated with Mr. Wolfson's group, and in return for a $2,000 addition to the bid they turned over to Mr. Wolfson a substantial amount of unidentified equipment which was in the yard at that time. How much Mr. Wolfson and Mr. McCloskey got for the equipment is not known. In fact, from what I read in the records of the Maritime Commission, they did not know just how much equipment they let go for $2,000.

Mr. MORTON. Is it the Senator's proposal to recommit the nomination?

Mr. WILLIAMS of Delaware. Yes. I think it should be recommitted and we should get some answers to these many questions.

Mr. MORTON. Then the Foreign Relations Committee, made up of senior distinguished Members of this body, could give a judicious, fair hearing, and take evidence, and bring the nomination back to the Senate, rather than have us try the case on the floor of the Senate, could they not?

Mr. WILLIAMS of Delaware. Yes. I thought that should have been done in the beginning. I do not think the U.S. Senate is the place where this matter should be discussed, but under the circumstances we had no choice. I am one who believes that any man, including Mr. McCloskey, should be considered innocent until proven otherwise.

If I were Mr. McCloskey I would have demanded an opportunity to appear before a congressional committee to answer these charges; that is, if I were innocent. I do not think it is fair to have the Senate vote on the integrity of a man without our having had an opportunity to explore all of the facts. That is the reason why I suggested to the committee that we get answers to these questions before the nomination was reported. Of what are they afraid?

We got some information, but I was very much disappointed that the vote was rushed into before the Members were given an opportunity to study it. I had been extended the courtesy, which I appreciated, to take home over the weekend some of this material, and I did have an opportunity to study it.

But I still have been unable to get answers to some of the most disturbing questions, such as who put up the money to "pay off" a Government official.

To show the Senate the tremendous burden of studying the reports I show the Senate the voluminous reports they sent down. They are here on my desk now. I ask Senators in all fairness, how was anyone to study this material here on the floor of the Senate this afternoon? This is some of the material they sent down. It is on that fact that I am basing my argument for a recommittal. I had to work nights and over the weekend in order to become even partially familiar with the case. Certainly, the committee should make a judicial review of the material. That is why it was sent for.

Mr. MORTON. I commend the Senator from Delaware for his diligence in this matter. Speaking for myself, I hope his motion will be to recommit. I dislike to vote against any presidential nomination for an ambassadorial post or any other position. The President has a right to name his own appointees, and the Senate has the responsibility of advising and consenting.

I hope this nomination will be recommitted to the Foreign Relations Committee. I am sure the committee, with the help of the distinguished acting chairman, the Senator from Alabama, will give its support.

Mr. WILLIAMS of Delaware. I thank the Senator. I think that is the proper procedure. A study of these allegations should have been made before the nomination was sent to the Senate.

Mr. President, I return to the discussion of the highly confidential appraisal report which was sent to a Florida real estate dealer, who at the time was working in the McCloskey Yard at Tampa.

Thus we find that this highly confidential appraisal report was sent to a man working in the McCloskey plant in Jacksonville just 1 month prior to the closing bid date.

The fact that the successful bid of $1,926,500 was so close to the $1,926,208 appraisal is not without significance.

Furthermore, if Mr. McCloskey had no interest in the ultimate procurement of this yard, then why on January 9, 1946, 6 days after bids had all been in, did he personally wire the Maritime Commission authorizing the change of Mr. Wolfson's bid from that of an installment basis to a cash basis? The record also shows that Mr. Wolfson subsequently paid each of Mr. McCloskey's sons $5,000, $5,000 to Mr. McCloskey's lawyer in Harrisburg, Judge Pannell, and $5,000 to Mr. Charlie Finley, listed as an associate of Mr. McCloskey. Nor can I find where anyone has asked Mr. McCloskey to what extent he later participated in the profitable deal.

The question is asked, "If there were anything wrong, why did the Department of Justice not act?"

The Senator from Alabama made that point—if there were something wrong, why did not the Department of Justice handle the case at the appropriate time?

That is a good question and one upon which I too would like to have the answer. Why was the report on these allegations allowed to gather dust in Justice's files?

Representative Rizley stated very clearly at the time that he was going to forward the charges to the Department of Justice for investigation, and I understand he did so. I point out that this case was referred to the Department of Justice somewhere between 1947 and 1949, but there is no record that it was given any attention at all until 1952, at which time another committee in the House of Representatives directed a second inquiry to the Department of Justice asking for a report.

Following this later inquiry the Department of Justice under Attorney General McGranery did appear before a grand jury seeking indictment, and the grand jury returned no true bill.

Normally this would mean that the validity of the allegations had been discredited; however, that is not altogether true in this case because during the interval in which these reports were pigeonholed in the Justice files, the Government official who would have been the key witness died and many witnesses were gone. The Department of Justice even now has refused to indicate to what extent this transaction was examined and to what extent it was ever presented to the grand jury.

The fact that the charges lay dormant in the Department of Justice files between 1947 and 1952 is not too surprising when we remember that this was only one of the many failures of the Department of Justice during that spectacular era when they ofttimes demonstrated a noticeable reluctance to pursue certain prosecutions.

And even today they insist upon not talking about the $25,000 pay-off to a Maritime official during these negotiations. No mention of this important point is made in their report to the Foreign Relations Committee, nor is there any mention of the favored treatment which Mr. McCloskey and Mr. Wolfson got from the Government in their attempt to buy this surplus shipyard.

The administration proceeds on the theory that no one went to jail and therefore no one was guilty. That completely ignores the fact that there is a moral code as well as a criminal code.

But this was not the only time that Mr. McCloskey was involved in an alleged payoff to a Government official.

Before I go into the next allegation, though, I should like to point out one further established fact. This yard was advertised for sale. Bids were opened on January 3, 1946, and the yard was declared sold on January 10, 1946, before it even had been officially declared surplus by the Maritime Commission. This, too, was a highly irregular transaction in itself.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. MILLER. I have two questions to ask the Senator. If the Senator has not already done so, would the Senator make it clear for the record why the Maritime Commission sent the appraisal report to the Maritime Commission employee at the McCloskey Yard in Tampa?

Mr. WILLIAMS of Delaware. There is no justification for that at all. However, it is an established fact that it was sent. There has been no one, to my knowledge, who has given any explanation as to why the report would be sent

to this man who at the time was working at the McCloskey yard.

A suggestion was made by one Commissioner that if this man wanted to make an appraisal report himself, he might want to see how it was done.

I do not accept that. If this man was going to be hired as an appraiser he should know how to make his own report; otherwise, he was not qualified to do so, anyway.

I see no basis for it, but the exchange of telegrams clearly shows that the report was sent.

At this point I should like to discuss briefly the fact that this yard was sold before it had ever been declared surplus by the Commission. I quote again from the testimony before the congressional committee:

Mr. JENKINS. Were you acting under the Surplus Property Act? As I understand, this property had not been declared surplus at the time these bids were received and accepted.

Mr. SKINNER—

Mr. Skinner, for the record, was general counsel of the Maritime Commission.

Mr. SKINNER. I thought we were acting under the Surplus Property Act.

Mr. JENKINS. Would that not be a factor on which your opinion would be based? I am a lawyer, and I think if I were in your position I would want to know if this property was being disposed of under the Surplus Property Act or if the situation was somewhat different.

Mr. SKINNER. As I said a while ago, the Maritime Commission cannot sell the Washington Monument, and I assumed it was declared surplus.

Mr. JENKINS. But it would be one of the factors in the situation which would lead you to believe that a change in the conditions of the bid was not such a change as would invalidate the bid?

Mr. SKINNER. Yes.

Mr. JENKINS. And the factor of whether the property had been declared surplus, and whether you were operating under the Surplus Property Act, would be a vital factor?

Mr. SKINNER. I am not sure but that Public, No. 5, which gave the Commission authority to build the first 200 Liberty ships, which were called the ugly ducklings, did not also give the Commission authority to dispose of surplus property.

Mr. JENKINS. Let us go back to your opinion to Commissioner Carmody. That opinion was based upon the assumption that the property had been declared surplus and that you were therefore acting under the Surplus Property Act?

Mr. SKINNER. Yes.

Mr. JENKINS. As a matter of fact, that was not the situation at the time these bids were received and accepted. Now, that being so, does it in any way change your opinion as to whether or not this Tampa Shipbuilding Co. had a right to alter the conditions of its bid?

Mr. SKINNER. Then I would say the Commission had no authority to sell at all.

Thus we find that this $19 million shipyard was sold for about 10 percent of its original cost before it had even been declared surplus.

I repeat—this shipyard had not been properly declared surplus by the Maritime Commission whereby it could legally be sold, and that fact is confirmed not only by the testimony of Mr. Skinner, general counsel, but also by a letter I find in the record, dated January 7, 1946, addressed to Admiral Land and signed by our colleague STUART SYMINGTON, who at that time was Surplus Property Administrator.

I read the letter:

SURPLUS PROPERTY ADMINISTRATION,
Washington, D.C. January 7, 1946.

Vice Adm. E. S. LAND,
Maritime Commission,
Washington, D.C.

DEAR ADMIRAL LAND: We understand that the Maritime Commission is considering bids to purchase the St. Johns' River Shipbuilding Co. yard, located at Jacksonville, Fla., received as a result of an invitation to bid issued by the Commission.

As you know, our Regulation 20, on "Surplus Marine Industrial Real Property," was issued on December 22, 1945, after the invitation to bid was made.

We request that, in view of the issuance of this regulation during the course of the transaction, you take no final action with regard to the acceptance or rejection of bids for this yard until you have submitted the matter to us for consideration.

If the property cost the Government $1 million or more the matter should be submitted to the Attorney General before final decision of disposal.

Sincerely yours,
W. STUART SYMINGTON,
Administrator.

This letter was dated January 7, 1946, yet the bids for the sale of the yard had been opened on January 3, 4 days previously. The yard was declared officially sold only 3 days later, on January 10.

Here again we find another highly questionable procedure involved in this case.

Did Mr. McCloskey and Mr. Wolfson have so much influence that, working in conjunction with the Maritime Commission, they could circumvent the law at will?

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

Mr. WILLIAMS of Delaware. I yield.

Mr. MILLER. The second question I wished to ask the Senator was whether the Department of Justice had given any reason or justification for its failure to respond to the inquiry of the committee regarding the degree to which it had gone into this case. I believe the Senator commented earlier that the Department of Justice had not responded. I wondered if any endeavor was made to give a reason for failing to do so.

Mr. WILLIAMS of Delaware. If the Senator will bear with me a moment, I think I have the comment by Attorney General McGranery himself.

Mr. SPARKMAN. Mr. President, I think I can help the Senator, if the Senator will yield.

Mr. WILLIAMS of Delaware. I yield to the Senator from Alabama.

Mr. SPARKMAN. As a matter of fact, I think the Senator is in error. The FBI did investigate this, and reported in 1949. I think the Senator from Delaware overlooked that.

Mr. WILLIAMS of Delaware. I did not overlook the fact that the FBI did its job and properly reported its findings to the Justice Department. I said that the Department of Justice, after getting the report, did nothing at all. For some strange reason the report lay there nearly 5 years until 1952.

I did not question the fact that it went to the Department of Justice. What I want to know is, Why was no action taken? That is one of the answers I am trying to get.

Mr. SPARKMAN. May I correct myself. It was the Criminal Division of the Department of Justice which, on March 23, 1949, advised that following an investigation in the matter it had been concluded that circumstances were not sufficient to support a criminal action. The case was closed. That was in 1949.

Mr. WILLIAMS of Delaware. The record shows that at the time it was presented to the grand jury by Attorney General McGranery the key witness—that is, the Government official who had been paid—was dead.

Mr. MILLER. Mr. President, if I might make comment, I believe the point which the Senator from Delaware was getting at was that while we have information regarding the disposition of the case, as the Senator from Alabama has pointed out, it is my impression that the committee tried to ascertain to what degree the Department of Justice had gone into the question and that the Department had not been responsive to that inquiry. I think the committee has been apprised, as the Senator obviously has, regarding the disposition of the case. The question which seems to be raised by the Senator from Delaware is: To what degree did the Department go into the case? Is that not a proper understanding?

Mr. WILLIAMS of Delaware. That is right. The best explanation I have, and I shall put the entire article in the RECORD, is the one which was given by former Attorney General McGranery as it appeared in the Washington Evening Star of Saturday, August 9, 1952. It is entitled "Shipyard Acquisition by Wolfson's Group To Reach Grand Jury—McGranery To Act on 6-Year Old Charges—Transit Head Puzzled."

As the Senator from Alabama has pointed out, the information was sent to the Department of Justice long before that time. I shall quote what Mr. McGranery told the reporter:

Mr. McGranery indicated he had no explanation for the 6-year delay and said an earlier decision should have been made. It was understood that the matter first was sent to the Justice Department by the General Accounting Office.

So Mr. McGranery, the acting Attorney General in 1952, said he did not know why it had been acted on. I do not know either. I still am puzzled and still want the answer.

Mr. President, I ask unanimous consent that the article in the Evening Star to which I have referred be printed at this point in the RECORD.

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

SHIPYARD ACQUISITION BY WOLFSON'S GROUP TO REACH GRAND JURY—MCGRANERY TO ACT ON 6-YEAR-OLD CHARGES—TRANSIT HEAD PUZZLED

Attorney General McGranery is planning to send to a grand jury 6-year-old charges of irregularities in the purchase of a Jacksonville, Fla., shipyard by a group headed

by Louis E. Wolfson, chairman of the board of the Capital Transit Co.

Allegations in connection with the surplus property purchase of the St. John's River Shipyard have been hanging fire in the Justice Department, without action, since 1946.

The first indication of Mr. McGranery's interest in the case came from a House subcommittee investigating the Justice Department. The matter came to light when the House group began looking at delays in the Department's handling of cases.

DISPOSED OF AS SURPLUS

The subcommittee said the shipyard was acquired by the Maritime Commission in 1942 at a reported cost of $19.5 million. In 1945, a decision was made to dispose of the yard as surplus property. Bids were asked, and in 1946 the yard was sold for $1,928,500 to the Tampa Shipbuilding Co., which is controlled by Mr. Wolfson.

Reached in Miami, Mr. Wolfson told the Star by telephone he was "at a loss to understand" why the matter has come up. He said the charges have been "kicked around by every politician in Washington and Florida," and added:

"I thought the matter was completely clear and clean."

PURCHASE HELD UP MONTHS

Mr. Wolfson said hearings were held on the charges in 1947 by the House Expenditure Committee and that the actual purchase was held several months before it was cleared.

He said the most serious charges were that the purchase would give Tampa Shipbuilding a monopoly in that area and that the company had access to records other bidders did not have. These charges, he said, were made by an officer of the old St. Johns company, who was second highest bidder to Tampa Shipbuilding.

Actually, he said, the approximate 10 percent of original cost figure Tampa Shipbuilding bid was higher than the Government was getting for many other surplus installations.

Tampa Shipbuilding Co. was acquired by the Wolfson group in 1945. During the next 2 years, it had between $25 and $30 million worth of contracts to build French ships, Mr. Wolfson said.

USE OF FACILITIES MADE CLEAR

He said part of the St. John's facilities were used for the French ships, "part for other work in the yard, and we liquidated the other part of it." This use of the facilities was made clear at the time of the bidding, he added.

In a statement, the House subcommittee yesterday quoted Mr. McGranery as saying he believed the complaints were "well founded" and was ordering the evidence presented to a grand jury.

At a press conference later, however, the Attorney General said the grand jury presentation has not yet been made. But he told reporters he will direct such action after further investigation by the Justice Department's Criminal Division.

Mr. McGranery indicated he had no explanation for the 6-year delay and said an earlier decision should have been made. It was understood that the matter first was sent to the Justice Department by the General Accounting Office.

Mr. WILLIAMS of Delaware. One of the points I make is that there has been strange reluctance on the part of those in authority to pursue this question. To what extent the case was presented to the grand jury in 1952 I do not know. The point is that the report was pigeonholed 5 years, or until the key witness was dead. I think we should find out from the Department of Justice whether the full facts were all presented to the grand jury. I recall that during that particular period I had occasion to criticize many situations on the floor of the Senate in which criminal cases had been sent to the Department of Justice but then put on the shelf or not presented to the grand jury in such a manner that the grand jury could render an indictment.

I am not saying that such a thing happened in the present case. I merely quote from Attorney General McGranery, who also was puzzled as to why the case lay in the files of the Justice Department for 6 years while nothing was done about it.

There was a second allegation in connection with Mr. McCloskey's activities and one which certainly cannot be ignored.

This is an allegation which should have been explored first by a congressional committee, but since the committee refuses to take any action and in view of the serious nature of the charge plus the strange circumstances surrounding the manner in which the Justice Department handled the case, I have no alternative other than to discuss it here today.

A second allegation was made; namely, that several years ago Mr. McCloskey was involved in the payment of several thousand dollars to an employee in the legislative branch of our Government for his assistance in obtaining favorable consideration on Government contracts and allegedly for his assistance in the enactment of certain legislation which would have benefited Mr. McCloskey and his company. At this point I accept that statement as a rumor. This allegation was likewise referred to the Department of Justice. Presumably an investigation was started, but the record shows that the investigation was dropped. I was advised, since the question arose, that it was dropped on the flimsy excuse that when the Department of Justice requested the tax returns of the participants involved in the payment they found that the Treasury Department had "lost" the returns of both taxpayers for the particular years in question.

That explanation is a little farfetched for me to swallow, particularly when we take into consideration where the tax returns of the parties were filed. The returns in those particular years were filed in two different offices which were from 600 to 800 miles apart.

I just do not believe that happened, and if these tax returns were missing then I want to know why.

I would like to know a little more about this case. However, based upon that strangely convenient excuse, the Department of Justice apparently pursued the case no further. There appears to be no evidence that either of the parties involved was questioned. If so, I have no knowledge of it. But it is a fact that the original allegations were based upon something that could be accepted as more than mere rumor.

Mr. President, it is based upon these circumstances—alleged payoffs to public officials for the use of their influence, the special favors which were granted, such as being allowed to change bids after the bids were opened, and so forth—all of which are still being ignored and unanswered—that I base my opposition to the confirmation of Mr. McCloskey.

In my opinion our Ambassadors as the official representatives of our country should be men whose integrity is above suspicion.

When questions of the type I have suggested here arise, I think the committee in charge of such nominations has the responsibility at least to study the questions before reporting the nomination to the Senate for confirmation to a high public office.

There is a moral code which has been ignored here.

The Senate has before it a nomination which has been recommended by a majority of the committee. But I challenge any of the majority members of that committee who so voted to say that he has read the reports to which I have referred. I know the committee members have not done so.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. DIRKSEN. In view of the presentation by the Senator from Delaware and the case he makes on an incomplete and inadequate presentation of all the facts, what is the Senator's recommendation?

Mr. WILLIAMS of Delaware. I intend to move that the nomination be sent back to the committee in order that the committee may go into all the factors involved and report back to the Senate with a recommendation based upon its study of the points involved.

I do not think it is fair to call for a yea-and-nay vote on the confirmation of the nomination of Mr. McCloskey on the basis of what I have presented. I recognize that there are two sides to all questions. The Senate is not the place in which the case should have been presented. I did not want to press it here, but I had no other choice.

I am very much disappointed that there was not more interest on the part of the administration in the question. I felt that when the points were made, someone should have called for a further investigation.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. DIRKSEN. How much time was devoted to the question by the committee?

Mr. WILLIAMS of Delaware. Adequate time was devoted at the first hearing. I find no fault from that standpoint and raise no question in respect to time. But when Mr. McCloskey appeared before the committee—so far as I was concerned, and I think so far as any other member of the committee was concerned—we had heard of none of the allegations to which I have just referred. Therefore Mr. McCloskey was not questioned on them, nor was any point raised. For that reason the transcript of the official committee hearings shows none of those questions. They were raised

later and brought up in executive session. I felt then that we should have reopened the hearings and pursued the question further.

Mr. DIRKSEN. Has the transcript of the hearings been printed?

Mr. WILLIAMS of Delaware. I do not think it has. But if it has been printed, the original transcript would not show any of the points I have mentioned because they were not raised at that time. The transcript of the proceedings of the executive session has not been printed and therefore is not available.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. AIKEN. I was one of the four members of the Committee on Foreign Relations who voted in the committee the other day not to approve the appointment of Mr. McCloskey. I did so because I felt that since questions had been raised by the Senator from Delaware, it was not fitting for the committee to vote approval of the nomination of Mr. McCloskey without further examination into the presentations which had been partially made by the Senator from Delaware at that time. It seemed to me that a more thorough examination of the question was necessary.

The statement has been made that the committee overwhelmingly approved the nomination of Mr. McCloskey. It is true that 9 members of the committee voted for confirmation of the nomination, but 8 members of the committee either voted against it or did not vote. So I would not call the approval overwhelming, since only 9 of the 17 members of the committee voted to approve the confirmation.

I still believe that the nomination should not have been slid over quite so easily and readily by the committee after the Senator from Delaware had raised before the committee the questions he has mentioned. There should have been a much more thorough investigation before Mr. McCloskey's nomination was confirmed.

Mr. WILLIAMS of Delaware. I thank the Senator.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. MORTON. I followed with interest the closing remarks of the Senator from Delaware. I wish to clear up one question. Were two income tax returns lost?

Mr. WILLIAMS of Delaware. I was told that two income tax returns were lost. They related to the second alleged payoff.

I wish to be fair. I have no information which would prove that the charge relating to an alleged payoff had any foundation whatsoever. I emphasize that point because I do not want to be unfair to Mr. McCloskey. It may not be true, but again it may be true. We should find out. What I find fault with is the manner in which the question was brushed off so casually by the Department of Justice when it was called to its attention. I decided to check the case. The tax returns of the two participants involved, presumably the taxpayer who paid the bribe and the one who received it, were called for. I was told that the Department of the Treasury could not locate the tax returns. They had been destroyed or were lost. Therefore they said the question could not be pursued any further.

I could not accept that flimsy explanation. The tax returns of those two individuals were filed in two separate offices, 600 or 800 miles apart, and they did not both get lost at the same time.

Mr. MORTON. They were in separate offices?

Mr. WILLIAMS of Delaware. Yes.

Mr. MORTON. Are these two taxpayers still alive today?

Mr. WILLIAMS of Delaware. I can say "Yes" in one instance, and I believe I can say "Yes" with reference to both of them.

Mr. MORTON. Were they businessmen?

Mr. WILLIAMS of Delaware. One of them was a former employee of one of the branches of Congress.

As Members of Congress we have a responsibility to follow through on this allegation that this employee, one of our own legislative employees, was accepting money for assistance in getting a contract.

I wish to make it clear that this is an allegation only, and I, as one Member of the Senate, have nothing to prove it at this time, but that does not mean that it can just be ignored.

Ordinarily I would not discuss it on the floor of the Senate, except that we have been put in this position where we must do it. I am doing it with the explanation that it is an allegation, and I am bending over backward in indicating that it may not be true. But at the same time, when an allegation such as this is made—that there has been a payoff to one of our own employees of Congress—we cannot brush it off and say, "This is inconsequential." We have that responsibility in Congress. The Department of Justice has an equal responsibility. Someone had a greater responsibility than to come back and say, "We have tried to get the tax returns; but the Treasury Department lost the tax returns of both these individuals, so we dropped it."

Mr. MORTON. Does the Senator feel that these two individuals have incomes of over $10,000 a year?

Mr. WILLIAMS of Delaware. Yes.

Mr. MORTON. Does not the average person with an income of over $10,000 a year keep a copy of his income tax return?

Mr. WILLIAMS of Delaware. There are a great many ways that this could have been established with adequate time. I am confident of that. I think I could get an answer to clear up this point if I had the chance.

Certainly we can find out whether or not the allegation is true or false. What are they afraid of? Why not let us try to get the information?

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

Mr. WILLIAMS of Delaware. I yield.

Mr. DIRKSEN. If the distinguished Senator from Delaware will permit, I should like to ask the Senator in charge of the nomination, the Senator from Alabama [Mr. SPARKMAN], whether this is not a good suggestion, that we send the nomination back to committee rather than ask for its approval with a cloud upon it. I say that because the Senate should not deal unfairly with Mr. McCloskey by rejecting the nomination, or approve it and send him forth as the Ambassador of this country with some doubt about all this, except after some real answers are given to the questions asked by the Senator from Delaware.

Mr. SPARKMAN. Mr. President, I do not see that there can be any end if that kind of procedure is to be followed. I believe the members of the Foreign Relations Committee will back me up when I say that there was no suggestion made at any time by any member of the Foreign Relations Committee that we hold further hearings.

Mr. WILLIAMS of Delaware. I beg the Senator's pardon.

Mr. SPARKMAN. A suggestion was made that we get these records.

Mr. WILLIAMS of Delaware. Get the records and then read the reports.

Mr. SPARKMAN. We got the records and we gave the Senator from Delaware all the time he requested. He did not ask for an extension beyond Monday.

Mr. WILLIAMS of Delaware. I beg the Senator's pardon. He is in error.

Mr. SPARKMAN. We voted on it on Monday. Let us remember that this thing has been raked over the coals a dozen different times. There was made available to every member of the committee who wanted to read it a summarized FBI report covering all the different inquiries that had been made, and studies by the Criminal Division of the Department of Justice, and the grand jury investigation, and even referring to hearings which were held before the committee. Every Member who wanted to read it had an opportunity to do so. I read it, and I am sure that the Senator from Delaware read it also.

Mr. WILLIAMS of Delaware. I read it, but why did the junior Senator from Alabama and the other Members express some interest?

Mr. SPARKMAN. I do not see any end to it. I should like to say this also. Had the Senator from Delaware asked for specific witnesses to be called before the committee, I am certain the committee would have granted the request.

Mr. WILLIAMS of Delaware. I should like to reply very briefly to the Senator's statement. I want the record to be clear that I told the Senator from Alabama and the other members of the committee that if they insisted on voting Monday I would have no choice but to vote "no" and take the case to the Senate floor.

I said I was prepared to vote and that I would vote against the nomination. However, I said that I would have to pursue the matter on the floor of the

Senate. The Senator from Vermont and other Senators will confirm the fact that I suggested that this matter should be more thoroughly examined. If I do not quote the Senator from Alabama correctly, I hope he will correct me, but if I recall correctly at that time he admitted that he, too, was disturbed about these charges but he said that he would just as well vote on it, though. The Senator admitted that he had not seen the report.

Mr. SPARKMAN. I believe the Senator is wrong. I did not say I was disturbed.

Mr. WILLIAMS of Delaware. We are now discussing a report which both the Senator from Alabama and I have read, a report which confirmed what I had said; namely, that the second allegation had been dropped because the two tax returns had been lost. I ask him is that not true? The Senator read the report.

Mr. SPARKMAN. Back in 1941.

Mr. WILLIAMS of Delaware. No, but I do not care when it was. It was dropped on the flimsy excuse that the returns had been lost, although the two tax returns had been filed 600 miles apart.

Mr. SPARKMAN. There was nothing there. The Senator has admitted that this is nothing but a rumor, that he had nothing to draw on, but that he wanted to report it to the Senate. He admitted it was not enough to try a man on, but nevertheless he wanted to bring it before the Senate. It was a rumor. I submit that there was no connection between Mr. McCloskey and anyone else, except a rumor.

Mr. DIRKSEN. I merely wish to point out that there are four Members of the Senate who serve both on the Senate Finance Committee and the Senate Foreign Relations Committee, including the chairman of the Foreign Relations Committee. Every Member of the Senate knows that the members of the Finance Committee have been in almost continuous session for months. The marvel is that as much spadework has been done on this subject as the Senator from Delaware could contrive, in view of the heavy load that he carries on the Finance Committee, as its ranking minority member.

I believe that gives point to the suggestion made by the Senator from Delaware that if additional time is available, a thoroughgoing job can be done in this case. I believe we owe it to Mr. McCloskey, we owe it to the Senate, and we owe it to the people to make sure that when the imprimatur of the Senate is placed upon one who is to represent us abroad that he go out of here without any doubt of any kind whatsoever.

Mr. WILLIAMS of Delaware. Of course I agree fully with the Senator from Illinois. However, if we get a report of an alleged payoff to an employee in our legislative branch we have the responsibility of not brushing it off and saying, "We don't believe it." The Department of Justice had an even greater responsibility. It should not merely have asked the Treasury Department for the tax return and then accept the answer, "Well, we lost both of them."

I want to know a little bit more about that particular case. I am willing to ask these questions with the clear understanding that it has not been proven, and I hope it never will be proven, not only from Mr. McCloskey's standpoint but also from the standpoint of the reputation of Congress. However, I will not let this go unchallenged. I want more than an expression of the Justice Department, "We tried to look into this." Let us remember that at that time both these men were living. I think they are both living now.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. CARLSON. I stated at the conclusion of the rollcall vote in committee that I regretted sincerely that I had to vote against reporting the nomination favorably to the Senate. After hearing some of the questions that were raised by the distinguished Senator from Delaware I felt impelled to vote against the nomination.

The acting chairman will remember, since we are talking about the executive session, that as soon as the chairman of the committee, the Senator from Arkansas [Mr. FULBRIGHT], called the committee to order, a motion was made immediately to report the nomination. Had it not been for some of the questions raised by the Senator from Delaware, we would probably have reported it within 3 minutes.

When these questions were raised it did cause some concern among members of the committee. I am one of those Members of the Senate who believe that the President is entitled to every consideration with respect to his nominees. As a matter of fact, I am one of the members of the Foreign Relations Committee who have said that our foreign ambassadors and foreign service officers should not all be career people. There are posts around the globe which need outstanding businessmen and men having means. I have visited some of the posts around the world where it would not be fair to send a career man and expect him to pay the expenses. So we need business and professional people. For that reason, it was very difficult for me to vote against the nomination of Mr. McCloskey.

But I am convinced, after hearing the discussion and reading some of the records—at least, some of the copies of the material which has been presented here today—that this is a nomination which should have further thought. I sincerely regret that it was not presented to the committee as it has been presented today.

As I said, I disliked to vote against reporting the nomination to the Senate; and if I am forced to do so today, I shall have to vote against the confirmation of the nomination really and truly regretfully.

Mr. KEATING. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. KEATING. It has been my intention all along to vote for confirmation of this nominee. Nevertheless, I had hoped that these questions might be cleared up. Does the distinguished Senator from Delaware believe that it would take another several days of hearings to inquire into the matter?

Mr. WILLIAMS of Delaware. No, I do not think it would take too long. I think the committee would be more than willing to act expeditiously; they should do so. I do not ask any Member of the Senate to accept what I have said, although I have tried to be as accurate and as fair as I could. Frankly, I have tried to bend over backward to be fair to Mr. McCloskey.

But the flimsy excuse that was given for the loss of the tax returns was a little more than I could swallow. There is no question that there was a payoff to the Maritime Commission official. There is no question that that payoff was made by a man who was in the employ of Mr. Wolfson. There is no question in the record that at that time Mr. Wolfson and Mr. McCloskey were operating together in connection with negotiations for a shipyard. It is conceivably possible that neither of them knew anything about or had anything to do with the payoff, but I would like to know more about the transaction.

It is also possible that they put up the money and used the man as a go-between. I think they have a responsibility to answer. There is an allegation that there was a payoff to an employee of the legislative branch. That too must be answered.

Mr. KEATING. Was Mr. McCloskey himself questioned?

Mr. WILLIAMS of Delaware. No, he was not.

Mr. KEATING. He certainly should have an opportunity to straighten out this situation. It would be unfortunate to have him represent the United States while he was under any cloud of doubt.

Would the Senator from Delaware, in moving to recommit the nomination, be willing to place a time limit on having the Committee on Foreign Relations report back? If that were done, would the Senator from Alabama, and all other Senators handling the nomination, agree that it was in the interest of everyone, including the nominee, to have the situation cleared up, and that that might be done in a week or 10 days, or in some relatively short length of time?

Mr. WILLIAMS of Delaware. I would have no objection, although I do not believe it would be advisable to set a time limit which might be too short to do the job. The Senator knows how time limitations sometimes operate, particularly when the Senate operates as it has been recently. At the same time, I think I may say that the investigation could be made expeditiously. So far as I, myself, am concerned, the nomination could be reported back in 72 hours; that could be done and a report could be made. No effort would be made to delay action by me. I do not think any member of the committee would suggest that there has been undue delay. I did not try to prevent the nomination from coming to a vote when I saw that the committee was insistent upon voting.

After the nomination had been reported I told the majority leader that I

would cooperate with him whenever he desired to bring it up. I do not think it would be necessary to place a time limit on reporting back; I do not think that would be wise.

Mr. KEATING. My only reason for suggesting a time limit is that a motion to recommit a nomination is usually or frequently construed as a vote against the nomination. I am not prepared to vote against the nomination. However, I would vote for a week or 10 days in which the committee might consider the subject further. I should like to be sure, as I am certain other Senators would, of just what we are voting on and what the record is.

I appeal to the Senator from Alabama to accept such a motion, if a time limit were placed on reporting back on the nomination, so as to insure that there would be no delay in bringing the matter back to the Senate.

Mr. WILLIAMS of Delaware. I would have no objection to that, although I am not sold on it.

Mr. CAPEHART. Mr. President, will the Senator from Delaware yield?

Mr. WILLIAMS of Delaware. I yield.

Mr. CAPEHART. Under the circumstances, since the matter has been brought out so forcefully by the able Senator from Delaware, I should think that Mr. McCloskey himself would insist upon a hearing and insist upon being heard by the committee. I know that if I were in McCloskey's place, I would want to come before the committee and clear the matter up.

Does not the Senator from Delaware believe that we owe to Mr. McCloskey an opportunity to do that? Otherwise, there would always be a cloud over his character and always be a cloud over the transaction. I should think he would be the person to ask for the hearing, rather than to have the Senator from Delaware ask for it. I cannot conceive of a man like Mr. McCloskey not asking to be heard in order to clear up the situation.

Mr. WILLIAMS of Delaware. I appreciate the Senator's statement.

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

Mr. WILLIAMS of Delaware. I yield.

Mr. CASE. The distinguished Senator from Delaware has rendered a very great service to the Senate and the country. I would not be prepared to vote for the confirmation of the nomination on the state of the record as it is. However, I should, perhaps, wish to demur to the suggestion of the Senator from New York [Mr. KEATING] that there be a time limit on reporting back the nomination. I would not be happy to have it reported back in 72 hours or even a little longer time, because I do not think that would be long enough to examine into the question fully.

I do not believe it should be the responsibility of one single Senator—and perhaps the hardest working Member of the Senate—to carry the full load. That ought to be done by the committee staff and perhaps by members of the executive branch of the Government. I think the nomination should be referred back to the committee with the clear understanding that it is not the sole responsibility of JOHN J. WILLIAMS to carry the load alone.

Mr. WILLIAMS of Delaware. I appreciate the Senator's statement. I think the nomination should be referred back to the committee. There will be no prejudice on my part in sending it to some committee of which I am not a member. What disturbs me is that when the nomination was before the committee these serious questions were raised, and it was agreed that they were serious questions and should be answered. After we got some of the answers there was not enough interest on the part of some to study them. That is what bothers me. I think that in fairness to Mr. McCloskey the questions should be studied. We cannot let the situation be brushed off.

Mr. AIKEN. I express the hope that the Senator from Delaware will not agree to a time limit for the hearings, because when evidence has been lost or mislaid, often it may continue to be lost or mislaid until after the time limit has expired.

I am not really distressed, because I recall that the Senator from Delaware told the committee on the morning we acted on the nomination that if the committee was determined to vote anyway, he would not take any more time in presenting the case before the committee but would present it on the floor of the Senate. This he has proceeded to do. I think we are all sorry that he was put in a position where he felt obliged to do that.

If there is to be an investigation of the subject, I think there should be expert investigators. Perhaps two of them would be enough, one to represent each side of the political picture. But I certainly hope the matter will be cleared up.

I did not vote against Mr. McCloskey in committee because I had anything against him; I felt that the committee was sliding the nomination through too fast.

I also add that the first hearing on the nomination of Mr. McCloskey was a very short one, because I was a few minutes late in arriving for the hearing, and I met Mr. McCloskey and the distinguished senior Senator from Pennsylvania [Mr. CLARK] already leaving the committee. So the hearing could not have lasted more than a few minutes.

Mr. WILLIAMS of Delaware. I thank the Senator from Vermont. Before I move that the nomination be recommitted, I should say that all the bidders were being told to bid upon the St. Johns River shipyard, which was surplus, on the basis that it would be kept in operation as a marine facility. I should like to quote again from the testimony before the committee in which Marsden confirmed the fact that the Wolfson group bid on the yard knowing they could dismantle it.

I quote from the testimony:

Mr. WISE. In other words, at the very end of December the Florida Pipe & Supply Co. did receive information to the effect that bids would be received on a term basis, and that if the bids were interesting enough, the property might be used for other than Maritime Commission purposes?

Mr. MARSDEN. Yes.

Again I point out that there are many strange circumstances: The bids were changed; one group was allowed to make a different type of bid; there was an alleged payoff in one instance, to a Government official, and, in another instance, to the employee of the legislative branch.

These are serious charges, and there is enough evidence to justify having the committee at least study the report.

Therefore, Mr. President, I move that the nomination be recommitted; and I ask for the yeas and nays.

Mr. KUCHEL. Mr. President, I join in the request for the yeas and nays.

The yeas and nays were ordered.

Mr. SPARKMAN. Mr. President, I ask unanimous consent that, without losing my right to the floor, I may yield for 5 minutes to the Senator from Washington [Mr. JACKSON].

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. JACKSON. Mr. President, I shall be very brief.

I have known Mr. McCloskey for several years. Everything I have known about him indicates that he has been a highly successful businessman. He is respected in the city of Philadelphia and in the State of Pennsylvania.

In my judgment, based on his long record of successful business enterprise and his interest in public affairs, he would be a fine representative of our country.

Mr. SPARKMAN. Mr. President, I wish to speak briefly before the vote is taken.

First of all, I wish to make clear that I was not presiding over the committee; the chairman of the committee was present at the time when those proceedings took place.

A few minutes ago the Senator from Illinois said that four members of the committee were on the Finance Committee. It so happens that all four of those members were present on the day when the vote was taken, and, as I recall, all the way through.

I believe the record will show that I was present every time the nomination was considered. I think there were four meetings. There was the initial hearing with Mr. McCloskey; and there were other meetings, at which these questions were raised and discussed within the committee. I think I know what took place.

What has surprised me is the request for additional hearings, when at no time during the discussions in the committee, so far as I recall, did anyone ask for hearings, except that on one occasion it was suggested that Mr. McCloskey be called before us and asked the question point blank; but the Senator from Delaware said, "No; I do not care about having Mr. McCloskey come before us."

But now it is moved that the nomination be recommitted.

We were furnished the records. We were furnished the FBI summary of what took place, and every one of these questions was raised in that summary.

This case has been investigated. Let Senators remember that these events occurred in 1945 and 1946; and in 1947 a House subcommittee, headed by our good friend Ross Rizley, then a Republican Member of the House of Representatives from the State of Oklahoma, went into the subject thoroughly. That subcommittee hearing has been quoted at considerable length by the Senator from Delaware.

Senators should also remember that the subcommittee did not attach enough significance to Mr. McCloskey's connection with all the things which have been discussed, even to ask him to appear before the subcommittee. Members of the Maritime Commission—Commissioners and employees—appeared before the subcommittee as did Mr. Wolfson and other persons who were connected with the case; but at no time did the subcommittee call Mr. McCloskey before it.

Furthermore, all the subcommittee did was to transit to the Department of Justice testimony relating to the payment of $25,000 to an employee of the Maritime Commission. That was investigated by the FBI and by the Criminal Division of the Department of Justice; the whole case was investigated by them. That was in 1949. It has been said that the case lay in the Department for 6 years, without action. But it did not. The report was made in 1949; and it was reported that the subject had been most carefully investigated, and that no basis for criminal action had been found. The case was reopened in 1952; and in 1953 it was reported that no basis for criminal action had been found.

In 1955, if I correctly recall, the case was referred to a grand jury.

This case has been gone over and over; and the result has been the same every time. That is the record which was before us in the committee. When does one stop persecuting a man or stop dragging things over and over?

I say to some of my friends who have been listening quite attentively to the statement by the Senator from Delaware that there were two series of bids. Mr. McCloskey was definitely connected with the first series of bids. The bid was submitted in his name. The reason for that was that he was associated with Mr. Wolfson; at that time it was the policy of the Maritime Commission—or it appeared that it would be the policy of the Maritime Commission—to accept bids only from qualified shipbuilders or shipyard operators. Mr. McCloskey was both. He became associated with Mr. Wolfson, to help Mr. Wolfson, and he made the bid.

When that was over with, Mr. Wolfson, according to his testimony, wanted to pay Mr. McCloskey between $50,000 and $100,000, to reimburse him for the expenses he had incurred; but Mr. McCloskey said, "I don't want anything." He said, "If you want to, pay my two sons, and Mr. Finley"—I believe that was his name—"and the lawyer, for they have been working on this case. They have had expenses, and you can reimburse them." He reimbursed them at $5,000 each.

That was all Mr. McCloskey got out of this transaction.

As the Senator from Delaware has said, those bids were rejected or thrown out. At that time there was a kind of negotiated bidding process, or at least it was limited to a group of experienced shipyard operators or shipbuilders.

Then it was decided to open the contract to competitive bids. But Mr. McCloskey was not interested in it, for he did not want it for himself. Mr. Wolfson submitted two bids. I believe the Senator from Delaware said that by the time it was over, there were four bids. I do not know; but, as I recall, there were two prime bids. Mr. Wolfson owned a substantial share in two different companies, and each of them submitted a bid. But Mr. McCloskey had absolutely nothing to do with that procedure.

The Senator from Delaware read the telegram Mr. McCloskey sent; and that is true. Mr. John Carmody, who was a member of the Maritime Commission, testified that he called up Mr. McCloskey, who then was in New Jersey, I believe.

Mr. CAPEHART. At Atlantic City.

Mr. SPARKMAN. Yes; at Atlantic City, N.J. Mr. Carmody called him, and, as I understand, asked for an interpretation of a certain paragraph in the bid. Page 1484 of the Rizley subcommittee hearings shows that the first telegram was sent by Mr. D. W. McArthur, Jr., vice president of the Tampa Shipbuilding Co. It quoted a paragraph of the bid, and stated, "This paragraph automatically makes our offer as an all-cash offer, if the Maritime Commission so desires."

He was construing what was meant by that paragraph.

It was not a case of changing the bid, but he said this is something that is under the control of the Maritime Commission, and, under the paragraph I quoted, it automatically makes it a cash offer if the Commission wants it that way.

Following that, Mr. McCloskey sent a telegram, and I think Mr. Wolfson's testimony shows that Mr. McCloskey got in touch with him in Florida, and told him the question was whether this was a cash bid or purely an installment bid. Mr. McArthur then sent this telegram, speaking for the company, and Mr. Wolfson transmitted that information to McCloskey, and McCloskey wired Carmody saying, "I have been authorized."

That is the only way that my friend from Delaware tries to connect Mr. McCloskey with Mr. Wolfson in this second set of bids. There is absolutely no other connection anywhere.

It was the employee of Mr. Wolfson, Mr. Weber, who made the $25,000 payment to Mr. Knapp of the Maritime Commission. Mr. Weber testified before the committee and said it was for the purchase of a partnership arrangement they had gone into, and that is why Representative Rizley sent it to the FBI. I think Mr. Rizley lectured Mr. Weber on it.

I think all of us felt they were doing a little under-the-table deal. There is no question about it. But how does one connect Mr. McCloskey with it when he was not even connected with Wolfson? First of all, it is not shown that he was connected with Wolfson, except that Mr. Weber was an employee of Wolfson; but Mr. McCloskey was not even associated with Wolfson.

I cannot believe that Senators will accept that kind of timorous, farflung rumor, depending on gossip, to convict a man or to say he should not be accepted for the position to which he was nominated.

Let us be fair. Let us stick to real evidence. No wonder the FBI, no wonder the grand jury, have turned this matter down repeatedly. That is all they ever had to go on. It is not right or fair to be dragging these things up in regard to a man who has the reputation, integrity, and character that we all know Matt McCloskey has.

I think all of us who know him will say that he would make a good Ambassador to Ireland. He would make a good Ambassador. He would make a good representative of this country. It is not fair to reject him on these rumors and reports.

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

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. Did I correctly understand the Senator to say that there was no financial relationship, but only friendship, between Wolfson and McCloskey, and it was Wolfson's employee who admittedly paid $25,000 to the Maritime Commission man? There was no relationship at all between McCloskey and Wolfson at any time?

Mr. SPARKMAN. No, not at all—wait a minute. Between McCloskey and Wolfson?

Mr. SALTONSTALL. Yes.

Mr. SPARKMAN. Yes. I said during the first series of bids.

Mr. SALTONSTALL. Were they not partners?

Mr. SPARKMAN. McCloskey was working with Wolfson on the first series of bids.

Mr. SALTONSTALL. But McCloskey called the Maritime Commission——

Mr. SPARKMAN. Wait, and I will go over that again.

Wolfson testified in the Rizley hearings that subsequent to the first set of bids McCloskey had no connection with him. McCloskey was helping him out as a shipbuilder and a shipyard builder and an expert. At that time the policy of the Maritime Commission was that, in order to be considered, there had to be a tie-up with someone with experience in this type of work. McCloskey was to help Wolfson, but then the Commission rejected those bids and changed its policy and threw the contracts open to competitive bidding to anybody who wanted to bid.

During the second series of bids, there was no connection whatsoever between

McCloskey and Wolfson. McCloskey came into the telegram situation in this way: He was in Atlantic City, and Mr. Carmody, of the Commission, knowing that McCloskey was connected with Wolfson in the first set of bids, evidently thought he was still connected with him. So he called him.

I gather that he must have asked him for an interpretation of a paragraph in the bid. McCloskey did not know. He called up Wolfson in Florida. After he called Wolfson and told him about this call from Carmody and pointed out what he wanted to know about it, Mr. McArthur, vice president of the Tampa Shipbuilding Co., which Wolfson was connected with, quoted the language of the bid:

This paragraph automatically makes our offer as an all-cash offer if the Maritime Commission so desires.

Evidently Wolfson called up and reported to McCloskey what had been done, and McCloskey sent a telegram to Carmody in which he said this:

Confirming telephone conversation I have been authorized—

He was not doing it on his own, but he had been authorized by Wolfson, apparently—

to say for the Tampa Shipbuilding Co. that their proposal for the purchase of the St. Johns River yard that they will pay cash when settlement is made.

That was his sole connection with it.

Before the Senator from Massachusetts asked his question, I was just about to say that the Senator from Delaware has been quite clever in developing this argument. Do Senators realize how many characters he has brought into play in this discussion? Go back and follow his argument and find one connecting link with McCloskey other than what I have told the Senate here. It is not there.

When this question came up, I called Matt McCloskey and I said, "Before I take this matter to the floor, I want to hear from you and whether or not you had anything to do with this payment." He said, "I never had anything whatsoever to do with it." I said, "I would like you to write me a letter."

He wrote this letter on July 9, addressed to me as acting chairman of the committee. I should like to read it. I hope Senators will listen to it:

DEAR SENATOR: First may I say how much I appreciate the favorable report of the committee on my nomination as Ambassador to Ireland.

I understand some members of your committee have raised questions with regard to the purchase of a Government shipyard by Tampa Shipbuilding Co., a company controlled by Louis Wolfson.

I was not a partner of Mr. Wolfson on this purchase and had no interest in that company. We had an understanding concerning an earlier bid, but that was not renewed after the Government rejected all bids. I positively did not participate in the second bid. All I did was to transmit a message about making an all-cash payment, as was explained by Mr. Carmody to the House subcommittee.

That subcommittee—the Subcommittee on Surplus Property of the Committee on Expenditures in the Executive Department—made extensive investigations in 1947 of this sale of the St. Johns River shipyard. I understand your committee had the complete file before you. You will note that the House subcommittee never even called me as a witness.

The only other question is whether I may be able to shed some light on a $25,000 payment alleged to have been made to David R. Knapp, a subject which the House subcommittee did not fully resolve.

That was the question submitted to the Department of Justice.

I want to assure you for the record that I never knew Mr. Knapp, and that I have absolutely no knowledge of payments, if any, that may have been made to him.

Sincerely,

MATTHEW H. MCCLOSKEY

That is his signature. I think everyone who knows Matt McCloskey knows he is worthy of belief.

I have a letter from the U.S. Department of Justice. It is addressed to the Senator from Arkansas [Mr. FULBRIGHT]. It is dated June 29, and reads:

DEAR SENATOR FULBRIGHT: This is in response to your request, transmitted by the Department of State, with respect to an alleged report submitted by the Department of Justice to a grand jury in the District of Columbia with reference to certain bids for the purchase of the St. Johns River shipyard in which Mr. Matthew McCloskey and Mr. Louis Wolfson were involved. This transaction occurred shortly after World War II.

After the culmination of the sale of the shipyard by the Government, complaints were received by the Department of Justice containing allegations that Federal law had been violated with respect to the manner of receiving and awarding bids. These allegations were thoroughly investigated by the Department of Justice, and culminated in the presentation of evidence to an investigatory grand jury.

Mr. McCloskey appeared as a witness before the grand jury, which heard all available evidence with respect to the transaction. At the conclusion of the Government's presentation, the grand jury returned a no true bill.

As you realize, the Department of Justice cannot make available to you evidence submitted to a grand jury. I can, however, assure the committee that the Department of Justice is not in possession of any new evidence with respect to this matter and, on the basis of all presently available evidence, there is no reason to take issue with the conclusion of the grand jury that no violation of Federal law occurred.

I hope this information will be helpful to the committee.

Sincerely,

NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

I should like to take the time of the Senate to mention one thing further. It concerns what the Senator from Delaware very properly discussed, in regard to the "carryings on" of the Maritime Commission. I refer to the irregularity in regard to bids.

Mr. McCloskey had nothing to do with that. He was not tied to it in any way. He was out of the picture during all that time. He was in it only when bidding was restricted to men with shipyard experience. The bids were all rejected. From that time on he was out of it.

Mr. McCloskey says so in his letter. Mr. Wolfson says so in his sworn testimony before the Rizley subcommittee.

There has been talk about how thoroughly the Committee on Foreign Relations went into this subject. This perhaps is the most extensive study made anywhere. Senators can examine the bulky files which came from the Maritime Commission until they are blue in the face, and they will not get as much from them as from the hearings. The Senator from Delaware demonstrated that part by the extent to which he has quoted from the hearings.

The witnesses were sworn. According to the sworn testimony of Mr. Wolfson, Mr. McCloskey had nothing to do with him or his activities after the first bids were rejected.

So all this talk about the irregularity of opening the bids would make a bad picture for the Maritime Commission.

If the Senator from Delaware were making a speech critical of the Maritime Commission as it then existed, he would be perfectly right and logical in so doing, but that has no connection with Matt McCloskey.

I ask Senators to keep these relevant things in mind, because they are material in considering a case of this kind. There ought to be some semblance of orderly presentation and some tie in with the evidence which is sought to be used.

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

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. KEATING. May I ask the Senator whether there was any witness before the Committee on Foreign Relations in connection with this nomination?

Mr. SPARKMAN. No witness was called before the Committee on Foreign Relations. I repeat that I do not recall that any Senator at any time asked that any witness be called.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. The Senator knows full well that after these questions had come up we asked for the reports and for further information.

Mr. SPARKMAN. Yes.

Mr. WILLIAMS of Delaware. Before the reports were received, as the Senator from Kansas pointed out, the committee convened on Monday morning, and before it had been in session 3 minutes a motion was made to report the nomination before even the reports had been read.

Mr. SPARKMAN. Just a moment——

Mr. WILLIAMS of Delaware. I think the Senator will agree that I suggested that the reports should be examined and evaluated.

Mr. SPARKMAN. Yes.

Mr. WILLIAMS of Delaware. Before the vote.

Mr. SPARKMAN. Yes.

Mr. WILLIAMS of Delaware. The reports were not even read by the Senator from Alabama because he admitted that he did not read them.

Mr. SPARKMAN. Yes; I admit that.

The Senator from Delaware has mentioned at least twice, and perhaps three times, the fact that within 3 minutes of the meeting of the committee a motion

was made to report the nomination. I think every Senator knows that is the way to open a subject for discussion. That is all it does. We remained in session as long as the Senator from Delaware wished to stay. At no time did he ask for a witness.

I believe I suggested, "Let us call McCloskey and ask him point blank, to his face, about this charge." The Senator from Delaware said, "No, I do not want him here."

Mr. WILLIAMS of Delaware. The Senator does not have the record quite straight. I said that we should not call Mr. McCloskey until after we had done the spadework in connection with examination of the reports, then we could call Mr. McCloskey if it were necessary.

Mr. SPARKMAN. I have invited the Senator from Delaware to read the minutes.

Mr. WILLIAMS of Delaware. I have read them.

Mr. SPARKMAN. I think the Senator has them before him.

Mr. WILLIAMS of Delaware. I have.

Mr. SPARKMAN. I have read them. I do not believe my memory is quite that faulty.

Mr. WILLIAMS of Delaware. I know that the Senator from Alabama, in all fairness, will agree that I pointed out the importance of obtaining information on the allegations and suggested that the reports should first be studied by the committee.

Mr. SPARKMAN. I know that. I tried to obtain those reports. I asked Dr. Marcy, the staff director, to furnish those reports in order that I might have an opportunity to study them.

Mr. WILLIAMS of Delaware. After the vote had been taken.

Mr. SPARKMAN. After the vote had been taken.

Why dig back through all those reports, when the testimony taken by the Rizley committee is available? The Senator from Delaware knows politics as well as I do. The Senator knows that politics plays a part. If there had been anything "rotten in Denmark," a Republican committee and a Republican Congress certainly would have brought it out against the Democrats.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. Yet that was not done.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SPARKMAN. I had yielded to the Senator from New York [Mr. KEATING].

Mr. WILLIAMS of Delaware. Will the Senator yield to me?

Mr. SPARKMAN. I yield.

Mr. WILLIAMS of Delaware. In order that the RECORD may show the facts as to how the House committee felt about the question I ask unanimous consent again that Mr. Rizley's comments on this payoff again be printed in the RECORD at this point.

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

Mr. RIZLEY. You and Mr. Knapp had a promotional scheme. You did not own anything, and the promotional scheme had not worked out at the time of his death. I want to tell you, Mr. Weber, sometimes we are pretty gullible, but I am not gullible enough to believe that $25,000 was paid to Mr. Knapp, who was an official of the Maritime Commission, because you and he had a promotional scheme that had not worked out at the time of his death. You ought to tell the committee the truth. You ought to tell the committee you paid him that $25,000 because he furnished you information about the inventories at the St. Johns River shipyard. It is as plain as the nose on your face.

I am going to insist that the Federal Bureau of Investigation investigate this thing to the fullest extent. This kind of thing, coming before a congressional committee, and your telling us that you paid $25,000 to a Government official for a promotional scheme of some kind, it does not make sense.

Mr. SPARKMAN. I agree with what he said. I believe I so stated a while ago. I agree with what he said. He was lecturing Mr. Weber. He did the right thing. He referred the question to the Department of Justice.

Mr. WILLIAMS of Delaware. That is correct. In 1952 Mr. McGranery said he did not know why the case had lain there 6 years without any action.

Mr. SPARKMAN. Mr. McGranery apparently had not looked up the records. The Criminal Division had made a report in 1949.

Mr. WILLIAMS of Delaware. Mr. McGranery was the Attorney General of the United States under a Democratic administration. I am not criticizing him. I am only quoting what he said. He said the case was "pigeonholed" for 6 years before he took office.

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

Mr. SPARKMAN. I yield to the Senator from New York.

Mr. KEATING. Among his many other fine attributes, the Senator from Alabama is an excellent lawyer. He will realize the difficulties which face one who is not a member of the committee in casting a vote on this question with the rather sketchy information available. In my judgment as a lawyer, while he has performed a great service, the Senator from Delaware has not sustained the burden of proof against confirmation of the nomination of Mr. McCloskey. If the vote were on the known merit of the nominee alone, I would certainly give it my full support. If the motion to recommit is defeated, I shall vote for confirmation. When the appointment was announced, I felt that Mr. McCloskey would be an ideal Ambassador to Ireland, since he had a background which would bring about closer ties between our country and Ireland. I felt that all of us would like to see such a result.

However, it is very difficult, in the light of the record, for Senators who have no more knowledge than what has been brought out in the debate, to vote intelligently on the question. I do not like to vote to recommit the nomination, because such a vote is generally construed to mean that we are trying to kill or to bury the nomination, which is certainly not my intention.

I do not want to do an injustice to the nominee, such as the injustice that was done to Lewis Strauss when confirmation of his nomination as Secretary of Commerce was rejected and a blight was cast on a great American. I do not want to do that to a man like Mr. McCloskey. Whatever the result of the first vote, I expect to vote in favor of Mr. McCloskey's nomination on the basis of what has been said today, for a case against him has not been documented.

I appeal to the Senator from Alabama to allow a 1-week or a 10-day further study of the question. In order that there might be no delay, I would amend the motion to recommit in order to direct that the committee report the nomination back to the Senate within a period of 1 week, 10 days or 2 weeks. I would propose some definite length of time. It is not fair to the Senate, to Mr. McCloskey, or to the President of the United States indefinitely to delay confirmation of the nomination.

Mr. SPARKMAN. Quite respectfully I say to the Senator from New York, first, that had there been a request for the committee hearings on the nomination to be carried over for additional hearings, I have no doubt in my mind that the committee would have granted the request.

Second, if the committee had carried the question over a week, and then reported the nomination, we would have exactly the same condition as now exists. I do not see how we could go into the subject more thoroughly than we have already done.

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

Mr. SPARKMAN. I yield.

Mr. KEATING. Did I correctly understand the Senator to say that no request for time to have further hearings was made?

Mr. SPARKMAN. Yes. I have made that statement time after time. We gave all the time that was requested.

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

Mr. SPARKMAN. I yield.

Mr. COOPER. I should like to address myself to a factor which is involved, and one I think we must take into account today. I speak of the necessity we have to rely on the committee's full judgment. I do not know Mr. McCloskey. I never heard anything about these matters until today. I do not know anything about his record, or the facts which have been adduced.

Many Senators, including myself, find themselves in difficulty. Senators have great respect for the Senator from Delaware. His record is proof that he does not lightly make charges on the floor of the Senate unless he has some information about them. He has developed the facts which in his judgment, point to the need for further investigation. Similarly, all Senators hold the Senator from Alabama [Mr. SPARKMAN] in the same high respect. We accord to him the same respect, and regard for his judgment that we give to the Senator from Delaware. After examining the records, the Senator from Alabama believes that no further study or investigation is needed. But what about the other Members of the Senate? We depend very much upon the judgment of the members of the great committee which has reported the nomination. It is composed of

able and outstanding Senators. We give great weight to its judgment in the field of foreign affairs. We have regard for its judgment with respect to the men and women that are nominated to posts in the Foreign Service of our Government.

But we look to their judgment and findings on specific issues. We do not have that judgment today on the questions that have been raised. I do not think we should be called upon today to make a decision as between the advice of the Senator from Delaware and that of the Senator from Alabama, great as is our respect for them. I believe we have the right to rely upon the decision of the full committee on these matters.

Mr. SPARKMAN. Did not the committee report the nomination after a vote of 9 to 4 in favor of confirmation of the nomination?

Mr. COOPER. Yes. The Senator from Alabama knows that I am not trying to divert his attention. As I understand the facts, there was no discussion, no debate, and no decision was made by the committee upon the records and the facts referred to by the Senator from Delaware. There may not be anything in them, but there should be a decision.

Mr. SPARKMAN. Oh, no. I wish to disabuse the mind of the Senator on that point. There were four sessions of the committee. The first session was limited to hearing Mr. McCloskey. Then the question which the Senator from Delaware has suggested arose, and there were three subsequent sessions at which those subjects were discussed in the committee.

We had fully anticipated voting last Friday on the question of confirmation. But when Friday came, the Senator from Delaware said, "I received the records from the Maritime Commission only this morning. I have not had time to study them."

So we agreed to postpone action until Monday. In order to place the question on the agenda, we suggested Monday. If the Senator from Delaware had wished more time, we could have deferred action until Tuesday.

The committee convened on Monday. Apparently the Senator from Delaware was ready. I think the Senator from Delaware will realize that prior to the meeting he said informally that he was ready to go ahead. He intended to vote against confirmation, but other committee members might vote as they saw fit. He did not ask for additional time. Had he done so, the nomination would not even have been put on the agenda.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. COOPER. May I complete my statement?

Mr. SPARKMAN. I yield to the Senator from Kentucky.

Mr. COOPER. I am glad the Senator has developed the point further. But I still say that these questions have been raised——

Mr. SPARKMAN. They can always be raised. They can be raised at any time.

Mr. COOPER. I understand. But they have been raised chiefly on the floor by discussions of the Senator from Delaware [Mr. WILLIAMS]. We have heard his discussion of the unsettled issues, and the expression of his judgment that they deserve further study by the committee; and similarly we have heard the discussion and judgment of the Senator from Alabama. We have respect for both Senators. Since the question has been raised on the floor we are left in doubt. Not enough in my view to vote against the measure, but I am left in doubt and I am sure there is doubt in the minds of other Senators. The Senator can help us. Our confidence in the committee could not be increased, for it is of the highest but the Senator would add to its laurels if he would take the nomination back to the committee for a few days, return it to the Senate, and provide us with the committee's specific judgment on the questions that have been raised.

Mr. SPARKMAN. My own feeling is that such action would not effect any changes. The nomination would be returned in exactly the same situation as exists today. Such action would cast a cloud on the nominee's value as Ambassador to Ireland. He would be an excellent Ambassador, and I am ready to vote on the motion.

Mr. HICKENLOOPER. Mr. President, as usually happens when a question is raised about a Presidential nominee, certain distressing facets and certain difficulties arise. I believe that the Members of the Senate want to act with proper consideration and respect, not only for the President's prerogative in nominating a person but also in full consideration of the Senate's responsibility in advising and consenting to the nomination. There is that dual responsibility.

As a member of the Committee on Foreign Relations I sat through at least two of the meetings of the committee. In the first meeting, when Mr. McCloskey's nomination came up, I raised a question which received some comment. It was a public hearing. I raised the question with Mr. McCloskey, in view of the fact that he was the head of a solely owned family corporation which had done $100 million or $200 million worth of business with the Federal Government, and had also, for the past 7 years, acted as money raiser and contributor to the Democratic funds. I raised the question whether he had canvassed the law which makes it a crime for anyone who is doing business with the Federal Government and receiving funds from the Government to contribute money or to solicit money for political purposes. I merely raised the question as to whether he had read the law and whether he, as practically the sole owner of the corporation, which was family owned, and which had done that amount of business and had continued to do that amount of business with the Government, and who as an individual in the activity of raising money for the party, had contravened that statute in his activities.

I did not allege that he had or had not. I merely asked whether he had looked into the law. He said he had not. He said he had not thought anything about it and that he assumed that everything he had done was all right.

I read the statute to him and asked him if he would look into it, or whether he would seek some advice on that point as to whether there was any contravention by him of the statute.

The committee, on direction of the chairman, asked for a legal opinion from the proper source. I believe it was from the Department of State. The opinion came to the committee that Mr. McCloskey as an individual was separate from the McCloskey corporation as a corporate person; and therefore he, McCloskey, as a private individual, could contribute money and raise money, and in so doing would not violate that statute, because the McCloskey corporation, which was a solely owned corporation, was a separate corporate person, and that it was the one that had been doing business with the Government.

I accepted the opinion, in spite of the fact that Mr. McCloskey probably received large salaries and dividends as a result of the very profitable business which he had done with the Government.

Well, that opinion fully satisfied my original question, and I raised no more point on that score from a legal standpoint. As a lawyer I would surmise that that opinion was technically correct; that probably he had not technically violated the law, and I left the matter there.

Mr. SPARKMAN. Mr. President, will the Senator agree to have the opinion placed in the RECORD?

Mr. HICKENLOOPER. I am not raising any issue on it. I hope I have fairly stated the legal opinion.

Mr. SPARKMAN. Yes, indeed. Will the Senator agree that the legal opinion go in the RECORD?

Mr. HICKENLOOPER. It is all right with me.

Mr. SPARKMAN. It shows the reasoning that was followed.

I ask unanimous consent that the legal opinion of the State Department be printed in the RECORD at this point.

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

DEPARTMENT OF STATE,
Washington, June 25, 1962.

The Honorable J. W. FULBRIGHT,
Chairman, Committee on Foreign Relations, U.S. Senate.

DEAR MR. CHAIRMAN: In connection with the consideration by your committee of the nomination of Mr. Matthew H. McCloskey to be U.S. Ambassador to Ireland, the question was raised by Senator HICKENLOOPER whether Mr. McCloskey might have been in conflict with 18 United States Code, section 611.

Since the committee's question relates to a criminal statute whose enforcement is under the jurisdiction of the Department of Justice, I have referred the question to that Department. I enclose the answer of the Department of Justice contained in a letter dated June 25 from the Deputy Attorney General. The conclusion of the Department of Justice is that the activities of Mr. McCloskey do not, so far as the record shows, violate 18 United States Code, section 611.

I trust that this information will answer the question raised at the hearing on June 21.

Sincerely yours,

ABRAM CHAYES,
The Legal Adviser.

U.S. DEPARTMENT OF JUSTICE,
Washington, D.C., June 25, 1962.

Hon. ABRAM CHAYES,
Legal Adviser, Department of State,
Washington, D.C.

DEAR MR. CHAYES: You have requested the Department of Justice to express its opinion with respect to a question raised by Senator HICKENLOOPER during the hearing conducted June 21 by the Senate Committee on Foreign Relations on the nomination of Matthew H. McCloskey to be Ambassador to Ireland. The transcript of the hearing (pp. 8 and 9) indicates that Senator HICKENLOOPER desired to know whether Mr. McCloskey might have violated 18 U.S.C. 611 by reason of the fact he was treasurer of the Democratic National Committee and solicited political contributions at the same time a family-owned corporation, McCloskey & Co., was engaged in the performance of construction contracts with the Federal Government.

The statute involved reads as follows:

"Whoever, entering into any contract with the United States or any department or agency thereof, either for the rendition of personal services or furnishing any material, supplies, or equipment to the United States or any department or agency thereof, or selling any land or building to the United States or any department or agency thereof, if payment for the performance of such contract or payment for such material, supplies, equipment, land, or building is to be made in whole or in part from funds appropriated by the Congress, during the period of negotiation for, or performance under such contract or furnishing of material, supplies, equipment, land, or buildings, directly or indirectly makes any contribution of money or any other thing of value, or promises expressly or impliedly to make any such contribution, to any political party, committee, or candidate for public office or to any person for any political purpose or use; or

"Whoever knowingly solicits any such contribution from any such person or firm, for any such purpose during any such period—

"Shall be fined not more than $5,000 or imprisoned not more than 5 years, or both. June 25, 1948, c. 645, 62 Stat. 724."

The statute does two things. It forbids a person who has a contract with the Federal Government of the kind described in the statute from making a political contribution during the period of negotiation for or performance under the contract. It also forbids anyone from soliciting a political contribution from such a person during such period of time.

Title 18, United States Code, section 611 would not be applicable on the facts disclosed to any activities of Mr. McCloskey. The fact that he was a shareholder of a company doing business with the Federal Government did not prevent him from making personal political contributions. The statute is confined to contributions by individuals who contract in their personal capacity with the United States and does not extend to shareholders of corporations holding such contracts. A broader construction would, for example, preclude shareholders in many of the major American corporations from making political contributions.

Mr. McCloskey's relationship with McCloskey & Co. before or during the time he was treasurer of the Democratic National Committee and soliciting political contributions on its behalf would have no bearing on the question of whether he violated the provisions of the second paragraph of 18 U.S.C. 611 since the offense there proscribed is related to the business activity of the person solicited and not the solicitor.

Sincerely,

NICHOLAS DEB. KATZENBACH,
Deputy Attorney General.

Mr. HICKENLOOPER. As I said, that was certainly no point of objection to Mr. McCloskey's confirmation. I felt the question had been answered from the legal standpoint in accordance with accepted principles of law.

The Senator from Delaware, who is one of the most perceptive and astute Members of the Senate, and whose accuracy in his investigations and inquiries is uncanny, began to develop the fact that there was some confusion with regard to Mr. McCloskey's activities several years ago in connection with Mr. Wolfson in some shipbuilding operations, and that in connection with this entire rather complicated ball of wax of several years ago in connection with the shipbuilding operation there were many questions raised as to whether certain individuals involved in the matter were culpable or not.

The committee said, "Well, Senator WILLIAMS has asked for the files in this matter. We will postpone it until the files arrive." I believe it was on Friday that the files arrived. They are very voluminous. I have seen the outside of the files. I have noted the volume of them. I have not seen the files that are contained in the envelopes. The files apparently were delivered on last Friday. On Monday, I believe it was, we had a meeting. I believe it is fair to say—although this is my own interpretation and it may be wrong—that at least as I understood the position of the Senator from Delaware it was that if the committee were determined to go ahead and vote on Monday, that is all he could do; namely, he would vote if the committee were determined to vote, but he would vote against the nomination.

The Senator from Delaware has the files on his desk, and Senators can see the extent of those files.

On Monday I had no opportunity whatever to look into them myself, and I am sure no other member of the committee, including the Senator from Delaware, had had any opportunity to examine the voluminous contents of the files.

We discussed the matter for some time. I believe that both the Senator from Delaware and the Senator from Alabama are correct on the question of whether a motion was made 3 minutes after the meeting convened. The Senator from Delaware is correct that a motion was made almost immediately after the meeting convened. But I also agree with the Senator from Alabama that very often this procedural motion is made and then discussion is had afterwards.

So I do not dwell on that point.

However, the Senator from Delaware developed enough information based upon former investigations to develop enough unanswered questions, questions which were not satisfactorily resolved, and which were never cleared through to a terminal finding, to develop the idea that some of this investigation was stopped because of the mysterious inability to locate the income tax returns of two persons who were alleged to have been culpable in connection with some of the procedures that could not be pursued, and, for some reason or other the matter was left dangling.

I have seen no summary except what one might call the raw files, which consist of a tremendous stack of papers. I do not know whether there is any organization or compilation to these papers. It would take a person several days merely to go through and identify what these papers mean. Anyone who looks at the stack of papers on the desk of the Senator from Delaware will agree with that. No one can do it, let alone digest the contents of these papers and come to any kind of conclusion as to what the connotation is and any kind of reliable satisfaction as to whether or not sufficient question has been raised to warrant action.

Nevertheless, the committee proceeded to a vote on Monday morning. I did not object to a vote at that time, although it was generally agreed that many questions had been raised which were unanswered. But when the question came to a vote, I passed. It was not because I did not want to face up to an issue. It was for two reasons: First, I did not feel that on the rather meager, thoroughly unsatisfactory record which had been made before the Committee on Foreign Relations—and it was very meager—I wanted to cast a negative vote on the confirmation of the nomination, because I felt I was not necessarily justified at the time in doing so. I felt that on the same unsatisfactory record—that is, the many answers not given, the many loose ends hanging, and the question of whether moral responsibility, to say nothing of legal responsibility, might be involved—I should not vote in favor of the nomination at the time. So I asked to pass, and I did pass, when the committee voted on the nomination.

Mr. President, this is an important nomination. I said at the outset that I have respect for the responsibility of any President in making his nominations. But I have an equal respect for the responsibility of this body in advising and consenting to a nomination. We cannot avoid that responsibility and we must assume it.

On many occasions in the past I have voted for the confirmation of nominations to important offices of persons whom I would not have appointed had I had the appointing power. But I did not feel in those particular cases that there was a sufficient, concrete reason for me to vote "nay" in the face of the responsibility of the Executive who must work with those people. But I have on occasions voted against the confirmation of certain nominations when I thought there was sufficient reason for the Senate to exercise that discretion and determination.

But today I feel doubtful about this nomination, as I felt doubtful last Monday. I feel, with these questions having been raised, with the answers still somewhere in the mysterious distance, with the Senate's obligation to meet the responsibility of this body in the confirmation of the nomination, and also the responsibilities in view of the questions which have been asked, and the responsibility of the Committee on Foreign Relations, the ends of competent administrative action would be best served if the

nomination were referred back to the Committee on Foreign Relations, and I myself would favor limitation of time. I would not wish to support an indefinite referral of the nomination back to the committee, but I suggest that a reasonable limitation of time—let us say a week—be fixed to try to arrive at a satisfactory termination of the unsettled questions which have been raised. I say this in view of the fact that I did not vote for or against the confirmation of the nomination when it came to a vote, because I could not be satisfied on either score. I did not want to do an injustice to an individual, and I did not want to do an injustice to my responsibility. Had I been forced by the committee to vote, I would have voted one way or the other. But our committee is a courteous committee, and if a member asks to pass on a vote, that privilege is usually accorded; and it was in this case.

But under these circumstances, I feel that it would be better for our representation, it would be better for the whole controversy, if a referral were had for a limited period of time. I have not discussed the question at all with the Senator from Delaware, but I wonder if the Senator from Delaware would comment or give his views on the question of a limited period of referral; that is, a request to the committee to return a report on the nomination, one way or the other, within 5 or 6 days or a week.

Mr. WILLIAMS of Delaware. Mr. President, in all fairness, we have a responsibility to resolve the question one way or the other. In moving to recommit the nomination, I had no intention in the world of holding up a report. I made clear what I thought the issue is. While I would not wish to specify a time, still, if the Senator from Iowa wishes to suggest a time limitation I would not object to one. If the work could be done in a week that would be all right. That is up to the wisdom of the other members of the committee. If a report could be made earlier than that that would be even better.

Mr. HICKENLOOPER. In his original motion, the Senator from Delaware merely moved that the nomination be referred back to the committee. I myself feel that it would not be unreasonable to request that the committee report back within a certain period of time, a period sufficient to allow the committee to examine into these questions a little more extensively and to try to find more acceptable answers to some of the questionable matters, so as to serve the interests of the diplomatic corps and the whole Nation. I sincerely believe that that would be the better course of action.

Mr. KEATING. Mr. President, will the Senator from Iowa yield?

Mr. HICKENLOOPER. I yield.

Mr. KEATING. This question was discussed a little earlier. I myself do not wish to vote for a straight motion to recommit. I would vote for a motion to provide more time to the committee to examine into the question. I would favor a limited time. Certainly we should not be charged with seeking to push or to delay the nomination. This is an important office; it should be filled. I think perhaps 1 week is short. July 26 would be 2 weeks from today.

How would the Senator from Iowa feel about a proposal to have the committee report back by July 26, provided always that the committee should report the nomination back earlier if it could do so?

Mr. HICKENLOOPER. The Senator from Delaware has the files in his possession. I think he has more knowledge of the complexity of the work than I do. I have no preconceived ideas as to the time. What date did the Senator suggest?

Mr. KEATING. July 26.

Mr. WILLIAMS of Delaware. I suggest that 2 weeks is a reasonable time; and if it can be done sooner, so much the better. If there were some unexpected development which made it necessary for the committee to ask for additional time I am sure that such a request would be granted.

Mr. President, if the Senator from Iowa will yield I should like to ask unanimous consent to modify my motion to provide that the committee be instructed to report back on the nomination within 2 weeks.

Mr. HICKENLOOPER. Mr. President, I ask unanimous consent that I may yield to the Senator from Delaware for the purpose of his amending his motion, without losing my right to the floor.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. WILLIAMS of Delaware. Mr. President, I ask unanimous consent that my motion be modified to provide that the committee shall report back within 2 weeks.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. HICKENLOOPER. Mr. President, as I understand, the motion of the Senator from Delaware now provides that the nomination be referred back to the Committee on Foreign Relations and that the committee be requested to report back on the nomination within 2 weeks from this date.

Mr. WILLIAMS of Delaware. That is correct.

Mr. HICKENLOOPER. Being in the position I am, and with the attitude I have, I sincerely believe that this would be the course of wisdom and would contribute much to the confidence which Senators would have in the final action of this body. I hope the motion of the Senator from Delaware will prevail—again, I say, in the public interest.

Mr. CLARK. Mr. President, I have known Matthew H. McCloskey, Jr., since 1933. I have been closely associated with him since I returned from the service in 1945 and reentered politics.

During that long period I have known him as a man of integrity, ability, good judgment, and compassion.

His fine wife, his splendid children, and his numerous grandchildren have all been a credit to the city of Philadelphia and the Commonwealth of Pennsylvania.

In my judgment he is eminently qualified for the position to which he has been nominated by the President of the United States.

Almost everyone in public life and, I suspect, everyone in this room today has at one time or another been subject to calumny, attack, and charges of improper conduct. Matthew H. McCloskey, Jr., has risen above all such unfounded charges. He is an outstanding citizen, not only of the Commonwealth of Pennsylvania, but of the United States of America.

I hope the Senate will support the good reputation in which he is universally held by all objective observers, by rejecting the motion to recommit.

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). The question is on agreeing to the modified motion of the Senator from Delaware that the nomination be recommitted, with certain instructions.

On this question, the yeas and nays have been ordered; and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HICKENLOOPER (after having voted in the affirmative). On this vote, I have a pair with the Senator from Arkansas [Mr. FULBRIGHT]. If he were present and voting, he woud vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. MORTON (after having voted in the affirmative). On this vote, I have a live pair with the Senator from Arizona [Mr. HAYDEN]. If the Senator from Arizona were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

Mr. HUMPHREY. I announce that the Senator from Arizona [Mr. HAYDEN] and the Senator from Ohio [Mr. LAUSCHE] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] is necessarily absent.

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Texas [Mr. TOWER] is absent on official business.

If present and voting, the Senator from Utah [Mr. BENNETT] and the Senator from Kansas [Mr. PEARSON] would each vote "yea."

The result was announced—yeas 30, nays 62, as follows:

[No. 117 Ex.]

YEAS—30

Aiken	Cooper	Kuchel
Allott	Cotton	Miller
Beall	Curtis	Mundt
Boggs	Dirksen	Murphy
Bottum	Dworshak	Prouty
Bush	Fong	Saltonstall
Butler	Goldwater	Smith, Maine
Capehart	Hruska	Wiley
Carlson	Javits	Williams, Del.
Case	Keating	Young, N. Dak.

NAYS—62

Anderson	Dodd	Hill
Bartlett	Douglas	Holland
Bible	Eastland	Humphrey
Burdick	Ellender	Jackson
Byrd, Va.	Engle	Johnston
Byrd, W. Va.	Ervin	Jordan
Cannon	Gore	Kefauver
Carroll	Gruening	Kerr
Chavez	Hart	Long, Mo.
Church	Hartke	Long, Hawaii
Clark	Hickey	Long, La.

Magnuson	Muskie	Smith, Mass.
Mansfield	Neuberger	Sparkman
McCarthy	Pastore	Stennis
McClellan	Pell	Symington
McGee	Proxmire	Talmadge
McNamara	Randolph	Thurmond
Metcalf	Robertson	Williams, N.J.
Monroney	Russell	Yarborough
Morse	Scott	Young, Ohio
Moss	Smathers	

NOT VOTING—8

Bennett	Hickenlooper	Pearson
Fulbright	Lausche	Tower
Hayden	Morton	

So the motion, as modified, was rejected.

The PRESIDING OFFICER. The question is, Will the Senate advise and consent to the nomination of Matthew H. McCloskey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ireland.

The nomination was confirmed.

Mr. HUMPHREY. Madam President, I merely wish to note for the RECORD that there was a tremendous vote of support and affirmation for Mr. McCloskey to fill this honored position of Ambassador to Ireland.

This man's life represents a good deal of what is America. He comes from a very humble background, and has been a very successful and honorable businessman who has made a tremendous contribution to his country, to his party, and to what I believe to be the best interests of the American economy.

I wish to note also that on the vote prior to the confirmation of the nomination we witnessed what no one should be at all surprised to see, a rather partisan division. I am sure Mr. McCloskey would be the first to recognize that this was not unexpected. After all, Mr. McCloskey has been an effective, hard-working partisan for the Democratic Party. Above all, he has been a fine man and a good citizen.

In all good humor, we recognize these developments today were to be expected. We also recognize that on the final vote to confirm the nomination, the Senate almost to a man—I believe I heard but one dissenting voice—voted to confirm the nomination of Matthew McCloskey to be Ambassador to Ireland.

Mr. KEFAUVER. Madam President, I would not wish to permit the occasion to pass without saying a word of tribute to Matt McCloskey; his life, his work, and his accomplishments. I have known him since the early 1940's socially, in political matters in respect to which he has assisted the Democratic Party, and in many public service efforts in which he has been involved. As a person he is an outstanding citizen. He has done a lot for this country. He has a fine outlook. He is a man of high character and good standing. I know he will be a very successful and distinguished Ambassador to Ireland of whom we can all be proud.

Mr. SPARKMAN. Madam President, I ask unanimous consent that the President be immediately notified of the confirmation of this nomination.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. SPARKMAN. Madam 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.

PROHIBITION OF TRANSPORTATION OF GAMBLING DEVICES IN INTERSTATE AND FOREIGN COMMERCE

Mr. DIRKSEN. Madam President, I ask the Presiding Officer to lay before the Senate the message from the House on S. 1658.

The PRESIDING OFFICER laid before the Senate the message from the House of Representatives insisting upon its amendment to the bill (S. 1658) entitled "An act to amend the act of January 2, 1951, prohibiting the transportation of gambling devices in interstate and foreign commerce," and requesting a conference with the Senate on the disagreeing vote of the two Houses thereon.

Mr. DIRKSEN. Madam President, I move that the Senate disagree to the amendment of the House, agree to the conference requested by the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. EASTLAND, Mr. KEFAUVER, Mr. JOHNSTON, Mr. DIRKSEN, and Mr. HRUSKA conferees on the part of the Senate.

TRIBUTES TO THE LATE JAMES T. BLAIR, JR., AND MRS. EMILIE CHORN BLAIR

Mr. SYMINGTON. Madam President, all Missourians were saddened by the news of the tragic death today of one of our most distinguished citizens, former Gov. James T. Blair, Jr., and his gracious wife.

Governor Blair was a member of one of the leading families in Missouri and had a long and outstanding career of public service.

He began the practice of law in 1924 in Jefferson City, and a year later was elected city attorney of that city.

In 1928 he was elected to the Missouri House of Representatives, and during the session of 1931 was elected majority floor leader—the youngest man ever to hold that office.

He also served for 8 years on the Jefferson City Board of Education, and was mayor of Jefferson City from April 1947 until 1949 when he became Lieutenant Governor of Missouri.

He was elected Governor in 1956 and served until 1960.

He also was a distinguished leader during the Second World War, serving on active duty in the European theater. He was awarded the Air Medal, the Bronze Star, Legion of Merit, Presidential Unit Citation, 11 battle stars, and the Arrowhead.

Jim Blair was a great friend and his service to the people of Missouri will be long remembered. As his record shows, he was elected to a series of public offices and served in the tradition of a family that dates back through many decades of Missouri history.

My wife and I join in sending deepest regret to the members of the Blair family, and I take this opportunity to express my deep sense of personal loss at the death of Gov. James T. Blair, Jr.

Madam President, I yield to my colleague.

Mr. LONG of Missouri. Madam President, Missourians were saddened today by a tragic accident which claimed the lives of former Gov. James T. Blair, Jr., and his wife, Mrs. Emilie Chorn Blair.

Jim Blair won the respect and affection of his fellow Missourians through a lifetime of devoted public service. His public career began in 1925, when he was elected city attorney of Jefferson City. During service as a member of the Missouri House of Representatives, he was elected majority floor leader, the youngest man ever to hold that office. He was also the youngest man to serve as president of the Missouri State Bar Association.

A working Democrat, whether serving as a party committee member or elected public official, Jim Blair traveled the length and breadth of Missouri, speaking in behalf of other candidates and in his own successful campaigns for Lieutenant Governor and Governor of Missouri.

Jim Blair, along with millions of other Americans, interrupted his career to serve his country in the Armed Forces. During service in the European theater he won 11 battle stars, the Air Medal, Bronze Star, Legion of Merit, and other awards. He remained devoted to this service and was a colonel in the Air Force Reserve and Air National Guard.

Missouri and the Nation will miss James T. Blair, Jr., and his wise counsel.

Along with countless Missourians, I share a deep sense of personal loss.

Jim Blair was my friend.

Although Jim Blair's career was cut short by untimely death, his public service was monumental. It will serve as a memorial to a great Missourian, one for all of us to emulate.

Mr. KEFAUVER. Madam President, I join the distinguished Senators from Missouri in expressing sympathy and regret over the passing of Jim Blair, who was one of our finest public servants. He was one of our Nation's best men. Jim Blair attended law school at Cumberland University, Lebanon, Tenn. He had many close friends and associates in Tennessee. On most of our public occasions he would come to visit the Volunteer State. He was beloved in our State. I had the privilege of knowing Jim Blair first in the late 1940's and being in close contact with him during the years since then. He was a public servant of the highest order. He was a great friend. He was always thoughtful. He was one of our Nation's greatest war heroes. I know that he made a great contribution to the future of the State of Missouri in the various areas in which he served. My wife and I join in expressing sympathy over the passing of Jim Blair and his wife.

Mr. TALMADGE. Madam President, will the Senator yield?

Mr. SYMINGTON. I yield to the distinguished Senator from Georgia.

Mr. TALMADGE. I desire to join the distinguished senior and junior Senators from Missouri and also the distinguished Senator from Tennessee in expressing my deep regret upon hearing the sad news that the distinguished Governor of Missouri and his wife, Jim Blair, met with a tragic accident today. It was my privilege to have known Jim Blair over a period of several years. Two years ago I had the honor of visiting the great State of Missouri at the request of the distinguished senior Senator from that State and addressing the Missouri Cotton Producers Association. The then Governor Blair was kind, generous, and hospitable enough to lay aside his great duties as chief executive of that State, attend the gathering, and present me to the audience. I appreciate that fact very much.

I always held Governor Blair in very high esteem. He was a man of honor, character, integrity, and great ability. His loss is not only a tragic blow to the State of Missouri, but to our entire Nation.

Mrs. Talmadge joins me in extending sympathy to the people of Missouri and to the members of his family. I thank the Senator for yielding to me.

Mr. CANNON. Madam President, will the Senator yield?

Mr. SYMINGTON. I yield.

Mr. CANNON. I, too, wish to extend my deepest sympathy to the citizens of the great State of Missouri for the loss of a great man and a great lady. I had the pleasure of serving during the war in the same organization with Jim Blair. To some degree I have kept in contact with him over the years. I thought very highly of him. I was deeply shocked to learn of this great loss to the State of Missouri. I join in extending deepest sympathy to the people of Missouri, to Jim Blair's relatives and to his many friends. I thank the Senator for yielding.

CONTINUATION OF CIVIL GOVERNMENT FOR TRUST TERRITORY OF PACIFIC ISLANDS

Mr. ANDERSON. Madam President, I ask that the Chair lay before the Senate a message from the House of Representatives on Senate bill 2775.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 2775) to amend the act of June 30, 1954, providing for a continuance of civil government for the Trust Territory of the Pacific Islands, which was, in line 5, strike out "$15,000,000" and insert "$17,500,000: *Provided*, That not more than $15,000,000 is authorized to be appropriated for the fiscal year 1962".

Mr. ANDERSON. Madam President, as recommended by the Department of the Interior, the bill would have removed the $7.5 million ceiling on expenditures for the trust territory. The Senate increased the authorization to $15 million, with a limitation of $13 million for the fiscal year 1963. The House raised the ceiling to $17.5 million, with a $15 million limitation for fiscal year 1963, based on later justifications submitted by the Office of Territories.

Madam President, I move that the Senate concur in the amendment of the House of Representatives.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico.

The motion was agreed to.

ONE HUNDREDTH ANNIVERSARY OF CONGRESSIONAL MEDAL OF HONOR ACT

Mr. MONRONEY. Madam President, today marks the 100th anniversary of our Nation's highest award for valor and courage in the armed services of the United States. On July 12, 1862, President Lincoln signed into law Senate Joint Resolution 82 creating the Army Medal of Honor, the predecessor of the Congressional Medal of Honor. Since that date the Congress and the Armed Forces have zealously guarded the integrity of this highest of awards, to the end that it might signify only the most outstanding and courageous acts above and beyond the call of duty. To this date only 3,166 such awards have been made. Over 1,500 of these medals were awarded in the Civil War, and since then Congress has been ever more restrictive in the awarding of this great honor. Less than half of the 644 Medal of Honor winners of World War II and the Korean conflict lived to receive their awards personally.

The first action which resulted in an award of this coveted medal occurred on February 14, 1861, when Lt.—later Brig. Gen.—Bernard J. D. Irwin, assistant surgeon of the 7th Infantry Regiment, led a party to rescue some 60 men of his regiment who were surrounded by the Chiricahua Apache Indians under the leadership of their famous chief, Cochise, in what was then Arizona Territory. The records of the deeds of the Medal of Honor winners during the last hundred years leave one humbled by their incredible acts of valor, patriotism, and courage on the battlefields of the world in the cause of liberty.

I am proud to report that since Oklahoma became a State in 1907, 18 of its residents, not all now living, have received the Medal of Honor, and I ask unanimous consent to have printed at this point in the RECORD the names of those great Oklahomans.

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

OKLAHOMA CONGRESSIONAL MEDAL OF HONOR WINNERS

Tony K. Burris, Ernest Childers, John R. Crews, Ernest Edwin Evans, Donald J. Gott, George Price Hays, Frederick F. Henry, Harold G. Kiner, Richard M. McCool, Jr., Troy A. McGill, Jack C. Montgomery, John N. Reese, Jr., Samuel M. Sampler, Albert E. Schwab, John Lucian Smith, Jack L. Treadwell, Harold L. Turner, Leon Robert Vance, Jr.

Mr. MONRONEY. Madam President, I also request unanimous consent to have printed at this point in the RECORD the entire list of the living Medal of Honor winners.

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

LIVING CONGRESSIONAL MEDAL OF HONOR WINNERS

Lucian Adams, Capt. Stanley T. Adams, Joseph B. Adkinson, Edward C. Allworth, Maj. Frank L. Anders, Beauford T. Anderson, Rear Adm. Richard Antrim, Thomas E. Atkins.

William Badders, John H. Balch, Lt. Col. William E. Barber, Maj. Van T. Barfoot, John L. Barkley, Pvt. Carlton W. Barrett, Frank J. Bart, Capt. James M. Bart, Bernard P. Bell, Stanley Bender, Capt. Edward A. Bennet, Vito Rocco Bertoldo, Arthur O. Beyer, Melvin E. Biddle, Arnold L. Bjorklund, David B. Bleak, Lt. Col. Orville E. Block, Paul Bolden, Col. Cecil H. Bolton, Robert E. Bonney, Vice Adm. Joel T. Boone, Col. Gregory Boyington, Herschel F. Briles, Capt. Maurice L. Britt, Capt. Bobbie Evans Brown, Capt. John D. Bulkeley, Lt. Francis X. Burke, Maj. Lloyd L. Burke, Herbert Burr, James M. Burt, Richard E. Bush, Robert E. Bush.

Hector A. Cafferata, Donald M. Call, Tedford H. Cann, Chris Carr, Rear Adm. Robert W. Cary, Justice M. Chambers, William R. Charette, Maj. Ernest Childers, Clyde L. Choate, Francis J. Clark, Mike Colalillo, Maj. H. A. Commiskey, Sr., James P. Connor, Charles H. Coolidge, Jesse W. Covington.

Clarence B. Craft, Sfc. William J. Crawford, John R. Crews, Sgt. Jerry K. Crump, Francis S. Currey.

Edward C. Dahlgren, Peter J. Dalessandro, Capt. Michael J. Daly, Col. Charles W. Davis, John Davis, Col. R. G. Davis, Raymond E. Davis, Maj. Gen. William F. Dean, Lt. Col. J. J. DeBlanc, Maj. Ernest H. Dervishian, Abraham DeSomer, John F. DeSwan, Cpl. Duane E. Dewey, Capt. Carl H. Dodd, Lt. Gen. James H. Doolittle, Desmond T. Doss, Maj. Gen. James C. Dozier, Jesse R. Drowley, Russell Dunham, Maj. Robert H. Dunlap.

Thomas Eadie, Daniel R. Edwards, Allan L. Eggers, Walter D. Ehlers, Henry E. Erwin, Forrest E. Everhart.

James H. Fields, Lt. John William Finn, Lt. Col. Almond E. Fisher, Adm. Frank J. Fletcher, Capt. Eugene B. Fluckey, Arthur J. Forrest, Brig. Gen. Joseph Foss, Vice Adm. Paul F. Foster, Comdr. Hugh C. Frazer, Brig. Gen. Eli T. Fryer, Leonard A. Funk, Jr., Col. Harold A. Furlong, Rear Adm. Samuel G. Fuqua.

Brig. Gen. Robert E. Galer, Marcario Garcia, Comdr. Donald A. Gary, Robert E. Gerstung, Lt. Comdr. Nathan G. Gordon, Harlol A. Gorman, Ora Graves, Col. Allen J. Greer.

Stephen R. Gregg, Earl D. Gregory, Sydney G. Gumpertz.

William Edward Hall, Maj. Gen. P. M. Hamilton, Brig. Gen. H. H. Hanneken, Joseph G. Harner, William G. Harrell, Lt. Col. Raymond Harvey, M. Waldo Hatler, John D. Hawk, David E. Hayden, Lt. Gen. George P. Hays, Sgt. J. R. Hendrix, Rodolfo P. Hernandez, Silvestre S. Herrera, Lt. Comdr. Rufus G. Herring, Frank C. High, Ralyn M. Hill, Capt. Freeman V. Horner, William C. Horton, Brig. Gen. James H. Howard, Lt. William R. Huber, Lt. Comdr. Thomas J. Hudner, M. Sgt. Paul B. Huff.

Einar H. Ingman, Jr., Lt. Comdr. Edouard V. M. Izac.

Arthur J. Jackson, Capt. Douglas T. Jacobson, Gen. Leon W. Johnson, Oscar G. Johnson, William J. Johnston.

Col. John R. Kane, James E. Karnes, Phillip C. Katz, Benjamin Kaufman, William Keller, Charles E. Kelly, Thomas J. Kelly, Brig. Gen. John T. Kennedy, Robert S. Kennemore, Dexter J. Kerstetter, Maj. Gen. Cash E. Kilbourne, Gerry H. Kisters, Alton W. Knappenberger, M. Sgt. Ernest R. Kouma.

John C. Latham, Col. William R. Lawley, Robert E. Laws, Daniel W. Lee, Hubert L. Lee, Capt. John H. Leims, Brig. Gen. Charles A. Lindbergh, M. Sgt. Jake W. Lindsey, Ber-

ger H. Loman, Sfc. Jose M. Lopez, Rear Adm. George M. Lowry, Jacklyn H. Lucas, Gen. Douglas MacArthur, Charles A. MacGillivary, M. Sgt. Thomas E. McCall, Capt. David McCampbell, Adm. Bruce McCandless, Lt. Col. Joseph J. McCarthy, Lt. Comdr. R. M. McCool, Jr., Lt. James H. McDonald, Capt. Charles McGaha, Vernon McGarity, John R. McKinney, S. Sgt. A. L. McLaughlin, Capt. Frederick V. McNair.

Col. George L. Mabry, Jr., Sidney E. Manning, Melvin Mayfield, Robert D. Maxwell, John W. Meagher, Gino J. Merli, Lt. Col. Reginald R. Meyers, Maj. Edward S. Michael, Lt. Comdr. John Mihalowski, Harry Herbert Miller, Lt. Col. Lewis L. Millet, James H. Mills, Hiroshi H. Miyamura, 1st Lt. Ola L. Mize, Jack C. Montgomery, Sterling L. Morelock, Lt. Col. John C. Morgan, Maj. Audie L. Murphy, Capt. Raymond G. Murphy, Lt. Col. Charles P. Murray.

Ralph G. Neppel, Maj. Robert B. Nett, Beryl R. Newman, Henry N. Nickerson, George H. O'Brien, Comdr. Joseph T. O'Callahan, Capt. Carlos C. Ogden, Rear Adm. Richard H. O'Kane, Richard W. O'Neill, Nicholas Oresko, Maj. Gen. E. A. Osterman.

Col. Mitchell Paige, Samuel Parker, Carl Emil Petersen, Lt. Comdr. Jackson C. Pharris, Francis J. Pierce, Jr., John A. Pittman, Everett P. Pope, Thomas A. Pope, Leo J. Powers, Arthur M. Preston.

Rear Adm. Lawson P. Ramage, Capt. E. V. Rickenbacker, George Robb, Brig. Gen. Chas. D. Roberts, R. G. Robinson, M. Sgt. Cleto L. Rodriguez, Capt. Joseph C. Rodriguez, Capt. Donald K. Ross, M. Sgt. Wolburn K. Ross, Ronald E. Rosser, Capt. Carlton R. Rouh, Donald E. Rudolph, Sfc. Alejandro R. Ruiz, Rear Adm. Thomas John Ryan.

Samuel M. Sampler, Sfc. J. E. Schaefer, Henry Schauer, Gen. C. F. Schilt, Oscar Schmidt, Jr., Otto Diller Schmidt, Rear Adm. H. E. Schonland, Maj. Edward R. Schowalter, Jr., Lt. Col. Robert S. Scott, Lt. William Seach, Lloyd M. Seibert, Charles W. Shea, Lt. Col. William A. Shomo, Gen. David M. Shoup, Franklin E. Sigler, Robert E. Simanek, Lt. Col. Carl L. Sitter, John C. Sjogren, Luther Skaggs, Jr., James D. Slayton.

Col. John L. Smith, Maynard H. Smith, William A. Soderman, R. K. Sorenson, Junior J. Spurrier, Rear Adm. Adolphus Stanton, Capt. James L. Stone, Capt. George L. Street III, Lt. Col. James E. Swett.

Edward R. Talley, Max Thompson, Lt. Col. Calvin P. Titus, Maj. John J. Tominac, Lt. Col. Jack L. Treadwell, Thomas L. Truesdell, George B. Turner.

Michael Valente, Gen. A. A. Vandegrift, Louis M. Van Iersel, Dirk J. Vlug, Jacob Volz, Jr., Forrest L. Vosler.

Reidar Waaler, Lt. Col. Kenneth A. Walsh, Col. Keith L. Ware, W. D. Watson, Ernest E. West, Capt. Eli L. Whiteley, Capt. H. B. Whittington, Paul J. Wiedorfer, Brig. Gen. W. H. Wilbur, Chas. Henry Willey, Herschel W. Williams, Maj. B. F. Wilson, CWO Harold E. Wilson, Col. Louis H. Wilson, Brig. Gen. Rosewell Winans, M. Sgt. Homer L. Wise.

Alvin C. York.

Col. Jay Zeamer, Jr., Lt. William Zuiderveld.

Mr. MONRONEY. The Washington Post on July 1, 1962, featured in the Sunday magazine section called Parade an article, entitled "Courage," by the president of the Congressional Medal of Honor Society, Luther Skaggs of Washington, D.C. The purpose of the society is to protect, uphold, and preserve the dignity of the Congressional Medal of Honor and the individuals who have won it. The story of Luther Skaggs' heroism is typical. In July 1944, Marine Pfc. Skaggs engaged in an assault against the Japanese on Guam, was critically wounded when a Japanese grenade lodged in his foxhole, exploded and shattered one leg. Improvising a tourniquet, Skaggs propped himself up in his foxhole and continued to pour a devastating fire upon the enemy with rifle and grenades for 8 hours before being forced to crawl unassisted to the rear to seek medical aid. As a result of this action, Mr. Skaggs, like many of his fellow veterans, lost one leg, but he continues to this day to serve his country and the Congressional Medal of Honor Society.

In his article Mr. Skaggs points out that there are countless unsung heroes of the battlefields who have died in the most heroic and valiant fashion with no one present to witness their courage. Just so, he states, there are countless unsung heroes in civilian life who resist the "freedom destroyers of the extreme right and left" by their private, quiet courage and innate sense of justice. Mr. Skaggs also calls attention to the fact that now is not the time for any American, regardless of how gloriously he may have served his country in the past, to rest upon his laurels, because this country owes its citizens nothing if those citizens are not willing to serve their country whenever and wherever necessary.

Madam President, in this month which is the 100th anniversary of the Medal of Honor and the 186th year of this Nation's independence, I deem Mr. Skaggs' remarks important enough that this Congress and all of the people of our country should give thoughtful attention to them, reminding themselves of the sacrifices and heroic deeds which form part of the magnificent heritage of this great land, now a lighthouse of liberty throughout the world. Our job is not yet done. It will never be done as long as free people desire to preserve their liberties.

Madam President, I also ask unanimous consent to have printed in the RECORD at this point the article, "Courage," by Mr. Luther Skaggs, who knows so well the meaning of the word.

I wish also to acknowledge the patient and painstaking work done by Mr. Larry Cates, formerly of Eufaula, Okla., in researching this material for a tribute of respect to our American heroes who have been awarded the Congressional Medal of Honor.

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

COURAGE

(By Luther Skaggs, president, Congressional Medal of Honor Society)

One hundred years ago this month, Abraham Lincoln signed into law a bill creating the Congressional Medal of Honor, the Nation's highest award for valor. Today there are 293 living Americans, 46 of whom served in World War I, who hold this treasured decoration. More than half of the 644 Medal of Honor winners of World War II and the Korean conflict received their awards posthumously. They came from all walks of life: bus drivers, businessmen, actors, auto racers. They had one thing in common: they loved our country.

Most of those who survived have returned to civilian life; some have chosen to remain with the Armed Forces. All of them are a part of America. The purpose of the Congressional Medal of Honor Society is not to set these men apart from their fellow-countrymen. Rather, it is to protect, uphold and preserve the dignity of the medal and its individual holders.

Courage is not restricted to those who have been honored for deeds performed on the field of battle. In all of America's wars, many men have fallen, unseen and unsung, with no one to witness their courage. So, too, there are countless unsung heroes in civilian life.

This Wednesday, July 4, the Nation once again observes the anniversary of its independence. That freedom was won and held, not alone on the battlefield, but in the everyday lives of all our citizens. It is held today by the courage of individuals who speak out against injustice, who resist the freedom-destroyers of the extreme right and left. This is the private, quiet courage of the true American.

We who hold the Medal of Honor feel that we were called upon to do a job for our country which was our responsibility as American citizens.

This country owes us nothing other than the opportunity to serve again if necessary.

TRIBUTE TO A GREAT CIVIC LEADER

Mr. SCOTT. Madam President, the story of Milton J. Shapp, Pennsylvania civic leader, is worth bringing to the attention of a larger audience than that which had an opportunity to read about him in the magazine section of the Sunday Philadelphia Bulletin of July 8, 1962.

I ask unanimous consent to include this very interesting article in the RECORD.

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

COFFEE BREAK WITH MILTON J. SHAPP—9-DAY WEEK; 28-HOUR DAY

(By Loni Stinnett)

We got our first glimpse of Milton Jerrold Shapp when he came through the door of the multimillion-dollar Jerrold Electronics Corp., of which he is chairman of the board, exactly at 10 o'clock sharp, just as his secretary had predicted he would.

Brisk and businesslike, he wore a sport coat and a hat at a jaunty angle. A well-built, youngish man of 49 with alert brown eyes and a shy smile, he shook hands cordially and wasted no time getting our coffee break underway. As we walked from the reception room to his office, secretaries jumped to attention. In a matter of seconds we were settled in a mahogany-paneled conference room, coffee in hand.

"My wife did all this," he said with an all-inclusive wave of his hand. The room could easily have been transplanted to a country home and used as a den. Decorated in tan and brown with chairs and tile-topped tables of Danish modern, it is softly lit and spotted with plants.

Mr. Shapp removed his jacket and leaned forward in his chair and his shirtsleeves to get down to business, his elbows resting on his knees. He told us that his wife, in addition to being the company's official decorator, is also one of its directors and has been since the company was started in 1947.

We also learned that he was born and raised in Cleveland, Ohio, wanted at one time to be a doctor (but couldn't pass Latin), a musician (violin), a composer and a playwright, that he is a 1933 graduate of Case Institute of Technology in Cleveland and that his company, currently valued at $12 million, was started on $500 and a revolutionary idea. It builds master television antennas for towns with poor television reception due to location or topography.

The future industrialist first came to Philadelphia in 1935 to open a sales office

for a radio parts company, liked the city and went into business for himself as a manufacturer's representative. Then he went into the Army where he wound up with Mark Clark's occupation forces as officer in charge of broadcasting in Austria.

It wasn't to be his last association with international affairs. Mr. Shapp currently is serving as a consultant to the Director of the U.S. Peace Corps, an operation which he describes as fabulous. He is in good position to know—he personally suggested the idea to the Kennedy administration.

It all began back in 1960, just 2 weeks before the presidential election, when Mr. Shapp sat next to Robert Kennedy, now U.S. Attorney General, on a TWA plane bound for Pittsburgh. His being there was not accidental. He had tried to see Mr. Kennedy while he was in Philadelphia but was unable to. Learning that he was taking the flight west, Mr. Shapp bought a ticket and joined him.

During the trip he outlined his plans for dissemination of the ideals of democracy throughout the world, was asked to put it all in writing. Eight days later the plan was presented to the public by Presidential Nominee John F. Kennedy in a foreign policy speech in San Francisco.

Today the Peace Corps is a fait accompli and Milton Shapp has turned his tremendous energy and facile mind to a variety of other projects, many of them philanthropic. One current and passionate interest is the development of human resources, as it affects both humanity and national prosperity.

"With the resources we have in this country, both human and natural, we should have permanent prosperity," he said, speaking slowly in a firm, quiet voice that demands attention.

"I'm writing a book about it in colloboration with Dr. Ernest Jurkat, the economist. He's the man who worked with the city on the plans for Penn Center and the Eastwick project.

"The book is called "No Need for Recession" and it will be published next year. Anyway I've worked out a formula that is explained in the book: $W=R\times HT$. In other words, wealth is the product of resources multiplied by human talent. Human talent is the sum total of our knowledge, skills, and physical abilities multiplied by motivation, the point here being that all the skills and knowledge in the world will get you nowhere if they aren't properly motivated.

"We need especially in this area to develop the abilities of the Negroes and the Puerto Ricans and to give them hope for the future. Many of them are being wasted. They need to be trained and then given the opportunity to use their training."

He put down his coffee cup and raised a warning finger. "You know the surest way to a welfare state is not to give people the knowledge they need to become independent and not to give them the opportunity to use their skills if they have them. Seventy-eight percent of the people on the relief rolls today did not finish high school, and half of them didn't pass the eighth grade. Only 19 percent have finished high school and only 3 percent have post-high school training. Which simply proves that people without knowledge are a drain on our economy."

We asked Mr. Shapp if he, personally, were doing anything to rectify the situation. He leaned back in his chair and looked down at the palms of his hands as if he might find the answer there, then looked up at us rather sternly.

"If you took a walk through this company," he said, "you'd see that it's a little United Nations. That's one thing I'm doing. I also spend a lot of time trying to talk my business associates into doing the same thing."

"Have you been successful at that?" we inquired.

"How do you measure success?" he asked in turn. "I think businessmen are beginning to realize that they've got to pay for the development of human resources or else pay to keep people on relief. It isn't me, it's the current trend—and I'm very happy to see it happening."

In addition to hiring qualified persons from minority groups at Jerrold Electronics and its four subsidiary companies, Mr. Shapp has gone a giant step beyond in applying his theories.

He has set up 2 foundations which provide for 118 annual scholarships for young people who would otherwise be deprived of further education and training.

The Shapp Scholarship Foundation offers 18 scholarships contingent on only three conditions: The applicant must be a member of a minority ethnic group, he must be able to gain academic admittance to the college of his choice, and his need for funds must be such that without help he could not go on to college.

The second, more extensive, Shapp Foundation provides 100 tuition-free scholarships to the Berean Institute Vocational Training School at 20th and College Streets, of which Mr. Shapp is executive director. Its president is Dr. William H. Gray, pastor of the Bright Hope Baptist Church, and plans for its expansion, now under consideration, would add academic courses to the curriculum. Included would be a pre-civil service program and a special language course, which Mr. Shapp feels is necessary since youngsters from culturally deprived families often find the language barrier difficult to bridge.

The father of three children, Mr. Shapp lives with his family in a modest 7-room house in Merion Station. His two younger children, Richard, 13, and Joanne, 11, attend Bala-Cynwyd Junior High School and his older daughter, Dolores, 20, is an exchange student at the University of Vienna from the University of California.

He has just been named chairman of the Committee for Constitutional Revision of Pennsylvania and to the Governors Committee of 100 for Better Education. As diverse in his activities as in his interests, he has lectured at the Army War College on Soviet economics (the result of a recent trip there to visit Russian corporations) and teaches a course in problem analysis and decision-making at St. Joseph's College for a salary of $1 a week. He also composes music and has written the score and lyrics for a musical comedy which is a satire on business.

"There isn't time to do all those things," we declared, getting more overwhelmed every minute.

"Yes, there is," Mr. Shapp laughed. "If you start your day at 5 o'clock in the morning. That's when I do my writing—between then and about 7 or 8. Altogether I'd say I put in a 9-day week, 28 hours a day."

Realizing that our visit had cut his day back to only 26 hours we thanked Mr. Shapp for the coffee and made our way out to the elevator. On our own this time, we noted that the secretaries went right on with their work.

EXEMPTION OF FOWLING NETS FROM DUTY

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendments of the Senate to the bill (H.R. 6682) to provide for the exemption of fowling nets from duty, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. BYRD of Virginia. I move that the Senate insist upon its amendments and agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. KERR, Mr. LONG of Louisiana, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

PUBLIC WELFARE AMENDMENTS OF 1962

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of 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.

Mr. MORTON. Madam President, there is some apprehension in the State of Kentucky that the existing arrangements for placement of children in foster home care may be upset by the provisions of H.R. 10606. The welfare functions in Kentucky have been reorganized on a number of occasions. Until recently the Department of Child Welfare, which has had responsibility for placement of children in foster homes, has been in a separate agency from the one which administers aid to dependent children under title IV of the Social Security Act. Within the past few months a State statute has been passed which places both of the former departments, along with a number of other State agencies, in what is termed a Health and Welfare Agency. In view of the fact that there have been a number of organizational changes within recent years some persons question whether even this arrangement is likely to be a permanent one, believing that the chance that it will not is such that proper safeguards to maintain existing practices in the field of child welfare should be considered in relation to this bill.

It is my understanding from the Department of Health, Education, and Welfare that insofar as can be determined, the new Health and Welfare Agency would be considered a single State agency responsible for both the administration of the aid to dependent children program and of the child welfare services program. Under such circumstances, no problem would arise.

Public Law 87–31 of this Congress deals with the subject of foster home care of certain children and its provisions in this respect would be made permanent by H.R. 10606. Among those provisions is one for "use by the State or local agency administering the State plan, to the maximum extent practicable, in placing such a child in a foster family home, of the services of employees, of the State public welfare agency referred to in section 522(a)—relating to allotments to States for child welfare services under part 3 of title V—or of any local agency participating in the administration of the plan referred to in such section, who perform functions in

the administration of such plan." This provision would seem to assure that so long as the health and welfare agency is responsible for the administration of both the aid to dependent children program and the child welfare services program that there would be maximum utilization of the child welfare services program and that there would be no threat to existing arrangements.

Moreover, the Senate Committee on Finance adopted an amendment to H.R. 10606—section 155 of the bill under consideration—which permits the responsibility for placement and care of children in foster homes to be the responsibility of an agency other than the agency responsible for the administration of aid to dependent children if such agency is a public agency which has in effect an agreement with the agency administering title IV, the aid to dependent children program, which assures a suitable plan for the children. This latter section would be in effect for 1 year ending with the close of June 30, 1963. For that year and on a continuing basis if the section is continued, the role of the child welfare services agency would seem to be assured whether it remains a part of the health and welfare agency of the State or if some further reorganization should take place, since maximum utilization would be required for the services of the Department of Child Welfare under section 408 and even though separate from the agency responsible for administering aid to dependent children it would be authorized to operate under an agreement with such agency if the amendment adopted by the Committee on Finance becomes law. Under these circumstances, it is unthinkable that a traditional responsibility for placement by the child welfare services agency would be upset by the enactment of this legislation.

WHAT PRICE FOR MEDICARE?

Mr. BENNETT. Madam President, this discussion of providing certain health-care benefits to our senior citizens has not to date adequately touched upon what I regard to be one of the significant points with which this body should be concerned. We have heard discussion of the needs of our senior citizens and we have had presented to us a number of proposals for accomplishing this purpose. I repeat, however, that the most essential factor has been missing in all the discussion of the last few days. I refer to the cost of providing benefits of the type proposed by the Senator from New Mexico and several of his colleagues.

The Social Security Administration, and particularly its Actuary, whom we have all long since come to admire for his ability and knowledge in the area of forecasting costs of providing social security annuity coverages, has no firsthand knowledge of the cost of providing health care benefits. While it is true that the social security program has a history of workability, never has it been tested with a provision of handling health care on a service basis. I take exception, therefore, to the statement that we can rely upon the tried and tested social security mechanism. This mechanism has never been either tried or tested in an area such as we are discussing today.

COSTS ARE UNPREDICTABLE

The uncertainty of the costs of providing these health care benefits is shared by the Chief Actuary of the Social Security Administration. In a document published last July by the Department of Health, Education, and Welfare, this uncertainty of predicting costs for medical-care benefits is stated in concrete terms. Let me quote a few key phrases of this Actuarial Study No. 52. In this document the following is stated:

> Long-range actuarial cost estimates, by their very nature, can present the general range of costs but cannot be a precise forecast of future experience.

The report states:

> Nonetheless, precise estimates are not possible because of such unknowns as the extent of hospital utilization by persons who have not had insurance in the past, but who would have benefit coverage under the provisions of the bill.

Further:

> Another major difficulty in making costs estimates for hospitalization benefits is the extent to which hospital costs will rise in the future.

These qualifications which the Chief Actuary has been careful to spell out, and I commend him for this, have been lost sight of as we glibly talk about providing health care benefits at a cost of one-half of 1 percent of a $5,200 payroll base.

In view of the lack of experience of the Social Security Administration in this particular area, are we risking a serious blow to the social security mechanism without careful examination of the true cost level? Is there any group which has adequate experience in providing health care benefits, and has such a group made such experience available to the Congress?

There is, of course, such a group. I refer to the health insurance business, including insurance companies as well as the Blue Cross and other such plans. Health insurance has been provided to the American public, in one form or another, since before the turn of the century. Currently, some 136 million Americans of all ages have some form of voluntary health insurance and in many instances a major portion of the premium for such protection is provided by the employer. In fact, in excess of 9 million of our current senior citizens have this protection and this 9 million figure is 3 times what it was several years ago.

INSURANCE INDUSTRY VERSUS GOVERNMENT ESTIMATES

Now, what does the insurance business say about the true cost of providing benefits such as are contained in the amendments proposed by Senator ANDERSON and his colleagues? Last July, in an appearance before the House Committee on Ways and Means, the insurance business presented detailed actuarial cost estimates for these benefits. They were testifying, of course, with respect to H.R. 4222. Since the benefits proposed by the junior Senator from New Mexico with respect to the OASI population are essentially the same as those contained in H.R. 4222, these estimates are applicable.

Let me recite the nature of the dollar differences as well as the tax requirements as between actuaries experienced in providing medical insurance benefits and Government statisticians with no such experience.

First. Benefits provided under H.R. 4222 would cost $2.2 billion in 1963 as compared with the administration's estimate of $1 billion. In 1964, with the nursing home provision available for the entire year, the total cost would rise to $2.5 billion. The administration's estimate for this year is again $1 billion.

Second. By 1983, the anual cost of H.R. 4222 would be $5.4 billion while the administration has estimated that by 1990 costs will reach only $2½ billion.

Third. The level premium costs of H.R. 4222, as defined by the Social Security Administration, are 1.66 percent on a $5,200 taxable earnings base while the administration's estimate is only 0.66 percent. While it is not strictly comparable, the administration estimates this level premium requirement basis. In our judgment, this is unrealistic.

The insurance companies' estimates are based upon the actual claim experience of insurance companies as well as Blue Cross and Blue Shield plans gathered by the New York State Insurance Department. Its long experience would indicate that this substantial actual data is far more reliable in predicting cost than is unverified data obtained from household interviews of a limited sample of the aged population as is the case of the data of the administration.

ADMINISTRATION'S ESTIMATES UNREALISTIC

In the opinion of insurance actuaries, the administration has greatly overestimated the effect of the deductible.

Further, the administration's estimate of cost has not made an adequate allowance for future increases in hospital and related health care costs.

Furthermore, it is believed that the administration's cost estimates have not been realistic as to the ultimate costs of the skilled nursing home benefits.

As the Senate is well aware, OASDI taxes prior to this year are scheduled to reach 9¼ percent in 1968. Within 6 years it is the estimated cost of H.R. 4222 added to the 9.25 percent tax rate, workers earning up to $5,200 per year would, jointly with their employers, be subject to total OASDI taxes of 10.91 percent. Secretary Ribicoff has indicated that a 10-percent total social security tax rate appears to be about the maximum which should be imposed. Based on these estimates, the addition of health care benefits would result in a total OASDI tax which would exceed this practical limit.

It is well to observe that this estimated tax of nearly 11 percent would cover only those benefits provided and beneficiaries presently eligible under H.R. 4222. Once enacted, pressures would be engendered to remove the

present deductible provision, to cover more forms of health care to provide care for longer periods of time, and to lower the age limit.

Although I am no actuary, I have spent time in a careful reading of the actuarial appendix filed by the insurance business. This analysis is based, as I have indicated, upon actual claim experience of insured lives under both insurance company policies as well as those of Blue Cross and Blue Shield plans. Such experience indicates a hospital utilization rate per aged person per year ranging from 2.6 days at the lower ages to 6.0 days at ages 80 and over. According to the American Hospital Association, the average cost per day in a hospital in 1960 was about $32. Hospital costs have been rising annually at an average increase of about 7 percent. Assuming that such per diem costs increase by only 5 percent between 1960 and 1964, the cost per day in a hospital should be about $38 in that year. A projection of the cost per day and the aforecited hospital utilization by the aged produces the estimated costs predicted by the insurance business.

The Government's statisticians, on the other hand, have used a hospital per diem of about $29, and let me call your attention to the fact that this per diem that they have used is even less than the actual costs in a hospital today, let alone what it will be by 1964. The Government's statisticians have based their hospital utilization on information obtained in a survey conducted 6 years ago among some 5,000 OASI beneficiaries. In that survey, such persons were asked how frequently they went to a hospital and how long they stayed. Statistical experts tell me that the range of sampling error, memory error, and other such factors make surveys of this type, for purposes of predicting hospital utilization, completely unreliable. This is one major reason why the insurance business believes that the Government has underestimated the true costs of the health care benefits.

COSTS THREE TIMES PREDICTION

There are a number of other reasons why the true cost will be about three times what some Government statisticians predict. Again, the Government people have used household interview material, and in this instance, a survey among about 600 persons, to measure the financial effect of the up-to-$90 deductible contained in the health care benefit provisions. The insurance business, on the other hand, utilized actual claim experience with deductible provisions. They note with exactitude that the financial effect of the deductible will be considerably less than that predicted by the administration. This represents a second reason for the understatement of the Government's estimates.

A third reason for the understatement rests in the fact that there will always be a certain amount of what insurance actuaries call "extra utilization and longer hospital stays" under a governmental program as compared with a program of insured lives. Governmental programs in Saskatchewan, British Columbia, Great Britain, and elsewhere, have all experienced considerable increases in utilization over what existed prior to the organization of the plans. The insurance business, in developing its estimates, added an allowance of 5 percent for such extra utilization. There is no evidence that any similar allowance was provided for by the Government's statisticians.

A fourth and perhaps the most significant reason why the half of 1 percent is not realistic lies in the area of future hospital costs. The cost per day in a hospital, as I have indicated, has been rising by some 5 to 7 percent a year. All knowledgeable authorities in the hospital field predict a continuance of this yearly percentage increase for the foreseeable future. In fact, Assistant Commissioner of Health, Education, and Welfare Wilbur Cohen, himself, has testified before a governmental body to this very effect. Built into the insurance business' estimate therefore is an allowance for future increases in the cost of a day in hospital. No similar allowance is contained in the Government's estimate of the cost of these benefits. In fact, and I repeat, the hospital per diem amount used by the Government is actually less than what is being charged for a day in hospital today.

ANDERSON PROPOSAL INADEQUATELY FINANCED

There are a number of other reasons contained in this actuarial study which make me feel that the cost aspect of these health care benefits is an overwhelmingly important matter for the Senate to consider. If this amendment to H.R. 10606 with its present proposal of financing the benefits of a half of 1 percent is passed, I predict that within a short period the administration will be back with a request for an increase in the tax, or else benefits will be paid out via further deficit financing.

My comments to this point have been concerned with only that portion of the proposal of the Senator from New Mexico which have to do with the OASI aged population. The Senator proposes to provide these same health care benefits to the non-OASI aged at a net cost to the Government of $50 million per year. I have studied this figure with some care and I cannot conceive of such a small amount. Where he predicts a gross cost of a quarter of a billion dollars, I have good reason to feel the gross cost will approach half a billion dollars per year with a net cost of about a third of a billion dollars. I have equally good reason to feel that this third of a billion dollars which will have to be paid out of the Treasury each year will not wash itself out in a few years but will continue into the indefinite future. Let me recite the reasons why I feel this aspect of the cost of H.R. 10606 is equally unsound.

ERRORS IN ANDERSON'S ESTIMATES

With respect to the cost of providing benefits to non-OASI eligibles, the Senator from New Mexico—CONGRESSIONAL RECORD, June 29—assumes a cost of $250 million to provide coverage to "2½ million aged people." The Senator indicates that the net cost of covering such aged persons would be only $50 million in that the Government would derive a savings of some $200 million via lesser payments under public assistance and veterans programs. These estimates are totally unrealistic for reasons outlined below.

The Senator's estimates are erroneous because:

First. He has understated the number of aged persons not eligible for either OASI or railroad retirement benefits.

Second. He has understated the cost of providing health benefits to those eligible under this provision of his amendment.

Third. He has overstated the savings which the Government would realize under its public assistance and veterans programs.

With respect to the number of aged who would be eligible, the Senator from New Mexico derives his figure as follows. As of January 1964, there will be 17.9 million aged persons. Of this number, he says, a quarter of a million, while not eligible for either social security or railroad retirement, would be covered under the Federal civil service governmental health insurance plan. Subtracting this quarter of a million, he incorrectly arrives at 17½ million. He then indicates that about 15 million aged persons are eligible for either social security or railroad retirement, leaving a remainder of 2½ million aged persons who would require health care benefits to be financed from general revenue. According to the Social Security Administration, Department of Health, Education, and Welfare, there will be 17.9 million persons at age 65 and over on January 1, 1964.

Excluding the quarter of a million Federal civil servants—even this figure may be high—leaves a remainder of 17⅔ million—not 17½ million. According to the same governmental sources, there will be 14.4 million aged persons eligible for OASI and an additional quarter of a million for railroad retirement benefits—not already included under OASI. By subtraction, there remains 3 million aged persons not covered by either OASI, railroad retirement, or having benefits by reason of being Federal civil servants, who would qualify for health care benefits from the general revenue.

SAVINGS OVERESTIMATED

The junior Senator from New Mexico estimates that the cost of caring for each non-OASI eligible would be $100. The insurance business has presented detailed actuarial cost estimates to the effect that the cost per OASI eligible should approximate $141 in 1964. The non-OASI aged population is, according to governmental estimates, a significantly higher age group than is the OASI aged population. This being the case, the cost per person among the non-OASI aged should be even higher than $141. Apart from this, and using a base cost of $141 per person, with an allowance of 10 percent for the cost of administering these benefits, the cost in 1964 for providing health benefits to the

non-OASI eligible population should approximate $465 million—compared with the Senator's estimate of $250 million. We are unable to substantiate the basis for the Senator's estimate that this aspect of his proposed program would result in a savings of $200 million.

There is a presumption that such an estimate is unduly optimistic. According to the Social Security Administration, public assistance expenditures for general hospital care in 1960 totaled $100 million. Such expenditures were for aged persons under old-age assistance of which about one-third are also covered under OASI. If it is assumed that the OASI and non-OASI public assistance recipients used hospital care at about the same amounts, then about $67 million was expended by both Federal and State Governments to provide general hospital care in 1960. The Federal Government's share of this $67 million approximates $45 million, or two-thirds. In 1960, the Veterans' Administration spent $165 million for general hospital care. It is to be noted that the very large majority of veterans are covered under OASI. The saving to be derived by way of this program is, therefore, questionable.

Apart from the above, and accepting the $200 million savings—as indicated this is very likely too high—we estimate the net cost to the Federal Government, for providing health benefits to the non-OASI aged population, to be $265 million in 1964 with the likelihood that this figure could well be in excess of one-third of a billion.

NOW OASI AGED COSTS WILL CONTINUE

One other aspect of the Senator's estimate is open to question. The Senator indicates, in the aforestated CONGRESSIONAL RECORD, that the "annual cost of the provision would drop sharply—and eventually wash out altogether." It is difficult to accept this statement in light of the fact that, according to the Social Security Administration, there would still be by the year 1980, 217 million aged persons not eligible for OASI benefits. By that year, according to the insurance business' estimate of the cost of providing such health care benefits, the cost per person will be in excess of $200. Thus, 16 years from now the Federal Government would still be providing, from the general revenue, approximately one-third of a billion dollars to provide coverage to this group of the aged population.

Madam President, the Senate of the United States has a history of careful thought prior to approving any piece of legislation. Since the Anderson amendment is a fiscally unsound proposal, I urge its rejection by this body.

AMENDMENTS TO THE RAILWAY LABOR ACT

Mr. MORTON. Madam President, I have joined with the Senator from Oklahoma [Mr. MONRONEY], the distinguished chairman of the Aviation Subcommittee of the Senate Commerce Committee, in sponsoring amendments to the Railway Labor Act which would authorize the President to establish boards to resolve jurisdictional disputes in the air transportation industry.

I need not remind my colleagues that the necessity to enact the amendments has been prompted by the widespread disruption of passenger, mail, and cargo service resulting from the jurisdictional walkout of the flight engineers against Eastern Air Lines. While only Eastern is struck, we have faced the possibility in recent weeks that at least two other major air carriers might also be affected.

The airlines industry constitutes a major segment of our national transportation system, and the consequences of the flight engineers' strike against Eastern are sufficiently alarming to predict that any jurisdictional strike nationally would be disastrous. I have never believed in compulsive settlement of a labor dispute, preferring to leave arbitration to labor and management. However, the Eastern strike, because of its jurisdictional nature between two unions, lends weight to the belief that we should have a more responsible mechanism for settlement of such disputes when the general public interest is so drastically affected.

I would like to take a few minutes to discuss the impact of the Eastern walkout on Kentucky. Eastern serves Louisville, Owensboro, Lexington, and Bowling Green directly, Henderson via Evansville, Ind., and Ashland through the Ashland-Huntington airport in West Virginia.

Louisville, in particular, has been very hard hit by the strike. The loss of service has been extremely inconveniencing to the business community and air travelers. I can testify to the inconvenience because of my own personal experience since June 23 when the walkout started. Louisville, my hometown, generally is one of the easiest cities to reach by air from Washington. Now it is one of the most difficult.

Louisville is the hub of an air transportation system which radiates flights into the entire eastern half of the United States, into Canada and to Puerto Rico. During 1961, Eastern had 13,983 flights involving some 782,831 available seats through Louisville. For the first quarter of 1962, 3,341 flights carried 195,068 available spaces.

Eastern enplaned 225,322 passengers at Louisville in 1961, and 59,101 during the first quarter of 1962. The 59,101 represented 56.5 percent of all passengers enplaned at Louisville. Of this percentage, 52.7 percent were originating passengers and the balance passengers from connecting airlines. The loss of more than 56 percent of service to a community the size of Louisville is a staggering blow.

Similarly, Lexington has lost the service of an airline that originated 40.7 percent of its passenger service during the first 3 months of 1962; Ashland, 51.2 percent; Owensboro, 86 percent; Bowling Green, 100 percent, and Evansville, Ind., 48.6 percent.

In addition, Louisville has suffered the loss of airmail, airfreight, and air express service which carried a total of 3,458,689 pounds in 1961 and 992,616 pounds through March 31, 1962. Other cities in Kentucky showed the effects of losses in this same area. Some 185 Eastern ground personnel in Kentucky have been idled by the strike, and I have no way of calculating the damage done to the many service industries which rely on Eastern.

Eastern has asked the Civil Aeronautics Board for a subsidy approximating $24 million to carry it through the rest of the year. This is a direct assessment of strike damage on the general taxpayers of this country. The impact on the local taxpayers also will be felt. The loss of landing fees at the various Eastern-served airports in Kentucky means that any deficits incurred by the local air boards by reason of this revenue loss will have to be made up by the community taxpayers.

I have not been able to detect any appreciable progress in efforts to mediate the dispute, although Secretary Goldberg has assured me that every effort is being made to reach an agreement and terminate the strike. I feel that the general public has been moderate in its attitude so far, but as the strike lengthens I anticipate a rise in public demand for settlement.

I have had prepared, Mr. President, a series of tables showing the extent of Eastern's service and operation in Kentucky for 1961 and the first quarter of 1962 and their importance to the communities affected. I ask unanimous consent that the tables be printed in the RECORD.

I also ask unanimous consent that there be printed in the RECORD numerous telegrams and letters I have received from Louisville and the need for a settlement; an editorial from the June 21 issue of the Louisville Times, entitled "Airline Dispute: A Struggle for Jobs," and the text of the letter, dated July 9, from Mr. Malcolm A. MacIntyre, Eastern's president, to shareowners, employees, and friends.

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

EASTERN AIR LINES SERVICE IN KENTUCKY

Eastern's flight schedule lists service from Louisville to the following cities: Ashland, Ky./Huntington, W. Va.; Atlanta, Ga.; Atlantic City, N.J.; Baltimore, Md.; Birmingham, Ala.; Boston, Mass.; Bowling Green, Ky.; Cape Canaveral, Fla.; Charleston, W. Va.; Charlotte, N.C.; Chattanooga, Tenn.; Chicago, Ill.; Tampa & St. Petersburg/Clearwater, Fla.; Dothan, Ala.; Raleigh/Durham, N.C.; Evansville, Ind.; Lexington/Frankfort, Ky.; Greensboro/High Point/Winston-Salem, N.C.; Greenville, S.C.; Hartford, Conn./Springfield, Mass.; Huntsville, Ala.; Indianapolis, Ind.; Jacksonville, Fla.; Miami, Fla.; Milwaukee, Wis.; Minneapolis/St. Paul, Minn.; Montgomery, Ala.; Muscle Shoals, Ala.; Nashville, Tenn.; New York, N.Y.; Newark, N.J.; Orlando, Fla.; Owensboro, Ky.; Palm Beach, Fla.; Philadelphia, Pa.; Providence, R.I.; Roanoke, Va.; Rome, Ga.; St. Louis, Mo.; Tallahassee, Fla.; and Washington, D.C.

Eastern Air Lines service in Kentucky

	Number of flights departing (similar number of flights arriving)		Total seats available on departing flights (similar number inbound)		Passengers enplaned including connections		Passengers deplaned	
	1961	1st quarter of 1962	1961	1st quarter of 1962	1961	1st quarter of 1962	1961	1st quarter of 1962
Louisville	13,983	3,341	782,831	195,068	225,322	59,101	234,649	59,404
Lexington-Frankfort	2,807	637	110,370	29,394	22,763	4,718	23,188	4,462
Ashland-Huntington	3,021	726	121,638	33,061	21,878	5,366	19,705	4,635
Owensboro	792	169	27,394	6,631	7,962	1,824	3,001	661
Bowling Green	1,224	249	50,818	9,960	3,379	703	2,979	548
Evansville	3,346	860	171,426	47,125	35,547	9,660	34,140	9,287
Total	25,173	5,982	1,264,477	321,239	316,851	81,372	317,662	78,997

	Pounds of airmail boarded including connections		Pounds of air express boarded including connections		Pounds of airfreight (originating)		Total outbound cargo (mail, express, and freight)		Number of ground employees (flight personnel are not based in Kentucky) 1961
	1961	1st quarter of 1962	1961	1st quarter of 1962	1961	1st quarter of 1962	1961	1st quarter of 1962	
Louisville	1,418,392	418,146	1,077,161	285,532	963,136	288,938	3,458,689	992,616	139
Lexington-Frankfort	176,185	34,842	112,076	23,305	311,073	101,884	599,334	160,031	10
Ashland-Huntington	63,373	18,420	42,023	9,646	130,820	36,245	236,216	64,311	11
Owensboro	11,269	2,578	23,704	5,971	163,118	43,124	198,091	51,673	4
Bowling Green	10,938	2,598	26,366	10,464	57,052	15,523	94,356	28,585	3
Evansville	136,000	55,000	209,000	59,000	388,000	90,000	733,000	204,000	18
Total	1,816,157	531,584	1,490,330	393,918	2,013,199	575,714	5,319,686	1,501,216	185

Percentage of participation by airlines in total number of enplaning passengers (including connecting passengers outbound) at Louisville for 1st quarter of 1962

	Number	Percent
Eastern Air Lines	59,101	56.5
American Airlines	19,310	18.2
Trans World Airlines	10,211	9.7
Delta Air Lines	8,708	8.2
Piedmont Airlines	4,654	4.4
Ozark Air Lines	3,298	3.0
Total	105,282	100.0

Percentage of participation by airlines in total number of originating passengers (not enplanements; connecting passengers not included) in the following Kentucky cities

	1961	1st quarter of 1962
Louisville:		
Eastern Airlines	51.5	52.7
American Airlines	19.6	18.3
Delta Air Lines	9.1	7.0
Ozark Air Lines	3.6	3.8
Piedmont Airlines	5.1	5.8
Trans World Airlines	11.1	12.4
Total	100.0	100.0
Lexington-Frankfort:		
Eastern Air Lines	35.5	40.7
Delta Air Lines	37.8	35.7
Piedmont Airlines	26.7	23.6
Total	100.0	100.0
Ashland-Huntington:		
Eastern Air Lines	50.7	51.2
Allegheny Air Lines	17.9	17.3
Piedmont Air Lines	31.4	31.5
Total	100.0	100.0
Owensboro:		
Eastern Air Lines	85.7	86.0
Ozark Air Lines	14.3	14.0
Total	100.0	100.0
Bowling Green: Eastern Air Lines	100	100
Evansville:		
Eastern Air Lines	52.0	48.6
Delta Air Lines	38.7	42.1
Lake Central	9.3	9.3
Total	100.0	100.0

LOUISVILLE, KY.,
July 12, 1962.

Hon. THRUSTON MORTON,
Senate Office Building,
Washington, D.C.:

We respectfully ask any action that may help settle the strike of flight engineers against Eastern Air Lines. The stoppage is seriously affecting business life of Louisville and the Kentuckiana area.

W. H. MCCORD,
President, Central School Supply Co.

LOUISVILLE, KY.,
July 12, 1962.

Senator THRUSTON B. MORTON,
Washington, D.C.:

Unnecessary strike, Eastern Air Lines, definite handicap to our normal business operations. Should be settled at once, and steps taken to prevent reoccurrence.

ARCHIBALD P. COCHRAN,
Chairman, Anaconda Aluminum Co.

LOUISVILLE, KY.,
July 11, 1962.

THE PRESIDENT,
The White House,
Washington, D.C.:

The continued strike on the Eastern Air Lines system is producing deep and unfavorable effects on our community's economy. If the Government is powerless to effectively intervene should not legislation authorizing such intervention be immediately enacted?

THOMAS A. BALLANTINE,
Member, Aviation Committee,
Louisville Chamber of Commerce.

FORT KNOX, KY., *July 11, 1962.*

Senator THRUSTON B. MORTON,
Washington, D.C.:

I would greatly appreciate any effort your office could render to expedite settlement of the Eastern Air Lines strike. This strike has affected the economy of Louisville and Fort Knox. Eastern serves 60 percent of the air service for our city. Military personnel at Fort Knox, Ky. depend heavily on air travel. This strike has put unnecessary hardships on our servicemen's travel.

J. T. WATSON.

LOUISVILLE, KY., *July 9, 1962.*

Senator THRUSTON B. MORTON,
U.S. Senate Office Building,
Washington, D.C.:

This community is seriously feeling the continued strike at Eastern Air Lines, and your efforts to bring about a prompt settlement of the dispute are appreciated.

JOHN H. HARDWICK,
President, the Louisville Trust Co.

LOUISVILLE, KY., *July 6, 1962.*

Senator THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

I wish to take this opportunity to inform you that the current Eastern Air Lines flight engineers strike is greatly inconveniencing the people of Louisville and my business travels. It is my hope that you will use all influence possible to effect a speedy settlement of this strike, which appears to be unnecessary and a great inconvenience to the traveling public.

J. B. AKERS.

LOUISVILLE, KY., *July 6, 1962.*

Senator THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

I wish to inform you that the flight engineers strike fo Eastern Air Lines has been of great inconvenience to me businesswise, as well as personally. Today my daughter is required to wait 4 hours alone in Chicago because proper connections could not be obtained due to the Eastern strike. I trust you will exert all influence possible to expedite the settlement of this dispute, which is an unnecessary inconvenience to the traveling public.

A. P. BONDURANT.

LOUISVILLE, KY., *July 9, 1962.*

Senator THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

Eastern Air Lines strike has caused 300 people to be out of work in Louisville. Louisville airlines travel service paralyzed. Government should take a stand in public interest against featherbedding. Settlement of this strike important to the economy of 27,000 people. Louisville needs Eastern Air Lines service.

MILTON L. TROST,
STEIN BROS. & BOYCE.

LOUISVILLE, KY., *July 9, 1962.*

Senator THRUSTON B. MORTON,
U.S. Senate, Washington, D.C.:

The airlines strike is seriously hampering business in this community. We shall ap-

preciate your emphasizing the seriousness of this situation to those in Government whose efforts might speed a solution.

HUBBARD G. BUCKNER,
Vice President, First National Lincoln Bank of Louisville.

LOUISVILLE, KY., *July 11, 1962.*
Senator THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

The Eastern Air Lines strike is causing us great concern. Will you urge President to make every effort to bring it to an end.

JAMES M. BROWN,
Secretary-Manager, Louisville Automobile Club and AAA.

LOUISVILLE, KY., *July 10, 1962*
Hon. THRUSTON MORTON,
U.S. Senate, Washington, D.C.

Dear THRUSTON: Considerable concern is being shown throughout the Commonwealth of Kentucky as well as the community of Louisville over the continued strike of Eastern Air Lines. 60 percent of the total air service to Louisville alone is handled by Eastern with 6,000 people per week coming into the city and same number departing. Figures of this proportion are bound to have a tremendous effect on the economy of the community and it is therefore requested that you use every means within your power to bring the strike to an early conclusion. I am sure you are well aware of the extreme inconvenience caused to many travelers as the only air service to Louisville from Washington is Eastern Air Lines.

H. DEAN BURGISS,
Vice President, Liberty National Bank & Trust Co. of Louisville.

LOUISVILLE, KY., *July 10, 1962,*
Sen. THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

The jurisdictional strike that has grounded Eastern Air Lines is affecting business operations in the Louisville area. Further delay caused by this dispute may seriously affect the economy of our community.

We respectfully request that you use your influence to bring about a settlement of this dispute immediately.

D. F. PARROT,
President, Avery Building Association.

LOUISVILLE, KY., *July 10, 1962.*
Hon. THRUSTON B. MORTON,
U.S. Senate,
Washington, D.C.:

You are fully aware of the importance of the air service provided by Eastern Air Lines to the Louisville metropolitan area.

This current strike is severely hurting commercial and business activity of our community. May I respectfully urge your active effort to secure a settlement in this situation.

P. BOOKER ROBINSON,
President, Citizens Fidelity Bank & Trust Co.

ERLANTER, KY., *July 11, 1962.*
Hon. THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.:

I respectfully request your personal attention be given to help settle the jurisdictional dispute between the airline pilots and the airline engineers unions which currently has closed down the Eastern Air Lines operation.

This operational shutdown is having an adverse effect on our local economy and the absence of a carrier as large as this one must advertently affect the national economy. Again I respectfully request your assistance in helping to settle this dispute as soon as possible.

DELBERT REGAN.

CINCINNATI, OHIO, *July 11, 1962.*
Senator THRUSTON B. MORTON,
Senate Building,
Washington, D.C.:

Although Eastern is not the dominant air carrier at Greater Cincinnati Airport, the flight engineers strike is causing great inconvenience to many here plus depriving the airport of much needed landing fees. Urge that you support aviation legislation which will forbid such jurisdictional disputes and provide for mandatory arbitration.

ARVEN H. SAUNDERS,
General Manager,
Greater Cincinnati Airport.

LEVY BROS., INC.,
Louisville, Ky., July 10, 1962.
Hon. THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORTON: The effects of the Eastern Air Lines strike and work stoppage are already being seriously felt by many in Louisville.

Several hundred people are now unemployed as a direct result of the airline strike and suppliers such as gasoline, food, transportation, and others are feeling the effects very seriously.

In addition to my position at Levy Bros., I am also interested in the Watson Travel Agency of Louisville and although we are usually able to complete ticketing arrangements, the cost to the customers has increased considerably. In many instances, it is necessary to route a customer to Chicago by way of Cincinnati.

I do hope that you will use your influence to urge further negotiations in a speedy settlement of the strike.

Very cordially yours,
STUART G. LEVY, Jr.

OFFICE EQUIPMENT CO.,
Louisville, Ky., July 9, 1962.
Hon. THRUSTON B. MORTON,
Senate Office Building,
Washington, D.C.

DEAR SENATOR MORTON: As a businessman I am deeply concerned by the loss of over half of Louisville's scheduled air service. I urge that you do all possible to settle the Eastern Air Line's dispute and restore this badly needed service.

With kind personal regards, I am,
Cordially,

E. J. LEBLANC,
President.

[From the New York Times, July 11, 1962]

SUBSIDIES ARE NO ANSWER

The fogginess of the boundaries between private and public enterprise is reflected in the petition filed by Eastern Air Lines for a Federal subsidy of nearly $24 million to cover its needs for the rest of this year. Since 1938 Eastern, the country's fourth largest domestic air carrier, has had no subsidy in excess of its conventional allowance for flying mail. Now it is in a complex financial squeeze, every phase of which involves some aspect of Government involvement. The upshot is a request to Uncle Sam to make up the difference between the line's anticipated revenues and the sum needed to give it a 9 percent return on investment.

Eastern's most pressing problem, of course, is the grounding of all its planes by the 18-day-old strike of flight engineers. This began after the engineers rejected a settlement formula negotiated by Secretary of Labor Goldberg and endorsed by President Kennedy in a parallel dispute at Trans World Airlines. Government slowness in approving a strike insurance plan under a mutual aid pact with other airlines has kept Eastern from recouping some of its losses. It also complains of Government authorization of too many competitive routes, too low fares and too onerous service requirements when its planes are aloft.

Observers suspect that the motive for the entire petition is to speed Government action on the proposed merger of Eastern and American Airlines. The merger plea deserves prompt consideration on its merits, and certainly the financial condition of both lines is a relevant factor. But a resumption of Government subsidies should not be entertained as an alternative. This is the worst way to "solve" the problems of the airlines or any other industry.

[From the Louisville Times, June 21, 1962]

AIRLINE DISPUTE: A STRUGGLE FOR JOBS

The threat of a crippling strike in commercial aviation has been lifted, for the time being at least, but the thorny problem that brought it on has yet to be solved. This is a bitter and longstanding dispute between pilots and flight engineers over job rights on jet airliners.

It's not a new quarrel, but one that dates back to the advent of jet service. If the Kennedy administration, which is to be credited with the present truce, along with reasonableness on the part of the Engineers' Union leaders, can work out a lasting solution that will be fair to all concerned, it will have performed a real service to the industry, its employees, and the flying public.

That is a large order, but the progress Labor Secretary Arthur J. Goldberg has made to date is encouraging. Until last weekend a tieup on three of the Nation's major airlines—Eastern, Pan American, and Trans World—seemed imminent. President Kennedy intervened with a demand that the dispute be submitted to arbitration. The Flight Engineers International Association then agreed to limit the walkout to TWA. Now it has agreed to postpone any work stoppage on that line temporarily while Mr. Goldberg and his staff continue mediation.

From the viewpoint of the air-traveling public, it is high time that the jurisdictional row which is the root of the trouble was settled once and for all. Over the past 4 or 5 years it has caused one interruption of air service after another, a classic example being a seemingly silly wildcat strike by Eastern Air Lines pilots 2 years ago because Federal Aviation Agency safety inspectors were occupying cockpit seats reserved, so the pilots insisted, for members of the Air Line Pilots Association, an AFL–CIO affiliate as also is the rival Flight Engineers Union.

NOT JUST A GAME

For all its comic opera overtones, this 1960 walkout was more than a silly game of musical chairs. It was a grim fight for jobs, an episode in the continuing dispute with which Secretary Goldberg is wrestling today. The seat in question was that of the third pilot. Its occupancy by an FAA inspector was objectionable to the ALPA for no other reason, apparently, than that it exposed the utter uselessness of this job.

There lies the heart of the matter. FAA has said all along that three men are enough in the cockpit of a jet airliner. In the issue at hand, the question is who should be dropped—the third pilot or the flight engineer. It is proposed that the third crewmember be a combination pilot-engineer. The engineers, who are responsible for a plane's mechanical performance in flight, have resisted pilot training out of fear that this would put them under ALPA's jurisdiction and at the bottom of the union's seniority list. Thus the third pilots, with some retraining, would grab the engineers' jobs. That, at least, is the way the engineers see it, and the fact that they are outnumbered seven to one by the pilots gives substance to their fears.

This explains why they have been reluctant to accept President Kennedy's arbitration proposal. As the New York Times

expressed it in an editorial Sunday, the engineers "have become convinced that the Government's approach is based on expediency rather than objectivity." It went on to say:

"They fear that the end result of all the proposals will be the gobbling up of their craft and their union by the larger and more powerful pilots' union, their traditional enemy. The engineers, whose union was formed in 1948 out of resentment against the pilots' refusal to take in a group they regarded as 'glorified mechanics,' have no confidence of survival under any of the suggested solutions. * * * Compulsion rarely produces a satisfactory solution in such situations. The rights of the flight engineers obviously are not entitled to precedence over those of the Nation, but they should not be infringed merely because the union is small and the hardship it is creating great or because the President wants to demonstrate that he can be as tough on labor as he was on the steel industry."

This may perhaps do an injustice to Mr. Kennedy's intentions, but certainly it expresses clearly enough the importance of a wholly objective approach to a problem which urgently needs to be solved once and for all, and in the fairest manner humanly possible.

EASTERN AIR LINES, INC.,
New York, N.Y., July 9, 1962.

To the Shareowners, Employees, and Friends of Eastern Air Lines:

Because of a strike by the Flight Engineers Union against Eastern Air Lines as of 1 p.m., e.s.t., June 23, 1962, all of Eastern's flights were canceled, all offices closed and all but a few of our 18,000 employees released.

This is the third strike in less than 4 years, the second in less than 16 months to be imposed on Eastern Air Lines by the same union, which have caused severe hardships on many communities and on the public, has cost Eastern over $44 million in lost revenues, and has cost employees millions of dollars in lost wages.

The issues in each strike have been the same, namely, the question of rights of union representation and qualifications for the third crew seat in jet aircraft where the Government, and the airlines' managements and both the unions for the pilots and flight engineers all agree that although we are now using three pilots and a flight engineer in jet cockpit crews, three men constitute an adequate crew for safe and efficient jet operation.

This current strike against Eastern Air Lines, which the President of the United States has called "the height of irresponsibility" on the part of the Flight Engineers Union, effects an average of 30,000 travelers a day and is increasing Eastern's loss of revenue at approximately $1 million a day. It is due to the rejection by the Flight Engineers Union of recommendations of six independent factfinding boards appointed by the President, mediation by the Secretary of Labor and other Government officials and the long painstaking efforts made by Eastern's management to effect a peaceful settlement.

Because the issues involve not only Eastern and other major air carriers but the basic law governing all airline labor you should have this summary of the facts:

Some of the major air carriers and most of the smaller airlines have been operating jets with three man crews. Eastern and other major carriers have been using four men—three pilots and a fourth crewmember with flight engineer qualifications. From their own and the industry experience, these carriers have now determined that the third pilot is not necessary for safe, efficient jet operation. All Government agencies all of the Presidential factfinding boards, and the unions of the pilots and flight engineers, independently, agree that jet crews should be made up of three men only.

Although the pilots union has not raised the question of representation and has made no effort to modify the flight engineer union representation on Eastern, the flight engineers have made this a strike issue by insisting that the company agree to contract provisions which would guarantee to the Flight Engineers Union perpetual, separate representation rights on the third seat in jet cockpits. Not only is the company prohibited by law from granting such guarantees where two or more unions are involved, but even the U.S. Government has no power to do this under existing laws and labor practices.

As the law is presently constituted the National Mediation Board has complete jurisdiction over all questions involving employee representation. When the National Mediation Board, however, ruled that pilots and flight engineers composing the three man crews on United Air Lines should select one union to represent them, the Flight Engineers Union, in February 1961, launched an illegal strike against Eastern and six other airlines, forcing Eastern to close down at the peak of its winter travel season. Eastern sought and secured an order from a Federal district court for the flight engineers to return to work which the union's members ignored.

A suit to collect approximately $3 million from the Flight Engineers Union in damages resulting from their 1961 strike is pending in a U.S. district court which has also instituted an investigation of union officials and certain union members as to whether their refusal to comply with the court's back-to-work order constitutes criminal contempt.

When court action and all other efforts by Government and management failed to end the strike in February 1961, the Secretary of Labor, on behalf of the President of the United States, requested Eastern to take its flight engineers back to work without reprisal, so that a special board appointed by the President could study the issues and recommend a permanent solution. Eastern agreed to that request and also accepted this board's recommendations which were handed down in October 1961, and which the President personally endorsed as being fair and equitable for all parties.

After notifying the President that they also accepted, the flight engineers later refused to settle on the basis of these recommendations. In February of 1962 when they again set a strike date the President appointed an emergency Presidential board under the Railway Labor Act to recommend an equitable basis for the resolution of all issues outstanding between the Flight Engineers Union and Eastern Air Lines. This board endorsed the previous board's findings on the crew complement question and on economic issues recommended that Eastern grant its flight engineers liberal pay increases of approximately 10 percent retroactive to April 1960, plus additional increases in 1962 and 1963 which, in effect, represent an increase of 44 percent in flight engineer pay since 1959.

Despite total losses of $28 million in 1961, Eastern also agreed to accept the principles of these recommendations.

The Flight Engineers Union refused to accept the recommendations of both Presidential boards and again threatened to strike when a 10-day period of mediation, undertaken by the Secretary of Labor and other Government officials, on behalf of the President, failed to effect settlement in the case of Eastern, Pan American, and Trans World. The President requested that all parties accept arbitration for all issues in dispute. The company accepted, but the flight engineers refused both the President's offer and the President's public appeal that they reconsider their action.

After new strike threats against the three carriers a strike was called against TWA. Secretary Goldberg again interceded and succeeded in making a settlement of the dispute between the Flight Engineers Union and TWA. The terms of this settlement, it was hoped, would form the basis for settlement of the same issues on Eastern and Pan American. Despite Eastern's repeated efforts, however, the Flight Engineers Union refused to meet with company representatives even to discuss the terms of the TWA agreement as a basis for settlement. The Flight Engineers International Union officials also announced their intention of fighting acceptance of this agreement when it was submitted to the TWA chapter members for ratification, and on June 22 set a strike date of 1 p.m., e.s.t., June 23 against both Eastern and Pan American. Further mediatory efforts were fruitless and, at the time set, picket lines were thrown up and the flight engineers walked off the planes.

As a consequence all of Eastern's operations were immediately canceled for these compelling reasons:

In the week before the strike was called public apprehension caused by the union's strike threats resulted in the loss of approximately $1 million in revenues. That Eastern's popular air shuttle, where no reservations are required, had a 20-percent reduction in traffic is a clear indication of the loss from this source. Because of the public's fear that we might not operate and that they would be stranded, advance reservations fell off sharply.

Our experience in the past few years, when attempts were made to operate under restraining orders and temporary court injunctions, with their overhanging strike threats, or to maintain partial operations, have shown that such expedience could only have the effect of causing the public even greater inconvenience and of multiplying these losses. These growing trends clearly indicated that Eastern could rapidly get into a position where operations would result in a loss of between $300,000 and $400,000 a day. Under these circumstances, the only prudent course was to cancel all operations in order to minimize public hardships, halt further losses, and to conserve the company's assets to the maximum extent possible.

Pan American secured a temporary restraining order, which permitted them to operate initially for 3 days, then for 10 days, then for 23 days (on a day-to-day basis), while hearings are being held on a temporary injunction plea. Pan American could do this because its circumstances are considerably different. Compared with Eastern's multitude of daily flights, PAA operates comparatively few, all of which are long range and international. Because of the nature of this operation they can realize profits despite irregular operations and heavy cancellations. Eastern, on the other hand, is in its lowest traffic period. Its more than 1,400 regularly scheduled daily flights are on highly competitive routes where irregularity of operation would not only create confusion and inconvenience for the traveling public but, for the reasons cited earlier would result in unbearable losses.

Apart from doubts as to legal validity in this instance, however, Eastern's experience has clearly demonstrated that temporary restraining orders or even injunction by the courts, as our governing Railway Labor Act is presently constituted, cannot solve the basic issue but can only make another and always more costly strike inevitable. All authorities agree that we can no longer afford to rely on temporizing measures of expediency. We, meaning the carriers, the Pilots and Flight Engineers Unions and the Government, must find a prompt and permanent resolution of this unnecessary, re-

curring issue which has cost you, the public, and the industry, so heavy through the years.

At the moment the outlook for a settlement through any means that have so far been employed is clouded. The TWA vote on a possible pattern settlement is still pending. The course being taken by litigation is indefinite and any decision reached there is subject to immediate appeal and reversal.

Those who have given most thoughtful consideration to the problem are now convinced that it can perhaps only be resolved by amending the governing Railway Labor Act to require compulsory arbitration of disputes involving two or more unions on any air carrier where, in the judgment of the President, the dispute threatens the welfare and economy of the American people.

Not only as an American citizen, but as one whose interests are directly affected you have an important stake in the outcome of this matter. An expression of your convictions in this respect addressed to the Secretary of Labor and to your representatives in both the Senate and the House will be helpful in their consideration of any legislation to correct the present intolerable situation and to prevent future needless and destructive disruption of the Nation's air transportation system.

The directors of Eastern Air Lines have fully endorsed the course Eastern's management has taken of cooperating with the Government's efforts to find a solution to these problems either by negotiated settlement or by final and binding determination of all issues under new legislation.

In urging your support we also wish to express grateful appreciation of your understanding and patience in these difficult times.

Sincerely,

MALCOLM A. MACINTYRE,
President and Chief Executive Officer.

EFFECTS OF THE FLIGHT ENGINEERS STRIKE ON EASTERN AIR LINES

1. On operations: Average of 424 daily flights canceled between 115 cities including service to Canada, Bermuda, Puerto Rico, and Mexico.

2. On the public service—Domestic: More than 30,000 travelers a day, nearly 15 percent of total domestic air travelers affected. Includes approximately 70 percent of all air travelers between New York and both Boston and Washington, who depend on the air shuttle, and about 50 percent of all air travelers between the Northeast and the South and Southwest.

There is no service at all to 8 communities; 13 other cities have lost all trunkline service, and from 30 to 50 percent of current air travel is disrupted in such major communities as Miami, Washington, Boston, Atlanta, Charlotte, Louisville, Jacksonville, New Orleans and San Juan, P.R.

International: There is no U.S.-flag service between New York and Montreal or New York and Mexico City, and that to and from Bermuda is cut 50 percent.

3. On employees: Approximately 17,500 of a total of 17,906 employees have been released. Only a skeleton force is retained to maintain flight equipment and facilities and for other essential housekeeping activities. Employee losses in salaries and wages, approximately $400,000 a day, $12 million a month.

It is estimated that the income of an additional 20,000 employed in providing collateral services to Eastern Air Lines is also adversely affected.

4. Cost of the strike: A minimum of $1 million a day in lost revenues alone. In the first 4 months of 1962 Eastern Air Lines only earned approximately $350,000.

5. Data on flight engineers: Eastern employs 575 flight engineers. Present average pay ranges from $12,000 to $18,000 per year. Pay increases recommended would average cash payments of $2,000 per man and a 44-percent increase since 1959.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of 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. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

Mr. JAVITS. Madam President, I send to the desk a modified amendment and ask that it be stated.

The PRESIDING OFFICER. The modified amendment of the Senator from New York will be stated.

Mr. JAVITS. Madam President, I ask unanimous consent that reading of the amendment may be dispensed with, and in lieu of reading, that an explanation of the amendment be printed as part of my remarks.

The PRESIDING OFFICER. Without objection, reading of the amendment is dispensed with, and the amendment and explanation may be printed in the RECORD.

The modified amendment is as follows:

On page 14, line 17, insert "after December 1963" after "month".

On page 15, lines 8 and 9, strike out "(as defined in section 210(1)".

On page 23, between lines 11 and 12, insert the following:

"States and United States

"(h) The terms 'State' and 'United States' shall have the same meaning as when used in title II."

Beginning with line 1, page 45, strike out all to and including line 5, page 49, and insert in lieu thereof the following:

"OPTION TO BENEFICIARIES TO CONTINUE PRIVATE HEALTH INSURANCE PROTECTION

"SEC. 1716. (a) In lieu of payments to a provider of services under an agreement under this title, payments may be made to an eligible carrier under an approved plan with respect to services, for which payment would otherwise be made under the preceding provisions of this title (hereinafter in this section referred to as 'reimbursable health services'), which are furnished by such provider of services to any individual entitled to health insurance benefits under this title if such individual elects to have payment for such services made to such carrier.

"(b)(1) An individual may make an election under subsection (a) with respect to the approved plan of an eligible carrier only if he was covered by an approved plan of such carrier (or an affiliate thereof) continuously during whichever of the following periods is applicable—

"(A) if the month in which such individual becomes entitled to health insurance benefits under this title is any month in 1964 or January, February, or March of 1965, the 90-day period ending with the close of the month before such month, or

"(B) if the month in which he becomes so entitled is April 1965 or a subsequent month, the period beginning January 1, 1965, and ending with the close of the month before the month in which he becomes so entitled or, if shorter (i) in the case of a plan meeting the requirements of clause (A), (B), (C), or (D) of subsection (c)(5), the one-year period ending with such close of such month, or (ii) in the case of a plan meeting the requirements of clause (E) of such subsection, the 2-year period ending with such close of such month.

"(2) An individual may make an election under subsection (a) in such manner and within such period as the Secretary may prescribe, but in no event more than 3 months after the month in which such individual becomes entitled to health insurance benefits under this title; and an individual shall be permitted only one such election. An election so made may be revoked at such time or times and in such manner as may be so prescribed, and shall be effective at the end of the 90-day period following such revocation or, if later, the end of the benefit period (as defined in section 1704(c)), if any, of the individual during which such revocation is made or, if a benefit period begins during such 90-day period, the end of such benefit period.

"(c) To be approved for purposes of this section with respect to an individual, a plan must—

"(1) be an insurance policy or contract, medical or hospital service agreement, membership or subscription contract, or similar arrangement provided by a carrier for the purpose of providing or paying for some medical or other type of remedial care:

"(2) with respect to the period before an individual becomes entitled to health insurance benefits under this title, include provision of, or payment for the cost of—

"(A) inpatient hospital services, with no greater deductible and limitations than are applicable in the case of inpatient hospital services which constitute reimbursable health services, or

"(B) in the case of a plan meeting the requirements of clause (A), (B), (C), or (D) of paragraph (5), inpatient hospital services to the extent provided in subparagraph (A), but without application of the deductible under section 1704(a)(1) and with a limitation of forty-five days on the duration of such services;

"(3) with respect to the period during which an individual is entitled to health insurance benefits under this title, include provision of, or payment to providers of services for the cost of—

"(A) all reimbursable health services, or

"(B) in the case of a plan meeting the requirements of clause (A), (B), (C), or (D) of paragraph (5), such reimbursable health services, but without application of the deductible under section 1704(a)(1) and with a limitation of forty-five days on the duration of inpatient hospital services;

"(4) include provision of, or payment for part or all of the cost of, some additional medical or other type of remedial care not included as reimbursable health services; and

"(5)(A) be a group plan, or a continuation of a group plan which is available to individuals on conversion of a group plan after their separation from the group, or (B) be issued by a corporation, association, or other organization which is exempt from income tax under section 501(c) of the Internal Revenue Code of 1954, or (C) be a prepayment group practice plain, or (D) be a plan which the Secretary determines, on the basis of available data, is likely to result in a ratio of acquisition costs to payments with respect to the cost of medical or any other type of remedial care which is not greater than the ratio of such costs to such payments in the case of most of the group plans approved under this section, or (E) in the case of a plan which does not come within clause (A), (B), (C), or (D), be issued by a corporation, association, or other organization which (i) is licensed in the 50 States and the District of Columbia to issue insurance covering all or any part of the cost of medical or any other type of remedial care and, in the most recent year

for which data are available, has made payments with respect to the cost of such care aggregating at least 1 percent of all such payments in the 50 States and the District of Columbia, or (ii) is determined by the Secretary to be national in scope, or (iii) is licensed to issue insurance covering part or all of the cost of such care in the State with respect to which it requests eligibility hereunder and, in the most recent year for which data are available, has made payments with respect to the cost of such care aggregating at least 5 percent of such payments in such State.

"For purposes of paragraph (5)—

"(6) a 'group plan' issued in any State is a plan which meets the requirements established by the law of such State for such plans or, in the case of a plan in a State in which there is no State law establishing requirements for such plans, which—

"(A) is issued to employers for their employees, or to unions for their members, or to other associations for their members who are bound together by a single, mutual interest other than insurance, and

"(B) covers at least 10 persons in the group;

"(7) the 'acquisition costs' of a plan are costs directly related to the sale of coverage under such plan to individuals, including costs such as costs of advertising, commissions and salaries of agents, and salaries and other expenses of field staff directly involved in the sale of coverage under the plan.

"(d) A carrier shall be eligible for purposes of this section if it—

"(1) is a corporation or other nongovernmental organization which is lawfully engaged in issuing plans described in subsection (c)(1) in the State with respect to which it requests eligibility under this section;

"(2) agrees that any information provided in connection with any approved plan will be accurate and complete;

"(3) agrees, in the case of any individual who has made an election under this section with respect to an approved plan and who revokes such election (including termination of such coverage by such individual or the carrier), to continue to make payments under such plan with respect to him until his revocation is effective (or would be effective if such termination were considered a revocation) as provided in subsection (b) (2);

"(4) agrees to provide the Secretary, on request, such reports as may reasonably be necessary to enable him to determine the amounts due, under any plan with respect to which an election has been made under this section, on account of reimbursable health services and the administrative expenses of the carrier in connection therewith, and agrees to permit the Secretary to determine the accuracy of such reports;

"(5) agrees to make payments for reimbursable health services to providers of services, or to provide reimbursable health services, with respect to individuals who have made an election under this section in the same amounts, under the same conditions, and subject to the same limitations as are applicable in the case of such services for which payments are made under the preceding sections of this title; and

"(6) agrees not to impose any fees, premimums, or other charges with respect to reimbursable health services for individuals entitled to health insurance benefits under this title.

"(e) If a plan ceases to be approved under this section or a carrier ceases to be an eligible carrier or ceases to do business, any individual who has made an election under this section and is covered by such plan or by a plan of such carrier shall be deemed to have revoked his election under this section and such revocation shall, notwithstanding subsection (b)(2), be effective immediately upon such cessation; except that the limitations applicable under such plan shall apply with respect to the benefit period (as defined in section 1704(c)), if any, of such individual existing at the time of such cessation.

"(f)(1) An eligible carrier shall be paid from time to time amounts equal to the payments made or the cost of services provided by it for reimbursable health services under approved plans with respect to individuals who have made an election under this section, and in addition, such amounts as the Secretary finds to be the administrative costs of such carrier which are reasonably necessary to the provision of or payment for the cost of reimbursable health services for such individuals under an approved plan, except that such additional amounts for any year may not be more than 50 per cent greater than the comparable part of the cost of administration of this title.

"(2) In the case of a plan to which subparagraph (B) of subsection (c)(3) is applicable, the limitations and conditions of payment for reimbursable health services under the preceding sections of this title shall be modified in accordance with such subparagraph; and for such purposes the maximum units of reimbursable health services (within the meaning of section 1704(b)) for which payment will be made under this title shall be 105 units."

The explanatory statement submitted by Mr. JAVITS is as follows:

EXPLANATION OF THE (JAVITS, COOPER, KUCHEL, KEATING) AMENDMENT TO THE ANDERSON AMENDMENT TO H.R. 10606, STRIKING AND INSERTING A NEW SECTION 1716 "OPTION TO BENEFICIARIES TO CONTINUE PRIVATE HEALTH INSURANCE PROTECTION"

The purpose of this amendment is to offer the individual an opportunity to purchase or continue a private health care plan which would give him the statutory benefit of 90 days of hospitalization with a deductible, or under group and similar plans 45 days of hospitalization with no deductible, in addition to other health care benefits.

The amendment permits any individual entitled to health insurance benefits for the aged, under proposed title XVII of the Social Security Act, at his option to elect to have payment for those benefits he uses be made to an eligible private carrier under an approved plan.

An approved plan must include the benefits under the statutory plan plus some other health care benefits to be provided by the private carrier. Except that as an option in place of the 90-day hospital benefit with a deductible of $10 a day for 9 days, specified private plans could offer a 45-day hospital benefit with no deductible.

Qualified to offer the option of either the 90-day hospitalization benefit with the deductible, or the 45-day hospitalization benefit paying "first costs," would be group insurance plans, prepayment group practice plans, nonprofit plans, and plans (generally "mass enrollment" plans) having acquisition costs comparable to those of approved group plans. Other nongroup plans must offer the 90-day hospital benefit, and could qualify if the carrier did business in the 50 States and wrote at least 1 percent of the health insurance business, was determined by the Secretary to be otherwise national in scope, or did at least 5 percent of the health insurance business within a State in which it sought to write business under this bill.

Private plans must include medical or other health benefits in addition to those reimbursed by the Government. No fee, premium, or other charge to the individual could be made for the reimbursable benefits. The carrier would be paid the reasonable administrative costs of providing the reimbursable benefits, but not to exceed 150 percent of Government costs for the same functions.

An individual must make the election to continue a private health plan within 3 months after becoming entitled to health insurance benefits, and is permitted one such election; he may later revoke that election if he desires. He must have been covered by the approved plan for 1 year prior to becoming eligible for health insurance benefits in the case of group and nonprofit plans, and for 2 years in the case of commercial individual policies (except that coverage for 90 days is sufficient for those becoming eligible prior to April 1965, and coverage beginning January 1, 1965, is sufficient for those becoming eligible in or after April 1965, if less than 1 or 2 years).

The private plan is required to include only the 90- or 45-day inpatient hospitalization benefit during the period before the individual becomes eligible under the program; after he becomes eligible, the plan must also provide all auxiliary benefits such as skilled nursing facility, home health, and outpatient hospital diagnostic services.

Mr. JAVITS. Madam President, the amendment would amend the Anderson amendments which are pending before the Senate, and is the definitive provision for an option to beneficiaries to continue private health insurance protection, which has been under discussion for a number of days, to replace that part of the bill which relates to the subject.

The reason for submitting the amendment at this time is to perfect the Anderson amendments, in view of the fact that it is well known to all Senators that the Senator from Massachusetts [Mr. SALTONSTALL], the Senator from Connecticut [Mr. BUSH], and perhaps other Senators will be proposing complete substitutes for the consideration of the Senate. It is therefore important that the Senate have before it the definitive provisions of the measure offered by the Senator from New Mexico [Mr. ANDERSON] when it considers substitutes. It is my belief that the amendment which I am submitting is acceptable to the Senator from New Mexico [Mr. ANDERSON]. Obviously there will be adequate opportunity to debate its merits pro and con as we go along and to debate the amendments of the Senator from New Mexico. I therefore hope that I may make a brief explanation of my amendment. As I understand, the Senator from Massachusetts [Mr. SALTONSTALL] is prepared to present his substitute.

Mr. ANDERSON. Madam President, will the Senator yield?

Mr. JAVITS. I yield.

Mr. ANDERSON. I wish to say to the Senator from New York that I appreciate very much his consideration of the amendment. I appreciate the many long hours he has put into it, along with many of us. This is the matter having to do with options. If the Senator from New York is agreeable, I would be happy to modify my amendment to include the text of the amendment that he has submitted as his amendment.

Mr. JAVITS. I ask only that the Senator from New Mexico indulge the Senator from New York for about 10 minutes while I explain my amendment. Then I shall be glad to have the Senator do that.

Mr. ANDERSON. Will the Senator permit me to make two other modifications?

Mr. JAVITS. Certainly.

Mr. ANDERSON. Madam President, I also send to the desk an amendment to the Anderson amendment identified as "6–29–62—A," which reads:

On page 21, lines 17 and 18, strike out "decision of the physician members" and insert in lieu thereof "finding (after opportunity for consultation to such attending physician) by the physician members".

On page 23, line 10, insert "(after opportunity for consultation to such attending physician)" after "finding".

On page 28, line 6, insert "(by the physician members of the committee or group)" before "pursuant".

The amendment would make it clear that the patient's physician would be consulted before the hospital staff committee or other groups reviewing utilization makes a finding that the patient's continued stay in a hospital or skilled nursing facility is not medically necessary. It was expected that such consultation would take place as a matter of course. However, so that there can be no question or misunderstanding, my amendment is modified to that extent.

I also send another amendment to the desk. This is an amendment to the Anderson amendment identified as "6–29–62—A" which reads:

One page 75, line 13, insert "and use of the option" after "deductibles".

I modify my amendment to that extent. I am very happy to accept the language of the Senator from New York.

I modify my amendment further by striking the original language and putting in the option language which has been the result of many hours of thoughtful and faithful consideration of this problem in an attempt to encourage free enterprise as much as possible. I thank the Senator from New York and his associates for the many hours of work that they have devoted to the preparation of the option.

Mr. JAVITS. Madam President, I yield myself 10 minutes. Unless other Members of the Senate desire to be heard in connection with the amendment which I have sent to the desk, at the conclusion of my remarks, I will yield back the balance of my time, because I understand the Senator from Massachusetts [Mr. SALTONSTALL] desires to proceed.

Madam President, the health care insurance bill in which I and my Republican colleagues have joined with Senator ANDERSON is the inclusive and most comprehensive bill on medical care for the aging to come before the Congress. It goes far beyond the original King-Anderson proposal and incorporates the essential principles which my colleagues and I have been working for and which are consistent with the declarations of the 1960 Republican platform.

Madam President, I should like to emphasize to the Senate that "this is it," so far as the Anderson proposal is concerned. This is the definitive package which we hope the Senate will accept.

Madam President, what has been achieved? First, all persons who are 65 years of age and older are now entitled to health care benefits under the bill, including those who are not presently covered by social security. This brings into the programs an estimated 3 million persons who would have been excluded under the old King-Anderson bill.

Of great importance, too, is the new provision establishing a separate medical trust fund for purposes of financing this program. We shall be able, then, to see exactly how much has been collected, how much paid out for this medical care program, and how much it is costing the social security system.

A third principle which I have maintained refers to State administration, and a measure of such State participation has also been provided as well as private administration of the Government program.

An opportunity is also given to individuals to select or continue their private insurance plans.

This amendment may be termed the "freedom of choice" amendment. It gives private enterprise a considerable share on a voluntary basis in the health care program, by substantially liberalizing the option to beneficiaries in section 1716 of the bill now before us and by offering a choice of hospital benefit programs which a beneficiary thinks is best suited to his needs.

In addition, this private health insurance protection, which would give the individual much more than the statutory benefits, would actually cost the individual much less than he would otherwise have to pay for such increased protection because the carrier would not be permitted to charge a premium for that part of the health insurance benefit which is reimbursable by the Government.

The amendment introduced by my Republican colleagues strikes out the present section 1716 in the pending amendment and substitutes under the same heading another provision. It adds to the private insurance option for individuals now in the bill, which must contain the same benefits as the statute makes generally available, an alternative preventive care benefit program. This is a truly preventive care option which has as its base the actuarial equivalent of the proposed statutory benefits and is offered to groups, mass enrollment and nonprofit plans; it features 45 days of hospital coverage without any deductible.

This is in addition to other benefits.

I cannot emphasize too strongly the critical importance of what has been accomplished.

Thus the individual has the freedom to choose between continuing his private insurance protection with a choice of benefit programs or the standard proposed statutory benefits program. The private insurance carrier has an unprecedented opportunity to provide as an addition—for a fair premium—a well-rounded preventive care health program. A policy could be written to contain the following as sample benefits, according to reliable estimates:

For a premium of $7.50 a month per person, built upon the basic coverage which will be provided by the bill, there can be added to the basic coverage any number of doctors' visits at home or office, for which the carrier will pay $6 toward the office visit, and $4 toward the home visit.

Also, there will be provided, in addition, diagnostic, X-ray, and laboratory fees on a schedule of items costing from $2 to $50.

Also surgery in or out of the hospital, from $350 on a schedule of items.

Also specialist consultation of $15 to $25.

Madam President, based upon the same estimates, for only $3.30 a month. the carrier could offer on a similar basis:

Out-of-hospital diagnostic services.

Surgery.

Medical care in the hospital.

These extremely generous programs, which have been prepared for me by a health insurance organization, carry out the geriatrics emphasis on preventive care and could thus result in a substantial reduction in the hospital utilization—and subsequent lower cost to the Government—if participated in on a large scale. They preserve the doctor-patient relationship, provide for competition and give private enterprise a tremendous incentive to participate in this vast health care effort. Let no one regard the benefits program I have outlined as the last word. Even it can be improved, and I think that private enterprise has the creativeness to come up with many different kinds of valid benefits that are possible in this context.

Since this bill would go into effect on January 1, 1964, the individual beneficiary must hold his private insurance or group plan for at least 3 months prior to the time he becomes eligible for social security benefits during the first year and quarter after December 31, 1963, or for 1 year after March 1965.

After the individual becomes entitled to social security benefits or reaches age 65, if he is not covered by social security, his private insurance plan would also have to provide all the other statutory health benefits, such as skilled nursing facility, home health services and outpatient hospital diagnostic benefits. If the beneficiary became hospitalized, the Government would reimburse the carriers for the cost of the statutory benefits or the equivalent 45-day hospital plan. The carrier would also be paid for its reasonable administrative costs in connection with the benefits for which it is reimbursed but not over 1½ times the estimated cost of administration to the Federal Government. No premiums or other fees would be charged to beneficiaries in connection with these reimbursable health services.

This amendment thus makes it possible and attractive for private enterprise to take a substantial role in this great nationwide effort. It means, further, that health care insurance is not going the road of socialized medicine, as its critics have charged, nor in fact a road comparable in substance to that pursued in other countries.

The proposal now before the Senate is a distinctly American approach to a problem which all of us recognize. The fact is—and it cannot be repeated too often—that our older citizens need more medical care at a time when their incomes and earning power are too low for them to be able to afford the kind of care they need.

With this amendment in the bill we stand on the threshold of a new era in American health care. It is tremendously gratifying to me that we have reached this point. For many years I have supported a program of health care insurance for the aging, because I believe it is an urgent domestic need which we can no longer delay meeting.

I have contended for the very program, in essence, which the Senator from Massachusetts [Mr. SALTONSTALL] will place before the Senate today. But I have accepted the social security approach to finance this program because I am convinced that that is the way to have the program enacted into law, and also because I believe the American people want to pay for it in this way.

Madam President, this is the essence of my presentation to the Senate. I do not wish to run down any other plan. But I am now convinced that this is the only way in which we will get anywhere. I am also convinced that it is essential if we are to get anywhere, at long last, in this field.

On another occasion I shall argue that two points have been raised with respect to adding the health care program to the public welfare bill. I am particularly aware of the fact that there has been what is tantamount to the most comprehensive inquiry and investigation of this whole subject which it is possible to have in American public life—perhaps not directly in the hearings on the bill, but certainly in what has taken place in this field within the past 3 or 4 years. I have on my desk, by way of physical exhibits—and Senators are welcome to a mimeographed summary of the documents which I have before me—a sample of the hearings, investigations and reports which have taken place within the last 3 or 4 years on the subject of health care for the aged. This subject has been reviewed as few other subjects in American public life have been reviewed. The evidence is all before us.

In addition, the precedents are overwhelming and complete to the effect that the Senate has absolute constitutional policy and power to do precisely what it would be doing if it were to adopt the Anderson amendment.

The other day it was said that I made certain statements in the debate in 1960. I shall quote what was quoted to me in connection with my views. The Senator from Oklahoma [Mr. KERR] quoted me, and I again quote the statement:

> Mr. President, I think the hard nut of the issue is: Do we wish to inaugurate in the social security system what is for all practical purposes a health care scheme? I would not say that it is exactly what the British do, but it is very much like it. The point is that we would for the first time inaugurate a system by which we would have a national responsibility for the health care of the people.

I wish to make it very clear that what has been done by the amendment which is incorporated in the amendment of the Senator from New Mexico [Mr. ANDERSON] is exactly what I hoped to accomplish in 1950. We are no longer inaugurating a British-type system; we are inaugurating an American-type system, because under this system we are opening the whole plan to the winds, to the effect of competition. We are giving the individual a choice which is thoroughly American. We are giving him the choice of being under either a Government administered plan or a privately administered plan. The choice is his. I believe that that proposal definitely negates the principal concern, which I expressed, quite properly, in 1960.

Finally, with respect to the advocates of social security financing, I said at that time:

> I hasten to refute any idea that a social security approach is "un-American." Of course it is not. I only point out that the question of context, of the way in which we live, our national attitudes, is an important consideration in making what is really a fundamental and a very important sociological decision. I wish to emphasize that point. I shall not go to Bermuda, nor will grass grow in the streets, if the Congress decides that way, but I think it would be a profound and important departure from anything we have ever done before, with great sociological implications. I therefore urge my colleagues who are thinking about it, and I know many are, to consider it in those terms as well.

Madam President, because there is universal coverage in the Anderson proposal, because there is a completely open option in respect to the private enterprise system, I urge the Senate today, to consider the plan as a thoroughly American plan, entirely congenial and wise for our institutions, and entirely necessary in the public interest. I pointed out—and I shall do so again—that this is a completely Republican approach, one which should be extremely congenial to Senators on this side of the aisle. It is what we contended for in 1960. Our idea is now incorporated in what has been presented. This can never again be termed a partisan issue. There is now a bipartisan approach, one which does credit to the issue, credit to the elder citizens, and credit to the political processes of the Nation.

I salute my colleagues and friends, the distinguished Senator from New Mexico [Mr. ANDERSON], the distinguished Senator from Kentucky [Mr. COOPER], the distinguished Senator from New York [Mr. KEATING], and the distinguished Senator from California [Mr. KUCHEL], for seeing the direction which this health care program must take.

Mr. KEATING. Madam President, will the Senator yield?

Mr. JAVITS. Madam President, I yield 3 minutes to my colleague from New York.

Mr. KEATING. Madam President, I commend my colleague from New York for all his work in this field, and specifically for the work which he and other Senators have done to help to produce the new amendment.

The amendment which has been offered would provide an even greater opportunity for free enterprise to work hand in hand with Government. The expansion of this free enterprise option will make it much more attractive for group health associations, corporate health plans and private insurance companies to write large numbers of comprehensive health insurance programs for the elderly. If anything, it will increase the number of health care policies held by people over 65. It should also encourage younger people to join good group health plans before they retire, because they will now be guaranteed that this coverage will continue to be available to them at a limited and reasonable cost after they reach age 65.

The five major changes which we have made largely obviate the problem or fear of Federal control. Private companies are encouraged to cooperate. The amendment specifically says that no attempt shall be made to interfere with the traditional free practice of medicine by physicians. State and local control, AMA–AHA certification of hospitals and other related revisions in my mind clearly refute the unfounded charge by those who contend that no material changes have been made. The fact is that this proposal is vastly different from the original King-Anderson bill which we had before us.

The new proposal retains the social security principle of financing. It is true that it has added many important features. It is evidence of the kind of cooperation and progress which is needed in this field if we are to move forward with legislation, rather than try to devise some political issue.

I congratulate not only my distinguished senior colleague from New York, but also the distinguished senior Senator from New Mexico [Mr. ANDERSON], for the time, perseverance, patience, and personal attention which they have so generously devoted to the bill and to the long, careful, and helpful meetings which have been held on the modifications which are now included in it. I sincerely hope the bill will have the support of all Senators.

Mr. JAVITS. Madam President, I yield 4 minutes to the distinguished Senator from Kentucky.

Mr. COOPER. Madam President, I join with the distinguished junior Senator from New York [Mr. KEATING] and other Senators in commending the senior Senator from New York [Mr. JAVITS] for the leadership he has shown in developing amendments to the original proposal of the Senator from New Mexico [Mr. ANDERSON]. I also pay my tribute to the Senator from New Mexico for the willingness he has shown to consider the amendments which have been proposed, and to accept them.

To me, at least, the amendment which we now offer adds great strength to the original amendment offered by the Senator from New Mexico, in which several of us joined as cosponsors. The amendment in which we joined a few days ago provides the option that a person eligible for health insurance benefits may make the decision to rely solely on the benefits provided by payments that can be made under the bill. These benefits are, first, up to 90 days' hospitalization, but with a $20 to $90 charge; second, up to 180 days in a skilled nursing facility; third, up to 240 home visits by a public or private nonprofit home health agency; and, fourth, outpatient hospital diagnostic services, with a $20 charge during any month.

Or, the individual can choose, in place of the means provided by the bill, to subscribe to or continue a private insur-

ance policy, or to join a prepayment group practice plan, which offers medical, surgical, or other benefits in addition to the benefits provided by the Government program—for the Government share of which no premium could be charged.

Under the amendment we have offered today—again developed under the leadership of Senator JAVITS—individuals could also choose group or nonprofit plans providing a 45-day hospitalization benefit with no deductible charge against the individual, for which the Government would reimburse the private plan.

I point out that it has not been claimed that the hospitalization and other benefits provided by the original Anderson amendment can meet the full medical costs of most older persons. Perhaps only 40 to 50 percent of medical cost would be met. The remaining medical costs must be met out of pocket, through private supplemental insurance through Kerr-Mills, by the charity of doctors and through higher charges by hospitals and doctors to those who can pay—or else they will not be met. Our amendment integrates needed private insurance protection with the Government program, and does so in a way that makes it possible for these additional health needs to be met, and in a much better way than the original administration proposal would do.

To those who are concerned about the role of Government in guaranteeing a degree of protection for older persons against the high costs of their medical care, I answer that this bill—with the changes and improvements which have been secured by the Senator from New Mexico [Mr. ANDERSON], together with the leadership of the Senator from New York [Mr. JAVITS] and the cooperation of other Senators—brings into the program all types of private health insurance plans, will permit them to handle needs which they cannot now cover at a cost which older persons can well afford, and provides an opportunity for individuals to secure through private plans a broad range of benefits and a useful choice of benefits.

Madam President, I also address myself to the point referred to by the Senator from New York at the conclusion of his remarks; that is the real question involved in this debate, which revolves around the question of whether we should support a program financed through the social security system. I say frankly that this matter has been on my mind ever since I have been in the Senate. When I first came here, the Senate was then discussing in 1947 and 1948 a health program; and after all these years, I have accepted this method for a health insurance program, as I have accepted it for the existing social security retirement and other benefits. The persons who pay the compulsory payroll deduction are eligible for benefits from the social security trust fund. Under this bill, persons who pay into the health insurance trust fund will receive benefits from the trust fund, through hospitals and other providers of health services.

The real issue we are called upon to decide is whether it is possible to provide for the minimum health needs of persons over 65 in any other way. I do not think so.

And I do not think it is necessary to study statistics in order to reach that conclusion. I only need to travel through my own State and my own county, and to visit people's homes; I do not need any great mass of statistics. I can draw upon my own experience and can use my own eyes. I have come to the conclusion that there is no other possible way to provide for the minimum medical care of the great mass of people over 65 years of age.

The services of doctors, often free in the case of many in need, and the increasing use of private insurance plans—valuable as they are, and they will continue—will not meet the needs of millions who are deprived of the opportunity to obtain the same extent of hospital care and nursing care as those in more fortunate financial circumstances.

I think it proper that these people should have an opportunity to provide for their future care, by payments into the health insurance trust fund of the social security system during their working years. Medical care is important to persons over 65 years of age—and often is as important as housing, food, clothing, and security from dependency, all the purpose of the social security system.

That is my basic reason for supporting the bill.

Madam President, so far as I am concerned, after all these years, I have made up my mind. And I have made my decision on the basis that these human needs should be met.

Mr. JAVITS. Madam President, I yield 2 minutes to the Senator from California [Mr. KUCHEL].

The PRESIDING OFFICER. The Senator from California is recognized for 2 minutes.

Mr. KUCHEL. Madam President, my purpose in rising is to pay a highly deserved tribute to a great American and a great Senator. Some of us on this side of the aisle will not turn our backs on the need of so many people at this time and in the future; and we on this side of the aisle, under the leadership of the Senator from New York [Mr. JAVITS], have had conferences with the Senator from New Mexico [Mr. ANDERSON], in the effort, not to reap partisan advantage, but to solve this problem as Senators and as American citizens.

So I rejoice in the progress which has been made by us under the leadership of the Senator from New York, and I have cooperated fully and will continue to cooperate fully with him; and at the same time I compliment the Senator from New Mexico [Mr. ANDERSON] for the completely unpartisan fashion in which the bill has been improved to the point where it merits approval by the overwhelming majority of Members of the Senate.

Mr. JAVITS. Madam President, I yield myself 1 minute.

The PRESIDING OFFICER. The Senator from New York is recognized for 1 minute.

Mr. JAVITS. Madam President, I ask to have printed in the RECORD, as part of my remarks, a list of the volumes which are available to demonstrate the manner in which this matter has been given the most detailed attention and study by a number of committees in the past few years.

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

Problems of the aging

Number of volumes	Year	Title	Committee
1–13	1961	Hearings: Problems for the Aging	Subcommittee on Federal and State Activities of Special Committee on Aging.
1–3	1961	Hearings: Nursing Homes	Subcommittee on Nursing Homes, Special Committee on Aging.
1–4	1961	Hearings: Retirement Income of Aging	Subcommittee on Retirement Income of Special Committee on Aging.
1–5	1961	Hearings: Housing Problems of Elderly	Subcommittee on Housing for Elderly of Special Committee on Aging.
2–14	1959	Hearings: Aged and Aging in the United States (pt 1 exhausted—summary attached).	Subcommittee on Aged and Aging of Labor and Public Welfare Committee.
1–14	1960	Background Studies Prepared by State Committees for White House Conference.	Do.
1	1959	Hearings: Federal Programs for the Aged and Aging	Do.
1	December 1960	Report: Aging Americans—Their Views and Living Conditions	Do.
1	1960	Study: Condition of American Nursing Homes	Do.
1	1960	Report: Directory of Voluntary Organizations in Field of Aging	Do.
1	1960	Report: Aged in Mental Hospitals	Do.
1	1960	Hearings: Aged and Aging in United States (S. Res. 65). Report: Aged and Aging in United States.	Do.
1	1959	Survey: Major Problems and Solutions in the Field of the Aged and Aging.	Do.
1	1959	Hearings: National Organizations in the Field of Aging	Do.
1	March 1961	Report: Action for the Aged and Aging	Do.
1	July 1959	Hearings: Hospital, Nursing Home and Surgical Benefits for OASI Beneficiaries (H.R. 4700).	House Ways and Means Committee.
1	April 1960	Testimony: Health Needs for the Aged	Subcommittee on Aged and Aging, Labor and Public Welfare Committee.
1	Nov. 1959	Analysis: Rising Costs of Public Education Trends in the Supply and Demand of Medical Care.	Joint Economic Committee.

Mr. JAVITS. Finally, Madam President, I thank my friends and colleagues—and I assure Senators that I am not now indulging in rhetoric—for their trust and their very real and most helpful support. This result could not have been obtained without it. I am most grateful to them. Furthermore—and this is even more important—I believe the people of the United States should be very grateful to them for having achieved, together with me, the very marked advance which we have recorded today.

At this time I yield to the Senator from New Mexico [Mr. ANDERSON].

Mr. ANDERSON. Madam President, I do not wish to use any great amount of the time available to those on this side. I merely wish to announce that I accept the amendment of the Senator from New York, and modify my amendment accordingly.

The PRESIDING OFFICER. The amendment of the Senator from New Mexico will be modified accordingly.

Mr. SALTONSTALL. Madam President, I call up my amendments identified as "7-9-62—N", to House bill 10606. I offer the amendments on behalf of myself, the Senator from Vermont [Mr. AIKEN], the Senator from Pennsylvania [Mr. SCOTT], the Senator from Hawaii [Mr. FONG], the Senator from Delaware [Mr. BOGGS], and the Senator from Vermont [Mr. PROUTY].

The PRESIDING OFFICER. The amendments will be stated.

The LEGISLATIVE CLERK. On page 1, in line 4, it is proposed to strike out "Public Welfare Amendments of 1962" and insert in lieu thereof "Public Welfare and Health Insurance for the Aged Amendments of 1962".

On page 100, line 16, strike out "II" and insert in lieu thereof "III".

On page 100, line 18, strike out "201" and insert in lieu thereof "301".

On page 100, line 23, strike out "202" and insert in lieu thereof "302".

On page 100, between lines 15 and 16, insert the following:

TITLE II—HEALTH INSURANCE FOR THE AGED

SEC. 201. This title may be cited as the "Health Insurance for the Aged Act".

SEC. 202. The Social Security Act is hereby amended by adding after title XVI the following new title:

"TITLE XVII—MEDICAL BENEFITS FOR THE AGED APPROPRIATION

"SEC. 1701. For the purpose of assisting the States to improve the health care of aged individuals of low incomes by enabling them to secure, at cost reasonably related to their incomes, protection either against the expenses of preventive and diagnostic services and short-term illness treatment or against long-term illness expenses, there are hereby authorized to be appropriated for each fiscal year such sums as the Congress may determine. The sums made available under this section shall be used for making payments to States with State plans submitted by them and approved under the title.

"State plans

"SEC. 1702. The Secretary shall approve a State plan under this title which—

"(a) provides for establishment or designation of a single State agency to administer or supervise the administration of the State plan;

"(b) provides that each eligible individual (as defined in section 1705(a)) who applies therefor (and only such such an individual) shall be furnished whichever of the following he may elect:

"(1) preventive, diagnostic, and short-term illness benefits, which, for the purpose of this title, shall consist of payment on behalf of an eligible individual of the cost incurred by him for the following medical services rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1706)—

"(A) inpatient hospital services for not to exceed twenty-one days in any enrollment year, except that at the request of the individual days of skilled nursing-home services may be substituted for any or all of such days of inpatient hospital services at the rate of three days of skilled nursing-home care for one day of inpatient hospital services;

"(B) physicians' services furnished outside of a hospital or skilled nursing home, on not more than twelve days during any enrollment year;

"(C) ambulatory diagnostic laboratory and X-ray services furnished outside of a hospital or skilled nursing home to the extent the cost thereof is not in excess of $100 in any enrollment year;

"(D) organized home health care services for not more than twenty-four days in any enrollment year; and

"(E) such additional medical services as the State may elect (subject to the limitations in clauses (E) (vi) and (vii) of paragraph (2) and to the limitations in section 1708); or

"(2) long-term illness benefits, which, for purposes of this title, shall consist of payment on behalf of an eligible individual of 80 per centum of the cost above the deductible amount incurred by him for the following services (hereinafter in this title referred to as 'medical services') rendered to him to the extent determined by the attending physician to be medically necessary (but subject to the limitations in section 1706)—

"(A) inpatient hospital services for not to exceed one hundred and twenty days in any enrollment year;

"(B) surgical services provided to inpatients in a hospital;

"(C) skilled nursing home services;

"(D) organized home health care services;

"(E) such of the following services as the State may elect (subject to the limitations in section 1708)—

"(i) physicians' services;

"(ii) outpatient hospital services;

"(iii) private duty nursing services;

"(iv) physical restorative services;

"(v) dental treatment;

"(vi) laboratory and X-ray services to the extent the cost thereof is not in excess of $200 in any enrollment year;

"(vii) prescribe drugs to the extent the cost thereof is not in excess of $350 in any enrollment year; and

"(viii) inpatient hospital services in excess of one hundred and twenty days in any enrollment year; or

"(3) private insurance benefits, which, for purposes of this title, shall consist of payment on behalf of such individual of one-half of the premiums of a private health insurance policy for him up to a maximum payment for any year of $60;

"(c) provides for granting an opportunity for a fair hearing before the State agency to any individual whose claim for benefits under the plan has been denied;

"(d) provides for payment of enrollment fees, payable annually or more frequently, as the State may determine by eligible individuals applying for long-term illness benefits or diagnostic and short-term illness benefits under the plan, the amounts of such fees to be determined by a schedule established by the State and approved by the Secretary as providing fees the lowest of which is equal to not less than 10 per centum of the per capita cost for the enrollment year involved of the benefits provided and the remainder of which vary in relation to the come (as defined in section 1705(b)) of the individuals;

"(e) includes provisions for individuals who, for the enrollment year involved, would not be eligible individuals but for the provisions of section 1705(a)(2);

"(f) includes such methods of administration as are found by the Secretary to be necessary for the proper and efficient operation of the plan, including—

"(1) methods relating to the establishment and maintenance of personnel standards on a merit basis, except that the Secretary shall exercise no authority with respect to the selection, tenure of office, or compensation of any individual employed in accordance with such methods;

"(2) methods to assure that the applications of all individuals applying for benefits under the plan will be acted upon with reasonable promptness;

"(3) methods relating to collection of enrollment fees for long-term illness benefits or diagnostic and short-term illness benefits under the plan, except that the State may not utilize the services of any nonpublic agency or organization in the collection of such fees, and

"(4) methods for determining—

"(A) rates of payment for institutional services, and

"(B) schedules of fees or rates of payment for other medical services,

for which expenditures are made under the plan;

"(g) sets forth criteria, not inconsistent with the provisions of this title, for approval by the State agency, for purposes of the plan, of private health insurance policies;

"(h) provides that no benefits will be furnished any individual under the plan with respect to any period with respect to which he is receiving old-age assistance under the State plan approved under section 2, aid to dependent children under the State plan approved under section 402, aid to the blind under the State plan approved under section 1002, aid to the permanently and totally disabled under the State plan approved under section 1402, or aid or assistance under a State plan approved under title XVI (and for purposes of this paragraph an individual shall not be deemed to have received such assistance or aid with respect to any month unless he received such assistance or aid in the form of money payments for such month, or in the form of medical or any other type of remedial care in such month (without regard to when the expenditures in the form of such care were made));

"(i) provides safeguards which restrict the use or disclosure of information concerning applicants for and recipients of benefits under the plan to purposes directly connected with the administration of the plan;

"(j) includes (1) provisions, conforming to regulations of the Secretary, with respect to the time within which individuals desiring benefits under the plan may elect for any enrollment year between the types of benefits available under the plan and may apply for the benefits so elected for such year and (2) to the extent required by regulations of the Secretary, provisions, conforming to such regulations, with respect to the furnishing of benefits described in paragraph (1) or (2) of subsection (b) to eligible individuals during temporary absences from the State;

"(k) provides for establishment or designation of a State authority or authorities which shall be responsible for establishing and maintaining standards for any persons, institutions, and agencies, providing medical services for which expenditures are made under the plan; and

"(1) provides that the State agency will make such reports, in such form and containing such information, as the Secretary may from time to time require, and comply with such provisions as the Secretary may from time to time find necessary to assure the correctness and verification of such reports. Notwithstanding the preceding provisions of this section, the Secretary shall not approve any State plan under this title unless the State has established to his satisfaction that the medical or any other type of remedial care, together with the amounts, if any, included in old-age assistance in the form of money payments on account of their medical needs, for recipients of old-age assistance under the State plan approved under title I will be at least as great in amount, duration, and scope as the diagnostic and short-term illness benefits included under the State plan under this title;

"(m) makes provision (1) authorizing employees' pension or welfare funds to contribute to the payment of enrollment fees under the plan for or on behalf of eligible members or beneficiaries of such funds, (2) authorizing employers (including the State or any political subdivision thereof when acting as an employer) to contribute to the payment of their employees' enrollment fees under the plan, and (3) permitting any employee, or member or beneficiary of an employees' pension or welfare fund, to authorize his employer (including the State or any political subdivision thereof when acting as an employer) or trustee or other governing body of such fund to deduct from his wages or from such fund, as the case may be, an amount equal to his enrollment fees under the plan and to pay the same to the State agency administering the plan.

"Payments

"SEC. 1703. (a) From the sums appropriated therefor, each State which has a plan approved under section 1702 shall be entitled to receive, for each calendar quarter beginning with the quarter commencing July 1, 1963, an amount equal to (1) the Federal share for such State of the total amounts expended during such quarter by the State under the plan as long-term illness, diagnostic and short-term illness, or private insurance benefits, plus (2) one-half of the total of the sums expended during such quarter as found necessary by the Secretary for the proper and efficient administration of the State plan.

"(b) Payment of the amounts due a State under subsection (a) shall be made in advance thereof on the basis of estimates made by the Secretary, with such adjustments as may be necessary on account of overpayments or underpayments during prior quarters; and such payments may be made in such installments as the Secretary may determine. Adjustments under the preceding sentence shall include decreases in estimates equal to the pro rata share to which the United States is equitably entitled, as determined by the Secretary, of the net amount recovered by the State or any political subdivision thereof, with respect to benefits furnished under the State plan, whether as the result of being subrogated to the rights of the recipient of the benefits against another person, or as the result of recovery by the recipient from such other person, or because such benefits were incorrectly furnished, or for any other reason.

"(c) For purposes of subsection (a), (1) expenditures under a State plan in any calendar year shall be included only to the extent they exceed the amount of the enrollment fees collected in such year under the State plan, and (2) expenditures under a State plan for preventive diagnostic and short-term illness benefits or for long-term illness benefits in excess of $128 multiplied by the number of individuals enrolled for benefits under such plan in such year shall not be counted.

"Operation of State plans

"SEC. 1704. If the Secretary, after reasonable notice and opportunity for hearing to the State agency administering or supervising the administration of any State plan which has been approved under section 1702, finds—

"(1) that the plan has been so changed that it no longer complies with the provisions of section 1702; or

"(2) that in the administration of the plan there is a failure to comply substantially with any such provision;

the Secretary shall notify such State agency that further payments will not be made to the State (or, in his discretion, that payments will be limited to parts of the State plan not affected by such failure) until the Secretary is satisfied that there is no longer any such noncompliance. Until he is so satisfied, no further payments shall be made to such State (or payments shall be limited to parts of the State plan not affected by such failure).

"Eligible individuals

"SEC. 1705. (a) For the purposes of this title, the term 'eligible individual' means, with respect to any enrollment year for any individual, an individual who—

"(1)(A) is 65 years of age or over,

"(B) resides in the State at the beginning of such year, and

"(C) meets, with respect to such year, the income requirements of subsection (b); or

"(2)(A) resides in the State at the beginning of such year, (B) was an eligible individual for the preceding enrollment year, and (C) paid enrollment fees under the plan for the preceding enrollment year or had a private health insurance policy and the State made payments under the State plan toward the cost of the premiums of the policy during such year.

"(b) For the purposes of this title, the income requirements of this subsection are met by any individual with respect to any enrollment year if, for his last taxable year (for purposes of the Federal income tax) ending before the beginning of such enrollment year—

"(1) he did not pay any income tax, or

"(2)(A) his income did not exceed $3,000 in the case of an individual who, at the beginning of such enrollment year, was unmarried or was not living with his spouse, or

"(B) the combined income of such individual and his spouse did not exceed $4,500 in the case of an individual who, at the beginning of such enrollment year, was married and living with his spouse.

"(c) The term 'income' as used in subsection (b) means the amount by which the gross income (within the meaning of the Internal Revenue Code of 1954) exceeds the deductions allowable in determining adjusted gross income under section 62 of such Code; except that the following items shall be included (as items of gross income):

"(1) Monthly insurance benefits under title II of this Act,

"(2) Monthly benefits under the Railroad Retirement Acts of 1935 and 1937, and

"(3) Veterans' pensions.

Determinations under this section shall be made (in the manner prescribed by the Secretary by regulations) by or under the supervision of the State agency administering or supervising the administration of the plan approved under section 1702.

"Benefits

"SEC. 1706. Subject to regulations of the Secretary—

"(a)(1) Except as provided in paragraph (2), the term 'medical services' means the following to the extent determined by the physician to be medically necessary:

"(A) Inpatient hospital services;

"(B) Skilled nursing-home services;

"(C) Physicians' services;

"(D) Outpatient hospital services;

"(E) Organized home care services;

"(F) Private duty nursing services;

"(G) Therapeutic services;

"(H) Major dental treatment;

"(I) Laboratory and X-ray services; and

"(J) Prescribed drugs.

"(2) The term 'medical services' does not include—

"(A) services for any individual who is an inmate of a public institution (except as a patient in a medical institution) or any individual who is a patient in an institution for tuberculosis or mental diseases; or

"(B) services for any individual who is a patient in a medical institution as a result of a diagnosis of tuberculosis or psychosis, with respect to any period after the individual has been a patient in such an institution, as a result of such diagnosis, for forty-two days.

"Inpatient Hospital Services

"(3) The term 'inpatient hospital services' means the following items furnished to an inpatient by a hospital:

"(1) Bed and board (at a rate not in excess of the rate for semiprivate accommodations);

"(2) Physicians' services, nursing services, and interns' services; and

"(3) Nursing services, interns' services, laboratory and X-ray services, ambulance service, and other services, drugs, and appliances related to his care and treatment (whether furnished directly by the hospital or, by arrangement, through other persons).

"Surgical Services

"(c) The term 'surgical services' means surgical procedures provided to an inpatient in a hospital, other than those included in the term 'inpatient hospital services', including oral surgery, and surgical procedures provided in an emergency in a doctor's office or by a hospital to an outpatient.

"Skilled Nursing-Home Services

"(d) The term 'skilled nursing-home services' means the following items furnished to an inpatient in a nursing home:

"(1) Skilled nursing care provided by a registered professional nurse or a licensed practical nurse which is prescribed by, or performed under the general direction of, a physician;

"(2) Such medical supervisory services and other services related to such skilled nursing care as are generally provided in nursing homes providing such skilled nursing care; and

"(3) Bed and board in connection with the furnishing of such skilled nursing care.

"Physicians' Services

"(e) The term 'physicians' services' means services provided in the exercise of his profession in any State by a physician licensed in such State; and the term 'physician' includes a physician within the meaning of section 1101(a)(7).

"Outpatient Hospital Services

"(f) The term 'outpatient hospital services' means medical and surgical care furnished by a hospital to an individual as an outpatient.

"Organized Home Health Care Services

"(g) The term 'organized home health care services' means—

"(1) visiting nurse services and physicians' services, and services related thereto, which are prescribed by a physician and are provided in a home through a public or private nonprofit agency operated in accordance with medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern such services; and

"(2) homemaker services of a nonmedical nature which are prescribed by a physician and are provided, through a public or private

nonprofit agency, in the home to a person who is in need of and in receipt of other medical services.

"Private Duty Nursing Services

"(h) The term 'private duty nursing services' means nursing care provided in the home by a registered professional nurse or licensed practical nurse, under the general direction of a physician, to a patient requiring nursing care on a full-time basis, or provided by such a nurse under such direction to a patient in a hospital who requires nursing care on a full-time basis.

"Physical Restorative Services

"(i) The term 'physical restorative services' means services prescribed by a physician for the treatment of disease or injury by physical nonmedical means, including retraining for the loss of speech.

"Dental Treatment

"(j) The term 'dental treatment' means services provided by a dentist, in the exercise of his profession, with respect to a condition of an individual's teeth, oral cavity, or associated parts which has affected, or may affect, his general health. As used in the preceding sentence, the term 'dentist' means a person licensed to practice dentistry or dental surgery in the State where the services are provided.

"Laboratory and X-Ray Services

"(k) The term 'laboratory and X-Ray services' includes only such services prescribed by a physician.

"Prescribed Drugs

"(l) The term 'prescribed drugs' means medicines which are prescribed by a physician.

"Hospital

"(m) The term 'hospital' means a hospital (other than a mental or tuberculosis hospital) which is (1) a Federal hospital, (2) licensed as a hospital by the State in which it is located, or (3) in the case of a State hospital, approved by the licensing agency of the State.

"Nursing Home

"(n) The term 'nursing home' means a nursing home which is licensed as such by the State in which it is located, and which (1) is operated in connection with a hospital or (2) has medical policies established by one or more physicians (who are responsible for supervising the execution of such policies) to govern the skilled nursing care and related medical care and other services which it provides.

"Miscellaneous definitions

"SEC. 1707. For purposes of this title—

"Federal Share

"(a)(1) The 'Federal share' with respect to any State means 100 per centum less that percentage which bears the same ratio to 50 per centum as the per capita income of such State bears to the per capita income of the United States, except that (A) the Federal share shall in no case be less than 35⅓ per centum nor more than 66⅔ per centum, and (B) the Federal share with respect to Puerto Rico, the Virgin Islands, and Guam shall be 66⅔ per centum.

"(2) The Federal share for each State shall be promulgated by the Secretary between July 1 and August 31 of each odd-numbered year, on the basis of the average per capita income of each State and of the United States for the three most recent calendar years for which satisfactory data are available from the Department of Commerce. Such promulgation shall be conclusive for each of the eight quarters in the period beginning July 1 next succeeding such promulgations.

"(3) As used in paragraphs (1) and (2), the term 'United States' means the fifty States and the District of Columbia.

"Deductible Amount

"(b) The 'deductible amount' for any individual for any enrollment year means an amount equal to $175 of expenses for medical services (determined without regard to the limitations in clauses (A) or (E) (vi) or (vii) of section 1702(a)(2)) which are included in the State plan and are incurred in such year by or on behalf of such individual, whether he is married or single, except that, in the case of an individual who is married and living with his spouse at the beginning of his enrollment year, it shall be an amount equal to $300 of expenses for medical services (so determined) incurred in such year by or on behalf of such individual or his spouse for the care or treatment of either of them, but only if application of such $300 amount with respect to such individual and his spouse would result in payment under the plan of a larger share of the cost of their medical services incurred in such year. Subject to the limitations in section 1708, the $175 amount referred to in the preceding sentence may be reduced for any State if such State so elects; and in case of such an election the $300 amount referred to in such sentence shall be proportionately reduced.

"Enrollment Year

"(c) The term 'enrollment year' means, with respect to any individual, a period of twelve consecutive months as designated by the State agency for the purposes of this title in accordance with regulations prescribed by the Secretary. Subject to regulations prescribed by the Secretary, the State plan may permit the extension of an enrollment year in order to avoid hardship.

"Private Health Insurance Policy

"(d) The term 'private health insurance policy' means, with respect to any State, a policy, offered by a private insurance organization licensed to do business in the State, which is approved by the State agency (administering or supervising the administration of the plan approved under section 1702), which is noncancelable except at the request of the insured individual or for failure to pay the premiums when due and which is available to all eligible individuals in the State.

"Cost

"(e) The per capita cost of long-term illness benefits or diagnostic and short-term illness benefits for any year or other period shall be determined by the State, in accordance with regulations of the Secretary, on the basis of estimates and such other data as may be permitted in such regulations.

"Election of medical services to be provided by State

"SEC. 1708. Any election by a State pursuant to the provisions of clause (E) of paragraph (1) or the provisions of paragraph (2) of section 1702(b) or of the second sentence of section 1707(b) shall be valid for purposes of this title for any enrollment year or other period determined by the Secretary only if an election is also made by the State under the other of such provisions so that, in the judgment of the Secretary, the per capita cost of benefits under paragraph (1) of section 1702(b) and the per capita cost of benefits under paragraph (2) of such section for such period after such elections bear the same relationship to each other as the per capita cost of benefits under each such paragraph for such period without such elections bear to each other.

"Advisory Council on Health Insurance

"SEC. 1709. (a) There shall be in the Department of Health, Education, and Welfare an Advisory Council on Medical Benefits for the Aged (hereinafter referred to as the 'Council') to advise the Secretary on matters relating to the general policies and administration of this title. The Secretary shall secure the advice of the Council before prescribing regulations under this title.

"(b) The Council shall consist of the Surgeon General of the Public Health Service and the Commissioner of Social Security, who shall be ex officio members (and one of whom shall from time to time be designated by the Secretary to serve as Chairman), and twelve other persons, not otherwise in the employ of the United States, appointed by the Secretary without regard to the civil service laws. Four of the appointed members shall be selected from among representatives of various State or local government agencies concerned with the provision of health care or insurance against the costs thereof, four from among nongovernmental persons who are concerned with the provision of such care or with such insurance, and four from the general public, including consumers of health care.

"(c) Each member appointed by the Secretary shall hold office for a term of four years, except that (1) any member appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term, and (2) the terms of the members first taking office shall expire as follows: four shall expire two years after the date of the enactment of this title, four shall expire four years after such date, and four shall expire six years after such date, as designated by the Secretary at the time of appointment. None of the appointed members shall be eligible for reappointment within one year after the end of his preceding term.

"(d) Appointed members of the Council, while attending meetings or conferences of the Council, shall receive compensation at a rate fixed by the Secretary but not exceeding $50 a day, and while away from their homes or regular places of business they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by law (5 U.S.C. 73b–2) for persons in the Government service employed intermittently.

"Savings provision

"SEC. 1710. Nothing in this title shall modify obligations assumed by the Federal Government under other laws for the hospital and medical care of veterans or other presently authorized recipients of hospital and medical care under Federal programs.

"Planning grants to States

"SEC. 1711. (a) For the purpose of assisting the States to make plans and initiate administrative arrangements preparatory to participation in the Federal-State program of medical benefits for the aged authorized by title XVII of the Social Security Act, there are hereby authorized to be appropriated for making grants to the States such sums as the Congress may determine.

"(b) A grant under this section to any State shall be made only upon application therefor which is submitted by a State agency designated by the State to carry out the purpose of this section and is approved by the Secretary. No such grant for any State may exceed 50 per centum of the cost of carrying out such purpose in accordance with such application.

"(c) Payment of any grant under this section may be made in advance or by way of reimbursement, and in such installments, as the Secretary may determine. The aggregate amount paid to any State under this section shall not exceed $50,000.

"(d) Appropriations pursuant to this section shall remain available for grants under this section only until the close of June 30, 1964; and any part of such a grant which has been paid to a State prior to the close of June 30, 1964, but has not been used or obligated by such State for carrying out the purpose of this section prior to the close of

such date, shall be returned to the United States.

"(e) As used in this section, the term 'State' includes the District of Columbia, the Commonwealth of Puerto Rico, the Virgin Islands, and Guam.

"Technical amendment

"SEC. 1712. Effective July 1, 1963, section 1101(a)(1) of the Social Security Act (as amended by section 541 of this Act) is amended by striking out 'and XVI' and inserting in lieu thereof 'XVI and XVII'."

Make appropriate changes in the table of contents of the bill.

Mr. SALTONSTALL. Madam President, I ask for the yeas and nays on the question of agreeing to my amendments.

The yeas and nays were ordered.

Mr. SALTONSTALL. Madam President, on behalf of myself and Senators AIKEN, SCOTT, FONG, BOGGS, PROUTY, and COTTON, I have called up the amendment which we offer as a substitute for the Anderson amendments. Except for minor technical changes, this amendment is similar to S. 937 which nine Senators, including myself, joined in cosponsoring last session. The only significant change is that, on the basis of information furnished by the Department of Health, Education, and Welfare, the deductible feature applicable to one of the three options in the bill has been reduced from $250 to $175 for a single person and from $400 to $300 for a couple.

My colleagues and I offer this proposal because we believe it offers the most constructive approach to providing a sound, voluntary medical care program for our older citizens. It would supplement the Kerr-Mills plan which is geared to providing assistance to the medically indigent, by offering a medical program to those aged persons of modest incomes not eligible under Kerr-Mills.

As our older citizens have come to constitute a larger percentage of our population, increasing attention has understandably been devoted to the special problems which confront them. The life span of the American people has increased 20 years since 1900, largely as a result of advances made in the fields of medicine, drugs, and hospital care. The 1960 census reported 16.6 million Americans 65 or over, and it is estimated that by 1970 there will be more than 20 million in that age group.

One reflection of our concern for this segment of our population is the increasing attention which is being given to the difficulties some of these citizens encounter in meeting their medical costs. The sharp increase in longevity has been accompanied by serious budgetary problems for many individuals required to finance those extra years after relinquishing full-time jobs. This financial situation has been aggravated by rising costs of medical care. Hospital costs have tripled in the last 15 years and people over 65 years of age spend, on the average, more than 2½ times as long in the hospital as those under 65. It has been estimated that hospitalization which cost $8 or $9 per day in 1947 has risen to $30 and $35 today. It has become virtually impossible for many of our older citizens to finance the medical treatment they require. The question is not whether such a problem exists, but how it can best be met. We are debating the question of who should receive help in meeting their medical expenses and how this help should be paid for.

The enactment of the Kerr-Mills Act in 1960 provided tangible evidence of congressional interest in helping to relieve some of the financial medical burden of our elderly. It marked a significant step forward and all of us are indebted to the senior Senator from Oklahoma [Mr. KERR], for his leadership in advancing that legislation. Kerr-Mills has been implemented in 24 States, Puerto Rico, Guam, and the Virgin Islands, and is in the process of being approved in 10 other States. As of April 1962, 96,000 persons were participating in the program. Massachusetts was one of the first States to participate in the program and its benefits are among the most liberal. In fact, as of April, Massachusetts, along with three other States, received 90 percent of the total payment issued by the Federal Government under the present law.

Kerr-Mills is helpful legislation. I believe, however, that a further medical assistance program is needed to supplement it, to help persons who, although not meeting the "medically indigent" criteria of Kerr-Mills, possess modest incomes insufficient to enable them to meet their basic medical demands. The amendment presently before us, would, in my estimation, provide such a program.

Like the Eisenhower administration medicare bill, which I sponsored in 1960, this amendment embodies the following essential principles: First, it is a voluntary program and not one based on compulsory social security financing; Second, it involves Federal-State matching and State administration; Third, it offers benefits to meet the specific needs of an aged participant; and, Fourth, it requires some participation on the part of the individual participating in the program.

Our amendment provides 3 optional plans from which participants can select the one they best feel is suited to their individual needs. Total costs of $100 to $128 per person per year would include a modest enrollment fee paid by the individual participant and Federal-State matching based on the per capita income of the State.

OPTIONS

The three options offered to participants would be as follows:

PREVENTIVE CARE PROGRAM

First, a diagnostic and short-term illness plan emphasizing preventive medicine. The minimum program offered under this plan is estimated to cost an average of $100 per person per year and would provide: first, 21 days of hospitalization—or equivalent skilled nursing home services; second, 12 physicians' visits in home or office; third, diagnostic laboratory and X-ray services up to $100; and, fourth, organized home health care services up to 24 days.

States could also expand this preventive plan to include a maximum package which would provide, first, 45 days of hospital care or equivalent nursing home care; second, physicians' services for 12 home or office visits; third, total costs for ambulatory diagnostic laboratory and X-ray services; and, fourth, 135 days of home health care services. It would also include any other type of medical services provided for by the State plan. Aside from the enrollment fees, the Federal and State Governments would contribute to the cost of this maximum program up to a combined total of $128. Any cost in excess of $128 would be borne by the State.

Statistics show that preventive care is needed more by aged persons than long-term hospitalization, which is emphasized in the Anderson proposal and which encourages the overutilization of already heavily burdened hospital facilities. In our opinion, it is desirable to emphasize preventive features in a health program. It is wiser and less costly to seek to keep a man healthy and ambulatory than to wait until he becomes chronically ill.

No deductible is included in this diagnostic and short-term illness plan, although participants would pay an enrollment fee expected to range from $10 to $12.80.

MAJOR ILLNESS PROGRAM

The second alternative is a long-term major illness plan which contains a deductible feature of $175 for an individual or $300 for a couple. The basic plan would provide, following the deductible, 80 percent of the costs of, first, 120 days of hospitalization; second, up to 365 days of nursing home services; third, surgical services provided in a hospital; and, fourth, full home health care services. The minimum program which could be provided here is estimated to cost $100 per person per year.

A State could expand this long-term illness plan to include 80 percent of the following costs after payment of the first $175: First, 180 days of hospital care; second, full nursing home care; third, full home health care services; fourth, surgical services in hospital, office or home; fifth, first $200 laboratory and X-ray services; sixth, first $350 of prescribed drugs; and, seventh, other physicians, major dental and private duty nurse services. Again, the Federal and State Governments would contribute to the cost of this maximum program up to a combined total of $126 per person per year.

This second comprehensive package would benefit an individual or a couple who are worried about a major illness which would hospitalize them for a long period of time. The inclusion of surgery, physicians, major dental and private duty nurse services provides a more attractive long-term plan than the Anderson amendment.

PRIVATE INSURANCE PROGRAM

The third option encourages the purchase of a private insurance plan by enabling the Federal Government and the State to share up to one-half of the cost of an insurance premium purchased by an aged person up to a maximum of $60 per year. The total cost is not limited so that the individual retains a wide choice of plans.

Many insurance firms have been expanding and improving their programs for the aged and should be encouraged to formulate more liberal policies for the elderly at moderate rates. In fact, one salutary result of the continuing discussion of this important subject has been to stimulate private health plan groups to accelerate their efforts to improve and expand their programs.

In Massachusetts, Governor Volpe recently signed into law the Massachusetts-65 program which enables insurance carriers to pool their resources in developing new forms of insurance protection for our senior citizens. Connecticut, New York, and Mississippi have also authorized this type of pooled action. It is also my understanding that Blue Cross-Blue Shield is working on a low-cost medical program for the aged which it may submit next fall.

ELIGIBILITY

Eligible for benefits under our amendment would be all persons aged 65 or over who did not pay a Federal income tax in the preceding year or whose income for Federal tax purposes in the preceding year was $3,000 or less—$4,500 for a couple—and who are not receiving medical care under old-age assistance or other Federal medical assistance program. Under our substitute means test, a person will not have to pauperize himself to receive assistance, yet only those persons who are financially in need can qualify. This is in contrast to the Anderson proposal which allows participation regardless of income or wealth. It is estimated that 12.3 million aged persons would qualify under our program. HEW estimates that, based on 75 percent anticipated participation, the annual cost would be about $1 billion.

ADMINISTRATION

Administration of this program would be vested in the States after the Secretary of Health, Education, and Welfare confirmed that a State plan met the standards set forth in this amendment and approved those provisions for which specific standards are not stipulated. I believe this medical program should be State administered and not federally oriented, because by being closer to the needs of its people, a State is able to tailor its program more effectively to meet the requirement of its senior citizens. In addition, a State-administered program would avoid cumbersome Federal control and extensive regimentation over the plan's services and payments.

FINANCING AND ENROLLMENT FEE

A basic feature of our substitute is that it would be financed out of general revenues—except for the enrollment fees—on a Federal-State matching basis rather than under a compulsory social security system. The Federal share would be based on the per capita income of each participating State but would be no less than 33⅓ percent nor more than 66⅔ percent of the cost in any State. The Federal Government would also pay one-half of a State's administrative costs. In addition, each participant would be required to pay a small enrollment fee—$10 to $12.80 yearly minimum. This enrollment fee would be determined by the State and would be based on a minimum of 10 percent of its average per capita cost of the program. Payment of this fee by employers or under welfare or pension funds is permitted.

To my mind, the question of how the funds are raised to implement a program of health benefits is crucial. I am opposed to the social security method of financing and therefore I am opposed to the Anderson-Javits amendment.

Many improvements have been made in S. 909—the administration bill—as it has been modified by the efforts of a bipartisan group of Senators, of whom the Senator from New Mexico [Mr. ANDERSON] and the Senator from New York [Mr. JAVITS] have been the leaders. All are to be commended for their efforts to strengthen the original measure and for the success they have achieved. The Senator from New Mexico [Mr. ANDERSON] and the Senator from New York [Mr. JAVITS] have worked particularly hard to this end and they deserve recognition for their contribution. Those of us who have joined together in the substitute I am now offering are also glad to acknowledge our heavy debt to the Senator from New York [Mr. JAVITS].

Despite the improvements which were made in the original Anderson bill during the deliberations of the bipartisan group to which I have referred, the bill remains predicated on a feature which I find objectionable: the program is to be financed largely by means of taxes levied on our social security system.

The administration proposal would be financed by increasing the social security tax on employees, employers, and self-employed persons and by raising the tax base from $4,800 to $5,200. Under present law, an employer and employee pay 3⅛ percent or $150 apiece per year in social security taxes. By 1968 this tax will increase to 9¼ percent and will cost employee and employer $222 apiece per year. If the administration proposal is approved, another one-half of 1 percent will be added to the tax and each would be paying $253 in 1968. At the same time, a self-employed person who is now contributing $225 in social security taxes will be paying $331 in 1968. If the administration plan is adopted, he will be paying a total of $379 instead of $331. This is an alarming increase over a span of 6 years in social security taxes. Where will it stop?

Everyone who has worked to come up with a satisfactory plan in this area knows how difficult it is to prevent certain inequities from creeping into any system which can be devised. But it seems to me that a socal security based system of medical care contains a major, glaring injustice. Unquestionably it is a regressive tax. It is not based on ability to pay which is the traditional way in which we have distributed the tax burden but rather places a far greater relative burden on persons with limited incomes. Percentagewise, the worker earning $5,200 would be paying a greater percentage of his gross income in support of the program than would a person earning in excess of this figure. Use of the general revenue approach, on the other hand, means that the costs will eventually be borne by those most able to pay. I firmly believe this is the preferable way of raising the money.

It has been said in debate that citizens seem to prefer a social security based system and that therefore it should be supported. There is increasing evidence that the Nation is having second thoughts about this method of financing. To cite one example, the most recent Gallup poll on the subject notes a rather sharp decline of 7 percentage points since March in support of a social security based system. Among the people most directly involved in the matter—those citizens aged 60 and over—the decline in support was even greater—9 percentage points. The gap is thus rapidly being narrowed.

VOLUNTARY VS. COMPULSORY

I also object to the compulsory health care financing of social security. I much prefer our traditional democratic principles of voluntary participation and free choice. The initiative of our citizens and our Federal, State and local governments has helped make us probably the healthiest Nation in the world today. Our facilities and know-how are unsurpassed and people come from all over the world to take advantage of them. We can continue best to contribute to the greatness of our country by helping resolve the medical needs of our elderly in the true American spirit—putting our shoulders to the wheel and solving this problem through voluntary programs and methods. I submit that the support of the medical profession is likely to be much more enthusiastic in connection with this voluntary participation plan than under a social security based program.

SUMMARY

In summary, our amendment calls for a voluntary program rather than one based on compulsory social security financing. It places the financial burden on those most able to pay rather than establishing a regressive tax which falls most heavily on those income groups least in a position to pay the costs. It provides options so that an individual may select the plan which best meets his needs. It involves Federal-State matching and State administration. It requires some participation on the part of individuals enrolled in the program. I hope it will prevail.

I hope the amendment may be substituted for the Anderson amendments.

I yield 20 minutes to the Senator from Hawaii.

Mr. FONG. Madam President, I commend the distinguished senior Senator from Massachusetts for his very clear, direct, and excellent statement on the substitute amendment, which I am privileged to cosponsor with the distinguished senior Senator from Vermont [Mr. AIKEN], the distinguished junior Senator from Pennsylvania [Mr. SCOTT], the distinguished junior Senator from Delaware [Mr. BOGGS], the distinguished junior Senator from Vermont [Mr. PROUTY], and the distinguished senior Senator from New Hampshire [Mr. COTTON].

Of all the health insurance measures offered in this Congress, I am firmly convinced the best by far is the pending plan.

At the outset, I pay tribute to the senior Senator from New York [Mr. JAVITS], whose yeoman work produced this plan 2 years ago and whose constant endeavors continued to improve it since then. We were proud to join him as cosponsors of the earlier versions. I for one deeply regret we must part company with our colleague, Senator JAVITS, a pioneer in the health insurance field who is now cosponsoring the social security plan of the junior Senator from New Mexico [Mr. ANDERSON].

We thought the Javits plan was best 2 years ago, and we still hold those views.

Our plan offers medical benefits most closely tailored to the special needs of those age 65 and over.

Our plan offers the greatest protection against Federal encroachment upon the practice of medicine.

The cost of our plan is moderate, and the Federal share of costs is widely and fairly distributed among all taxpayers in accord with their taxable income.

Our plan provides for States, rather than the Federal Government, to establish and administer medical plans which must meet minimum benefit requirements.

Our plan permits and encourages continuation of private health insurance plans for those 65 and over who prefer such protection.

Our plan permits freedom of choice—freedom to individuals to select the benefit package which best fits their individual circumstances; freedom to choose their doctor; freedom to choose their hospital; and freedom to participate or not to participate in the program.

Our plan is the only proposal which places the emphasis where it belongs—that is, on preventive care and on medical care, rather than preponderantly on hospital care.

Under the Saltonstall amendment, persons 65 and over of modest income would have three benefit packages to choose from: a preventive, diagnostic, short-term illness plan; a long-term so-called catastrophic-illness plan; and private voluntary insurance.

Covered by our plan would be some 12 million persons 65 or over. These are substantially all the aged persons who may need assistance toward their health care costs.

Persons qualifying for old-age assistance medical care or Kerr-Mills medical care would be covered by existing programs. Of the estimated 17 million persons in the 65-and-over age bracket more than 2½ million are receiving old-age assistance and an estimated 1 million more are eligible for Kerr-Mills medical assistance.

Eligibility provisions of the Saltonstall amendment are very liberal. There is an age requirement of 65 years or over. There is a residence requirement in that a person would be permitted to enroll in a plan under the State in which he had resided at the beginning of the enrollment year.

There is an income requirement which is very liberal and which will avoid a means test for the overwhelming majority of senior citizens.

Any person 65 or over would be eligible who did not pay any Federal income tax for the taxable year immediately preceding the enrollment year. As the junior Senator from New Mexico [Mr. ANDERSON] stated on the floor of the Senate last Friday, "about 80 percent of the aged have no tax liability."

Thus, 80 and perhaps 90 percent of those 65 and over would automatically qualify. It is a very simple matter to verify Federal income tax returns and there would be no need for the administrators of this program to pry into the bank accounts and assets of individuals.

Those elderly persons who have no financial worries do not constitute part of the national problem and since the well-to-do are not part of the national problem, there would be no justification for using Federal funds in their behalf.

Therefore, some ceiling on income for eligibility is necessary and is included, just as old-age assistance contains a means test; just as aid to dependent children requires a means test, aid to the blind, aid to the permanently and totally disabled, low-rent public housing, school lunch program, veterans pensions, and some veterans hospitalization for non-service-connected disability all have means tests. Yet they are not condemned for that. Indeed, this represents a prudent use of the taxpayers money in that it goes to those who most need assistance.

I want to emphasize that the income ceiling test would operate in relatively few instances. More than 80 percent of those persons 65 and over would qualify on the basis of having paid no Federal income tax for the preceding year.

The fact that relatively few investigations would be required to verify eligibility would keep down administrative costs. It would avoid many of the complaints against investigative costs incurred under Kerr-Mills.

The distinguished senior Senator from Massachusetts [Mr. SALTONSTALL] has already described the provisions of our plan. I want to say that I am in complete accord with the excellent exposition of my colleague. He has masterfully stated why we cosponsors feel compelled to offer a substitute for the Anderson-Javits social security plan.

I shall not delay the Senate by repeating terms of the amendment, but ask unanimous consent that a summary of the three options be presented in the RECORD at this point in my remarks.

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

OPTION NO. 1: PREVENTIVE, DIAGNOSTIC, AND SHORT-TERM ILLNESS PLAN

1. Minimum of 21 days hospitalization a year.

2. Three days of nursing home care for each unused hospital day approved by the State.

3. Twenty-four days of home health service per year.

4. Twelve days of surgeons' and physicians' services per year, outside of hospital.

5. Diagnostic, laboratory, and X-ray services up to $100 per year.

6. No deductibility and no coinsurance; this pays for all specified costs beginning with the first dollar of such costs.

7. Permits individual to obtain protection before chronic illness should set in. The individual obtains benefits as soon as needed.

8. Benefits are fully adequate from a medical point of view for the average health care needs of the older citizens in short-term illness cases.

9. By giving priority to preventive care, we help avoid the hazard of overcrowding hospitals and other institutional facilities.

(NOTE.—These are services toward which the Federal Government would render financial assistance; States could enlarge benefits at State cost. Individuals applying for benefits would be required by the States to pay enrollment fee of at least 10 percent of per capita costs of benefits provided.)

OPTION NO. 2: LONG-TERM CATASTROPHIC ILLNESS PLAN

1. Minimum of 120 days per year in hospital.

2. Surgical services to hospital inpatients.

3. Skilled nursing home services 365 days a year.

4. Organized home health care services 365 days a year.

5. Such of the following services as the State may elect to assist up to 80 percent of cost: physicians' services; outpatient hospital services; private duty nursing services; physical restorative services; dental treatment; laboratory and X-ray services up to $200 a year; expensive drugs up to $350 a year.

6. Government pays 80 percent of the cost of above services; individual 20 percent. Deductible of $175 if single; $300 if married, each year, although the State could reduce the deductible amount in the plan it offers.

(NOTE.—These are services toward which the Federal Government would render financial assistance. States could enlarge benefits at State cost. Individuals applying for benefits would be required by the States to pay enrollment fee of at least 10 percent per capita cost of benefits provided.)

OPTION NO. 3: PRIVATE HEALTH INSURANCE

An individual might select a private health insurance policy toward which premiums the Federal Government and the States would share up to one-half, but not more than $60, each year.

Mr. FONG. Madam President, the minimum cost for either the preventive-care package or the catastrophic-illness benefits package is estimated at $100 a year. The Federal Government would be permitted to contribute toward an expanded benefit package up to a total cost of $128 per year. This feature of our health insurance plan would encourage States to expand their benefits beyond the minimum stipulated in the bill.

An example of the maximum package benefits under the preventive care option would be: physicians' services, 12 days office and home; inpatient hospital services, 45 days; unlimited ambulatory, X-ray, and laboratory services; unlimited organized home health care services; skilled and nursing home services, 135 days. States so desiring could, of course, go beyond this, but this is what could be offered if the Federal Government contributed a maximum of $128 toward preventive care services and if the States are willing to go that far.

So, for those who want preventive care and want the costs met starting with the first dollar, without any deductibles or coinsurance, there is a very good plan under this amendment, all for a small enrollment fee.

This preventive care program providing between 21 days hospital care at minimum and 45 days at maximum without any deductible and without any sharing of costs between patient and the Government, meets the real need of the great majority of the elderly. The U.S. Government statistics show that the general average hospital stay is 21 days. Ninety percent stay an average of 14 days, while only 10 percent of the aged hospitalized stay more than 31 days per year in the hospital.

Also, by providing diagnostic and preventive care starting with the first-dollar costs, early care is made available which could preclude long chronic illness stays.

For those who can take care of themselves, unless they run into a bad problem, there is a long-term catastrophic illness plan under which they pay the first $175 of costs in long illness, and 20 percent of the balance of costs, plus a small enrollment fee.

A Federal contribution of $128 toward long-term or catastrophic illness would permit such services as 180 days hospital care; 365 days skilled and nursing home care; 365 days organized home care service; surgical procedures; laboratory and X-ray services up to $200; physicians' services; dental services; prescribed drugs up to $350; private-duty nurses; and physical restorative services.

Every person hospitalized under the Anderson-Javits plan would pay a minimum of $20 up to a maximum of $90 for hospitalization care, plus all surgeons' fees and doctors' fees, plus major medical expenses. If a person decides to have protection against the latter, he would have to buy insurance under some private arrangement and pay premiums accordingly.

The Saltonstall plan more closely approximates the varying needs and varying pocketbooks of those age 65 and older than any other plan before Congress.

The costs of these benefits would be financed by Federal-State matching funds and individual enrollment fees based on a State-determined schedule with the lowest fee not less than 10 percent of per capita cost. The Federal share would be based on per capita income of each participating State, but no less than 33⅓ percent nor more than 66⅔ percent. Federal matching funds would be available to States on programs costing up to $128 per capita. States would be reimbursed for one-half of the administrative costs.

Inasmuch as persons 65 or over who desire health insurance protection would, under the Anderson-Javits bill, which does not provide surgical or doctors' costs or medical care, need to buy insurance covering doctors' fees and major medical expenses, there should be no objection to the very modest yearly enrollment fee requested of individuals under the Saltonstall plan which would be somewhere between $10 and $12.80 a year.

Furthermore, the fact that the elderly individual is contributing in some part toward the costs of the health insurance benefits—and these are very generous benefits—will give him the feeling of entitlement to these benefits, rather than a feeling that he is being given charity.

Much ado has been made about the social security principle under which each covered wage earner contributes toward the benefits he or his family would eventually derive. Because it is a contributory system, it is said, the wage earner's attitude is that he is not a charity case. He is said to believe his contributions build up rights for him to claim at such time as he or his widow or surviving children should qualify for them.

The medical insurance plan I have cosponsored, through its requirement for enrollment fees for participating individuals, also removes our plan from the category of charity. Under our plan the individual also will be buying rights, through the enrollment fee, in much the same way as wage earners do through social security taxes.

The Anderson-Javits plan has no monopoly on the concept of buying rights. The social security system has no monopoly on the concept of buying rights.

As a matter of interest, what will happen to the rights the wage earner bought when he exhausts the admittedly skimpy benefits available to him under the Anderson-Javits plan after he becomes age 65 in event illness strikes?

Somehow, he must provide for payment of doctor bills and surgeon's fees, for private nursing, for expensive drugs, and for all the other major medical expenses. Those costs may be such that he may have to ask for assistance under Kerr-Mills and be subject to the means test and all that.

The so-called rights he bought through years of contributions to the social security health insurance fund may—and I predict will—if the Anderson-Javits bill is enacted and benefits remain the same, prove to be very illusory and temporary and fleeting and not at all satisfactory.

The idea that only the social security contributory system will protect an individual's rights is fallacious. An individual also obtains rights when he pays an enrollment fee as under the Saltonstall plan and when he pays private insurance premium fees.

One of the striking features of the current controversy over medical care for the aged has been the administration's insistence upon financing through social security. Even by so doing, its health insurance plans fall far short of meeting the well-known medical cost needs of those 65 and over. Only from 18 to 30 percent of the average medical costs of the elderly would be covered by the administration-endorsed Anderson-Javits plan.

This is woefully inadequate health insurance for our Nation's senior citizens.

Why then are the benefits not greater? The answer in part is that the costs would be too great and the social security taxes on wage earners and on employers would have to be raised too sharply at one fell swoop.

Since this is the case, why does not the administration agree to finance the costs of a comprehensive medical plan our of general revenues and spread the cost burden among a greater number of our citizens according to their ability to pay?

Why does the administration insist on social security financing even though it hurts the low wage earner the most?

I am advised that 53 percent of the wage earners in America earn less than $5,000 a year. They need every cent for day-to-day living expenses. Why does the administration insist on taking $27.50 from them every year to pay for health insurance for somebody else?

There is another consideration regarding social security financing that is most disturbing. There is grave doubt that the proposed increases of one-fourth of 1 percent on employee and one-fourth of 1 percent on employers, plus raising the amount of taxable wages from $4,800 to $5,200, will yield sufficient revenue to make the administration's medical care program actuarially sound. Is the health insurance trust fund to be in as bad shape as the other social security trust funds? The existing social security fund faces a deficit of $320 billion. This is more than our total national debt incurred mainly in three major wars.

General revenue financing, which is proposed in the Saltonstall plan, spreads the responsibility amoung all the people who are able to pay taxes, in proportion to their ability to pay. The social security approach is practically a sales tax approach. It taxes those at the lowest end of the wage scales—in other words, those least able to pay. Why should only the wage earners pay the cost of health insurance for the aged? If this is a national problem, and it is generally agreed it is, why should not all taxpayers bear the burden?

Social security financing of health insurance for the aged means wage earners under 65 years of age will pay the costs of a medical care program for persons over 65. Meantime, of course, the under-65 wage earner must also pay out of pocket for medical care for himself and his family. Then, when he reaches age 65, he will not receive one cent of his contributions to the health insurance fund unless he becomes ill and is hospitalized. At that, the benefits under the Anderson-Javits social security plan would pay only 18 to 30 percent of average medical costs of the aged. After paying all these years, the wage earner would discover that he would still have to pay 70 to 72 percent of his medical costs after age 65.

Costs under the Saltonstall plan range from an estimated $970 million total for the minimum benefits to $1.190 billion for the maximum, assuming 9 million persons of the 12 million eligible aged participate. Of the $970 million estimated total cost for the minimum benefits, the Federal share would be $420 million. The State share would be $455 million, and enrollment fees of individuals would produce $95 million. Of the $1.190 billion dollar total cost for the maximum benefits, the Federal share would be $520 million; the State share would be $550 million; and enrollment

fees of individuals would produce $120 million.

Estimates of first-year costs of Anderson-Javits range from $1.5 to $2.4 billion, which would require increases in the social security taxes on both wage earners and employers. Individual wage earners would pay the tax and then as consumers along with other consumers would pay more for goods and services produced by employers. The social security tax on employers is a direct cost of doing business and would have to be passed on to consumers in higher prices.

Thus, one of the direct effects of the Anderson-Javits social security increase will be to raise prices of things Americans buy. It will also put American products at a greater competitive disadvantage with foreign producers.

In conclusion, among the advantages of the plan I am cosponsoring with Senator SALTONSTALL, I wish to stress the following:

First, it is voluntary.

Second, it is practical, for it builds upon progress already made by mutual and private insurance organizations.

Third, it is keyed to those of the aged who need financial assistance toward adequate health insurance.

Fourth, it does not put undue strain on the Federal Treasury because it provides for State sharing of the costs and for contributions from individuals.

Fifth, it avoids Federal interference with the practice of medicine. The States would set up their separate programs in accord with the wishes of their citizens and States would have primary supervision over the structure and administration of the program.

Sixth, it places the burden of the Federal cost on all American taxpayers—unlike the Anderson-Javits plan, which puts the burden of costs all on the wage earners and employers.

Seventh, it provides benefits suited to the special health needs of the aged: namely, home, outpatient, and nursing-home care. It recognizes that different individuals have different medical-care needs.

Eighth, it conforms to our traditional American way of caring for health problems. It avoids experimentation in a new approach which is untested and untried and which is fraught with potential dangers to our customary private doctor-patient relationship and to our entire medical and health system, which up to now has made very great progress in the battle against disease and illness.

It is risky to embark upon a program which might discourage young people from entering the medical profession, which demands so many years of study and training. We do not have sufficient numbers of doctors and nurses now, under our present system of nongovernment medicine. A compulsory medical-care system financed under social security might worsen the situation. Why should we take that risk; and, particularly, why take it when there is a better remedy at hand; namely, the measure proposed by the distinguished senior Senator from Massachusetts [Mr. SALTONSTALL]?

Our hospitals are strained to capacity now. Why embark on a program which emphasizes hospital care, and which can only result in greater strain on our hospitals? Especially, why do it when there is a better remedy at hand?

Even the sponsors of the Anderson-Javits plan admit the benefits of their measure do not begin to meet the needs of our elderly people? They why embark on such an inadequate program, which falls so far short of these needs? Our plan is so far superior in terms of benefits to the Anderson-Javits plan that there is no comparison.

If the Anderson-Javits amendment is adopted, many, many elderly persons will be greatly shocked to learn how little of their total medical bills is covered. They will unquestionably have to protect themselves insurance-wise against major medical and surgical costs which are the bulk of the medical-care costs confronted by our aged.

We believe the Anderson-Javits bill is an inadequate bill. It is an experiment fraught with far-reaching and perhaps undesirable consequences for young and old alike.

As my able colleague from Massachusetts said a few moments ago, there is no dispute as to the need for helping our senior citizens obtain adequate protection against the high costs of illness at a time when their incomes may be limited. There is a need which remains unmet today. The dispute arises as to how best to meet that need.

We all recognize that one of the greatest fears of the elderly is that they will be stricken with a costly illness that may wipe out their savings, rendering them destitute and possibly impoverishing their children, as well. It is a matter of uppermost concern to our senior citizens who are not wealthy; and we must respond.

We are also aware of the amazing advances in medicine over the past two decades, which have served all our people of whatever age. Medical research expenditures have multiplied, producing new medicines and drugs which have saved many lives and conquered many diseases. New equipment has been developed to give finer care for those who are stricken. All these improvements have added to the cost of medical care, in hospitals and clinics and in all fields of medicine.

More and more people have sought protection against these rising costs through private insurance, and the benefits and the coverage of these insurance plans have been greatly liberalized, especially over the past 5 years.

Two years ago Congress recognized the high cost of medical care for our elderly by enacting the Kerr-Mills program to provide Federal and State financial assistance to those persons over 65 who are otherwise self-supporting, but cannot meet the costs of medical care. The somewhat stringent means test in that law, however, leaves a gap—a health-protection-for-the-aged gap.

Today we are trying to devise a method to close that gap. Sponsors and supporters of the Saltonstall voluntary health insurance plan, now before us, believe ours is preferable to the Social Security method of closing the health protection gap for senior citizens of America.

Our plan preserves the dignity and the rights of our senior citizens.

Our plan is not disruptive of our American medical system, which is the finest in the world.

Our plan is reasonable in cost, and spreads the cost burden more equitably.

I urge the Senate to adopt this amendment.

Mr. SALTONSTALL. Mr. President, I yield 15 minutes to the Senator from Vermont [Mr. PROUTY].

The PRESIDING OFFICER (Mr. HICKEY in the chair). The Senator from Vermont is recognized for 15 minutes.

Mr. PROUTY. Mr. President, there are now almost 17 million Americans over age 65. More than 44,000 of these citizens are in Vermont. Many of them find it difficult, if not impossible, to obtain adequate medical care, because of inability to pay for it.

As earnings from employment go down, or cease altogether, most persons 65 and over must get along on limited resources. It is sad to note that a very high portion of the aged have incomes which fall far below the threshold of adequacy.

On a nationwide basis, 52.7 percent of our older people receive less than $1,000 a year in cash income; 76.4 percent of our older people have a cash income under $2,000; and 86.4 percent have annual incomes of $3,000 or under.

The median income of aged persons in 1960 was $950. Only 11.8 percent of the men and 1.7 percent of the women received $5,000 or more.

It is one of the tragedies of life that when income is at its lowest level, the incidence of illness is at its highest. The percentage of persons with three or more chronic ailments is more than four times greater for the 65-and-over category than for those below 65. The number of bed disability days a person a year is nearly 100 percent higher for older people than for those for all other age groups.

Added to these unfortunate situations is the fact that the costs of medical care have risen sharply during the past decade. In truth, the percentage rise in the medical-care index was approximately twice that of the overall index.

We have here, then, a problem national in scope and importance. It requires a national solution. It is our responsibility to find one.

The essential question facing the Senate is whether the public interest and the interest of the aged will be better served by the existing law—the Kerr-Mills Act, which perhaps has not been on the statute books long enough to make it possible to determine its efficacy—the Anderson amendment, or the Saltonstall substitute, of which I am a cosponsor.

As each Senator must, I have to ask myself which will do the most for older persons in my State and which program is devised in the most sensible and equitable manner.

The Anderson amendment, because of built-in defects, would do little to provide care for our older citizens in Vermont. The amendment gives the appearance of offering benefits in the way of nursing-home-care services, but the appearance is a mirage. In order for a nursing home to be eligible under the amendment, it would have to be affiliated with a hospital. There are only two—at most three—nursing homes of this type in the entire State of Vermont. The Mary Fletcher Nursing Home has 43 beds, and the Bishop DeGoesbriand Home has 80 beds. Both of these are now operating at approximately 75 percent of capacity.

The Thompson House, which has a tie-in with the Brattleboro Memorial Hospital, has a capacity of 32 beds. It is full at the present time, and there is a waiting list.

The other 189 nursing homes in Vermont would not qualify, even though they provide excellent nursing-home care.

It is only fitting and proper now to ascertain within the limitations I have specified just how much nursing-home care the Anderson amendment would make available to senior citizens in Vermont. We have established the fact that there are only three eligible nursing homes in Vermont. We have also established the fact that the total capacity of the three eligible homes is 155. We have further established the fact that the Brattleboro Thompson House is 100 percent occupied, and that the two Burlington nursing homes have an occupancy rate of approximately 75 percent, or 93 out of 123 beds.

Thus, Mr. President, in the entire State of Vermont, which has 44,000 persons over the age of 65, there are waiting for occupancy only 30 nursing-home beds, and there are eligible for occupancy only 155.

I think it would be well to look at the experience our State government has had to date with nursing-home care. That experience makes it unmistakably clear that the Anderson amendment falls so short of the mark that it would almost be humorous, if human life were not at stake.

I said previously that we have 44,000 persons over the age of 65 in Vermont. Of these, 5,500 are already covered under a State-administered program of nursing-home care for recipients of old-age assistance. Assuming that the health needs of the 38,500 older persons not receiving old-age assistance are similar to those of retired people receiving this assistance, a potential of some 4,000 elderly Vermonters would immediately be eligible for nursing-home care under the Anderson amendment.

So, Mr. President, excluding our old-age-assistance cases, we have about 4,000 older Vermonters who should have nursing-home care now; and the Anderson amendment provides that they can have it at Government expense if they can get in the 155 eligible beds in Vermont or in the 30 eligible nursing-home beds not occupied.

I do not like to play games with the health and happiness of any person, and I think that the Anderson amendment does precisely this with respect to 16 million Americans over age 65. It simply gives them nursing-home care with one hand, and takes it away with the other.

Since the Anderson proposal will be of virtually no help to Vermont in regard to nursing-home care, it is only appropriate to inquire about what it would do in the way of making available hospital care.

We have in the State of Vermont 23 nonprofit general hospitals, with a total of 1,791 beds; and 1 privately operated general hospital, with 24 beds—or a grand total of 24 hospitals and 1,815 beds. In view of the fact that a hospital must, for all practical purposes, be accredited by the Joint Commission on the Accredition of Hospitals, under the terms of the Anderson amendment there would, therefore, automatically be excluded 9 of Vermont's 24 hospitals. So the elderly sick people in many of these communities could expect no help from the Anderson amendment if they went to their local hospital, because the amendment would not pay their institutional room and board bill.

Tragic to say, most of the nine ineligible hospitals are in relatively smaller communities to which elderly rural people look for their hospital services. It has been estimated that among the aged in Vermont, there will be some 2.5 percent hospital confinements a month, or roughly 963 a year. This figure does not include the hospital confinement of persons age 65 and over who are under old-age assistance.

The Anderson amendment would, on the one hand, encourage hospitalization; and, on the other, it would make ineligible for participation 9 out of 24 hospitals and 251 out of 1,815 hospital beds, many of which are in areas of greatest need.

I am not satisfied with this kind of program; and I am sure that thousands of Vermonters will not be, either, when they find that their Government policy is not good at their local hospital.

We have seen, then, Mr. President, that, according to the best data made available to me, only 3 of Vermont's 192 nursing homes would be eligible for participation in the Anderson program, and over one-third of Vermont's hospitals would be ineligible.

I am proud to say that under the Saltonstall amendment, of which I am a cosponsor, all nursing homes and hospitals licensed by the State would be able to help the thousands of elderly citizens of my State who want a good hospital-care program.

To turn to another point, one of my principal objections to the King-Anderson bill was its predominant reliance on inpatient hospital services, rather than on preventive care. Eighty percent of the long-term King-Anderson expenditures were dedicated to such inpatient hospital services. I am even more distressed by the Anderson-Javits amendment, whereby almost 90 percent of its long-term benefit costs would be for hospital services. In the first year, almost 98 percent of the cost would be hospital benefits.

The Saltonstall substitute places the stress where it should be: on preventive care.

If the Federal Government is going to spend a great deal of money, I think it is important that it spend the money to help older people maintain health, instead of simply spending it to cure sickness.

The cooperative-type health plans have demonstrated beyond question that when plans undertake to provide preventive medical care, they succeed in cutting down tremendously hospital utilization. This is important because hospital costs have risen about three times as fast, in the past 30 years, as have medical costs generally; and it is patently clear that the best single way to reduce expenses for medical care is to keep people as healthy as possible and out of hospital beds.

It is very interesting to compare the results achieved by cooperative-type health plans that deal in both medical and hospital services with the results from voluntary plans that simply deal with hospital care.

The facts are absolutely astounding. In 1956, Blue Cross subscribers nationally used an average of 995 days of hospital care per 1,000 persons covered. In Michigan the figure was 1,100 days per 1,000 persons covered. However, members of Group Health Cooperative of Puget Sound used only 562 days of hospitalization per 1,000 members; and at the Group Health Association, of Washington, D.C., the figure was only 546 days. On the average, 10 of each 100 Blue Shield subscribers in New York City are hospitalized each year, compared to only 8 out of 100 subscribers to the direct-service Health Insurance Plan of Greater New York.

In view of these facts, I think it is highly unfortunate that the Anderson amendment places its emphasis on hospital care.

It should be noted, also, that the Saltonstall proposal takes cognizance—but the Anderson one does not—of the fact that the needs of elderly persons vary greatly, according to their health situation, their financial situation, and the availability of institutional facilities. It does this by providing a voluntary plan for medical care for the aged which contains three options, any one of which may be selected by the individual covered. The plan would benefit all persons 65 or over who are not on public assistance and whose income is no more than $3,000 per year, for a single person, or $4,500 per year, for a married couple. It is common knowledge that about 94 percent of persons age 65 and over have a total annual income of less than $5,000. It is within this group that real health-care problems are found. The Rockefellers would not be eligible under the Saltonstall proposal; and why should they be? They would, however, be entitled to help under the Anderson amendment.

Let us look at some of the preventive health services available under the Saltonstall amendment. Under the first option there will be required, as an absolute minimum, program payment for 12

home or office visits with a physician, the first $100 of ambulatory, diagnostic, or X-ray services, and up to 135 days of visiting nurse or other home health care. There is also, under the same option, a minimum hospital and nursing home program; but the first option in the entire Saltonstall approach is one with stress on preventive care, and that will prevent our running the risk of overutilization of hospital and other institutional facilities.

For the individual who is not concerned about the first few dollars of medical-care costs, but who needs to obtain protection against long and serious illness, there is a major medical expense program with a reasonable deductible. This second option provides for an absolute minimum of 120 days of hospitalization, up to a year of full nursing-home service, and all home health-care services. Provision is also made in this option for surgical services up to 80 percent of the cost incurred after the first $250. If the States found it desirable or appropriate, they could reduce the amount of the deductible as they might see fit.

There is still another option which takes into account the sentiments and need of those who wish to choose a private health insurance policy tailored to meet their requirements. Under the third option in the Saltonstall program, an individual could receive 50 percent of his premium expense for a private policy, but the Government contribution would not exceed $60 a year.

We have seen that when a plan does not include preventive health services, hospital utilization jumps tremendously. No one can deny that the Anderson plan will do this; and the most fantastic thing of all is that it will increase utilization at the same time that it makes ineligible great numbers of nursing homes and hospitals.

In contrast, the Saltonstall proposal will take advantage of all hospital and nursing-home facilities recognized as adequate by State law, and will guard against overuse of these facilities, by helping people to stay healthy, rather than by simply curing, their sickness.

Of all the health-care proposals, the Saltonstall measure offers the wisest approach to the health needs of persons over age 65. It builds upon the foundation already laid by nonprofit and commercial insurance organizations. It allows each individual to select the option most in keeping with his own needs. It does not interfere, as the Anderson amendment does, with the standards that have been set by the States for their hospital and nursing homes. It requires cooperation between the Federal Government and the States, and only token contributions from policyholders.

Last of all—although this is one of the most important points of all—it will be financed in the soundest and most equitable manner—out of general revenues which are derived from taxpayers according to their ability to pay.

The medical-care program under the Anderson amendment would accelerate a dangerous trend which is placing a disproportionate tax burden on younger workers and is making more tenuous the relationship of tax contributions to benefits received.

Although few persons stop to think about it, the tax which would support the Anderson program would be steeply regressive. The heaviest tax burden would be placed on those least able to bear it.

In addition, it is inequitable and economically unsound to finance this program, which is national in scope and concern, from a regressive tax imposed only upon a limited segment of the economy—its working men and women.

Within recent years there has been a trend of liberalization of the old-age survivors and disability insurance system which will have the effect of greatly increasing the ratio of taxes paid to benefits received for our younger workers. The Anderson medical-care plan would not only continue this trend, but would aggravate it.

An actuarial study released by the Social Security Administration has estimated that workers over age 20 in 1958—the present members of the system—and their employers will pay, as a class, only about 42 percent—21 percent each—of the value of their benefits. On the other hand, workers who were under age 20—the so-called new entrants—and their employers will pay 169 percent—84.5 percent each—of the value of their benefits. The disparity would be much more marked, of course, if aged workers were compared to the new entrant class. Moreover, these figures do not reflect the liberalizations enacted by the 1958 and 1960 social security amendments.

It should be clearly understood that under the Anderson plan there would be no relationship between the individual's tax payment and the medical benefits he would receive or between his former earning capacity and the benefits he would receive. Moreover, there would be no relationship between the medical benefits received and the individual's need for them. A man could receive full benefits under the Anderson medical program even though he was independently wealthy, and even though he was continuing to work and to earn at his normal rate.

An increase in the regressive social security tax would place an even heavier burden on the low-income family. Such a method of taxation may be justifiable when there is a direct relationship between tax contributions and benefits payable; but it is inappropriate, and often inequitable, when applied to a benefit scheme, such as that presented in the Anderson program.

The Tax Foundation has recently concluded a study, the purpose of which was to determine the relative tax burden borne by families in various income classes. The results confirm what already was obvious: The taxes levied to support social insurance programs are the most regressive class of taxes presently imposed by the Federal, State, or local governments.

In 1958, every family with an income under $2,000 paid over 6 percent of that income to support the Federal Government's "social insurance" programs—principally social security. This is more than twice the rate paid by families with incomes between $8,000 and $10,000, and five times the rate paid by families with incomes of $15,000 or more. A table, prepared by the Tax Foundation, illustrates graphically that these social insurance taxes are far more regressive than the much maligned sales and excise taxes levied by the Federal and State and local governments.

These facts cannot be answered by the assertion that the absolute size of social insurance taxes is small. In 1958 the Federal social insurance levies accounted for almost 40 percent of the total tax burden on families with incomes under $2,000, and more than 20 percent of all the taxes, State, Federal and local, which such families paid. Moreover, the social insurance levies have the effect of unbalancing the whole tax burden, with much higher rates for those with incomes in excess of $15,000. However, the social insurance taxes tipped the scales so that families with incomes of less than $2,000 paid a higher total rate of taxes than that paid by any other class of families, except those with incomes of $15,000 or more.

Furthermore, the number of persons affected is large. In 1957, more than 12 million families and unattached individuals had incomes of $2,000 or less. Three-fourths of those were under age 65.

Moreover, I am not at all sure that all of the American people—including those who are in favor of the new medical-care program—are aware of the tax increases scheduled in the social security law which are necessary to finance the program we already have. We should keep in mind the fact that we are already committed to a 50 percent increase in the social security payroll taxes by 1969, even if we make no further liberalizations. If the Anderson proposal were accepted by Congress, the ultimate tax rate in 1969 would be nearly double the present rate. Right now, an employee making $2,000 a year pays a social security tax of $60. By 1969, he will be paying $90, even if there are no liberalizations. If the Anderson bill became law, that worker would probably be paying close to $110.

On the basis of the facts I have already given, it seems to me that the social security method of financing medical care for the aged would be both inequitable and economically unsound, and cannot be justified on the basis of a return commensurate with the burden.

We have a social security system because there is a great need for it. As a class, the aged have found it difficult or impossible to provide for their security in old age. The object of the social security system is to replace some of the wages lost because of old age, disability, or death. The object is to provide income maintenance for a group which otherwise would have insufficient income to assure a decent and dignified existence. However, the problem of low income is not restricted to persons over 65. Indeed, as I have mentioned, in 1957 about three-fourths of the families and unattached persons with incomes under

$2,000 were composed of younger workers and their families. Under the existing financing arrangement, these younger workers with low incomes are the ones who must bear the heaviest social security tax burden. What sense or equity is there in increasing this burden? What sense does it make to take from one low-income group and give to another? I can see none. These younger workers with low incomes not only bear a disproportionate part of the burden of supporting the aged, but they must also find somewhere the resources with which to feed, clothe, and house their families. Moreover, they must educate their children, of whom there are several million. This must be done from income, which, according to the Bureau of Labor Statistics, would not be sufficient by half to maintain a family of four on an adequate standard of living.

Even if social security financing were not regressive, it would still be objectionable as a means of financing medical care for the aged, because it is imposed only on workers and their employers. Assuring adequate medical care for the aged is an obligation which ought to rest on the whole economy, not just on the workers.

At the present time, the issues of underemployment and national growth are much before the public. I think we should not blind ourselves to the possible adverse effects of steadily increasing social security taxes. When social security was inaugurated, the idea was to provide a basic "floor" of protection. Taxes were to be small, so that the individual would be able to retain at least a part of his freedom to save and invest as he saw fit. If the President's medical care and other proposals are accepted, we shall be heading toward a level equal to about 10 percent of the present taxable payroll, if not more.

A further question is whether steeply increasing social security taxes on employers, who pay about half of the cost, would constitute a barrier to the employment of additional workers. It is worth noting that in Great Britain, a tax similar in effect is levied, with the avowed purpose of discouraging the use of labor manpower. At the present time we are looking for ways to find more jobs, not fewer jobs. But even if we were not now experiencing what is called a recession, we should realize that social security tax rates are intended to be permanent, and that the future may hold similar fluctuations in business activity.

Our society has progressed to the point where we can no longer tolerate a lack of adequate medical care for the senior citizen. We can, and must, find a way to make up for this lack. Likewise, there are in our population other groups who have not had an equal share in the products of our affluent society. Our obligation to these other groups is no less than our obligation to the retired workers.

Even if the Anderson medical-care plan would solve the medical problems of the aged, it would do so at the cost of heaping even heavier burdens on other groups who are in no better economic straits than are the aged. The largest single source of general revenue is the progressive tax on personal income. The progressive income tax places the heaviest burdens on those best able to bear them. It excuses from paying income taxes many of the families with incomes under $2,000 per year, because it is recognized that to reduce their disposable income would be to reduce their ability to purchase the necessities of life. It seems to me that any Federal medical program for the relief of the aged must be financed out of Federal general revenue. Otherwise, we would be creating as many inequities as the ones we would eliminate.

The defenders of a payroll-tax method of financing medical care argue that even with its regressive features, it would be preferable to the general-revenue approach, because it would make the people cost-conscious. I maintain that the effect would be the opposite. The people and the Congress are being misled by talk of prepaid medical insurance and contributions. We have been conditioned to ignore the regressive characteristics, by talk of benefits earned or related in some manner to contributions. It is time that we wake up to the fact that expenditures for a medical-care program under social security would be no different from Government expenditures for any other welfare program, and that they should be evaluated in the same way.

In summary, then, Mr. President, I believe the Saltonstall amendment is far superior to the Anderson program.

The Saltonstall amendment builds upon the progress made by commercial and nonprofit insurers. The Anderson amendment makes only an empty gesture in this direction.

The Saltonstall amendment allows the individual to choose what is best for him from among three options. The Anderson proposal offers basically only one package.

The Saltonstall amendment emphasizes the maintenance of health, as well as the curing of illness; but the Anderson amendment touches only the latter, and does so in an ineffective manner.

The Saltonstall amendment would make full use of the wonderful hospitals and nursing homes we have throughout the country. The Anderson amendment would impose arbitrary standards, and in some States, such as Vermont, would declare ineligible for participation virtually every nursing home in a State.

Last of all, the Saltonstall amendment recognizes the great contributions which our senior citizens have made to this country, and imposes upon all taxpayers, according to their ability to pay, the obligation to provide decent health services. The Anderson amendment keeps the heaviest financial burden upon the low-income and middle-income workers, and lets off virtually scot free the millionaire and multimillionaire class.

For these reasons, I give my wholehearted support to the Saltonstall amendment, which is preferable in almost every way to the Anderson program.

Mr. SALTONSTALL. Mr. President, the Senator from Pennsylvania is on his way to the Chamber and will speak briefly on my side of this question.

If the Senator from New Mexico would like to speak at this time, it may be convenient for him to do so.

Mr. ANDERSON. Mr. President, I shall make a few remarks at this time.

One of the first things to which I want to invite attention to is the statement made by the Senator from Hawaii [Mr. FONG], which I find on page 13 of his prepared text:

> The existing social security fund faces a deficit of $320 billion.

I wish to deal with that question, because I think it would be too bad if over the country there should be that impression when people are paying into the social security fund and wondering if their money is reasonably well managed.

The question has has arisen, Is the social security system sound?

The answer is, "Yes." There are $20 billion in the old age and survivors insurance fund, and $2 billion in the disability fund. The OASI fund is expected to increase very sharply, reaching $79 billion in the year 1980. Under the long-range estimates, it is estimated that by the year 2000 the fund will reach $137 billion.

Social security financing is scrutinized by the Congress and checked by the executive branch of the Government.

The most recent advisory council on social security financing made a review of this question in 1959. It was composed of distinguished economists, private insurance actuaries, bankers, financial counselors and representatives of insurance and labor.

The finding in 1959 was that the "present method of financing the old-age, survivors, and disability insurance program is sound," and "based on the best available cost estimates, that the contribution schedule enacted into law in the last session of Congress makes adequate provisions for financing the program on a sound actuarial basis."

That report was submitted by a very fine group of persons.

In addition, I wish to quote a very interesting comment by Mr. R. A. Hohaus, senior vice president and chief actuary of the Metropolitan Life Insurance Co. He said:

> This financing method has proven sound because Government has been alert to the need for constant vigilance, due to the very nature of social insurance itself and the dynamic character of our society and our economy.

The reports I have given the Senate were interesting, but the Committee on Finance of the Senate, in its report on the social security amendments of 1961, also had some comment on it. By the way, that is Report No. 425, 87th Congress, 1st session:

> It can reasonably be presumed that a social insurance system under Government auspices will continue indefinitely into the future. The test of financial soundness is not then a question of whether there are sufficient funds on hand to pay off all accrued liabilities. Rather the test is whether the expected future income from taxes and from interest on invested assets will be sufficient to meet anticipated expenditures for benefits and administrative costs. The concept of "unfunded accrued liability" does

not have the same significance for a social insurance system as it does for a plan established under private insurance principles, and it is quite proper to count both on receiving contributions from new entrants to the system in the future and on paying benefits to this group.

Finally it said:

The intent that the system be self-supporting (or actuarially sound) can be expressed in law by a contribution schedule that, according to the intermediate cost estimate, results in the system being substantially in balance.

That was signed by a very interesting group of members of the Finance Committee. I submit that their judgment was pretty good.

Mr. President, the distinguished and able Senator from Massachusetts and his colleagues have offered a proposal aimed at the solution of a problem that deeply concerns us all—the problem of the high health care costs of the aged. Under the Senator's proposal the Federal Government would share in the costs of State programs designed to furnish health benefits to aged persons of limited income. The aged person would pay an enrollment fee related to his income and would have a choice of long-term or short-term benefits under a State plan or payment toward an approved health insurance policy.

I respect the sincere concern of the Senator from Massachusetts about the problems aged persons face in paying for needed health care. But I believe Senators should consider carefully whether enacting a program such as that proposed by the Senator would be a realistic solution of the problem. We have on the statute books now the medical assistance legislation of 1960 which bears many similarities to the Senator's proposal. It is, as we know, a generous law. It authorizes the States to establish programs of medical assistance for the aged which could, if the States so desired, provide practically all of the benefits that would be provided under the Senator's proposal. Under this 1960 legislation, the income test that an aged person must meet in order to be eligible for health benefits could be every bit as liberal as in the Senator's proposal.

But Senators know what has happened under this legislation. Only about half of the States have taken the opportunity to establish new programs of medical assistance for the aged, and most of those which have programs in effect sharply restrict the scope of benefits provided. Only three States have plans in operation which meet the Department of Health, Education, and Welfare's definition of a comprehensive medical care program. Moreover, most of the income tests under State medical assistance programs severely limit the number of aged persons who can participate. In some instances the income limits tend to be more rigid than the tests for old-age assistance. Moreover, almost 90 percent of all medical assistance for the aged payments are made in four of the wealthiest States.

The experience under the medical assistance legislation demonstrates, I believe, that a proposal such as the Senator's is inadequate as the primary means of financing costs of health care for the aged. The simple fact is that many States simply do not have available to them the funds required to set up adequate medical assistance programs. They are unable to do so even under existing law where the Federal Government pays 50 to 80 percent of the costs. How then could they be expected to set up still another program such as the Senator proposes under which the Federal share would be only 33⅓ to 66⅔ percent?

I emphasize that I do not oppose the Kerr-Mills legislation. I supported it in committee. I supported it on the floor of the Senate. The Federal-State programs employing income tests or means tests are needed and will be with us for many years. But I believe that basic health insurance for the aged should be furnished through the social security system.

Many persons have said that my amendment is compulsory. All taxes are compulsory, whether people pay income taxes or into the social security system. It is said that financing through general revenues will be easier on the working classes. If the funds come from the general revenues, they would be taken from income taxes, where there is a sliding scale. The people know that, and they still want health insurance under social security in order that they may have these benefits as a matter of right. No amount of talking will persuade them otherwise.

The coverage of physicians' services has been a hot issue in many parts of the world, particularly in Canada at the present time, and it is left out of the Anderson amendment. It is a pretty warm issue. I do not believe the Senate wants to deal with it now. The same benefits provided under the Saltonstall proposal can be provided under the medical assistance for the aged program, and the Federal Government will pay 50 to 80 percent. Why should a State go to this new program when it gets 50 to 80 percent under present law and would get only 33⅓ to 66⅔ under the Senator's proposal?

The Gallup polls have been mentioned. It is an interesting subject.

The results of three Gallup polls dealing with the public's attitude toward financing the health care of the aged have been published since June 1961. In the first poll, respondents were asked if they would favor or oppose a social security tax increase to pay for old-age medical insurance. The results showed 77 percent favored this kind of measure and 26 percent were opposed.

In April and again in June of this year the public's attitude on the subject was surveyed again, but the question was posed in an altogether different manner. The respondents were told that two different "plans" were being discussed in Washington for meeting hospital costs for older persons and then they were asked to express a preference between the two. "One plan," it was stated, "would let each individual decide whether to join Blue Cross or buy some form of voluntary health insurance. The other plan would cover persons on social security and would be paid by increasing the social security tax deducted from paychecks." It is impossible for anyone to determine what this first "voluntary plan" means. Of course, right now aged people can join Blue Cross or buy private insurance, but few can afford the high cost of adequate insurance. But since it was described as a "plan," it suggests that something new will be offered, and since there is no mention of financing, many respondents no doubt jumped to the conclusion that some miraculous health insurance plan had been developed that the elderly could afford without help from Government or increased taxes.

Considering the two alternatives, it is indeed remarkable that such a high proportion voted for social security. In the April and June surveys, 55 and 48 percent, respectively, voted for the social security plan as opposed to 34 and 41 percent, respectively, for the voluntary plan. But since the first alternative was so vague, the results of the two surveys cannot be said to indicate any trend, so far as I can see.

Much of the appeal which the social security program has for Americans is attributable to the fact that benefits are paid regardless of savings, pensions, investments and the like. The success of the program in preventing dependency among the older people, the disabled, and the survivors of deceased workers, is attributable to the fact that the benefits are payable without regard to any other resources that people may have. This approach enables people to supplement their basic protection afforded by the social security program with benefits under employer pension plans and whatever additional protection they can afford. It encourages them to save and to plan for their old age, so that they can expect to live their remaining years with dignity and self-respect.

I could go on at length on this question. I do not intend to do so. I only say that the program being considered is one which we have considered in the past and which has been rejected. I am sure it was rejected with sound judgment on the part of the Senate. I hope it will be rejected again.

Mr. SALTONSTALL. Mr. President, I yield 10 minutes to the Senator from Pennsylvania [Mr. SCOTT].

The PRESIDING OFFICER. The Senator from Pennsylvania [Mr. SCOTT] is recognized for 10 minutes.

Mr. SCOTT. Mr. President, the mythological Procrustes was a tidy man. Believing that his overnight guests should fit exactly into the spare bed in the guestroom, he took it upon himself to tailor the guest accordingly.

Those too short were stretched upon the rack until they were long enough. Those too tall were shortened through the simple expedient of amputating an appropriate length of the offending legs.

Uniformity was thus achieved—not enjoyably for the guest, perhaps. But Procrustes felt that the big thing in life was to find simple solutions.

I have heard the arguments which have accompanied the introduction of

the Anderson and subsequent amendments, from which I have been able to draw two general conclusions:

First, every Senator believes—as I do—that the problem besetting our elder citizens of how to finance the cost of their health care, needs to be solved. We differ in terms of the means we should adopt—not the ends we are seeking.

Second, we drift easily into the error of considering the aged as a homogeneous group, all with just the same sort of problems. Upon consideration, I think we all realize that this is not true: that our older population has not a uniform need for help either in terms of health care or the means with which to pay for it.

Bearing this in mind, let us beware of Procrustean solutions.

Yet, are not the Anderson amendments Procrustean in their approach? I suggest that they are, Mr. President. The able junior Senator from New Mexico proceeds from the mistaken premise that the very fact of having attained an arbitrary age is proof of universal need. He argues that his own proposed package of benefits is suited to the uniform health requirements of better than 17 million people. He suggests that one master plan—a Federal plan—offers the best solution.

I ask my friend if his proposal does not share some of the drawbacks inherent in Procrustes' solution?

The problem of financing adequate health care has concerned me for many years, Mr. President. In fact, I sponsored a National Health Act as an alternative to the Ewing health plan when I was a Member of the House of Representatives. It may interest the Senators to know that this proposal was backed by the senior Senator from New York [Mr. JAVITS] and cosponsored by the Senator from New Jersey [Mr. CASE] and the Senator from Kentucky [Mr. MORTON] who were also Members of the House in 1949; and by former Vice President Nixon, then a House Member.

Our measure rested upon the common conviction that Federal and State resources were required; that membership should be made available in voluntary prepayment plans for everyone, regardless of age or financial condition; and that the beneficiary's income should determine the degree to which Government funds would be used in meeting premium costs. Even then, we believed that the benefits to be provided should be broader than institutional care, flexible enough to fit the individual's particular requirements, and extensive enough to cushion those covered against the shock of catastrophic illness.

It seems to me that these criteria are still valid and should be invoked in our search for the means whereby we can best help the aged meet the costs of their health care.

It is for this reason that I support the Saltonstall amendments.

As the Senators know, the amendments offer three options.

First, there is the basic option—a first-dollar program covering up to 21 days of inpatient hospital services in any one enrollment year; an alternative of skilled nursing home services up to 63 days; 12 home or office visits by a physician; the first $100 of ambulatory diagnostic laboratory and X-ray services; 24 days of organized home health care services; and any additional health or medical services an individual State might elect to provide.

Second, there is an option designed to protect the person whose circumstances are such that first-dollar coverage is of less importance.

Under this phase of the amendments, the individual may elect to subscribe to a plan covering the major portion of a long-term or catastrophic illness. The beneficiary would pay 20 percent of the cost after a deductible of $175 for a single person, or $300 for a couple. In return he would be eligible to receive 120 days of inpatient hospital care; inpatient surgical costs; skilled nursing home services; and any of a number of other services elected by the individual State.

The third option provides that a covered individual over 65 who does not enroll in a State-administered medical plan could receive half of his premium expenses for a private health insurance policy approved by the State, this amount not to exceed $60 a year.

Instead of flatly assuming that every person over 65 is medically indigent, the Saltonstall amendments base eligibility on a realistic but generous income qualification—$3,000 a year or less for an unmarried person, $4,500 a year for a couple.

Instead of imposing a regressive tax on those least able to pay for it—the young, productive worker of modest means—the amendments propose to meet the program's cost through general revenues.

Instead of offering a rigid package of benefits, the amendments provide flexibility in every direction.

Instead of using the insurance companies as disbursing agents, the amendments include an option under which the insurance company would act as the insurer.

Instead of orienting health care to institutions—medically unsound to begin with and certain to cause overuse and wasteful abuse—the Saltonstall amendments contain the necessary alternatives to institutional care.

Instead of federally regulated health care, the amendments would allow the individual States to tailor their programs to fit the problem.

Instead of thrusting aside the Kerr-Mills law as a failure, the amendments would change and supplement the general health laws and give Kerr-Mills a chance to prove it will work if given a fair trial. Presently, some States have been sabotaging the administration of the Kerr-Mills Act, to advance the political push behind the King-Anderson bill.

Further, Mr. President, the Saltonstall amendments do not propose a revolutionary, irreversible plan susceptible to mushroom growth and bureaucratic waste. Not only do they meet the test of fiscal responsibility, but also they would preserve for the States their traditional right to care for their own in the way their experience has proved best.

In summation, I ask the Senators to consider whether or not a more flexible program of benefits could be made available, or whether any other measure seeking to provide health care for the aged includes—as this amendment does—an emphasis on preventive care.

I urge that the Members of this body support the Saltonstall amendments for the reasons I have given and for the reasons advanced by the sponsor of the amendment.

Let us, Mr. President, tailor our legislation to fit the needs of the aged. Let us not, in haste or under the pressures of political expediency, fall into the Procrustean error of distorting the problems of the aged to fit the rigid confines of the administration proposal.

I am for medical care for those who need it. I prefer to support a genuine bill which provides for medical as well as hospital care. The amendments are geared to meet the actual needs of those over 65 years and will not result in a system which heavily taxes all, regardless of need, for hospital services administered less ably and competently than they presently are, by indifferent Government employees, with no personal interest in the problems of the patients.

Mr. President, I yield back the remainder of my time.

Mr. SALTONSTALL. Mr. President, I yield 5 minutes to the Senator from New York [Mr. JAVITS].

The PRESIDING OFFICER. The Senator from New York [Mr. JAVITS] is recognized for 5 minutes.

Mr. JAVITS. Mr. President, it is not often that a Senator takes the floor when amendments are offered, as the amendments are offered, which were his own creation, and finds himself in a different position from the one he was in when the proposal was first developed, as this was, in August of 1961.

I am very grateful to my colleagues for the delicacy with which they have treated me in this connection. I also wish to say to my colleague from Massachusetts especially, and to others who have joined him in this proposal as a substitute, that they have helped to bring us to the pass in which we are now.

They have helped to make a major advance in respect to the proposal which I hope will become a statute on the books. For example, had I not had the necessary support for extending any health care idea to all persons over 65, whether or not on social security, which was represented by the overwhelming vote on the Republican side of the aisle in 1960, I do not believe that, with the best will in the world, the Senator from New Mexico [Mr. ANDERSON] could have swung his legions over to that idea. So already something has been accomplished.

I believe also that the opening of the door in respect of some option to admit the private enterprise system can be very heavily attributable to the kind of solid support which that measure has had on this side of the aisle. So I think that no matter what has happened, a real contribution has been made.

We ought to consider the points with respect to which we are together. First,

we are together on the fact that we want universal coverage. That is being accomplished. Everyone now agrees to that.

Second, we are together on the fact that we want a trust fund. That is being accomplished. Everyone agrees.

Third, we are together on State administration. Everyone agrees to that now.

Fourth, we are together on the question of opening the program to private enterprise to some extent, which we all agree upon. Such a provision will be incorporated in whatever plan may prevail.

Where we have parted company is essentially in the method of financing and in the income test. As to an income test, it represents a compromise with the existence of the Kerr-Mills Act. The Kerr-Mills Act is the fundamental income test measure. I therefore believe it would be incompatible now to have a health plan of any kind, whether it was the measure of the distinguished Senator from Massachusetts [Mr. SALTONSTALL], the measure of the distinguished Senator from New Mexico [Mr. ANDERSON] and myself, or anyone else's, which is constructed on yet another income test.

We have one income test, which is pretty much at the discretion of the States, as the Senator from New Mexico has said. Therefore, I think whatever we now do must be relieved of the idea of an income test. We have been through that subject. We must now be thinking of some other kind of health care legislation. The most critical element is the method of financing.

That point brings me to the only reason I have taken the floor. I am most regrettably compelled to vote against the Saltonstall substitute. I appreciate the many fine arguments made in support of the amendment. Some I have had the privilege of acknowledging myself. I shall be compelled to vote against the amendment for the fundamental reason that I am convinced by the lapse of time that the people who will be paying the bill under the social security tax really want to pay it. That is a fundamental point which I think my colleagues must understand as to my thinking.

I am intellectually convinced with the sixth sense of a politician—I have no proof, no Gallup poll—that people want to pay the tax. They want the dignity and substantiality which payment of the tax would bring for them in the future.

Under those circumstances I think we cannot help but say, "All right; if that is it, then let it be pay as you go."

No matter how we slice the general revenue approach it would take a considerable amount out of the Federal Treasury, whether the plan might be the plan of the Senator from Massachusetts [Mr. SALTONSTALL], which has a minimum price tag of roughly $500 million, or my plan of 1960, which had a minimum price tag of roughly $600 million or $650 million. Those amounts would come out of the general Federal Treasury.

I am convinced that citizens want to pay the tax. I think we ought to let them pay it, especially as the plan would be protected by the options and other provisions which would prevent the plan from becoming a bureaucratic monstrosity.

Finally I say to my dear friends and colleagues that I am convinced that no other measure would pass. There is not a chance that one could pass.

We hear remarks about there not being any chance of the measure becoming law because of the action of the other body. We can worry about that point if we can get the measure through the Senate. We know that if we did not have a social security plan, we would not have the support of the administration. We would not have the support of the powerful voting bloc on the other side of the aisle.

In August of 1960 it was demonstrated that we could not do without that support. We would then have nothing. That is the point at which every Senator, in his own heart and conscience, must make his decision. We can either vote for the best thing we want to vote for and then walk away from the situation and say, "I have done the best I can and that is as far as I can go," or we can bow our heads slightly, which is what I am doing in order to get what I think is the best chance for a law. Representing 17 million people in the State of New York, I believe in good conscience that it is my duty to modify somewhat my views, which I hold sincerely and deeply, to seek a law to provide medical care for people over the age of 65.

Whatever may be the decision of other Senators, which I respect and honor, it is not enough for me to say, "I voted for the best plan I could."

I am sorry if it cannot be done that way. It cannot be done. That is not the prescription for me. In my opinion, the aged need medical care under some system, and the proposed measure is the only way I can see that squares with my conscience to secure the passage of a law on the subject.

Finally, I point out that the proposal is in a pretty good Republican tradition. As I recall, none other than Senator Taft himself came to the same conclusion with respect to Federal aid to education after going through much the same process I have gone through in the past couple of years.

Though Senator Taft has been hailed as "Mr. Republican" with the belief that such a title represents a conservative point of view, I hail him as Senator Taft who had enough courage and wisdom to change his views when it was necessary to achieve a great national objective, which is what I have to do in the present case.

I honor my colleagues, and appreciate greatly the time yielded to me by the Senator from Massachusetts.

Mr. SALTONSTALL. Mr. President, I yield myself 2 minutes in order to summarize.

My substitute amendment for the Anderson amendment would provide a voluntary program rather than one based upon the compulsory social security financing. It would involve Federal-State matching funds and State administration. It would offer benefits to meet more specific needs than what the Anderson substitute provides for an aged participant. It would require some participation on the part of the individual participating in the program.

One point that appeals to me especially is that the plan would provide for appropriations, and would not be based upon social security. Therefore, the Congress could exercise more control over it, since Congress would have the measure before it each year to determine what it should do and how it should carry on. That is highly essential.

Essentially, our substitute amendment would provide greater benefits than the Kerr-Mills plan, which is already law. I believe it would modify the Kerr-Mills bill in helpful ways. I hope that the amendment may be substituted.

Mr. President, I am prepared to yield back the remainder of my time if the Senator from New Mexico is likewise prepared to yield back the remainder of his time.

Mr. ANDERSON. Mr. President, if a quorum call can be arranged, I will yield back the remainder of my time.

Mr. SALTONSTALL. Mr. President, I yield back the remainder of my time.

Mr. ANDERSON. I yield back the remainder of my time.

The PRESIDING OFFICER. All time is yielded back.

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. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

The question is on agreeing to the amendments of the Senator from Massachusetts [Mr. SALTONSTALL] in the nature of a substitute for the amendments of the Senator from New Mexico [Mr. ANDERSON]. 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 New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Mississippi [Mr. EASTLAND], the Senator from Arizona [Mr. HAYDEN], the Senator from Ohio [Mr. LAUSCHE], the Senator from Washington [Mr. MAGNUSON], the Senator from Arkansas [Mr. MCCLELLAN], the Senator from Florida [Mr. SMATHERS], the Senator from Ohio [Mr. YOUNG], and the Senator from Alabama [Mr. SPARKMAN] are absent on official business.

I further announce that the Senator from Arkansas [Mr. FULBRIGHT] is necessarily absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. CHAVEZ], the Senator from Idaho [Mr. CHURCH], the Senator from Washington [Mr. MAGNUSON], and the Senator from Ohio [Mr. YOUNG] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Utah [Mr. BENNETT] and

the Senator from Kansas [Mr. PEARSON] are necessarily absent.

The Senator from Texas [Mr. TOWER] is absent on official business.

The Senator from South Dakota [Mr. BOTTUM] is detained on official business, and his pair has been previously announced.

If present and voting, the Senator from Utah [Mr. BENNETT] would vote "yea."

Mr. KEATING (after having voted in the negative). On this vote I have a pair with the distinguished Senator from South Dakota [Mr. BOTTUM]. If he were present and voting, he would vote "yea." If I were at liberty to vote, I would vote "nay." Therefore I withhold my vote.

The result was announced—yeas 34, nays 50, as follows:

[No. 118 Leg.]

YEAS—34

Aiken	Ervin	Murphy
Allott	Fong	Prouty
Beall	Goldwater	Robertson
Boggs	Hickenlooper	Saltonstall
Bush	Hill	Scott
Butler	Hruska	Smith, Maine
Capehart	Jordan	Thurmond
Carlson	Kerr	Wiley
Cotton	Long, La.	Williams, Del.
Curtis	Miller	Young, N. Dak.
Dirksen	Morton	
Dworshak	Mundt	

NAYS—50

Anderson	Hart	Monroney
Bartlett	Hartke	Morse
Bible	Hickey	Moss
Burdick	Holland	Muskie
Byrd, Va.	Humphrey	Neuberger
Byrd, W. Va.	Jackson	Pastore
Cannon	Javits	Pell
Carroll	Johnston	Proxmire
Case	Kefauver	Randolph
Clark	Kuchel	Russell
Cooper	Long, Mo.	Smith, Mass.
Dodd	Long, Hawaii	Stennis
Douglas	Mansfield	Symington
Ellender	McCarthy	Talmadge
Engle	McGee	Williams, N.J.
Gore	McNamara	Yarborough
Gruening	Metcalf	

NOT VOTING—16

Bennett	Hayden	Smathers
Bottum	Keating	Sparkman
Chavez	Lausche	Tower
Church	Magnuson	Young, Ohio
Eastland	McClellan	
Fulbright	Pearson	

So the amendments of Mr. SALTONSTALL and other Senators, in the nature of a substitute for the Anderson amendments, were rejected.

Mr. MANSFIELD. Mr. President, I move that the Senate reconsider the vote by which the amendments were rejected.

Mr. ANDERSON. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER OF BUSINESS

Mr. DIRKSEN. Mr. President, I should like to inquire of the distinguished majority leader whether this is the final action for the day, what is likely to transpire tomorrow, and what will be the first order of business to be laid before the Senate.

Mr. MANSFIELD. Mr. President, in response to the question asked by the minority leader, let me say that there will be no further votes tonight.

I understand that the distinguished Senator from Connecticut [Mr. BUSH] will offer his amendment in the nature of a substitute, which will be the pending question at the conclusion of morning business tomorrow.

Mr. DIRKSEN. Mr. President, in view of the progress made thus far, I should like to ask the majority leader about the possibility of a Saturday session.

Mr. MANSFIELD. Mr. President, it is not anticipated at this time that there will be a Saturday session. It is hoped, however, that tomorrow other amendments may be disposed of, in addition to the Bush substitute. I do not know whether there will be any rollcall votes tomorrow; but Senators should be prepared, in case there are some.

Mr. DIRKSEN. I should also like to ask the distinguished majority leader whether, if there were a hiatus, the appropriation bill for the Department of Health, Education, and Welfare might be called up before Tuesday, when the Senate will vote on the Anderson amendments.

Mr. MANSFIELD. If there were a long enough hiatus, that would be a possibility for Monday.

Mr. DIRKSEN. But not a real possibility, I assume.

Mr. MANSFIELD. A slight possibility.

ORDER FOR ADJOURNMENT UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate concludes its session tonight, it adjourn until 12 o'clock noon, tomorrow.

The PRESIDING OFFICER. Without objection, it is so ordered.

PUBLIC WELFARE AMENDMENTS OF 1962

The Senate resumed the consideration of 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.

Mr. BUSH. Mr. President, will the Senator from Montana yield, so that I may offer my amendment?

Mr. MANSFIELD. I yield.

Mr. BUSH. Mr. President, I offer my amendment identified as "7-9-62—O," and ask that it be stated.

The legislative clerk read as follows:

On page 1, line 4, of the bill strike out "Public Welfare Amendments of 1962" and insert in lieu thereof "Public Welfare and Health Insurance Amendments of 1962".

On page 100, line 16, of the bill strike out "II" and insert in lieu thereof "III".

On page 100, line 18, of the bill strike out "201" and insert in lieu thereof "301".

On page 100, line 23, of the bill strike out "202" and insert in lieu thereof "302".

On page 100, between lines 15 and 16, of the bill insert the following:

"TITLE II—HEALTH INSURANCE PROTECTION SUPPLEMENT

"Short title

"SEC. 201. This title may be cited as the 'Health Insurance Protection Supplement Act of 1962'.

"Findings and declaration of purpose

"SEC. 202. (a) The Congress hereby finds and declares that (1) the heavy costs of health care in some cases threaten the financial security of aged individuals who are beneficiaries of the insurance system established by title II of the Social Security Act, (2) while an increasing percentage of such individuals can and do qualify and pay for voluntary health care insurance, others cannot afford much insurance, (3) many of such individuals are, accordingly, forced to apply for private or public aid, thereby aggravating the financial difficulties of private and public welfare agencies and the burdens on the general revenues, (4) voluntary health care insurance in its many forms has exhibited an ever-increasing ability to meet the health care needs of those elderly individuals who can afford to pay the premiums therefor, (5) both voluntary health care insurance and the voluntary system of providing health care in the United States should be encouraged and not crippled, (6) Federal and State revenues from income and premium taxes on carriers of such insurance and on the providers of health care should be supported and not diminished, and (7) it is in the interest of the general welfare that financial burdens resulting from health care services required by elderly individuals who are beneficiaries of the insurance system established by title II of the Social Security Act be met by channeling any Federal funds through voluntary mechanisms, leaving to State and local programs (such as the medical assistance for the aged programs established pursuant to title I of the Social Security Act) the responsibility of providing otherwise unmet needs for health care services on the part of individuals not covered by such insurance system.

"(b) Therefore it is the purpose of this title to provide to elderly recipients of benefits under title II of the Social Security Act an additional cash benefit of up to $9 per month for the sole purpose of reimbursing them for expenses incurred by them in paying the premium costs of such voluntary health care insurance as they may desire to subscribe to; to preserve State regulation of insurance as provided by the so-called McCarran Act (Public Law 15, Seventy-ninth Congress, approved March 9, 1945) by properly leaving to the States the control of health care insurance contracts the payment of the premiums of which are reimbursable under the provisions of this title; and to encourage the continued phenomenal development of the unique United States system of voluntary health care and health insurance.

"Amendments to the Social Security Act

"SEC. 203. The Social Security Act is amended by adding after title XVI the following new title:

"'TITLE XVII—HEALTH INSURANCE PROTECTION SUPPLEMENT

"'Definitions

"'SEC. 1701. For purposes of this title—

"'Health Insurance Protection

"'(a) The term "health insurance protection" means an enforceable contract (i) which is with a carrier (as defined in subsection (c)) under which the carrier agrees to provide, pay for, or reimburse the cost of, health care services, and (ii) which is guaranteed renewable or noncancellable and under the terms of which the premium rates cannot be changed with respect to any individual unless such rates are uniformly changed with respect to all other individuals in the same class or category as such individual;

"'Health Care Expense

"'(b) The term "health care expense" means part or all of the cost of any of the items listed in section 6(b) of title I; and

"'Carrier

"'(c) The term "carrier" means a voluntary association, corporation, partnership, or other nongovernmental organization—

"'(1) which is subject to the jurisdiction of the official or agency established by State law for the purpose of regulating and supervising carriers of insurance which offer policies of health care insurance operating within the State, reviewing and approving the form and content of such policies, and examining and approving the reasonableness of the benefits provided thereunder in relation to the amount of the premium charges therefor; and

"'(2) which is lawfully engaged in providing, paying for, or reimbursing the cost of, health care services under individual or group insurance policies or contracts, medical or hospital service agreements, membership or subscription contracts, or similar group arrangements, in consideration of premiums or other periodic charges payable to the carrier, including a health benefits plan duly sponsored or underwritten by an employee organization.

"'Entitlement to benefits

"'SEC. 1702. (a) Every individual who—

"'(1) has attained the age of sixty-five;

"'(2) is entitled to monthly insurance benefits under section 202; and

"'(3) has selected a carrier which has obligated itself to provide health insurance protection to such individual which is guaranteed renewable or noncancellable and under the terms of which the premium rates cannot be changed with respect to any individual unless such rates are uniformly changed with respect to all other individuals in the same class or category as such individual, for a period not less than twelve months in duration, shall be entitled to a health insurance protection supplement for each month for which he is entitled to such benefits under section 202, beginning with the first month with respect to which he meets the conditions specified in paragraphs (1), (2), and (3).

"'(b) For the purposes of this section—

"'(1) a carrier shall be deemed to have obligated itself despite the existence of a contractual power in the carrier to terminate such obligation for fraud, overinsurance, nonpayment of premium, or other reason permitted by the insurance laws of the State wherein such individual resides; and

"'(2) an individual shall be deemed entitled to monthly benefits under such subparagraphs of section 202 for the month in which he died if he would have been entitled to such benefits for such month had he died in the next month.

"'Health insurance protection supplement

"'SEC. 1703. (a) The health insurance protection supplement shall be a monthly sum equal to one-twelfth of the annual cost of health insurance protection in force for or on behalf of an eligible individual, but in no event shall such sum exceed nine dollars per month.

"'(b) The health insurance protection supplement shall be paid monthly by the Secretary to or on behalf of such eligible individual upon certification not less often than once each year of evidence satisfactory to the Secretary that a carrier has obligated itself (as provided in section 1703(a)(3)) with respect to such individual. Certification by a carrier so obligated shall be satisfactory evidence to the Secretary.

"'(c) Upon receipt of an assignment by an eligible individual of his health insurance protection supplement to a carrier, the Secretary shall pay such supplement to such carrier.

"'Overpayment

"'SEC. 1704. In the event health insurance protection for an eligible individual is terminated during a period for which health insurance protection supplement has been paid, the recipient of the supplement shall refund to the Secretary an amount equal to the amount of the premium for such protection which is attributable to that portion of such period which follows the date such protection was terminated. In default of such refund and in the discretion of the Secretary, the provisions of section 204 (relating to overpayments and underpayments) shall apply.

"'Application of certain provisions of title II

"'SEC. 1705. The provisions of sections 206, 208, and 216(j), and of subsections (a), (d), (e), (f), (h), and (i) of section 205, shall also apply with respect to this title to the same extent as they are applicable with respect to title II.

"'Payment of health insurance protection supplement

"'SEC. 1706. (a) Payments of health insurance protection supplement provided under this title shall be made by the Secretary, prior to audit or settlement by the General Accounting Office, from the Federal Old-Age and Survivors Insurance Trust Fund.

"'(b) Notwithstanding any provision to the contrary contained in subsection (a) or (b) of section 201, there is hereby authorized to be appropriated to the Federal Old-Age and Survivors Insurance Trust Fund (in the manner provided in subsection (a) of section 201) an amount equal to 100 per centum of the taxes received and covered into the Treasury by reason of the increase in tax rates provided by section 201 of the Health Insurance Protection Supplement Act of 1962.'

"Technical amendments

"Suspension in Case of Aliens

"SEC. 204. (a) Subsection (t) of section 202 of such Act is amended by adding at the end thereof the following new paragraph:

"'(9) No payments shall be made under title XVII with respect to services furnished to an individual in any month for which the prohibition in paragraph (1) against payment of benefits to him is applicable (or would be if he were entitled to any such benefits).'

"Persons Convicted of Subversive Activities

"(b) So much of subsection (u)(1) of such section as follows subparagraph (B) thereof is amended by (1) inserting '(i)' after 'whether', and (2) by inserting 'and whether such individual is entitled to payment of a health insurance supplement under title XVII,'.

"AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1954

"Changes in tax schedules

"Self-Employment Income Tax

"SEC. 205. (a) Section 1401 of the Internal Revenue Code of 1954 (relating to the rate of tax on self-employment income) is amended to read as follows:

"'SEC. 1401. RATE OF TAX.

"'In addition to other taxes, there shall be imposed for each taxable year, on the self-employment income of every individual, a tax as follows:

"'(1) In the case of any taxable year beginning after December 31, 1961, and before January 1, 1963, the tax shall be equal to 4.7 percent of the amount of the self-employment income for such taxable year;

"'(2) In the case of any taxable year beginning after December 31, 1962, and before January 1, 1966, the tax shall be equal to 5.8 percent of the amount of the self-employment income for such taxable year;

"'(3) In the case of any taxable year beginning after December 31, 1965, and before January 1, 1968, the tax shall be equal to 6.6 percent of the amount of the self-employment income for such taxable year;

"'(4) In the case of any taxable year beginning after December 31, 1967, the tax shall be equal to 7.3 percent of the amount of the self-employment income for such taxable year.'

"Tax on Employees

"(b) Section 3101 of such Code (relating to rate of tax on employees under the Federal Insurance Contributions Act) is amended to read as follows:

"'SEC. 3101. RATE OF TAX.

"'In addition to other taxes, there is hereby imposed on the income of every individual a tax equal to the following percentages of the wages (as defined in section 3121(a)) received by him with respect to employment (as defined in section 3121(b))—

"'(1) with respect to wages received during the calendar year 1962, the rate shall be 3⅛ percent;

"'(2) with respect to wages received during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"'(3) with respect to wages received during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"'(4) with respect to wages received after December 31, 1967, the rate shall be 4⅞ percent.'

"Tax on Employers

"(c) Section 3111 of such Code (relating to rate of tax on employers under the Federal Insurance Contributions Act) is amended to read as follows:

"'SEC. 3111. RATE OF TAX.

"'In addition to other taxes, there is hereby imposed on every employer an excise tax, with respect to having individuals in his employ, equal to the following percentages of the wages (as defined in section 3121(a)) paid by him with respect to employment (as defined in section 3121(b))—

"'(1) with respect to wages paid during the calendar year 1962, the rate shall be 3⅛ percent;

"'(2) with respect to wages paid during the calendar years 1963 to 1965, both inclusive, the rate shall be 3⅞ percent;

"'(3) with respect to wages paid during the calendar years 1966 to 1967, both inclusive, the rate shall be 4⅜ percent; and

"'(4) with respect to wages paid after December 31, 1967, the rate shall be 4⅞ percent.'

"Effective Dates

"(d) The amendment made by subsection (a) shall apply with respect to taxable years beginning after December 31, 1962. The amendments made by subsections (b) and (c) shall apply with respect to remuneration paid after December 31, 1962.

"Railroad retirement amendments

"Health Insurance Protection Supplement Under the Railroad Retirement Act

"SEC. 206. (a) The Railroad Retirement Act of 1937 is amended by adding after section 20 of such Act the following new section:

"'Health insurance protection supplement

"'SEC. 21. (a) For the purposes of this section, and subject to the conditions hereinafter provided, the Board shall have the same authority to determine the rights of individuals described in subsection (b) of this section to have payments made on their behalf for health insurance protection supplement within the meaning of title XVII of the Social Security Act as the Secretary of Health, Education, and Welfare has under such title XVII with respect to individuals to whom such title applies. The rights of individuals described in subsection (b) of this section to have payment made on their behalf for health insurance protection supplement shall be the same as those of individuals to whom title XVII of the Social Security Act applies and this section shall be administered by the Board as if the provisions of such title XVII were applicable, references to the Secretary of Health, Education, and Welfare were to the Board,

references to the Federal Old-Age and Survivors Insurance Trust Fund were to the Railroad Retirement Account, and references to the United States or a State included Canada or a subdivision thereof.

"'(b) Except as otherwise provided in this section, every individual who—

"'(A) has attained age sixty-five, and

"'(B) (i) is entitled to an annuity, or (ii) would be entitled to an annuity had he ceased compensated service, and, in the case of a spouse, had each spouse's husband or wife ceased compensated service, or (iii) had been awarded a pension under section 6, or (iv) bears a relationship to an employee which by reason of section 3(e), has been, or would be, taken into account in calculating the amount of an annuity of such employee or his survivor,

shall be entitled to have payment made for health insurance protection supplement referred to in subsection (a), and in accordance with the provisions of such subsection. The payments for health insurance protection supplement herein provided for shall be made from the Railroad Retirement Account (in accordance with, and subject to, the conditions applicable under section 10 (b) in making payment of other benefits) to or on his behalf to the individual entitled thereto, or, upon assignment by any such person, to the carrier providing such health insurance protection.

"'(c) No individual shall be entitled to have payment made for health insurance protection under both this section and title XVII of the Social Security Act. In any case in which an individual would, but for the preceding sentence, be entitled to have payment made for health insurance protection under both this section and title XVII of the Social Security Act, payment for such protection shall be made in accordance with procedures established jointly by the Secretary of Health, Education, and Welfare, and the Board for the purpose of minimizing duplication of requests for payment of such protection under both this section and title XVII of the Social Security Act, and preventing any duplication of such payment.

"'(d) A request for payment for health insurance protection supplement filed under this section shall be deemed to be a request for payment for such supplement filed as of the same time under title XVII of the Social Security Act, and a request for payment for health insurance protection filed under such title shall be deemed to be a request for payment for such supplement filed as of the same time under this section.

"'(e) The Board and the Secretary of Health, Education, and Welfare shall furnish each other with such information, records, and documents as may be considered necessary to the administration of this section or title XVII of the Social Security Act.'

"Amendment Preserving Relationship Between Railroad Retirement and Old-Age, Survivors, Disability, and Health Insurance Systems

"(b) Section 1(q) of such Act is amended by striking out '1960' and inserting in lieu thereof '1962'.

"Amendments to Railroad Retirement Tax Act

"Tax on Employees

"SEC. 207. (a) Section 3201 of the Railroad Retirement Tax Act is amended by striking out ': *Provided*' and inserting in lieu thereof the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 205(b) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*'.

"Tax on Employee Representatives

"(b) Section 3211 of the Railroad Retirement Tax Act is amended by striking ': *Provided*' and inserting in lieu thereof the following: '. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3101 of the Federal Insurance Contributions Act are increased with respect to wages by section 205(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by twice the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3101 are so increased with respect to wages: *Provided*'.

"Tax on Employers

"(c) Section 3221(a) of the Railroad Retirement Tax Act is amended by striking out '$400; except that if', and inserting in lieu thereof the following: '$400. With respect to compensation paid for services rendered after the date with respect to which the rates of taxes imposed by section 3111 of the Federal Insurance Contributions Act are increased with respect to wages by section 205(c) of the Health Insurance Protection Supplement Act of 1962, the rates of tax imposed by this section shall be increased, with respect only to compensation paid for services rendered before January 1, 1965, by the number of percentage points (including fractional points) that the rates of taxes imposed by such section 3111 are so increased with respect to wages. If'.

"Amend the tables of contents of the bill so as to strike out the matter describing the contents of title II of the bill and inserting in lieu thereof the following:

"'TITLE II—HEALTH INSURANCE PROTECTION SUPPLEMENT

"'Sec. 201. Short title.
"'Sec. 202. Findings and declaration of purpose.
"'Sec. 203. Amendments to the Social Security Act adding a new title XVII to such Act to provide for a health insurance protection supplement.
"'Sec. 1701. Definitions.
"'(a) Health insurance protection.
"'(b) Health care expense.
"'(c) Carrier.
"'Sec. 1702. Entitlement to benefits.
"'Sec. 1703. Health insurance protection supplement.
"'Sec. 1704. Overpayment.
"'Sec. 1705. Application of certain provisions of title II.
"'Sec. 1706. Payment of health insurance protection supplement.
"'Sec. 204. Technical amendments.
"'(a) Suspension in case of aliens.
"'(b) Persons convicted of subversive activities.
"'Sec. 205. Amendments to the Internal Revenue Code of 1954.
"'(a) Self-employment income tax.
"'(b) Tax on employees.
"'(c) Tax on employers.
"'(d) Effective dates.
"'Sec. 206. Railroad retirement amendments.
"'(a) Health insurance protection supplement under the Railroad Retirement Act.
"'(b) Amendment preserving relationship between railroad retirement and old-age, survivors, and disability insurance systems.
"'Sec. 207. Amendments to Railroad Retirement Tax Act.
"'(a) Tax on employees.
"'(b) Tax on employee representatives.
"'(c) Tax on employers.

"'TITLE III—GENERAL

"'Sec. 301. Meaning of term "Secretary".
"'Sec. 302. Effective dates.'"

Mr. HRUSKA. Mr. President——

Mr. MANSFIELD. I yield to the Senator from Nebraska.

Mr. HRUSKA. I thank the Senator from Montana for yielding to me.

Mr. President, I am deeply disturbed and somewhat amazed by the position in which the Senate of the United States finds itself today. Never in my experience in this deliberative body have I found so many, who should believe in deliberate and careful solutions of the problems facing our Nation, so bent on hasty and uninformed action. Actually, it frightens me when I think of what could happen, not only here today, on this particular measure, but in terms of the precedent that it could set for future legislation.

Just what is the situation, and why am I deeply disturbed? First, revenue-raising legislation including the social security programs and amendments thereto must originate in the House of Representatives. At the present time the appropriate House committee has under active consideration proposals to provide medical care for the aged. The Senate Finance Committee in its wisdom earlier this year rejected an attempt to consider such proposals prior to action by the Ways and Means Committee. Thus, we are faced with a situation in which certain Members of the body are proposing to circumvent the orderly and tested procedure of the Congress of the United States. They propose to circumvent the House Ways and Means Committee, the House of Representatives, and the Senate Finance Committee, and offer a measure which has not been considered by any regularly constituted committee of either House of Congress.

I pose this simple question: Who knows what is contained in detail in the wording of this 75-page amendment? Certainly there are many questions which I should like to ask of specialists in the medical field, the hospital field, the insurance field, and other related fields, as to the meanings of certain words and phrases as applied to this particular legislation. Have the sponsors of this amendment constituted themselves an ad hoc committee of the Senate to consider such legislation? If so, I think we should be furnished with reports of their conversations and inquiries with experts whom they certainly should have consulted in proposing this legislation. Any regular committee would have done so. Certainly, if the regular course had been followed, we would today have had both printed hearings and a carefully written report before us, to assist us in making a wise and sound decision. These elements are sadly lacking.

But let us go one step further. Let us assume that the Senate departs from its usual depth of wisdom, and acts favorably upon this amendment. Is it con-

ceivable that the other House would act as blindly, without any further information than what we have today?

But should even this happen and should this many-headed monster become law, to what could the administrator of its many parts turn, to determine the intent of the legislative body? Neither hearings nor reports would be available, and the only expert testimony would be the utterances of uninformed Members of this body during the debate now in progress.

Abhorrent as it is to circumvent well-established procedure, there is one other element which I believe should give pause to those who would support H.R. 10606. This measure, contrary to the amendment which is being offered to it, was thoroughly discussed and reported by the Ways and Means Committee and debated by the House of Representatives; and hearings were held by the Senate Finance Committee, and the bill was reported to the Senate. A number of important changes in the basic welfare statutes are involved. To saddle such a well-considered bill with a totally ill-considered amendment could be disastrous to H.R. 10606. The technique of attempting to saddle a well-thought-out piece of legislation in the public interest with an amendment highly controversial in nature, ill-considered by the Congress, and not directly related to the principal measure, should now, and always, be avoided, if a sound legislative process is to survive.

Mr. President, I ask unanimous consent that there be printed in the RECORD at this point a well-reasoned editorial from the July 4 issue of the Lincoln, Nebr., Journal.

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

[From the Lincoln Evening Journal and Nebraska State Journal, July 4, 1962]

NO IMPROVEMENT IN MEDICAL CARE BILL

A group of U.S. Senators from both parties has wrapped a new cover around the much-disputed program for medical aid to the aged. But it still is the same merchandise with the same defects.

The new compromise version of the plan makes little change of any significance. It would give a recipient the choice of having his hospital bills paid directly from social security funds or taking social security funds to pay for his own private health insurance plan. It also would extend hospital benefits from social security to persons not covered by social security and who have not contributed to it.

Still retained in the Senate compromise are two of the most objectionable features of the original bill:

Use of the social security approach to pay for medical care.

Extension of Federal funds for medical payments to all persons over 65, regardless of need.

The idea of using social security for medical benefits is dangerous, discriminatory, and a violation of accepted Federal tax concepts.

Advocates of this avenue might, first of all, heed the advice of President Roosevelt when the social security program was established in 1935. He warned Congress against "extravagant action" and said that if the program were "too ambitious" its whole future would be endangered.

Already the social security tax is taking 3⅛ percent of most workers' paychecks up to a maximum of $4,800 a year. Even without adding medical benefits, the rate is scheduled to go to 4½ percent, about a 50-percent increase, by 1969. Medical benefits from social security not only would increase the rate by one-fourth percent but would raise to $5,200 the maximum on which it is paid. This would add $25.50 a year in social security taxes.

Surely this is passing the danger point of making the social security program "too ambitious," even for Franklin Roosevelt.

Placing medical benefits under social security would mean that young workers particularly would be paying higher and higher taxes for years to pay the medical costs of older persons. Any worker who died before reaching age 65 presumably would lose the investment he had made for his medical protection in old age.

These features are clearly discriminatory.

Inherently, the social security tax bears heaviest on the lower-income groups. Because the tax applies only on income up to $4,800 a year (or $5,200 if medical benefits are added), any earnings above these figures are not subject to social security taxation.

By adding a little sugar coating, the Senate should not try to force the Nation to swallow such a toxin as this.

CONSIDERATION OF CERTAIN MEASURES REPORTED FROM COMMITTEE ON RULES AND ADMINISTRATION

Mr. MANSFIELD. Mr. President, at this time I desire to call up certain measures now on the calendar, to which there is no objection, and which have been cleared on both sides with the interested Members. They have been favorably reported from the Committee on Rules and Administration. I ask unanimous consent that in each instance, with the exception of the first one, there may be printed at the proper point in the RECORD pertinent parts of the reports relative to the respective measures.

The PRESIDING OFFICER. Without objection, it is so ordered.

INCREASED LIMIT OF EXPENDITURES FOR THE COMMITTEE ON FINANCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1663, Senate Resolution 350.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 350) increasing the limit of expenditures for the Committee on Finance was considered and agreed to, as follows:

Resolved, That the Committee on Finance hereby is authorized to expend from the contingent fund of the Senate, during the Eighty-seventh Congress, $12,000, in addition to the amount, and for the same purposes, specified in section 134(a) of the Legislative Reorganization Act, approved August 2, 1946.

INCREASED LIMIT OF EXPENDITURES FOR COMMITTEE ON GOVERNMENT OPERATIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1664, Senate Resolution 357.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 357) increasing the limit of expenditures by the Committee on Government Operations under Senate Resolution 250, 87th Congress, was considered, and agreed to, 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" on page 5, line 19, and inserting in lieu thereof the amount "$500,000".

The excerpt submitted by Mr. MANSFIELD from the report (No. 1705) is as follows:

Pursuant to Senate Resolution 250, agreed to February 7, 1962, the Committee on Government Operations was authorized to expend not to exceed $400,000 from February 1, 1962, through January 31, 1963, for the continued operation of its Permanent Subcommittee on Investigations. Senate Resolution 357 would authorize the expenditure of an additional $100,000 for that purpose.

Justification for the expenditure of the additional funds is expressed in a letter to Senator MIKE MANSFIELD, chairman of the Committee on Rules and Administration, from Senator JOHN L. MCCLELLAN, chairman of the Committee on Government Operations, which letter (with accompanying budget) is as follows:

U.S. SENATE,
COMMITTEE ON
GOVERNMENT OPERATIONS,
June 29, 1962.

Hon. MIKE MANSFIELD,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

MY DEAR SENATOR: This letter supplements and explains Senate Resolution 357, 87th Congress, 2d session, which was introduced in the Senate, June 28, 1962. This resolution seeks additional funds for the continued operation of the Permanent Subcommittee on Investigations for the period from February 1, 1962, through January 31, 1963. This resolution has been considered and unanimously approved by the Senate Committee on Government Operations.

At the time of the appearance of the chairman before your committee earlier this year it was anticipated that a budget of $400,000 would be sufficient for the subcommittee to operate effectively. The chairman said at that time that it was possible that unforeseen developments might arise requiring greater expenditures than were contemplated at that time. Such circumstances have, in fact, come about and have greatly increased the workload of the subcommittee.

Since the appearance of the chairman before your committee the Permanent Subcommittee on Investigations has concluded hearings on two major investigations. The first of these dealt with the excessive profit realized by firms engaged by Government agencies responsible for the research and production of missiles. In addition to extensive travel by staff members during the preliminary inquiry there were 14 days of hearings held during which the subcommittee heard testimony from approximately 60 witnesses. Many of these witnesses came from distant points which increased the travel expenses paid to them.

The second of the major hearings dealt with the American Guild of Variety Artists, with particular emphasis on the degree to which this labor organization actually protected its own members when it had a clear duty to do so. In addition to the travel by

members of the staff essential to the assembly of the material, it was necessary to bring many witnesses from distant points for testimony here. The hearings on this subject lasted for 9 days during which time the subcommittee heard testimony from 56 witnesses.

The subject matter which really makes it necessary to exceed the original budget, however, is the current investigation being conducted into the operations of the Department of Agriculture and the relationship of the Department to Billie Sol Estes. This is an extremely complex and demanding inquiry. In order to assemble the material necessary to make an orderly presentation of the facts, it has been necessary to augment our regular staff. Approximately 50 staff members are presently working on this case. About 40 of these are additional staff members who have been attached to the committee on a temporary basis. Accordingly our expenses have been far in excess of the budget we anticipated last January. It is estimated that the expenses of our first series of hearings alone will be approximately as follows:

Salaries	$42,257.35
Recording proceeding	3,000.00
Travel and per diem, investigators	25,000.00
Witness fees and travel	20,000.00
Office supplies and postage	1,500.00
Documents and miscellaneous	2,000.00
Telephone and telegraph	10,000.00
Total	103,757.35

I am attaching a proposed budget which includes and supersedes the budget submitted by the subcommittee to your committee in January of this year. As I have stated hereinbefore, this proposed budget calls for a total availability of funds of $500,000 for the year. This is taking into account the fact that of the funds made available under Senate Resolution 250, $279,730.18 remain unexpended; however, a considerable amount of this amount is already committed for expenses incurred during May and June.

In the coming months the subcommittee faces the task not only of completing the complicated Agriculture Department-Billie Sol Estes case, but also has other subject matter which should receive attention. It will not be possible to accomplish this with the $400,000 made available by Senate Resolution 250, passed on February 7, 1962. Accordingly, it is requested that an additional $100,000 be made available to the subcommittee bringing the total available for the year from February 1, 1962, through January 31, 1963, from $400,000 to a total of $500,000.

Sincerely yours,

JOHN L. MCCLELLAN,
Chairman.

INVESTIGATION OF JUVENILE DELINQUENCY

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1665, Senate Resolution 358.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 358) to increase the amount of funds for the investigation of juvenile delinquency was considered and agreed to, 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".

The excerpt submitted by Mr. MANSFIELD from the report (No. 1706) is as follows:

Pursuant to Senate Resolution 265, agreed to February 7, 1962, the Committee on the Judiciary was authorized from February 1, 1962, through January 31, 1963, to expend not to exceed $178,000 for an investigation of juvenile delinquency in the United States. Senate Resolution 358 would authorize the expenditure of an additional $20,000 for that purpose.

Justification for the additional expenditure is expressed in a letter from Senator THOMAS J. DODD, chairman of the Subcommittee To Investigate Juvenile Delinquency, transmitted to Senator MIKE MANSFIELD, chairman of the Committee on Rules and Administration, by Senator JAMES O. EASTLAND, chairman of the Committee on the Judiciary, which letters (with accompanying budget) are as follows:

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
July 6, 1962.

Re Senate Resolution 358.

Hon. MIKE MANSFIELD,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Enclosed herewith are copies of the budget to accompany Senate Resolution 358 which was approved by the Committee on the Judiciary at its meeting on June 28, 1962. The additional $20,000 is required to carry on the investigation of juvenile delinquency.

The letter setting forth in detail the program of the subcommittee from the chairman, the Honorable THOMAS J. DODD, is enclosed for the information of the Committee on Rules and Administration and for consideration at its forthcoming meeting.

Sincerely,

JAMES O. EASTLAND,
Chairman.

U.S. SENATE,
COMMITTEE ON THE JUDICIARY,
SUBCOMMITTEE TO INVESTIGATE
JUVENILE DELINQUENCY,
June 13, 1962.

Hon. JAMES O. EASTLAND,
Chairman, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: A copy of a resolution to increase by $20,000 the money for the work of the Juvenile Delinquency Subcommittee for this year is attached to this letter together with a copy of a budget to show how these additional funds would be spent.

The three major investigations being conducted by the subcommittee have developed into wider studies than originally anticipated.

Our probe of the television industry, which was started during the 1st session of the 87th Congress, has been continued this year. Although we are presently in the concluding stages of this study, there is still much work remaining in analyzing the testimony and the many documents connected with this hearing. In order to do a competent and thorough job, it will be necessary to retain the services of a consultant who is expert in the field of the television medium and its effect on children. This investigation has received widespread support from all parts of the country. We have received thousands of letters from people in all walks of life, from parents to corporation presidents and even television broadcasters, who feel the investigation was necessary and is having a beneficial effect. I believe that the mass of evidence we have obtained can be most helpful in determining what can be done about the crime, violence, brutality, and improper sex on our television screens.

We are also working on the problem of the illegal traffic in narcotics and teenage drug addiction. Hearings were held during the month of May, and we hope to schedule further hearings on this longstanding and difficult problem. As one of the primary sources of the deadly narcotic drugs appears to be the Republic of Mexico, much of our investigative work has been in or near that country in an effort to establish the points of origin and methods of transporting and distributing heroin. Witnesses have been called from the west coast and other border areas as they have firsthand information on this traffic which I am sure will be helpful. As our investigation developed, we obtained information which necessitated the calling of persons we had not originally scheduled as witnesses. For these reasons, this study is proving to be more costly than we had anticipated.

Another study which has involved staff travel to the west coast is the mail-order traffic in firearms. Many of the distributors of these items have headquarters in that area of the country. We have had a number of conferences with agencies and individuals concerned with this traffic in the hope that a legislative proposal could be worked out that would be realistic and have the full support of all groups concerned with the sale and distribution of hand guns. We believe that we have been able to accomplish this, and if such legislation, which would keep these lethal weapons out of the hands of the juvenile, the mentally unbalanced, and the criminally inclined, were enacted it would be a real contribution to the safety of the community. As the offending firms are on the west coast, the majority of witnesses will be from that area which will in turn raise the cost of our proposed hearing on this subject.

I hope that you will agree that these projects should be properly completed and will introduce this resolution as soon as it is feasible.

Sincerely,

THOMAS J. DODD,
Chairman.

ADDITIONAL FUNDS FOR INVESTIGATION OF MIGRATORY LABOR

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1666, Senate Resolution 360.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 360) authorizing additional funds for an investigation of migratory labor was considered, and agreed to, as follows:

Resolved, That section 4 of S. Res. 273, Eighty-seventh Congress, second session, authorizing an investigation of migratory labor, agreed to February 7, 1962, is amended by striking out "$50,000" and inserting in lieu thereof "$70,000".

The excerpt submitted by Mr. MANSFIELD from the report (No. 1707) is as follows:

Pursuant to Senate Resolution 273, agreed to February 7, 1962, the Committee on Labor and Public Welfare was authorized from February 1, 1962, through January 31, 1963, to expend not to exceed $50,000 for a study of migratory labor. Senate Resolution 360 would authorize an additional $20,000 for that purpose.

Justification for the additional expenditures is expressed in a memorandum to Senator MIKE MANSFIELD, chairman of the Committee on Rules and Administration, from Senator HARRISON A. WILLIAMS, JR., chairman of the Subcommittee on Migratory

Labor of the Committee on Labor and Public Welfare, which memorandum (with accompanying revised budget) is as follows:

U.S. SENATE,
COMMITTEE ON LABOR
AND PUBLIC WELFARE,
SUBCOMMITTEE ON MIGRATORY LABOR,
July 9, 1962.

MEMORANDUM

To: The Honorable MIKE MANSFIELD, chairman, Committee on Rules and Administration.

From: Senator HARRISON A. WILLIAMS, JR., chairman, Subcommittee on Migratory Labor.

Re Senate Resolution 360 (87th Cong., 2d sess.) amending Senate Resolution 273, authorizing a comprehensive study of migratory labor.

The Committee on Labor and Public Welfare has unanimously approved Senate Resolution 360, which amends Senate Resolution 273, 87th Congress, 2d session, so as to authorize an expenditure of $70,000 for the conduct of the activities of its Subcommittee on Migratory Labor, in lieu of $50,000 authorized in the original Senate Resolution 273. The effect of Senate Resolution 360 is to provide an additional $20,000 which is necessary to carry out the work of the Subcommittee on Migratory Labor through the remainder of its period of authorized activities. The background on and need for Senate Resolution 360 now follow.

On February 7, 1962, the Senate approved Senate Resolution 273 authorizing an expenditure of funds not to exceed $50,000 by the Committee on Labor and Public Welfare, or any duly authorized subcommittee thereof, from February 1, 1962, through January 31, 1963, to examine, investigate, and make a complete study of any and all matters pertaining to migratory labor.

Pursuant to this resolution, the Subcommittee on Migratory Labor has undertaken an extensive study of the many critical problems that confront the farm employer and the migratory farmworker.

Expenditures of the subcommittee for the period beginning February 1, 1962, through June 30, 1962, amount to $26,554.68. Based upon anticipated cost factors, future monthly expenditures are estimated at $6,200, or a total of $43,000 for the remainder of the subcommittee's authorized period of activity; thus there would be an estimated total expenditure of $70,000 for the subcommittee's work during the entire period of its authorized activities, that is February 1, 1962, through January 31, 1963.

Inasmuch as $50,000 has previously been provided for subcommittee expenditures, it is estimated that an additional $20,000 is necessary for the subcommittee to carry out its duties and responsibilities as established by Senate Resolution 273.

The need for additional funds results primarily from the increasing complexity of the migratory labor problem itself, making necessary a commensurate expansion of subcommittee activities which were unforeseen during the preparation of the budget for Senate Resolution 273. Typical of the conditions which have required expanded subcommittee activities are the following:

1. It was earlier anticipated that a major portion of the pertinent information concerning migratory labor could be obtained without the necessity of making additional field trips to the site of farming operations, to labor camps and to related facilities providing health and safety protection, sanitation or transportation for migratory workers. This expectation was reasonable in view of the extensive field trip activities and research, undertaken by the subcommittee during 1960 and the information obtained therefrom. Despite such activities in 1960, however, the subcommittee's overall workload required additional legal research and field work. The subcommittee has accordingly made supplementary field trips and has undertaken expanded legal analysis of such matters as housing, transportation, sanitation, and other critical problems facing the farm employer and the migratory farmworker.

2. Of the several legislative measures under consideration by the subcommittee, S. 1129, because of its scope and complexity, has required more legal research and analysis than was originally anticipated. The import and long-range implications of this legislative measure for farm employers and migratory farmworkers alike required the subcommittee to make numerous firsthand observation trips and to engage in extensive consultations with farm employers concerned with the legislation.

3. Because of these and other work conditions, travel requirements have been somewhat greater than estimated. The demands of the work also made it essential to employ one additional professional and clerical assistant, whose services were not anticipated at the beginning of the session. In this regard it is noteworthy that the subcommittee's expanded activities, taking into account the addition of one professional and one clerical assistant, have resulted in an estimated expenditure for personnel as follows: Approximately $15,000 for majority professional staff; approximately $14,000 for minority staff; and approximately $26,000 for supporting clerical and research assistants.

For the foregoing reasons the subcommittee most respectfully requests that the Committee on Rules and Administration approve Senate Resolution 360, and submits the attached revised budget relative thereto.

HARRISON A. WILLIAMS, JR.

NONDIPLOMATIC ACTIVITIES OF FOREIGN GOVERNMENTS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar 1667, Senate Resolution 362.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 362) to study the nondiplomatic activities of foreign governments was considered, and agreed to, as follows:

Resolved, That the Committee on Foreign Relations, or any duly authorized subcommittee thereof, is authorized under sections 134 and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdiction specified by rule XXV of the Standing Rules of the Senate, to conduct a full and complete study of all nondiplomatic activities of representatives of foreign governments, and their contractors and agents, in promoting the interests of those governments, and the extent to which such representatives attempt to influence the policies of the United States and affect the national interest.

SEC. 2. For the purposes of this resolution the committee is authorized (1) to make such expenditures; (2) to hold such hearings, to sit and act at such times and places during the sessions, recesses, and adjourned periods of the Senate; (3) to require by subpena or otherwise the attendance of such witnesses and the production of such correspondence, books, papers, and documents; (4) to take such testimony; (5) to employ, upon a temporary basis, such technical, clerical, and other assistants and consultants; and (6) with the prior consent of the heads of the departments or agencies concerned, and the Committee on Rules and Administration, to utilize the reimbursable services, information, facilities, and personnel of any of the departments or agencies of the Government as it deems advisable.

SEC. 3. The expenses of the committee under this resolution, which shall not exceed $50,000 for the period ending January 31, 1963, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

SEC. 4. The committee shall complete its study by June 30, 1963, but it shall submit to the Senate not later than January 31, 1963, such results of the study herein authorized together with such recommendations as may be found to be appropriate.

The excerpt submitted by Mr. MANSFIELD from the report (No. 1708) is as follows:

Senate Resolution 362 would authorize the Committee on Foreign Relations, or any duly authorized subcommittee thereof, to expend not to exceed $50,000 from the date of enactment of the resolution through January 31, 1963, "to conduct a full and complete study of all nondiplomatic activities of representatives of foreign governments and their contractors and agents, in promoting the interests of those governments, and the extent to which such representatives attempt to influence the policies of the United States and affect the national interest."

Additional information relative to the purposes of the proposed inquiry is contained in the report of the Committee on Foreign Relations to accompany Senate Resolution 362 (S. Rept. 1679, 87th Cong.) and in a letter to Senator MIKE MANSFIELD, chairman of the Committee on Rules and Administration, from Senator J. W. FULBRIGHT, chairman of the Committee on Foreign Relations, which letter (and accompanying budget) is as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C.

Hon. MIKE MANSFIELD,
U.S. Senate, Washington, D.C.

DEAR SENATOR: There has been referred to the Committee on Rules and Administration Senate Resolution 362, to authorize a study of nondiplomatic activities of representatives of foreign governments by the Committee on Foreign Relations. This resolution was reported to the Senate July 9, 1962.

Briefly, the resolution authorizes the expenditure of $50,000 by the Committee on Foreign Relations within the period ending January 31, 1963, to study the nondiplomatic activities of representatives of foreign governments, their contractors and agents and the extent to which such representatives, contractors, and agents attempt to influence the policies of the United States and affect the national interest. This study, which informally began more than 3 months ago, stemmed from growing concern of committee members over the increasing use by foreign governments of nondiplomatic means to influence the conduct of U.S. foreign policy. The committee expects to file its final report by June 30, 1963. It will, however, file an interim report not later than January 31, 1963, containing such results and recommendations as may at that time be appropriate.

The complete background of the committee's study under this resolution is described in Senate Report 1679, which is enclosed. The report also contains the committee's proposed budget for the requested $50,000.

I hope the Committee on Rules and Administration will give this resolution favorable consideration at your next meeting in order that the Senate can thereafter give it early consideration.

Sincerely yours,

J. W. FULBRIGHT.

SUBCOMMITTEE ON INTERGOVERNMENTAL RELATIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 1675, Senate Resolution 359.

The PRESIDING OFFICER. Is there objection?

There being no objection, the resolution (S. Res. 359) authorizing the creation of a Subcommittee on Intergovernmental Relations was considered and agreed to, as follows:

Resolved, That the Committee on Government Operations, or any duly authorized subcommittee thereof, is authorized under sections 134(a) and 136 of the Legislative Reorganization Act of 1946, as amended, and in accordance with its jurisdictions specified by subsection 1(g)(2)(D) of rule XXV of the Standing Rules of the Senate, to examine, investigate, and make a complete study of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86-380, approved by the President on September 24, 1959.

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

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

SEC. 4. Expenses of the committee, under this resolution, which shall not exceed $40,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee.

The title was amended so as to read: "Resolution authorizing a study of intergovernmental relationships between the United States and the States and municipalities."

The excerpt submitted by Mr. MANSFIELD from the report (No. 1716) is as follows:

This resolution would authorize the Committee on Government Operations, or any duly authorized subcommittee thereof, from the date of enactment of the resolution through January 31, 1963, to expend not to exceed $40,000 "to examine, investigate, and make a complete study of intergovernmental relationships between the United States and the States and municipalities, including an evaluation of studies, reports, and recommendations made thereon and submitted to the Congress by the Advisory Commission on Intergovernmental Relations pursuant to the provisions of Public Law 86-380, approved by the President on September 24, 1959."

The amendment adopted by the Committee on Rules and Administration, pro forma in nature, would amend the title more properly to reflect the purpose of the resolution.

The purposes of the contemplated inquiry are more fully expressed in a letter to Senator MIKE MANSFIELD, chairman of the Committee on Rules and Administration, from Senator EDMUND S. MUSKIE, chairman of the Subcommittee on Intergovernmental Relations of the Committee on Government Operations, which letter (with accompanying budget) is as follows:

U.S. SENATE,
Washington, D.C., July 9, 1962.

HON. MIKE MANSFIELD,
Chairman, Committee on Rules and Administration, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: I am enclosing a copy of Senate Resolution 359, authorizing the creation of a Subcommittee on Intergovernmental Relations which I reported from the Committee on Government Operations on June 29, 1962. The resolution has the unanimous approval of the Committee on Government Operations.

The Government Operations Committee has become increasingly aware of the complexity of the problems affecting the relations between the Federal, State, and local governments. Three members of the committee—Senator ERVIN, Senator MUNDT, and I, are members of the Advisory Commission on Intergovernmental Relations. From time to time, the Government Operations Committee has been assigned legislation related to the problems of intergovernmental relations, some of which has been developed in the Advisory Commission.

We have proposed the establishment of a permanent Subcommittee on Intergovernmental Relations because we believe that such a subcommittee could make a fruitful contribution in the area of intergovernmental relations by offering solutions to specific problems and illuminating general problems affecting all levels of government and their relationships.

Since its establishment in 1959 as a permanent organization, the Advisory Commission on Intergovernmental Relations has made remarkable progress. Its 10 reports have been treated with great respect, and 3 of its 11 recommendations for congressional action have been adopted. It is clear that, as the Commission gains momentum, it will provide more legislative recommendations for the consideration of Congress. Some of its present proposals are pending before the Government Operations Committee and we may anticipate that more will be referred to the committee in the future.

In the last 3 years, because of the workload in other subcommittees of the Government Operations Committee, special subcommittees have been set up to conduct hearings on legislation involving intergovernmental relations. We believe that the need and the growing responsibility for action in the intergovernmental relations field can best be served by the establishment of a new permanent subcommittee with a small, competent staff. Such a subcommittee would not trespass on the responsibilities of other subcommittees. The proposed budget for the remainder of this Congress would total $40,000. I am submitting with this statement a copy of the proposed budget.

The proposed subcommittee would be in a position to develop more adequate information on the problems of intergovernmental relations, would be able to hold hearings, to which Advisory Commission recommendations and other legislative suggestions would be given appropriate consideration, and would give interested parties from all parts of the country an opportunity to comment on proposals in the intergovernmental relations field.

There are bills now pending before the Government Operations Committee which could be referred appropriately to a Subcommittee on Intergovernmental Relations. We anticipate that the work of the subcommittee could begin this summer and that fall hearings on general problems affecting intergovernmental relations problems could be scheduled.

We believe the proposed subcommittee could make a major contribution to the strengthening of our Federal system and to the enhancement of cooperation between all levels of government.

We hope the resolution will meet with the favorable consideration of the Committee on Rules and Administration.

Sincerely,

EDMUND S. MUSKIE,
U.S. Senator.

CENTENNIAL ANNIVERSARY OF SIGNING OF MORRILL LAND-GRANT ACT

Mr. MANSFIELD. Mr. President, on July 2 there was a celebration of the centennial anniversary of the establishment of the land-grant colleges in this country. On that day, and subsequently, a number of Members of both the House and the Senate made speeches and inserted in the RECORD remarks relative to their views concerning the great progress and contributions made as a result of the signing of the Morrill Act, 100 years ago.

I ask unanimous consent to have printed at this point in the RECORD a statement concerning what one should know about land-grant colleges and universities. The statement explains in brief detail the purpose of the land-grant colleges, and states how many there are, their size, purpose, and so forth.

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

WHAT YOU SHOULD KNOW ABOUT LAND-GRANT COLLEGES AND UNIVERSITIES

What is a land-grant college?

A land-grant college is one which was established under the terms of the Land-Grant Act. The Land-Grant Act of 1862 provided a grant of 30,000 acres for each Senator and Representative in Congress. This land was to be sold and the proceeds from the sale invested. The income would be used to establish and endow, as Justin Morrill defined it, "at least one college (in each State) where the leading object shall be, without excluding other scientific and classical studies, and including military tactics, to teach such branches of learning as are related to agriculture and mechanic arts, in order to promote the liberal and practical education of the industrial classes in the several pursuits and professions of life."

Who was Justin Smith Morrill?

Justin Smith Morrill was the son of a blacksmith-farmer from Vermont. He served nearly half a century in the Senate and House and, perhaps because he had had to leave school in his early teens, he worked for legislation to help higher education throughout his congressional career.

How many land-grant colleges are there now?

There are 68, at least 1 in each of the 50 States and Puerto Rico.

Which is the largest?

The University of California, which includes the Berkeley, Los Angeles, and six other campuses throughout the State, has about 52,000 students. There are presently 8 campuses altogether—when 3 new ones are added soon, there will be 11.

The University of California is a State university. Is there a difference between a State university and a land-grant university?

Arizona, Connecticut, California, Massachusetts, Delaware, Minnesota, and Wis-

consin are among the 34 States which have one major State university which is the land-grant institution. Several States, however, have two major State universities, only one of which is a land-grant university. In Michigan, for instance, Michigan State University at East Lansing is the land-grant institution. Two private colleges—Cornell and Massachusetts Institute of Technology—also received land-grant funds.

What was the beginning of the legislation which created this new kind of education?

We are celebrating the 100th anniversary of the first Morrill Land Grant College Act on Monday at National Archives because President Lincoln signed the legislation into law on July 2, 1862. But it took Senator Morrill more than 5 years to push the legislation through Congress and it did not become law until after one President—James Buchanan—had vetoed it. Among the most important contributors to the land-grant idea was a Yale-educated teacher in Illinois, Jonathan Baldwin Turner, who aroused people to the necessity for public higher education and helped to draw up plans for achieving this deal.

What subjects do land-grant schools teach?

Every subject, from architecture to zoology. There are 29 nursing schools and 14 medical schools in land-grant institutions, for example. They are serving as training quarters for one-third of the Peace Corps projects and also train about half of the officers for the Armed Forces educated through the ROTC program.

Where was the first land-grant college?

This is a matter of definition. Iowa's legislature was first to accept the terms of the Land-Grant Act of 1862, giving Iowa State University a claim to the honor. Michigan State University, established in 1855, was the pioneer among present-day institutions in agricultural instruction—emphasized in the Land-Grant Act. Kansas State University was first to be designated by the State legislature as a land-grant institution. Rutgers, the State university of New Jersey, is the oldest institution now a land-grant university, having been established in the colonial period.

How long have land-grant colleges been coeducational?

Some have accepted women since they first opened their doors. Today, they enroll one-fifth of the women in college—in fact, 20 percent of the entire college population of the United States.

Why was the Land-Grant Act considered revolutionary?

It embodied the idea that everyone with the ability to absorb a higher education should have the chance to attend college; second, it provided the incentive on a national scale to bring this concept of equal educational opportunity to life; third, the land-grant institutions brought democracy in subject matter as well as in opportunity. Agriculture and engineering, for example, were recognized as appropriate subjects for university study. Fourth, they conducted research from the very beginning. Model farms were set up to help professors and students discover, through experimentation, better ways of farming. Fifth, land-grant institutions were among the first in the Nation to have laboratories for the study of science.

Have land-grant colleges made special contributions to higher education in the United States?

Aside from opening the college doors to young people who could not otherwise have afforded a higher education, they have contributed to the Nation's health and welfare through research. For instance, agricultural research is responsible for the fact that today one American farmworker grows enough food for himself and 26 other people. Streptomycin, the drug used to control and treat tuberculosis, was discovered at Rutgers, the State University of New Jersey. Dicumarol, the chemical which helps dissolve blood clots and prevent heart attacks, was discovered at the University of Wisconsin. Another example of land-grant contributions to the Nation is the fact that, of 42 living Nobel Prize winners who were educated in the United States, 25 of them earned one or more degrees at a land-grant university.

Which are the land-grant colleges and universities?

Auburn University, Auburn, Ala.
Alabama Agricultural and Mechanical College, Normal, Ala.
University of Alaska, College, Alaska.
University of Arizona, Tucson, Ariz.
University of Arkansas, Fayetteville, Ark.
Agricultural, Mechanical and Normal College, Pine Bluff, Ark.
University of California, Berkeley, Los Angeles, and other campuses in California.
Colorado State University, Fort Collins, Colo.
University of Connecticut, Storrs, Conn.
University of Delaware, Newark, Del.
Delaware State College, Dover, Del.
University of Florida, Gainesville, Fla.
Florida Agricultural and Mechanical University, Tallahassee, Fla.
University of Georgia, Athens, Ga.
Fort Valley State College, Fort Valley, Ga.
University of Hawaii, Honolulu, Hawaii.
University of Idaho, Moscow, Idaho.
University of Illinois, Urbana, Ill.
Purdue University, Lafayette, Ind.
Iowa State University, Ames, Iowa.
Kansas State University, Manhattan, Kans.
University of Kentucky, Lexington, Ky.
Kentucky State College, Frankfort, Ky.
Louisiana State University, Baton Rouge, La.
Southern University, Baton Rouge, La.
University of Maine, Orono, Maine.
University of Maryland, College Park, Md.
Maryland State College, Princess Anne, Md.
University of Massachusetts, Amherst, Mass.
Massachusetts Institute of Technology, Cambridge, Mass.
Michigan State University, East Lansing, Mich.
University of Minnesota, Minneapolis, Minn.
Mississippi State University, State College, Miss.
Alcorn Agricultural and Mechanical College, Lorman, Miss.
University of Missouri, Columbia, Mo.
Lincoln University, Jefferson City, Mo.
Montana State College, Bozeman, Mont.
University of Nebraska, Lincoln, Nebr.
University of Nevada, Reno, Nev.
University of New Hampshire, Durham, N.H.
Rutgers University, New Brunswick, N.J.
New Mexico State University, University Park, N. Mex.
Cornell University, Ithaca, N.Y.
North Carolina State College, Raleigh, N.C.
Agricultural and Technical College of North Carolina, Greensboro, N.C.
North Dakota State University, Fargo, N. Dak.
The Ohio State University, Columbus, Ohio.
Oklahoma State University, Stillwater, Okla.
Langston University, Langston, Okla.
Oregon State University, Corvallis, Oreg.
Pennsylvania State University, University Park, Pa.
University of Puerto Rico, Rio Piedras and Mayaguez, P.R.
University of Rhode Island, Kingston, R.I.
Clemson Agricultural College, Clemson, S.C.
South Carolina State College, Orangeburg, S.C.
South Dakota State College, Brookings, S. Dak.
University of Tennessee, Knoxville, Tenn.
Tennessee Agricultural and Industrial State University, Nashville, Tenn.
Agricultural and Mechanical College of Texas, College Station, Tex.
Prairie View Agricultural and Mechanical College, Prairie View, Tex.
Utah State University, Logan, Utah.
University of Vermont, Burlington, Vt.
Virginia Polytechnic Institute, Blacksburg, Va.
Virginia State College, Petersburg, Va.
Washington State University, Pullman, Wash.
West Virginia University, Morgantown, W. Va.
University of Wisconsin, Madison, Wis.
University of Wyoming, Laramie, Wyo.

Mr. MANSFIELD. Mr. President, I also ask unanimous consent to have printed at this point in the RECORD a statement by the President of the United States on July 2, 1962, on the centennial anniversary of the signing of the Morrill Land-Grant Act.

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

STATEMENT BY THE PRESIDENT OF THE UNITED STATES ON THE CENTENNIAL ANNIVERSARY OF THE SIGNING OF THE MORRILL LAND-GRANT ACT, JULY 2, 1962

On this date 100 years ago, the Congress of the United States sent to the White House an act calling for the establishment of people's colleges and setting forth the grant of Federal lands to help the young States found them.

To President Abraham Lincoln, whose education came from such great struggle and sacrifice, the signing of the Morrill Act must have been one of the most satisfactory experiences in his illustrious career. For here was a revolutionary idea in education that went beyond the classic arts and the traditional professions.

The Morrill Act put higher education within reach of all Americans. It pushed back the old horizons of learning by introducing and developing new disciplines in agricultural and industrial development.

Now there are 68 land-grant institutions in all of the 50 States and in Puerto Rico. They enroll almost 20 percent of the country's college students. They grant 40 percent of all doctorate degrees—half of the doctorates in the physical sciences, engineering, and the health professions; a fourth of the doctorates in the arts and languages, in business, commerce, and educational training; and all of the doctorates in agriculture. They train nearly half of all Regular and Reserve officers entering the Armed Forces through the military programs of civilian institutions.

The contributions of the land-grant institutions are by no means fully realized, or their new potentials exhausted. Their influence is felt around the world. Our friends in developing countries look to these institutions not only as models for developing higher education, but as advisers and partners as well.

We pause now to recognize the great fulfillment of the land-grant concept on this anniversary. We also see now an ever-enlarging role for these institutions in our country's future. They have demonstrated fully that such responsibilities can be met.

Mr. MANSFIELD. Mr. President, I am delighted that so many Members of Congress, on both sides of the aisle in both the House and the Senate have joined in commemorating this anniversary, because of its great significance in every State of the Union; and I am extremely happy that the President of

the United States has also joined in commemorating it.

The PRESIDING OFFICER. Is there further business to come before the Senate at this time?

ADJOURNMENT

The PRESIDING OFFICER. Is there further business?

Mr. MANSFIELD. Mr. President, if there is no further business to come before the Senate, I move that, under the previous order, the Senate stand in adjournment until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 10 minutes p.m.) under the previous order, the Senate adjourned until tomorrow, Friday, July 13, 1962, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate July 12, 1962:

U.S. DISTRICT JUDGE

Noel P. Fox, of Michigan, to be U.S. district judge for the western district of Michigan, vice Raymond W. Starr, retired.

Charles H. Carr, of California, to be U.S. district judge for the southern district of California. (A new position.)

CONFIRMATIONS

Executive nominations confirmed by the Senate July 13, 1962:

DIPLOMATIC AND FOREIGN SERVICE

Matthew H. McCloskey, of Pennsylvania, to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Ireland.

POSTMASTERS

ALABAMA

Rayburn Webster, Winfield.

ARIZONA

Helen S. Slaughter, Alpine.
Cassenia E. Crowder, Morristown.
Frances L. Roberts, Winkelman.

ARKANSAS

Doris H. Beasley, Cherry Valley.
Alice V. Perdue, Louann.
Genevieve E. Gillham, Royal.
Buel R. Tatom, Stamps.
Homer Pace, Wilmar.

CALIFORNIA

Bryon H. Alexander, Jr., Culver City.
Robert J. Hazard, Edwards.
Joe L. Roberts, Etna.
Noel F. Ricauda, Fontana.
James A. Cummings, La Habra.
Jimmy L. Pierce, Lamont.
Faye P. Bertagna, Montgomery Creek.
John W. Milam, Oakdale.
Luke A. Brazo, Pico Rivera.
Ted Ballew, Pollock Pines.
Hector G. Godinez, Santa Ana.

COLORADO

Robert B. Mitchell, Salida.

CONNECTICUT

Joseph A. Whalen, Lakeville.

FLORIDA

Robert D. Young, Avon Park.
William A. Holland, Fort Lauderdale.
Ellis Solomon, Fort Myers.
Hartley A. Graves, Jr., Fruitland Park.
Curtiss W. Hale, Hollywood.
Austin T. Drinkwater, Orange Park.
Marjorie V. Judy, Polk City.
Leonard R. Dyer, Tangerine.
J. Douglas Arnall, Venice.

GEORGIA

Oris W. Wood, Dalton.
Roy C. Knight, Dexter.
Ellis L. Stephens, Millen.
Amos S. Roberts, Pinehurst.
William G. McRee, Watkinsville.
Paul W. Vaughn, Jr., Williamson.

IDAHO

Roy B. Fields, McCall.
J. D. Petty, Meridian.
Anna R. Lake, Roberts.

ILLINOIS

William A. Guthrie, Farmington.
Sereno Leoni, Highwood.
Walter L. Randall, Lewistown.
Carl L. Karlson, Nachusa.
Richard T. Cahill, Ontarioville.

INDIANA

David M. Stanley, Boone Grove.
Elisha H. Layman, Commiskey.
Eugene Hampton, Darlington.
R. John Boch, Decatur.
Ralph J. Rochner, Ewing.
Samuel T. Swan, Leavenworth.
Lola H. Van Zile, Leo.

IOWA

Herbert D. Wilson, Alden.
John P. McNerney, Des Moines.
Carl M. Dudden, Grundy Center.
Elsie D. Messamaker, Harvey.
Orval A. Kennedy, Milo.
John M. Kuster, Persia.
Glen L. Penniman, Sac City.
Kingsley M. Schaudt, Slater.
Floyd P. Collins, Tracy.
Harry P. Healey, Victor.

KANSAS

Gladys E. Higbee, Formoso.
Helen I. Ziegelmeier, Gem.
Harry F. Brown, Offerle.
Claire B. Sparling, Oneida.
David C. Tippet, Parsons.
John D. Beighley, Smolan.

KENTUCKY

Charles Cornett, Hazard.
Eldon W. Bradley, Sebree.

LOUISIANA

Dwight C. Spates, Sulphur.

MARYLAND

Loise S. Copes, Brooklandville.

MASSACHUSETTS

William P. Dorval, Chicopee.
William H. Friedrich, Easthampton.

MICHIGAN

Dorman S. Jurden, Adrian.
J. Milton Dietrich, Conklin.
Louis A. Haight, Holland.
John F. Alton, Houghton Lake.
Paul L. Beyett, Keego Harbor.
Raymond C. Donaldson, Lapeer.
Lawrence G. Chappel, Marlette.
Lawrence W. Church, Olivet.
James A. Gonyea, Ossineke.
Richard A. Herman, Sodus.

MINNESOTA

Frank J. Petric, Babbitt.
Donald B. Solem, Bingham Lake.
Richard H. Wojciechowski, Foley.
Grace K. Pearson, Grasston.
John V. McGree, Hastings.
Harold O. Thoen, Lanesboro.
Gerhardt F. Proehl, Otisco.
William A. Silliman, Windom.

MISSOURI

Carl H. Bridges, Bolivar.
Robert M. Blackwell, Bonne Terre.
Lewis B. Papin, Chaffee.
Archie M. Neff, Goodman.
Harvey A. Sientz, Hayti.
Ernest E. Dexter, Hunnewell.
Theodoric C. Bland, Kansas City.
Jacqueline D. Prenger, Loose Creek.
Kenneth E. Mauzey, Mendon.
Rolan Gooch, Jr., Purdin.
Robert E. Midyett, Ravenwood.
C. Eldridge Griswold, Salisbury.
Russell L. Cuneio, Sullivan.
H. Edith Sims, Trimble.
John Ichord, Waynesville.

NEBRASKA

Ellsworth C. McKay, Atkinson.
Ruby M. Pump, Bennett.
Walter H. Hoelting, Lawrence.
Vincent L. Nelson, Palisade.

NEVADA

Robert H. Lias, Las Vegas.
Wilberta G. Reid, Searchlight.

NEW HAMPSHIRE

Gerard C. Laperle, Colebrook.

NEW MEXICO

Jack S. Feerer, Logan.
C. Sue Willhoit, Malaga.

NEW YORK

John F. Larkin, Brewster.
Frank W. Palange, Camillus.
Donald F. Andrews, Conklin.
Eli Zwick, High Falls.
Albert J. Hart, Lynbrook.

NORTH CAROLINA

Charlie Y. Patton, Jr., Brevard.
Ophelia F. Roberts, Coats.
Thadious W. Hooper, Cullowhee.
Mildred S. Bartlett, Kure Beach.
Mollie A. Dunn, Lumber Bridge.
Evans L. Caudle, Midland.
Allen L. Olive, New Hill.
Leonard Staley, Sophia.

NORTH DAKOTA

Elaine G. Majkrzak, Thompson.

OHIO

John E. Lynch, Ashtabula.
Robert E. Glick, Ashville.
David M. Bennett, Baltimore.
Paul C. Spitler, Bellbrook.
Ernest Ramsey, Bergholz.
James F. Reed, Cherry Fork.
Clarence K. Basinger, Columbus Grove.
Walter M. Pietras, East Orwell.
Frances H. Stockham, Friendship.
John A. Schadle, Higginsport.
Charles L. Elicker, Marion.
John F. Clark, Millersport.
John J. Ellis, New Paris.
Frank J. Calogero, North Kingsville.
Marvin W. Sprague, Williamsburg.

PENNSYLVANIA

Erma I. Gibson, Bolivar.
Robert M. Lewandoski, Harborcreek.
Lewis T. Layton, Jr., Langhorne.
Martin F. Monaghan, Lost Creek.
Richard S. Krebs, Milton.
Howard H. Gaine, Penns Park.
Edgar F. Rader, Jr., Stockertown.
Philip Polka, Washington Crossing.
Howard F. Mitchell, West Middlesex.

SOUTH CAROLINA

George C. Sumners, Cameron.

TENNESSEE

Glen R. Powers, Ardmore.
James R. Culp, Clifton.
Kenneth H. Jennings, Powell.

TEXAS

Millard E. Guess, Millsap.

VIRGIN ISLANDS

Aubrey C. Ottley, Charlotte Amalie.

VIRGINIA

M. Vincent Wright, Fries.
Edwin F. Chapman, Greenbackville.
Douglas D. Dickerson, Parksley.
J. Floyd Bates, Richmond.

WASHINGTON

Clinton E. Walcher, Conway.
Arthur T. Koski, Deep River.
George A. Henson, Jr., Du Pont.
Taft Hergert, Endicott.

Helen M. Eddy, Kingston.
Lincoln A. Kaiser, Kirkland.
John B. Walli, Lacrosse.

WISCONSIN

James N. Pomes, Three Lakes.

WYOMING

James P. Berry, Big Horn.
Jefferson A. Kaul, Pinedale.

COAST AND GEODETIC SURVEY

Subject to qualifications provided law, the following for permanent appointment to the grade indicated in the Coast and Geodetic Survey:

To be ensigns

Ned Colden Austin.
Richard James DeRycke.

To be lieutenant (junior grade)

Daniel F. Leary.

To be ensigns

Stephen Z. Bezuk	Kenneth B. Young
David G. Hickerson	Richard P. Williamson
Gerald W. Hohmann	Allan Jenks
Richard H. Allbritton	Alfred W. Cecil
Frank H. Branca	James J. Lium
Richard A. Rader	Bruce L. McCartney
Stanley J. Ruden	Larry L. Lewis
William L. Newton III	James F. Reeve
Edward R. Dohrman	Michael J. Pazuchanics
Christopher E. Krusa	

HOUSE OF REPRESENTATIVES

THURSDAY, JULY 12, 1962

The House met at 12 o'clock noon.

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

Amos 5: 24: *Let judgment run down as waters, and righteousness as a mighty stream.*

O Thou whom we worship and adore as the Supreme Being and Sovereign Ruler of the Universe, give us this day a clear and luminous vision of Thy divine purposes and power.

We beseech Thee to temper our minds with a finer essence of faith and fidelity, of comradeship and cooperation, as we seek to do what Thou dost will and command.

Help us to see that there is no way out of the world's misery and confusion than the way of the Prince of Peace whom Thou didst send to make us mindful of Thy love and the worth and dignity of man.

Inspire us to covet for the children and youth of our land a desire to cultivate their spiritual nature and aspire to contribute to the integrity and greatness of our beloved country.

In Christ's name we offer our prayer. 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. 11737. An act to authorize appropriations to the National Aeronautics and Space Administration for research, development, and operation; construction of facilities; and for other purposes.

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. KERR, Mr. RUSSELL, Mr. MAGNUSON, Mr. WILEY, and Mrs. SMITH of Maine to be the conferees on the part of the Senate.

EASTERN AIR LINES JURISDICTIONAL STRIKE

Mr. JONAS. 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 North Carolina?

There was no objection.

Mr. JONAS. Mr. Speaker, Eastern Air Lines has now been closed down since June 23 by a jurisdictional strike between two rival unions.

This strike, which does not involve a dispute between the company and employees over wages or working conditions, has cost the jobs of 18,000 employees with a daily loss in pay of $367,000, and is costing the company $1 million a day in loss of revenue. It is costing the Municipal Airport in Charlotte, N.C., about $3,000 a week in loss of landing fees and rents and has grounded more than 60 daily flights in and out of this one city alone. It is causing hardship to the public by disrupting air service in the many communities served by Eastern Air Lines.

It is intolerable that such a strike should be permitted to continue. The public interest should be considered and must be paramount over the claims of two rival unions.

As the guardian of the public interest, it is time for Congress to take a hand in this situation. Further delays increase the losses and compound the damages.

Congress is not powerless to act to protect innocent bystanders and safeguard the public interest. I urge the appropriate committees of Congress to take action forthwith and propose legislation designed to outlaw such jurisdictional strikes. I believe Congress should promptly enact legislation to accomplish this objective and am sure the country would applaud such action.

NO INVOLUNTARY SERVITUDE BY LAW, REGULATION, OR FIAT

Mr. HALL. 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 Missouri?

There was no objection.

Mr. HALL. Mr. Speaker, I take this time to call the attention of our colleagues in the House to page 13070 of the RECORD for Tuesday, July 10, 1962, where U.S. Senator BENNETT, of Utah, set forth in the other body an unusually clear, concise, and succinct analysis not only of the results of the many polls that were taken by 52 different Congressmen—thus far reported in the RECORD—but approached the problem of compulsory care of the aging under the social security tax, from the point of view of whether or not it should be included under social security at all; in other words, on the question of age rather than need. Also, he has pointed out the lack of due process if indeed this is attached to the Public Welfare Amendments of 1962 in the other body. Perhaps the only omission in this complete and updated compilation is that real need has never been proved, or that the entire study is a Federal problem in lieu of a local, or at most a problem of the several States.

Finally, Mr. Speaker, I would like to call attention to that fact that three different sovereign nations of the world have upheld the anti-involuntary servitude principle under their various constitutions, just as we have prescribed in the 13th amendment and our Constitution no involuntary servitude by law, regulation, or fiat in this country. This includes personal services. I strongly urge the entire Congress to pensively ponder this last thought, and thoroughly review the Senator's erstwhile contribution. Why should we avoid due legislative process? Why should we rush this new approach and buy at considerable expense—a pig-in-a-poke? Why should we not give existing law, the Kerr-Mills bill of the 86th Congress, a real chance?

CALL OF THE HOUSE

Mr. O'HARA of Illinois. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

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

A call of the House was ordered.

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

[Roll No. 152]

Alford	Hoffman, Mich.	Rivers, S.C.
Bennett, Mich.	Holifield	Saund
Blitch	Horan	Smith, Miss.
Boykin	Kearns	Spence
Coad	Kowalski	Taber
Curtis, Mass.	McSween	Thompson, La.
Davis, Tenn.	Peterson	Ullman
Donohue	Pfost	Utt
Flood	Powell	
Frazier	Riley	

The SPEAKER. On this rollcall 407 Members have answered to their names, a quorum.

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

FOREIGN ASSISTANCE ACT OF 1962

Mr. MORGAN. 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. 11921) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.