among the four members and a solidarity fund for financial assistance. Thus, in political development the Republic of Upper Volta has not only become a modern democratic state but with three of its sister states has formed a unique cooperative association especially adapted to the African scene where economic and social development is of prime importance.

The land itself, which has no outlet to the sea, is a vast plateau rising from a low of 650 to a high of 1,000 feet. It is a land of wooded hills and harsh desert, of cattle-grazing savannahs and lowland rice paddies. Its history before the advent of the European is the tale of the empire-building Mossi, a people believed to have come from East Africa sometime in the 11th century and gradually to have created feudal empires throughout Upper Volta. In the 19th century it became a French protectorate, and later a territory of French West Africa. Now as an independent state and a member of the United Nations it is a respected participant in the world community.

Since the economy of Upper Volta is based on agriculture and animal husbandry, the increase of agricultural and livestock production has been one of the main goals of the country's economic development plans. The new republic has made concentrated efforts to intensify production through the adoption of soil conservation measures, the initiation of agricultural research programs, and the establishment of animal breeding centers. These measures attest to the clear sightedness of Upper Volta's economic planners.

And in the fields of health, education, and welfare Upper Volta has also exerted intensive efforts since independence. A program aimed at expanding primary and secondary education is underway, and it is hoped that full enrollment will be achieved within 15 years. Health conditions are steadily improving, and through the introduction of compulsory innoculations epidemics of infectious diseases such as yellow fever and the plague have been checked. Social welfare programs have been developed in urban areas. A workingman's compensation fund handles accident compensation and allowances to families of incapacitated workmen.

Thus, Upper Volta has quickly assumed the responsibilities of a sovereign state. In foreign relations it is peace loving and trustworthy. In domestic affairs the Government has willingly accepted its obligations toward its citizens and is devoting its every effort toward raising their standard of living as quickly as possible. We congratulate the Government and people of Upper Volta on the second anniversary of their independence.

SENATE

TUESDAY, AUGUST 7, 1962

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

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

O God, whose spirit searcheth all things, and whose love beareth all things: For this dedicated moment, turning from our often divisive loyalties and our party cries, we would humbly bow in a unity of spirit, realizing our oneness in Thee.

Forgive us for praying that Thy kingdom may come, and then, by our own selfish stubbornness, barring the way when it has sought to come through us.

Deliver us from the hypocrisy of giving lipservice to the golden goals of Thy kingdom, as if we looked for it without, in others, and not in our own hearts. Grant us a fundamental fealty to the common good, expressing itself in divergent attitudes and convictions which are the glory of our national heritage, yet putting always above partisan advantage the weal and welfare of the commonwealth to which we solemnly pledge our supreme allegiance. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, August 6, 1962, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Miller, one of his secretaries, and he announced that on August 6, 1962, the President had approved and signed the following acts:

S. 1074. An act for the relief of Chao Yao Koh;

S. 1889. An act for the relief of Mrs. Geohar Ogassian; and

S. 2339. An act for the relief of George Ross Hutchins.

REPORT OF NATIONAL CAPITAL HOUSING AUTHORITY—MESSAGE FROM THE PRESIDENT

The PRESIDENT pro tempore laid before the Senate the following message from the President of the United States, which, with the accompanying report, was referred to the Committee on the District of Columbia:

To the Congress of the United States:

In accordance with the provisions of Section 5(a) of Public Law 307, 73d Congress, approved June 12, 1934, I transmit herewith for the information of the Congress the report of the National Capital Housing Authority for the fiscal year ended June 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 7, 1962.*

EXECUTIVE MESSAGES REFERRED

As in executive session,

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Maurer, one of its reading clerks, announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 3064. An act to amend section 9 of the act of May 22, 1928, as amended, authorizing and directing a national survey of forest resources; and

S. 3089. An act to amend the act directing the Secretary of the Interior to convey certain public lands in the State of Nevada to the Colorado River Commission of Nevada in order to extend for 5 years the time for selecting such lands.

The message also announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 1308. An act to incorporate the Sea Cadet Corps of America, and for other purposes; and

S. 3174. An act to provide for the division of the tribal assets of the Ponca Tribe of Native Americans of Nebraska among the members of the tribe, and for other purposes.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7796. An act to amend certain lending limitations on real estate and construction loans applicable to national banks;

H.R. 8419. An act to provide for the presentation of medals to the officers and men of the Byrd Arctic Expedition of 1926;

H.R. 9280. An act to amend section 2 of the act of July 31, 1947 (61 Stat. 681), and for other purposes;

H.R. 9728. An act to amend the Cooperative Forest Management Act;

H.R. 10540. An act to exclude deposits of petrified wood from appropriation under the U.S. mining laws;

H.R. 11049. An act to amend the Mineral Leasing Act of February 25, 1920;

H.R. 12078. An act to provide for the settlement of claims of certain residents of the Trust Territory of the Pacific Islands;

H.R. 12355. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe;

H.R. 12513. An act to provide for public notice of settlements in patent interferences, and for other purposes; and

H.R. 12688. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes.

The message also announced that the House had agreed to a concurrent resolution (H. Con. Res. 474) extending the greetings and felicitations of the Congress to the Bethel Home Demonstration Club of Bethel Community, Sumter County, S.C., in which it requested the concurrence of the Senate.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities;

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes; and

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated:

H.R. 7796. An act to amend certain lending limitations on real estate and construction loans applicable to national banks; to the Committee on Banking and Currency.

H.R. 8419. An act to provide for the presentation of medals to the officers and men of the Byrd Arctic Expedition of 1926; to the Committee on Armed Services.

H.R. 9280. An act to amend section 2 of the act of July 31, 1947 (61 Stat. 681), and for other purposes;

H.R. 10540. An act to exclude deposits of petrified wood from appropriation under the U.S. mining laws;

H.R. 11049. An act to amend the Mineral Leasing Act of February 25, 1920;

H.R. 12078. An act to provide for the settlement of claims of certain residents of the Trust Territory of the Pacific Islands; and

H.R. 12355. An act to amend the law relating to the final disposition of the property of the Choctaw Tribe; to the Committee on Interior and Insular Affairs.

H.R. 9728. An act to amend the Cooperative Forest Management Act; and

H.R. 12688. An act to authorize the Secretary of Agriculture to encourage and assist the several States in carrying on a program of forestry research, and for other purposes; to the Committee on Agriculture and Forestry.

H.R. 12513. An act to provide for public notice of settlements in patent interferences, and for other purposes; to the Committee on the Judiciary.

HOUSE CONCURRENT RESOLUTION REFERRED

The concurrent resolution (H. Con. Res. 474) extending the greetings and felicitations of the Congress to the Bethel Home Demonstration Club of Bethel Community, Sumter County, S.C., was referred to the Committee on the Judiciary, as follows:

Whereas the Bethel Home Demonstration Club, founded in Sumter County, South Carolina, in March of 1915, was the first home demonstration club in the United States; and

Whereas home demonstration clubs have been of great value to the people of the United States by aiding in the diffusion of knowledge and skills among the women of rural America; and

Whereas Winthrop College, the South Carolina college for women, pioneered in developing the concepts and in providing leadership for the home demonstration club movement; and

Whereas the year 1962 is the one hundredth anniversary year of the United States Department of Agriculture and of the land-grant college system: Now, therefore, be it

Resolved by the House of Representatives (the Senate concurring), That the Congress of the United States recognizes that the Bethel Home Demonstration Club of the Bethel Community, Sumter County, South Carolina, was the first such club to be established in the United States, and extends its greetings and felicitations to the Bethel Home Demonstration Club on the occasion of the one hundredth anniversary year of the establishment of the United States Department of Agriculture and the land-grant college system.

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 Public Roads Subcommittee of the Committee on Public Works was authorized to meet during the session of the Senate today.

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

SENATOR FROM IDAHO

Mr. CHURCH. Mr. President, I advise the Senate that the Governor of Idaho, on the 6th day of August, appointed Hon. LEN B. JORDAN, a Senator from Idaho, to represent the State in the Senate of the United States until the vacancy therein, caused by the death of our beloved colleague, Henry C. Dworshak, is filled by election as provided by law.

I send the certificate of appointment to the desk.

The certificate of appointment was read and ordered to be placed on file, as follows:

CERTIFICATE OF APPOINTMENT

STATE OF IDAHO,
EXECUTIVE DEPARTMENT,
OFFICE OF THE GOVERNOR.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that, pursuant to the power vested in me by the Constitution of the United States and the laws of the State of Idaho, I, Robert E. Smylie, the Governor of said State, do hereby appoint LEN B. JORDAN, a Senator from said State to represent said State in the Senate of the United States until the vacancy therein, caused by the death of Henry C. Dworshak, is filled by election as provided by law.

Witness His Excellency our Governor, Robert E. Smylie, and our seal hereto affixed at Boise, our capital, this sixth day of August, in the year of our Lord 1962.

ROBERT E. SMYLIE,
[SEAL] *Governor.*

By the Governor:

ARNOLD WILLIAMS,
Secretary of State.

The PRESIDENT pro tempore. If the Senator-designate will present himself at the desk, the oath of office will be administered to him.

Mr. JORDAN of Idaho, escorted by Mr. CHURCH, advanced to the Vice President's desk.

The oath of office prescribed by law was administered to Mr. JORDAN by the President pro tempore, and was subscribed by him.

[Applause, Senators and occupants of the galleries rising.]

EXECUTIVE COMMUNICATIONS, ETC.

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

NOTICE OF PROPOSED DISPOSITION OF CERTAIN CHESTNUT TANNIN EXTRACT

A letter from the Acting Administrator, General Services Administration, Washington, D.C., transmitting, pursuant to law, a notice to be published in the Federal Register of a proposed disposition of approximately 12,245 long tons of chestnut tannin extract now held in the national stockpile (with an accompanying paper); to the Committee on Armed Services.

SALE OF CERTAIN RIGHT-OF-WAY BY COMMISSIONERS OF THE DISTRICT OF COLUMBIA

A letter from the President, Board of Commissioners, District of Columbia, transmitting a draft of proposed legislation to authorize the Commissioners of the District of Columbia to sell a right-of-way across a portion of the District Training School grounds at Laurel, Md., and for other purposes (with an accompanying paper); to the Committee on the District of Columbia.

REPORT ON TORT CLAIMS PAID BY OFFICE OF EMERGENCY PLANNING

A letter from the Director, Office of Emergency Planning, Executive Office of the President, reporting, pursuant to law, on tort claims paid by that Office, during fiscal year 1962; to the Committee on the Judiciary.

ADJUSTMENT OF STATUS OF CERTAIN ALIENS

A letter from the Commissioner, Immigration and Naturalization Service, Department of Justice, transmitting, pursuant to law, copies of orders entered relating to the adjustment of status of certain aliens (with accompanying papers); to the Committee on the Judiciary.

DISPOSITION OF EXECUTIVE PAPERS

A letter from the Acting Administrator, General Services Administration, Washington, D.C., transmitting pursuant to law, a report of the Acting Archivist of the United States on a list of papers and documents on the files of several departments and agencies of the Government which are not needed in the conduct of business and have no permanent value or historical interest, and requesting action looking to their disposition (with accompanying papers); to a Joint Select Committee on the Disposition of Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. JOHNSTON and Mr. CARLSON members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

Petitions, etc., were laid before the Senate, or presented, and referred as indicated:

By the PRESIDENT pro tempore:

A resolution adopted by the convention of the Knights of St. John, at Cleveland, Ohio, favoring the enactment of a constitutional amendment to define the status of religion in relation to government; to the Committee on the Judiciary.

A resolution adopted by the convention of the General Federation of Women's Clubs, at Washington, D.C., relating to prayer in schools; to the Committee on the Judiciary.

THE 200TH ANNIVERSARY OF THE UNITED STATES—RESOLUTION

Mr. CLARK. Mr. President, I present, for appropriate reference, a resolution adopted by the Descendants of the Signers of the Declaration of Independence, of Philadelphia, Pa., relating to the 200th anniversary of the United States, and favoring the proposal that that anniversary be in the nature of a world's fair to be held in Philadelphia in 1976. I ask that the resolution be printed in the RECORD.

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

Whereas, on the historic date of July 4, 1776, was born a new nation, of the people, by the people and for the people; conceived in liberty and founded on justice; a nation dedicated to the ennobling principles of democracy and representative government—the United States of America; and

Whereas the approaching bicentennial, in 1976, of the adoption of the Declaration of Independence of the United States of America, as our charter of liberty, will afford an occasion for celebration and jubilation, not only in Philadelphia and the United States, but also among all those nations that cherish our national ideals of freedom and justice, and of respect for the dignity and rights of the individual in the pursuit of happiness; and

Whereas the city of Philadelphia is extending to all the peoples of the world its invitation to join in its celebration of our Nation's bicentennial in 1976 and has proposed that this sublime anniversary be signaled by a great world's fair of freedom in which the virtues and blessings of liberty and justice for all will be enshrined and extolled: Now, therefore, be it

Resolved, That we, the direct, bloodline descendants of the Signers of the Declaration of Independence of the United States of America, do hereby declare our desire and intent to cooperate in every way in the celebration of our Nation's 200th anniversary, and particularly to endorse and support the proposal of the city of Philadelphia, as the most eminently fitting place for the World's Fair of 1976; and be it further

Resolved, That we pray the approval of the Bureau of International Exhibitions, Paris, France, for the proposal of the city of Philadelphia to serve as host for said World's Fair of 1976; and that we do also commend to the nations of the world preparation for participation on a grand scale in said World's Fair of 1976, as evidence of their people's dedication to the principles of freedom and justice for all.

Surely in this coming bicentennial year of freedom, bells will ring all over the world, as did the Liberty Bell in Philadelphia in 1776, "to proclaim liberty throughout the land, and to all the inhabitants thereof."

PERCY HAMILTON GOODSELL, Jr.,
President General.

THOMAS GRAHAM,
Secretary General.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

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

H.R. 7782. An act to authorize the Secretary of the Interior to convey certain lands in the State of Maryland to the Prince Georges County Hospital, and for other purposes (Rept. No. 1848).

By Mr. GRUENING, from the Committee on Interior and Insular Affairs, with amendments:

S. 1065. A bill to authorize the Secretary of the Interior to convey certain land situated in the vicinity of Unalakleet, Alaska, to Mrs. William E. Beltz (Rept. No. 1849).

By Mr. KUCHEL, from the Committee on Interior and Insular Affairs, with amendments:

S. 103. A bill to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom south unit, American River division, Central Valley project, California, under Federal reclamation laws (Rept. No. 1859).

By Mr. McGEE, from the Committee on Commerce, without amendment:

S. 3504. A bill to provide for alternate representation of secretarial officers on the Migratory Bird Conservation Commission, and for other purposes (Rept. No. 1856).

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

S. 1542. A bill to authorize and direct the Secretary of the Interior to conduct studies of the genetics of sport fishes and to carry out selective breeding of such fishes to develop strains with inherent attributes valuable in programs of research, fish hatchery production, and management of recreational fishery resources (Rept. No. 1857).

By Mr. McGEE, from the Committee on Commerce, with amendments:

H.R. 1171. An act to assure continued fish and wildlife benefits from the national fish and wildlife conservation areas by authorizing their appropriate incidental or secondary use for public recreation to the extent that such use is compatible with the primary purposes of such areas, and for other purposes (Rept. No. 1858).

By Mr. ENGLE, from the Committee on Commerce, with amendments:

S. 3389. A bill to promote the foreign commerce of the United States through the use of mobile trade fairs (Rept. No. 1850).

By Mr. SMITH of Massachusetts (for Mr. BIBLE), from the Committee on the District of Columbia, without amendment:

S. 3428. A bill relating to the appointment of judges to the municipal court for the District of Columbia, the municipal court of appeals for the District of Columbia, and the juvenile court of the District of Columbia (Rept. No. 1851).

By Mr. CLARK, from the Committee on Labor and Public Welfare, without amendment:

S. 3529. A bill to amend the Manpower Development and Training Act of 1962 with regard to reimbursement of the railroad unemployment insurance account (Rept. No. 1853).

By Mr. CLARK, from the Committee on Post Office and Civil Service, with amendments:

S. 2937. A bill to amend the Civil Service Retirement Act so as to provide for increases in annuities, eliminate the option with respect to certain survivor annuities, and provide for interchange of credits between the civil service retirement system and the insurance system established by title II of the Social Security Act (Rept. No. 1854); and

S. 3164. A bill to amend the Civil Service Retirement Act so as to increase, in the case of children attending school, from 18 to 21, the maximum age for receiving benefits under such act (Rept. No. 1855).

URBAN MASS TRANSPORTATION ACT OF 1962—REPORT OF A COMMITTEE—INDIVIDUAL VIEWS (S. REPT. NO. 1852)

Mr. WILLIAMS of New Jersey. Mr. President, I have been requested by the chairman of the Committee on Banking and Currency to report for the committee a bill entitled "Urban Mass Transportation Act of 1962," which would authorize the Housing and Home Finance Administrator to provide assistance for the development of mass transportation systems in metropolitan and other urban areas of our Nation.

This bill is a result of extensive hearings and consideration by members of the Banking and Currency Committee. I was asked by the committee to report the bill today with the hope that it could be given consideration for passage by the Senate at the earliest opportunity. Committee prints were prepared on the bill as passed by the committee, and copies are available in the committee room of the Banking and Currency Committee for any Senator who may want to read the bill in detail prior to its being printed tomorrow.

I ask unanimous consent that a section-by-section summary of the bill be included at the end of my remarks.

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

(See exhibit I.)

Mr. WILLIAMS of New Jersey. Mr. President, I ask unanimous consent that the individual views of Senators ROBERTSON, CAPEHART, and BUSH, members of the committee, with respect to the bill may be filed as late as midnight tonight.

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

Mr. WILLIAMS of New Jersey. Mr. President, I also ask unanimous consent that these views may be included as a part of the committee report.

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

Mr. DIRKSEN. Mr. President, may I ask the distinguished Senator from New Jersey: Is the report ready?

Mr. WILLIAMS of New Jersey. The report is ready. I believe the materials are in the committee room. The report

will be printed tonight, and will be available to the minority leader tomorrow.

The PRESIDENT pro tempore. The report will be received, and the bill will be placed on the calendar.

The bill (S. 3615) to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes, was read twice by its title, and ordered to be placed on the calendar.

EXHIBIT I

SECTION-BY-SECTION SUMMARY OF URBAN MASS TRANSPORTATION ACT OF 1962

Section 1. Title of bill: "Urban Mass Transportation Act of 1962."

Section 2. (a) Findings, (b) purposes.

Section 3. Federal financial assistance.

(a) Eligibility for assistance:

Eligible applicants: States and local public bodies and agencies thereof. Applicants must have or will have (a) the legal, financial, and technical capacity to carry out proposed project and (b) satisfactory continuing control of use of facilities and equipment; with respect to private mass transportation companies, applicant shall give full consideration to such continuing control being exercised by an existing regulatory agency.

Eligible projects: Facilities and equipment, acquired, constructed, reconstructed and improved, for use in mass transportation service in urban areas (including commuter service into or between such areas) and in coordinating such services with highway and other transportation in such areas. (No funds shall be used for payment of ordinary governmental or nonproject operating expenses).

Eligible facilities and equipment: Any real or personal property including land (but not public highways), buses and other rolling stock, needed for an efficient and coordinated mass transportation system.

(b) Compensation to private companies:

No grants or loan shall be made for a project involving acquisition of facilities or property of private enterprise motor transit systems unless (1) such assistance is essential to the program for a unified coordinated urban transportation system; (2) the program provides for participation of private mass transportation companies to the maximum extent feasible; and (3) just compensation will be paid to such companies for their franchises or property to the extent required by applicable State or local laws.

Section 4. Long-range program:

(a) Planning requirements: Complete preparation of a program meeting criteria established by the Administrator for a unified coordinated urban mass transportation system as a part of a comprehensively planned development of the urban area, encouraging to the maximum extent feasible, the participation of private enterprise.

Grant Formula:

Federal share: Two-thirds of net project cost (that portion of project cost that cannot be financed on reasonable terms from revenues).

Local share: One-third of net project cost in cash from sources other than Federal funds.

Refunds: Refund of local share permitted provided a proportional refund of Federal share is made.

(b) Grant authorization: Authorizes Administrator to enter into contracts for grants of up to $100 million upon enactment; an additional $200 million on July 1, 1963; and an additional $200 million on July 1, 1964. Full faith and credit of United States pledged upon contract appropriations for payments authorized.

(c) Loan authorization: Extends for an indefinite period the uncommitted portion of the $50 million Treasury borrowing authority under existing law. Loans are subject to restrictions and limitations as provided by the Public Facility Loan program (a term of 40 years and an interest rate of 3¾ percent at the present time).

Loans would be authorized for projects where private loans cannot be obtained on reasonable terms if such loans would make effective mass transportation possible without grant assistance.

Section 5. Emergency program:

Eligible facilities and equipment: Same as the items listed in section 3 above, provided there is an urgent need for their preservation or provision and such items can reasonably be expected to be required for a long-range program.

Federal share: One-half of net project cost (defined same as in sec. 4(a) above) plus additional one-sixth of net project cost if long-range program planning requirements are fully met within 3 years after execution of grant contract.

Local share: One-half of net projects cost in cash or one-third if conditions of long-range program are met within 3 years after execution of grant contract.

Financing: Grants or loans may be used to finance emergency program. Funds would come from the same authorizations described in section 4 above.

Expiration date: No emergency program may be entered into on or after July 1, 1965.

Section 6. Research, development, and demonstration programs:

(a) Eligibility: Administrator authorized to undertake development and demonstration projects for all phases of urban mass transportation which will result in the improvement of mass transportation service and needs at a minimum cost.

(b) Financing: The unobligated balance of the present $25 million demonstration grant authority would be made available to finance such projects, plus up to $30 million of the new $500 million grant authority under section 4 above.

Section 7. Relocation requirements and payments:

(a) Relocation program: Requires adequate relocation for families displaced by mass transportation programs as a prerequisite for financial assistance.

(b) Relocation payments: Requires payment of not to exceed $200 to families, or $3,000 (or if greater, total certified actual moving expense) to businesses or nonprofit organizations for relocation expenses. Federal Government to reimburse applicant for full amount of relocation expenses.

Section 8. Coordination of Federal assistance for highways and mass transportation facilities:

Requires Administrator of HHFA and Secretary of Commerce to consult and exchange information on proposed projects in urban areas.

Section 9. Interstate compacts to implement comprehensive urban planning:

Amends section 701 program to authorize interstate compacts for comprehensive mass transportation planning purposes or for carrying out mass transportation programs.

Section 10. General provisions:

(a) Gives HHFA Administrator the necessary functions, powers, and duties to carry out the purposes of the bill.

(b) Empowers the Administrator and the Comptroller General or their representatives to have access to and audit the books and records of all pertinent contracting parties.

(c) Defines certain terms applicable to the act.

(d) Authorizes funds to be appropriated for administrative expenses of program and funds appropriated for other than administrative expenses shall remain available until expended.

(e) Provides a ceiling to any one State for grants of 12½ percent of section 4(b) authorization ($500 million), except that Administrator could distribute an additional 10 percent of such amount among States.

Section 11. Labor standards:

Makes applicable the prevailing wage scale provisions of Davis-Bacon Act, and requires that time and one-half be paid for all hours worked in excess of 8 hours in any 1 day or 40 hours in a workweek. Also gives Secretary of Labor authority to issue regulations and provide for enforcement of labor standards.

Section 12. Air pollution control.

Provides that Administrator, in approving grants and loans shall take into consideration whether facilities and equipment will be designed or equipped to prevent and control air pollution in accordance with criteria established by the Secretary of Health, Education, and Welfare.

BILLS AND JOINT RESOLUTIONS INTRODUCED

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

By Mr. WILLIAMS of New Jersey:

S. 3615. A bill to authorize the Housing and Home Finance Administrator to provide additional assistance for the development of comprehensive and coordinated mass transportation systems, both public and private, in metropolitan and other urban areas, and for other purposes; placed on the calendar.

(See the remarks of Mr. WILLIAMS of New Jersey when he reported the above bill, which appear under a separate heading.)

By Mr. McCARTHY:

S. 3616. A bill to amend the Internal Revenue Code of 1954 to provide an exemption from the highway use tax in the case of certain trucks and other vehicles which are used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; and

S. 3617. A bill to provide for the abatement of certain penalties and interest otherwise payable with respect to the highway use tax in the case of certain motor vehicles used primarily for hauling unprocessed farm and forest products from their place of production to market or mill; to the Committee on Finance.

By Mr. YOUNG of North Dakota:

S. 3618. A bill to amend the Internal Revenue Code of 1954 so as to provide an additional income tax exemption for a taxpayer or spouse who is totally disabled; to the Committee on Finance.

By Mr. BYRD of West Virginia (for himself and Mr. RANDOLPH):

S.J. Res. 213. Joint resolution to provide for the actual participation of the United States in the West Virginia Centennial Celebration; to the Committee on the Judiciary.

By Mr. CLARK (for himself, Mr. FULBRIGHT, and Mr. SALTONSTALL):

S.J. Res. 214. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

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

DESIGNATION OF NATIONAL CULTURAL CENTER WEEK

Mr. CLARK. Mr. President, on behalf of the distinguished Senator from Arkansas [Mr. FULBRIGHT], the distinguished Senator from Massachusetts

[Mr. SALTONSTALL], and myself, I introduce, for appropriate reference, a joint resolution authorizing the President of the United States to designate the period from November 26 through December 2, 1962, as National Cultural Center Week.

The National Cultural Center, on whose Board of Trustees my two colleagues and I sit, has, since its inception in 1958, been struggling with two problems.

The first is that of developing its program to carry out the intention of Congress that the Center serve as a national forum of the arts. The Center is endeavoring to develop programs which will symbolize the importance of the arts in our national environment and will relate the National Cultural Center to the entire country, so that it will serve as a memorial to the art of every segment of American society and every geographic area.

The second problem is that of raising funds to plan, build, and operate the Center—a task which Congress left solely in the hands of the American people. The trustees of the National Cultural Center have planned a nationwide fundraising campaign, to allow the American people to express their support for this institution.

This fundraising program will reach a climax on November 29, 1962, in a coast-to-coast closed-circuit telecast entitled "An American Pageant of the Arts," which will be a presentation of the regional art of our national heritage; and from which local sponsoring committees will keep up to 50 perecnt of the proceeds. This dual support of both national and local cultural institutions is in keeping with the Center's intentions of strengthening cultural organizations everywhere.

I urge all my colleagues to join in supporting this measure as evidence of our bipartisan support for the realization of the National Cultural Center and its goals.

The PRESIDENT pro tempore. The joint resolution will be received and appropriately referred.

The joint resolution (S.J. Res. 214) authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week, introduced by Mr. CLARK (for himself, Mr. FULBRIGHT, and Mr. SALTONSTALL), was received, read twice by its title, and referred to the Committee on the Judiciary.

STRENGTH OF THE MILITARY AND AIR FORCE ACADEMIES—AMENDMENTS

Mr. LONG of Louisiana submitted amendments, intended to be proposed by him, to the bill (H.R. 7913) to amend title 10, United States Code, to bring the number of cadets at the U.S. Military Academy and the U.S. Air Force Academy up to full strength, which were ordered to lie on the table and to be printed.

TRADE EXPANSION ACT OF 1962—AMENDMENTS

Mr. JAVITS. Mr. President, I send to the desk eight amendments to H.R. 11970, the Trade Expansion Act of 1962 for printing under the rule and ask unanimous consent to have them remain on the table until the end of business on August 10, in the event any of my colleagues desire to join me in sponsoring any of them. I am pleased to state that the distinguished Senator from West Virnigia [Mr. RANDOLPH] is joining me in sponsoring the last amendment which would set up a council of advisers from major industry, agriculture and labor groups for the purpose of giving counsel and advice to our trade negotiators.

An August 9, this Thursday, I shall appear before the Committee on Finance to discuss these proposed amendments in detail. Therefore, I should like to confine myself today to saying only that I support the objectives of the President's trade program and that these proposals are intended to improve its ability to serve the domestic and foreign economic policy of the United States. These proposed amendments are intended to strengthen the program of trade expansion. Indeed, the challenges facing our Nation are so great that we cannot afford halfhearted forays into foreign economic policy. We must place all of our strength and capacity into the meeting of these challenges.

Mr. President, I ask unanimous consent to have the text of these eight amendments and a brief summary explanation of them printed in the RECORD at this point.

I have asked unanimous consent to have printed at this point in the RECORD an explanation of the importance of the amendments, so that any who wish to join me, may notify me in advance of the 10th of their desire to join.

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

A

On page 3, beginning with line 21, strike out all through line 14, on page 6, and insert in lieu thereof the following:

"CHAPTER 2—SPECIAL AUTHORITY WITH RESPECT TO FULLY DEVELOPED COUNTRIES OR AREAS

"SEC. 211. BASIC AUTHORITY.

"(a) The President may, in carrying out any trade agreement with fully developed countries or areas, issue proclamations as to articles or categories of articles without regard to the limitation expressed in section 201(b)(1): *Provided,* That the more substantial concessions shall be made on products of industries which the President determines to have the greatest demonstrated capacity and potential for export expansion and the greatest growth potential and highest productivity.

"(b) As used in this chapter, the term 'fully developed country or area' means (1) the European Economic Community, and (2) any other foreign country or area, or any group of such countries or areas operating as a customs union or free trade association (other than any country or area described in section 231) which the President has, by Executive order, designated as a fully developed country or area: *Provided,* That such an Executive order shall have been in effect for at least 180 days prior to the entering into of any trade agreement with respect to which the provisions of subsection (a) are applicable. In making any such designation the President shall consider the output per worker engaged in manufacturing and the extent of manufacturing activity in the country or area to be considered for such designation, as compared to such output and the extent of such activity in the United States."

On page 6, line 15, strike out "(e)" and insert "(c)".

On page 6, lines 20 and 21, strike out "European Economic Community" and insert in lieu thereof "fully developed countries or areas".

On page 7, strike out lines 12 through 15, and insert the following:

"(3) the fully developed countries or areas have made a commitment with respect to duties or other import restrictions which is likely to assure access for such article to the markets of such countries or areas."

On page 20, between lines 12 and 13, insert a new section as follows:

B

"SEC. 253. UTILIZATION OF AUTHORITY TO ENTER INTO TRADE AGREEMENTS.

"The authority conferred by section 201 (a) shall, subject to the provisions of this title, be utilized by the President—

"(1) so as to base any concession made by the United States substantially on the effectiveness of such a concession in obtaining the extension of any concession made by fully developed countries or areas to the United States to all other countries or areas which are not referred to in section 231; and

"(2) in any trade agreements entered into pursuant to such authority, so as to establish special arrangements (including the lowering of tariffs on specified quantities of products and the rendering of marketing and servicing assistance) to aid in the development of stable and growing markets in fully developed countries or areas for the products of other countries or areas which are not referred to in section 231 with a minimum of economic dislocation and a maximum of economic benefit to such markets."

On page 20, line 13, strike out "253" and insert "254".

On page 20, line 15, strike out "254" and insert "255".

On page 21, line 18, strike out "254" and insert "255".

On page 21, line 22, strike out "253" and insert "254".

On page 22, line 4, strike out "255" and insert "256".

On page 22, line 15, strike out "256" and insert "257".

On page 24, between lines 12 and 13, insert the following:

"(8) The term 'fully developed country or area' means (A) the European Economic Community, and (B) any other foreign country or area, or any group of such countries or areas operating as a customs union or free trade association (other than any country or area described in section 231) which the President has, by Executive order, designated as a fully developed country or area. In making any such designation the President shall consider the output per worker engaged in manufacturing and the extent of manufacturing activity in the country or area to be considered for such designation, as compared to such output and the extent of such activity in the United States."

On page 24, line 13, strike out "257" and insert "258".

On page 20, between lines 12 and 13, insert a new section as follows:

C

"SEC. 253. UTILIZATION OF AUTHORITY TO ENTER INTO TRADE AGREEMENTS.

"It is the sense of the Congress that the President should utilize the authority conferred by section 201(a) to negotiate an agreement under which all countries receiving trade concessions pursuant to trade agreements entered into, and all contracting parties to the General Agreement on Tariffs and Trade, report annually to the appropriate organ established pursuant to said general agreement on the progress achieved in (1) improving working conditions in those industries the products of which have been subject to such concessions, and (2) raising living standards in those countries or areas which are dependent on such industries."

On page 20, line 13, strike out "253" and insert "254".

On page 20, line 15, strike out "254" and insert "255".

On page 21, line 18, strike out "254" and insert "255".

On page 21, line 22, strike out "253" and insert "254".

On page 22, line 4, strike out "255" and insert "256".

On page 22, line 15, strike out "256" and insert "257".

On page 24, line 13, strike out "257" and insert "258".

D

On page 19, line 18, strike out "tolerance of international cartels" and insert in lieu thereof "infringements of United States patents, copyrights, or registered trademarks, or tolerance of such infringements or of international cartels".

E

On page 33, between lines 12 and 13, insert a new section as follows:

"SEC. 303. TERMINATION OF AUTHORITY TO ISSUE CERTIFICATES OF ELIGIBILITY.

"(a) No certification of eligibility shall be issued under section 302 with respect to any firm or group of workers after June 30, 1974, or such earlier date as the Congress may by concurrent resolution prescribe.

"(b) The termination of the authority to issue certifications of eligibility, as provided in subsection (a), shall not affect the eligibility of any firm or worker to apply for or to receive adjustment assistance pursuant to a certification of eligibility duly issued prior to the date of such termination."

F

On page 75, line 5, after the period insert the following: "Such report shall also show the amount of funds which have been appropriated pursuant to sections 312(d) and 337 and have been expended or committed for each type of adjustment assistance authorized by chapters 2 and 3 of title III."

G

On page 75, between lines 21 and 22, insert the following:

"(d) The Tariff Commission shall bring up to date and publish, at intervals of not to exceed five years, the 'Summaries of Tariff Information'."

H

On page 16, between lines 10 and 11, insert the following:

"(c)(1) The Special Representative for Trade Negotiations shall appoint a Council of Advisers which shall consist of not to exceed fifty appointive members to be selected from the major organizations in the United States representing industry, agriculture, and labor. In addition, the congressional delegates to negotiations, selected pursuant to section 243, shall, during any period in which they are accredited members of a United States delegation to any negotiation under this title, serve as ex officio members of such council. The Special Representative shall serve as chairman of such council. Members appointed to such council, while attending meetings or otherwise engaged in the performance of their duties as members of the council, shall be entitled to receive compensation and reimbursement as provided in section 401(3), and the provisions of section 1003 of the National Defense Education Act of 1958 (20 U.S.C. 583) shall apply to such members.

"(2) Members of the Council of Advisers shall give advice and counsel with respect to products of direct interest to them to members of any United States delegation to negotiations under this title, and to the United States delegates to any other international meeting dealing with modifications of existing trade restrictions. The Special Representative for Trade Negotiations shall provide members of the council with such information with respect to such negotiations and meetings as he determines will enable such members to fully and effectively discharge their functions under this subsection."

SUMMARY OF AMENDMENTS TO THE TRADE EXPANSION ACT OF 1962 (H.R. 11970) PROPOSED BY SENATOR JAVITS

Proposed amendment A would authorize the President to eliminate tariffs on a mutual basis with all fully developed countries or areas of the free world, provided that the most substantial concessions are made on the products of the strongest U.S. industries. The determination by the President of what is a fully developed country or area shall be based on output per worker engaged in manufacturing and on the extent of industrialization. Agricultural products which are dealt with separately in H.R. 11970 are excluded from this authority.

Comment: H.R. 11970 authorizes tariff elimination only with the European Economic Community (EEC), and only in categories of products in which the United States and the members of the EEC account for 80 percent or more of world exports. I believe that this concentration on the EEC and on present or past levels of international trade has three serious disadvantages: (1) While the EEC members remove trade barriers among themselves, the United States could be left in the position of being unable to do so with any nation, if the EEC decides to shut us out or if the United Kingdom does not become a member of the EEC; (2) effective U.S. bargaining power with the EEC, whatever its composition, would be diminished, if the United States were unable to negotiate for the broadest possible concessions with other nations; (3) shaping negotiating authority to existing trade patterns places artificial and often unrealistic constraints on our negotiators, who must bargain for future benefits in the context of rapidly changing international economic conditions. The proposed amendment is designed to free U.S. trade policy from overdependence on the EEC and from criteria patterned on a bygone era of world trade.

Proposed amendment B would direct the President to shape the nature of U.S. concessions to fully developed countries or areas in such a way as to obtain the extension of most-favored-nation treatment to the less developed nations from the fully developed ones; would direct the President to utilize his negotiating authority in order to bring about the establishment of special arrangements for the orderly expansion of markets for the exports of the less developed nations.

Comment: H.R. 11970 provides for no directions on the use of authority for the purpose of getting the fully developed nations to share the burden of providing markets for the developing nations—a burden which the United States has been carrying to a large extent alone. The two parts of this proposed amendment are designed to accomplish this either through a multilateralization of most-favored-nation treatment or through special arrangements on a multilateral basis—or both.

Proposed amendment C would express the sense of the Congress that the President enter into agreements with all our trading partners for the submission of annual reports to an organ of the General Agreement on Tariffs and Trade (GATT), on the progress achieved in raising wage and living standards.

Comment: This proposed amendment is designed to facilitate the escalation of international labor standards and to place greater pressure on exporting nations to refrain from subsidizing their exports through artificially depressed wages. This idea was suggested by the AFL–CIO delegation to a meeting of the Trade Union Section of the European Productivity Agency in March 1960. It also reflects the principle of proposals made by George Meany, president of the AFL–CIO, in his testimony before the Senate Finance Committee on July 24, 1962.

Proposed amendment D would specify infringements of U.S. patents, copyrights and registered trademarks as actions unjustifiably restricting U.S. commerce and as cause for retaliatory action by the United States.

Comment: It is doubtful that the problem of patents, etc., has ever been considered in a meaningful way in the context of our trade policy. Yet, infringements of these United States held rights have materially interferred with our ability to export and have even resulted in the U.S. Government's purchase, under the statutory requirement to buy at the lowest price, of foreign goods made according to pirated patents.

Proposed amendment E would provide for a termination date for the certification of firms and workers eligible for adjustment assistance; would provide for such termination through concurrent resolution of the Congress.

Comment: H.R. 11970 has no such provision for termination and no such congressional control. I believe that the termination date of June 30, 1974, provides for a reasonable limit to the program. It allows for the establishment of injury from imports resulting from the last stage of tariff reductions under agreements made up to the June 30, 1967, termination date of the President's negotiating authority, plus 2 additional years. Furthermore, it seems to me that congressional control should be more firmly established than is contemplated by the "open end" authority for expenditures in the present bill.

Proposed amendment F would require the President to submit a detailed report on expenditures and commitments under the adjustment assistance program, in connection with the annual report on the administration of the entire Trade Expansion Act now required by H.R. 11970.

Comment: This proposed amendment is designed to permit stricter congressional oversight on the expenditure of adjustment assistance funds and would enable the Congress and the public to obtain a better perspective on the real implications of the trade program in terms of domestic adjustments.

Proposed amendment G would require the Tariff Commission to keep up to date and

publish at least every 5 years the "Summaries on Tariff Information."

Comment: These "summaries" have not been published since 1948 and, even though the data is kept current in the Tariff Commission files, it is difficult for students of trade policy and for industry to obtain this data which is vital to their research.

Proposed amendment H would establish a council of advisers, composed of representatives of major industry, agriculture, and labor groups. Its chairman would be the special representative for trade negotiations provided for in section 241 of H.R. 11970. Congressional delegates to negotiations would be ex officio members of the council. Any or all members of the council with a direct interest in an article under negotiation would have such access to U.S. negotiators as is determined by the special representative to be necessary to give advice and information to the negotiators. Members of the council would receive a per diem allowance while serving.

Comment: H.R. 11970 does not appear to provide the status for representatives of the private sector, necessary for the best utilization of the detailed knowledge of trade and economic conditions which these representatives dispose of. I believe that this proposed amendment would give them the necessary status without subjecting our trade negotiators to undue pressure from special interests.

The PRESIDING OFFICER. The amendments will be received, printed, and referred to the Committee on Finance; and, without objection, the amendments will lie on the desk as requested by the Senator from New York.

NOTICE OF HEARINGS BY SUBCOMMITTEE ON TRADING WITH THE ENEMY ACT

Mr. JOHNSTON. Mr. President, the Subcommittee on Trading With the Enemy Act of the Senate Committee on the Judiciary will hold public hearings on proposals to amend section 9(a) of the Trading With the Enemy Act at 10:30 a.m. on Wednesday, August 22, 1962, in room 2228, New Senate Office Building. Only Government witnesses will be heard on this day.

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. SPARKMAN:

"Ready Reference Guide to Senate Press Aides," published in the July 1962 issue of the National Publisher.

DEATH OF FORMER AMBASSADOR WHITING WILLAUER

Mr. SALTONSTALL. Mr. President, with the death of Whiting Willauer at his summer home on Nantucket Island, Mass., on Monday, the Nation lost an outstanding public servant who made important contributions to his country, especially in the field of foreign affairs.

Mr. Willauer served as Ambassador to Honduras from 1954 to 1958, and then became Ambassador to Costa Rica, where he remained until 1960. He also served as a special assistant to former Secretary of State Christian Herter. Ambassador Willauer was among the first of our envoys in the Caribbean area to sense the true nature of Fidel Castro's government in Cuba, and urged that our Government speak out against it.

A graduate of Princeton University, Mr. Willauer received his law degree at Harvard University. Following his graduation from Harvard, he joined the Boston firm of Bingham, Dana & Gould, where he specialized in admiralty law. Later he was employed by the Civil Aeronautics Board, the Department of Justice, and the Federal Power Commission.

During World War II he worked to get support for Gen. Claire Chennault's Flying Tigers, which flew supplies from India to China, and in 1946 he and General Chennault established the Civil Air Transport Co. Mr. Willauer became president and vice chairman of the board of that company. During the Korean conflict this group helped move supplies into Korea. He resigned from the organization in 1954, when President Eisenhower appointed him Ambassador to Honduras.

I knew Mr. Willauer and respected his judgment. His passing is a serious loss to the Nation.

To his wife, the former Louise Knapp Russell of Nantucket, his son Whiting Russell Willauer of Washington, and his daughter, Mrs. Peter W. Nash of Dedham, Mass., Mrs. Saltonstall and I extend our sympathy.

THE ESTABLISHMENT OF RELIGION CLAUSE OF THE FIRST AMENDMENT

Mr. ERVIN. Mr. President, the Charlotte News, of Charlotte, N.C., carried a very thoughtful editorial entitled "Church and State: Why the People Should Define the First Amendment" in its issue of July 12, 1962. This editorial ought to be made available to all the Members of the Congress for consideration in connection with various resolutions to amend the interpretation placed upon the first amendment by the recent decision of the Supreme Court in the Engel case. For this reason, I ask that this editorial be printed at this point in the RECORD.

The PRESIDING OFFICER (Mr. METCALF in the chair). Is there objection to the request of the Senator from North Carolina?

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

CHURCH AND STATE: WHY THE PEOPLE SHOULD DEFINE THE FIRST AMENDMENT

Reaction to the Supreme Court decision on prayer in public schools breaks down roughly into three categories: (1) Those content with the decision and its implications of a religiously sterile state. (2) Those concerned by the decision, as exemplified by our morning contemporary, but content to accept it. (3) Those concerned, as the News is, to the point of favoring positive consideration of a constitutional amendment to protect governmental recognition of the Nation's pervasive and immensely valuable religious tradition. Because of the importance of the question, and the community's interest, we think it worthwhile to consider the amendment question from both sides.

The argument for acceptance of the decision is pinned to the claim that, in the Regents Prayer case, the Court made a narrow decision or, as the Observer puts it, a relatively narrow decision. It is said in addition that debate of a constitutional amendment would be divisive in a pluralistic society such as ours. This latter, of course, is a mere debater's point; all issues of substance are divisive. A mature democracy cannot draw back from great questions in fear of controversy.

Certainly the Court, capping the divisive desegregation and reapportionment cases with provocative language in the prayer case, shows no disposition toward reticence. The plea for patience and restraint, if valid at all, should more properly be addressed to the Court itself.

The Court perforce is ingenious in leaving constitutional hairs unsplit when it deems avoidance of an issue the wiser course. It waited, for example, 58 years before finding in the 14th amendment a constitutional stricture against segregation of the races in education and, by swift extension, in parks, swimming pools, buses, pools, et cetera.

The Court, in sum, has the power of discretion in constitutional matters; the fact that it did not use that discretion wisely in the prayer case cannot reasonably be converted into an argument for timid acceptance by responsible citizens whose intelligence and convictions may be offended by the Court's holding.

No, the main argument for acceptance is that the Court's decision, being relatively narrow, does not raise issues worthy of constitutional debate among the citizens who are the ultimate arbiters of constitutional questions. And this argument, in our opinion, goes directly counter to the evidence; it is contrary to what the Court has done and said in the few first amendment cases that have been decided.

What the Court is about is the process of defining the first amendment for the first time and establishing its meaning for future generations. Moreover, it is asserting a meaning in a sensitive field that is contrary to what Justice Reed once called the accepted habits of our people, and doing so in a manner capable of upsetting practices embedded in our society by many years of experience. Now, of course, the Court upsets traditions in many fields; it must do so if the Constitution is to remain a living document. And it would be unthinkable to propose that the people intervene in murky matters such as taxation, criminal procedures, or international agreements.

But for two principal reasons, the present Court cannot claim any overriding competence in deciding the meaning of the first amendment:

1. The Court is without the guidance of a body of precedent. Rather than drawing upon the distillation of decades or argument and thought, the justices are relying upon their own opinions plus those lay views to which they may cleave. Because the first significant first amendment case came to the Court in 1947, Justice Black cannot quote Marshall, Holmes, Brandeis, or any of the other great shapers of constitutional doctrine. Justice Black quotes Justice Black. And Justice Douglas, regretting the holding in that first case, *Everson* v. *Board of Education*, reverses Justice Douglas.

2. The Court is without the guidance of the intent of the framers. In the debates of the constitutional convention there is little evidence as to what the framers meant by an establishment of religion. What evidence there is has been sifted throughly, of course, but there is nothing approaching agreement among scholars or lawyers. Having been through it, Harvard professor of government Robert G. McCloskey notes that one of the most impressive things about the literature on the subject is the comparative

ease with which each partisan demolishes the positive arguments of his opponents and the corresponding diffculty each has in establishing his own interpretation of the amendment's intention on irrefutable ground.

Finally, we return to the phrase "narrow decision" and ask what that means—if anything. John Marshall, deciding to require then Secretary of State James Madison to deliver papers of appointment to two justices of the peace (*Marbury* v. *Madison*, 1803) established the Supreme Court's right to review acts of the Congress and the legislatures. In upholding conviction of a man for selling lottery tickets (*Cohens* v. *Virginia*, 1821) Marshall established the right of a citizen convicted in a State court to carry his case into Federal courts.

All Supreme Court decisions are narrow in the sense that they pronounce upon a specific question posed by one or more individuals. In the original desegregation decision (*Brown* v. *Board of Education*, 1954) the Court specifically ordered the admission of a few Negro children to a few schools. The important question is not the decision, but the doctrine, which the decision asserts.

Our reading of the first amendment cases convinces us—barring amendment or the meaningful assertion of opposition through consideration of an amendment—that the Court is framing, and will continue to frame, a doctrine of rigid and absolute separation of church and state. Justice Black, to be sure, has not yet accepted Justice Douglas' radical strictures against the employment of chaplains, for example, but he is coming that way fast enough under his own momentum. Norfolk Ledger-Star Editor William Fitzpatrick, a close student of the Constitution, notes correctly "the general expectation * * * that the Court decision (on prayer) will reach to all religious expression in the public schools."

With the deepest respect for the indispensable institution that is the Supreme Court, we submit that it is entirely proper for the people to participate in defining the first amendment for themselves and their children. To disagree with the Court is not to attack or demean it. The 12 amendments following those embodied in the Bill of Rights are, some of them, of far less consequence than the question of whether the Nation will continue to recognize the influence of religion on its origins and its history in a time of great testing with a fanatic philosophy of materialism.

Whether or not Mecklenburgers favor or disapprove consideration of an amendment, they deserve to know that the Court has made no narrow decision; indeed, that such a decision is highly improbable, if not impossible, in the barely touched field of the first amendment.

BIRTHDAY CONGRATULATIONS TO SENATOR JOE H. BOTTUM

Mr. MUNDT. Mr. President, on behalf of his many old friends in South Dakota and his many new friends in the Senate of the United States, it is my pleasure to announce that South Dakota's junior Senator, JOE BOTTUM, is today celebrating his 59th birthday.

I think it is highly appropriate that on the occasion of his 59th birthday Senator BOTTUM no longer wears the mantle of the "baby Senator" of the United States, but that on this occasion he moves up one notch on the important ladder of seniority.

I suspect that, due to the tragic and unfortunate passing of our beloved friend, Henry Dworshak, JOE BOTTUM will go down in history with one designation attached to his name, at least, and that is that he has been the bearer of the designation of "baby Senator" probably for a shorter period of time than any other Senator who has taken the oath of office, because it was less than 3 weeks ago that his name was presented to the Senate for confirmation.

Mr. SCOTT. Mr. President, will the Senator yield at that point?

Mr. MUNDT. I yield.

Mr. SCOTT. I take it the Senator is saying that Senator BOTTUM is about the quickest man off the bottom in the Senate for some time.

Mr. MUNDT. The Senator is correct. He is also a fast man toward the top.

Mr. MILLER. Mr. President, I wish to join with my distinguished colleague, the senior Senator from South Dakota, in conveying congratulations to the junior Senator from South Dakota [Mr. BOTTUM] on the occasion of his 59th birthday. I express the hope that he will continue to represent our sister State, adjacent to my own State of Iowa, in the U.S. Senate, and that he will climb to the top in the years to come.

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

Mr. MILLER. I am glad to yield.

Mr. DIRKSEN. The distinguished junior Senator from South Dakota is a man of great vigor. I know how he comported himself when I campaigned in that great State. I know the vitality and vigor he possesses. I am sure he will use it in addressing himself to the public business. May his energy never diminish, even though his years will accumulate.

I congratulate him.

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

Mr. MILLER. I yield to my colleague from California.

Mr. KUCHEL. I merely say to my good friend from South Dakota, I hope very much that the U.S. Senate 1 year from today will salute my friend on the occasion of his next birthday, and that he will enjoy the same health and vigor he now enjoys. I hope that he may spend many future birthdays on the floor of the Senate as a Member of the U.S. Senate.

Mr. BEALL. Mr. President, it is a very real privilege to join in congratulating the junior Senator from South Dakota, Senator JOSEPH H. BOTTUM, on the occasion of his birthday anniversary.

The late Senator Francis Case, for whom I had the highest respect, used to tell me of JOSEPH BOTTUM'S remarkable ability and diligence, and in the short time I have known Senator BOTTUM I have been highly impressed by the manner in which he has more than lived up to his excellent reputation. Our Nation, as a whole, and South Dakota in particular, are fortunate in having such a man in this body, and I sincerely hope we will be privileged to have his services for many years.

FOREIGN AID "FUMBLES"

Mr. MILLER. Mr. President, I ask unanimous consent to have printed in the RECORD a recent editorial from the Davenport Daily Times entitled "Congress Fumbles Its Opportunity."

In the editorial is presented the view that Congress should be a little more careful with respect to the foreign aid program, and specifically three points are made.

The first is that expenditures should be reduced in order to assist this Nation to preserve its financial integrity. The second is that the amount of foreign assistance should be reduced to alleviate some of the pressure on the balance-of-payments problem. The third is that more attention should be given to curbing assistance to Communist-dominated nations.

I might point out, Mr. President, with respect to the third point, the language in the bill as passed by the Congress does place considerably more restrictions on the President's powers to dispense aid to Communist countries than heretofore existed.

With respect to the first two points, the Congress will have an ample opportunity to cut down when it considers the appropriation bill relating to foreign aid.

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

CONGRESS FUMBLES ITS OPPORTUNITY

President Kennedy signed the bill Wednesday by which Congress authorized $4,672 million in foreign aid. It was a case of turning the key in the lock barring the best opportunity the United States had in 1962 to remedy several ills.

There had been signs earlier that Congress might this time fulfill its responsibility first to cut down on the expenditures which have helped perpetuate the Nation's financial disorder. Specifically, in the second place, a reduction in foreign aid would help to bring foreign payments near a balance which would stem the dangerous outflow of gold. Third, the chance was frittered away to put some sort of a check on the use of such funds to benefit Communist countries.

On any of the three counts, or all, there is no question of popular support. In the course of the battle over the restrictions which were proposed and then allowed to be chopped from the foreign aid bill, there was strange reasoning that some of the Members of Congress were lending support because they felt it would be popular at home, but that they were confident such limitations would not survive conference committee action.

If this is to be accepted as reliable, it reflects an appalling disregard upon the part of the legislators for the will of the people they are supposed to represent.

The average American finds that Congressman JOHN M. ASHBROOK, an Ohio Republican, made sense when he expressed wonder:

"The interesting facet (of the bill's victory in Congress) was the fact that the ability to dispense taxpayers' money to Communist countries was hailed as a victory for the President. In many other areas of the country, this action would be acknowledged with shame."

This takes into account the plain fact that economic assistance extended those Red countries supposed not to be completely under the domination of the Soviet does not bring them into accord with the United States any more than do the handouts to the others looking for bribes not to go Communist.

If the results thus far indicate what can be expected of giving the President, whoever he may be, unfettered freedom in foreign policy, there is every reason why Congress, serving the American people, should take a hand.

INTEGRITY OF THE AMERICAN DOLLAR

Mr. MILLER. Mr. President, the lead editorial in the July 2 issue of the Evening World-Herald of Omaha, Nebr., entitled "Inflation Push," indicates the concern which is increasingly being expressed in my part of the country over the future integrity of the purchasing power of the American dollar. I ask unanimous consent that the editorial may be printed in the RECORD.

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

INFLATION PUSH

A dollar bill that has been shrunken to about half its original size is a joke item in Washington these summer days.

But the shrunken dollar is no joke outside America, where the sudden deterioration of U.S. currency is big news.

Donald I. Rogers, financial editor of the New York Herald Tribune, writes:

"The outside world is refusing to accept the obligations of private firms that specify payment in dollars after the first of next year."

He goes on to say that European central banks have set December 31 as the deadline past which they will no longer add to their holdings in dollars.

Why 6 months?

That apparently is the time which has been allowed the American Government to improve its economic affairs.

Europeans are afraid of the mounting Federal deficit and of signs that President Kennedy may stampede the United States into deeper deficit spending and a policy of low interest rates.

Treasury officials are well aware of the foreign pressures, says Mr. Rogers. The Federal Reserve System recently swapped currencies with countries which have reserves of American gold and balances of American dollars. This swap provides partial and temporary restraint against a disastrous run on America's gold supply, but it only buys time.

The fact, says Mr. Rogers, is this: "Forces beyond political control appear ready to place a new, lower value on the American dollar, occasioning further deep drains on American gold reserves."

So what's to be done?

Mr. Rogers, Senator HARRY BYRD, and others urge that the Government use the 6-month grace period to cut Federal spending and get the Federal budget back in balance.

But this obviously is not going to happen. The Government ended the fiscal year Saturday some $7 billion in the red. Spending this fiscal year will be even heavier. Only a complete reversal of fiscal policy would bolster the dollar by December 31. So some kind of dollar devaluation seems likely.

In the last few days, says Mr. Rogers, there has been talk in Wall Street of something called simultaneous revaluation. It's a gimmick by which European central banks and the U.S. Government would simultaneously announce an upward revaluation of gold, perhaps by 50 percent. This would have the effect of devaluing all the participating currencies.

It is reasoned that this would take the curse off devaluation of the dollar only. All countries would benefit from increased commodity prices. It would take the slump out of the American stock market, get money in circulation, move prices swiftly ahead of wages so that unions would be justified in demanding wage increases.

In short, it would create great inflationary pressures everywhere, but especially in the United States, and supposedly would delay the day of reckoning. There is no sign that Washington takes this simultaneous revaluation scheme seriously at present, but Mr. Rogers cites it as the kind of thing that may come because the administration refuses to follow a course of fiscal prudence.

"GOLDWATER THE JEFFERSONIAN: MR. CONSERVATIVE"—BOOK REVIEW

Mr. TOWER. Mr. President, the Senator from Arizona [Mr. GOLDWATER] as a most eloquent spokesman for conservative and Republican causes, is much talked about and widely written about. At present, if my information is correct, and I am confident it is, there are five Goldwater books on the newsstands or in the bookstores. Two of these are by the Senator himself: "Conscience of a Conservative," and "Why Not Victory." Three have been written about him: "Freedom Is His Flight Plan," by Steve Shadegg; "Biography of a Conservative," by Dean Smith and Robert Wood; and "Mr. Conservative," by Jack Bell, the distinguished dean of the Senate staff of the Associated Press.

Mr. President, this thoughtful and provocative newly published volume by Mr. Bell is being favorably reviewed and enthusiastically received by readers everywhere. One such review, by Joe Benham, the discerning political writer of the San Antonio, Tex., Express, has just come to my attention. It is well-turned and incisive, and I ask unanimous consent, Mr. President, to have this review, titled "Goldwater, the Jeffersonian: Mr. Conservative," printed in the RECORD.

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

GOLDWATER THE JEFFERSONIAN: MR. CONSERVATIVE

(By Joe Benham)

In the realm of politics, one finds few people able to take a dispassionate look at BARRY GOLDWATER, the Arizona businessman-turned-politician who has become the symbol and spokesman of conservatism. People interested in politics either love him or hate him, as a rule.

But Jack Bell, chief political writer for the Associated Press, has managed to stand back and look at the controversial GOLDWATER without being blind either to his virtues or to his faults, in "Mr. Conservative: BARRY GOLDWATER" (Doubleday).

And it's an oft-fascinating picture that he paints, of an almost accidental recruit of Republicanism in his youth, in whom "there reside some of the swashbuckling qualities of Theodore Roosevelt."

GOLDWATER, grandson of a Russian Jewish peddler who had roamed the arid lands of California and Arizona, also bears a resemblance to one John F. Kennedy, in the view of Bell, who comments: "They are alike in their ability to arouse the emotions of the electorate * * * the people who back them are for Jack Kennedy or BARRY GOLDWATER."

Freed from newspaper space limitations and deadline pressures, Bell takes a long and thoughtful look not only at where BARRY GOLDWATER came from and what he is like, but, more important, what he stands for and where he is likely to go.

Many of the precepts of the tanned, rugged-looking photographer-flier-folklorist are familiar: opposition to deficit spending, impatience with the failure of the United Nations to act in sympathy with U.S. aims, antagonism toward labor racketeers, opposition to Federal aid to education and to socialized medicine, opposition to the growth of centralized government at the expense of local and State control.

But less well known, perhaps, is the fact that GOLDWATER, sometimes unwilling spokesman for the archconservatives of the Republican party, actually regards himself as Jeffersonian Democrat.

Bell quotes him: "I would agree with Bob La Follette nearly all of the time, with Thomas Jefferson practically all of the time." The reason he is a Republican rather than a Democrat, he says, is that the Democratic party no longer represents the ideals of Jefferson.

"He is not above suggesting," Bell observes, "that the Democrats populate a war party and are mighty soft on communism."

What of the future? A Rockefeller-GOLDWATER ticket is by no means out of the question, says Bell, with the observation "the Democrats had demonstrated with their Kennedy-Johnson ticket that political cynicism is not necessarily repellent to the average voter."

TRIBUTE TO SENATOR ROBERT S. KERR

Mr. TOWER. Mr. President, the Longview, Tex., Daily News on July 31 gave editorial recognition to a man "nationally recognized as one of the most distinguished products of a State renowned for its distinguished citizen leaders."

The Longview Daily News was referring to the senior Senator from Oklahoma, the Honorable ROBERT S. KERR.

Mr. President, this editorial is a justified and well-earned tribute to our friend and colleague. It reflects, I am sure, the consensus of the Senate. I ask unanimous consent to have the editorial printed in the RECORD.

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

THE MAKINGS OF OPPORTUNITY

It is seldom that more than once during a lifetime does the opportunity present itself for a man to achieve true national greatness. U.S. Senator ROBERT S. KERR, of Oklahoma, stands on the fiery threshold of such an opportunity today.

Senator KERR is no novice, nor is he without high personal achievement. He is today nationally recognized as one of the most distinguished products of a State renowned for its distinguished citizen leaders.

Now at the peak of a career that has included oversea military service in the field artillery, successful business and industrial operations, Governor of his State, and Democratic national committeeman, Senator KERR today occupies a strategic position in the senior body of the national administration.

It is precisely this position of trust and honor and high responsibility that affords Senator KERR his unusual opportunity. For, standing as he does in a key position of senatorial power and influence in the high councils of the administration, the Oklahoman in the next several days can give enlightened direction to policy for an administration which has been sadly lacking in understanding and responsible direction toward the business and industrial community—the basis on which American strength and progress rests.

Senator KERR's unusual opportunity arises by virtue of his key position concerning the major questions of national policy affecting the vital extractive industries—oil and gas, other minerals and commercial earth elements of an exhaustible nature.

One of the major questions is the necessity for greater protection for oil and other

mineral industries in President Kennedy's trade expansion bill. Senator KERR believes, as do most of the domestic leaders of these industries, that the national security section of this bill must be strengthened. He is reported in news dispatches to believe that technical changes in the wording of the security section can achieve the desired security, and he has wisely said that any language in the bill must be broad enough to cover all domestic industry.

The Oklahoma Senator, one of the most knowledgeable men in the U.S. Senate concerning the minerals industries by reason of his own successful personal experience, believes the domestic oil industry is entitled to and should be assured its rightful and proportionate share of the domestic market. This objective he hopes to achieve through negotiation. He makes it clear he is going to support the trade bill, recognizing national needs and interests in this direction.

The other major issue—which is not officially before the Congress but which is being broadly considered in government agency circles and widely discussed in national news media—is that of Federal tax treatment of the minerals industries.

The whole complicated field of taxation is under study and consideration. News and opinion column theorists and comic pundits are attacking the time-proved principle of depletion credit as a tax loophole which they say must be closed before any tax reform can be worked out. Other liberal self-anointed social reformers vie for hearing in the rising din of attack on depletion. Some even suggest that depletion be replaced by a system of Federal subsidies at taxpayer expense—a la the Federal agricultural program.

President Kennedy wisely has not called for abandonment of the depletion principle. Congress instituted this principle long ago and has stood by it for more than a generation—while domestic industry has given this Nation the greatest abundance of low-cost fuel and energy the world has ever known, and at no cost to the taxpayer.

Without a doubt, the President wants the Nation to go forward. One of his chief aims has been to increase the rate of economic growth. He has made some unfortunate blunders. He cannot now afford and would not knowingly adopt a course that would halt the progress of nearly 100 minerals industries which provide the basic employment, payrolls, and economic backbone of some 35 States.

This is where Senator KERR faces his great opportunity. Out of his broad personal experience in business and industry, he can render the administration most valuable advice and counsel. By his skill as a legislator, he can properly represent the legitimate interests of business and industry. Through his knowledge of economics, gained in both private business and in Government, he can serve the consumer interests of the Nation in an enlightened and effective manner.

This is a complicated and difficult assignment. But we believe Senator KERR has the experience and the judgment to realize that—politics and social reform to the contrary notwithstanding—any solution of these problems that does not strengthen and safeguard the vital minerals industries is in neither the short-term nor long-term public and national interest, and that which is not in the public and national interest surely is not and never can be in the best interest of good politics or good reform.

It is under just such trying circumstances and such great pressures as Senator KERR faces today that men of courage and faith and dedication down through the ages have forged these characteristics into the stalwart stature of statesmen. The valiant-hearted Oklahoman can seize in these makings the opportunity of a lifetime to confirm for historians and posterity his right to the eminent honor of true statesmanship.

GOOD NEWS FOR WEST COAST SHIPBUILDING PROGRAM

Mr. KUCHEL. Mr. President, since the glorious autumn day over four centuries ago when the Spanish explorer, Cabrillo, took his men ashore at San Diego, the colonization, growth, and economic stability of my native State of California have been influenced immeasurably by the sea which washes our extended coastline and by ocean transportation. Our Nation, likewise, has historically been a nautical power since the early colonists began fabricating sailing vessels of timbers from the New England forests.

America's position on the high seas has ranged from preeminence during the clipper-ship days to nearly disastrous inadequacy to transport men and supplies vital to the defense of freedom-loving peoples on distant fronts across the Atlantic and the Pacific.

These facts prompted me early this session to voice alarm at curtailment of the long-range program for replacement of merchant ships in the face of unmistakable Russian determination to become a major ocean trader.

The fiscal year 1963 budget items for merchant marine construction now are being reviewed by the Senate Appropriations Committee. Shortly, this body will have before it the bill providing funds for the Federal Maritime Administration and the payment of vital construction subsidies for replacement of obsolescent and aging ships.

Details of the replacement program to be carried out during the present fiscal year recently have been revised and are reflected in a supplemental budget estimate requesting an additional $14,200,000 in the disappointingly small amount originally proposed to Congress.

I was gratified to learn upon inquiry that this recent increase recognizes appreciation of the importance of providing new, faster, larger vessels for service on the Pacific. The revised program takes cognizance of the opening of potential new markets, intensified foreign competition, and prospects for expanded trade with countries off our western shores upon which we have focused ever-increasing attention since our involvement in World War II.

Under the supplemental estimates now before the Senate Appropriations Committee, it is proposed to build five ships for the Pacific trade. Originally none were scheduled but following a reappraisal of the needs of commerce, three are to be constructed for the globe-girdling American President Lines and two for the American Mail Line. Both of these companies are based on and operate services primarily from the west coast.

I was pleased to see that the total planned construction-differential payments of more than $100 million for ships to be started in fiscal year 1963, some $31 million is earmarked for those intended for these two Pacific operators.

This is indeed good news for California and the entire West. It is important for the Nation, since the tempo of foreign-flag operations in the Pacific has stepped up greatly in the postwar era. The volume of commerce through Pacific ports is mounting. Within months, upon completion of a deepwater channel, California's inland capital city, Sacramento, will have direct access to the ocean. More than 10,000 families on the west coast derive their living from work in shipbuilding and ship repair industries. It is to be hoped that Pacific seaboard shipyards will be successful in competition for some of this new construction.

With more modern ships, it should be possible to step up our seaborne commerce with our allies—Australia, New Zealand, the Philippines, and others—in the distant reaches of the world and with the developing countries of Asia, the expanding populations of the southeastern Asian islands, and the Orient. This will be significant to longshore workers, who number some 25,000 in California alone. It should give new impetus to growing Western industry and to agriculture over a wide area.

The increased emphasis upon the condition of our merchant fleet in the Pacific is recognition of the importance of this trade and presents a challenge as well as an opportunity for California and her people.

INTERNAL REVENUE SERVICE RULING UNFAIR TO AMERICAN JAPANESE

Mr. KUCHEL. Mr. President, the Register-Pajaronian and Sun of Watsonville, Calif., observed a few days ago:

> No group in American history, with the possible exception of the native Indians, was more shamefully treated than our people of Japanese ancestry at the outbreak of World War II.

I agree. I think the Members of Congress agree. Indeed, I think the citizens of the United States agree.

It is regrettable, Mr. President, that the Internal Revenue Service has now seen fit to announce that it will go forward with plans to levy a tax against the small moiety awards which were made to the American citizens of Japanese extraction after World War II. I have submitted an amendment, cosponsored by some of my colleagues on both sides, to prevent that from happening.

Mr. President, I ask unanimous consent that the excellent editorial to which I have referred may be printed in the RECORD at this point.

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

INTERNAL REVENUE SERVICE SLASHES OPEN A WOUND

No group in American history, with the possible exception of the native Indians, was more shamefully treated than our people of Japanese ancestry at the outbreak of World War II.

There was no difference, declared the military commander of this area, between an enemy alien and a citizen descended from immigrants from a country then an enemy. "A Jap's a Jap," said Gen. John L. DeWitt.

And General DeWitt's troops, with the blessing of the national administration, proceeded to clear the California coast not only of citizens of Japan but also citizens of the United States whose ancestors happened to be born in Japan. Our schools

were partly emptied, our farms partly evacuated. Whole families were torn from their roots in this community, and they were thrown into concentration camps euphemistically labeled "relocation centers."

There was no need for it, as a sober look at the record after the war indicates. Not a single instance of sabotage or espionage was detected in Hawaii, not a single act of disloyalty uncovered in Watsonville by the FBI and Army agents who ruthlessly turned homes inside out, viewing with horror young boys' .22-caliber rifles and their elders' ancestral ceremonial swords as though they were about to be used to capture the city hall. We know; we saw it.

Now the Internal Revenue Service is about to reopen an old wound, to offend once again good American citizens who proved their loyalty over and over again in World War II—families which in some cases gave the lives of their sons in combat.

When the Japanese and Japanese-American population was so cruelly jerked out of the Pajaro Valley and other parts of California at the outbreak of war, many of this group suffered measurable and admittedly unnecessary financial loss. Some sold their homes at panic prices; some left their farm machinery and their household goods on the land.

After the war ended and the hysteria was over, a Congress, shamefaced for us all, acknowledged injustice. It passed the Evacuation Claims Act, which only partially compensated the rudely handled Japanese and Japanese-Americans for their provable losses.

The Nisei are back among us now, most of them. They have shown more forbearance than most of us would exhibit under the circumstances; and to the credit of the Anglo-Saxon part of the population it must be said that these uprooted Americans were received back home with a minimum of incident and that they are once again a respected and accepted part of the community. No one begrudged them the small settlements some of them received from the U.S. Government—with the possible exception of a few despicable people who were not above theft and fraud at the expense of the "relocated" Americans of Japanese ancestry.

And at this point, when the wound is mostly healed (although the scar will remain forever on the sensibilities of these people and on the conscience of America), the Internal Revenue Service brandishes the knife. It decrees now, 17 years after war's end, that these indemnity payments, insofar as they exceeded the original cost of the property, are subject to income tax, and proposes to take a part of them back.

Perhaps that's how it reads in the book. Perhaps, as the IRS men put it, there is no difference in the law between an indemnity payment to a shamefully mistreated citizen yanked from his home and placed behind barbed wire and the taxpayer whose land is taken for a freeway.

If there isn't a difference in the law, then Congress should move speedily to draw a line. The Kennedy administration shows great concern for the rights of minorities in Dixie; let it now move speedily to protect the rights of a minority in California. Let the administration, as the San Francisco Examiner has it, "put an end to the absurdity that Government can admit a wrong, offer indemnification for it, and then take it back in taxes."

The story of the miserable treatment meted out to those of Japanese ancestry in California in early 1942 was well told in a book by Morton Grodzins entitled "Americans Betrayed." Let's hope he does not find it necessary to write a sequel.

MEDICARE—IT IS BOUND TO COME

Mr. KUCHEL. Mr. President, the Santa Barbara News-Press in an editorial which was published in that estimable newspaper on Thursday, July 19, states:

We believe the American people are bound to get some kind of health cost protection through their Government, because they need it and demand it. They are not frightened by the term "socialized medicine," for it has been tossed about much too loosely by the medical and insurance spokesmen.

The American people want a reasonable, peaceable, workable plan to meet a very real and present need. And they expect their doctors and their elected representatives to find and agree on such a plan.

I commend a reading of the editorial to Senators. I ask unanimous consent that the text of the entire editorial be printed at this point in my remarks.

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

MEDICARE—IT'S BOUND TO COME

The administration's medical care bill, modified to gain the support of liberal Republicans, has been killed for this session of Congress. The 52–48 vote in the Senate, while close, was enough to block any further action this year, in view of the fact that the House bill on the subject is bottled up in the Ways and Means Committee.

The American Medical Association and its allied groups can chalk up a victory, for the moment. Its reputed $7 million lobby and propaganda fund was used effectively, according to the rules of the political game as it is played.

But in the end it may turn out to be a Pyrrhic victory—too costly to bear repetition. Congressmen persuaded against their own political judgment do not always stay persuaded next year, and next. Some of those won over to the American Medical Association's side may be defeated in November. A $7 million fund may not be enough to assure victory in 1963, and attempts to raise it may backfire.

The medical organization has won a holding action, but if it is wise in strategy it will prepare a safe line of retreat, giving some ground in order to avoid a rout in the next encounter. It did this when it accepted the Kerr-Mills Act, to provide medical care for the elderly indigent, last year.

It is not impossible for reasonable men to work out some new medical aid legislation that will go a long way to meet the health insurance needs of millions of our older citizens—people who are not indigents, but who may speedily become so if unprotected against the increased health hazards of age.

If the American Medical Association remains stiffnecked in its brief victory, it will see the issue taken to the people in black-and-white terms by a popular President who has everything to gain and nothing to lose in campaigning for health protection for the people.

There has been complaint in some quarters about the President applying pressure in the effort to get this medicare program adopted. The pressure he has used, and can use, is weak compared with the pressures exerted by the rich and powerful insurance interests—the real strength behind the American Medical Association political action movement. The doctors should pause now and consider whether they are being used by the insurance interests, pawns in a war over private or public insurance, not in a war over private or public medicine.

The doctors, as a matter of fact, were not affected in the least by the provisions of the medicare bill. They were not to be paid by the Government, nor their practice of medicine touched in any respect. The bill was concerned only with helping the aged meet their hospital and nursing costs. Any doctors who felt in this a threat to the freedom of medical practice were simply deluded by the propagandists of their own association and of the insurance interests.

If the organized doctors refuse to budge over Government aid for the people's health security, and if the insurance interests continue to use their resources of wealth and power to block any public insurance at all costs, the time may come when the people will cry "a plague on both your houses" and demand both Government insurance and Government medicine.

We would deplore such an outcome. We are against true socialized medicine, and against Government monopoly of insurance. We are for effective partner-combinations of public and private enterprise in these two areas, as in various other areas where private initiative and Government agencies work together for the mutual welfare of workers, employers, investors, and the public.

We believe the American people are bound to get some kind of health cost protection through their Government, because they need it and demand it. They are not frightened by the term "socialized medicine," for it has been tossed about much too loosely by the medical and insurance spokesmen. They are not wedded to the social security system of financing it, but are willing to go along with it if this seems the most workable. The Saskatchewan spectacle has made them equally distrustful of radical Government action and of doctors who go on strike against their own patients.

The American people want a reasonable, peaceable, workable plan to meet a very real and present need. And they expect their doctors and their elected representatives to find and agree on such a plan.

JAMES H. KINDELBERGER, CHAIRMAN OF THE BOARD OF NORTH AMERICAN AVIATION, INC.

Mr. KUCHEL. Mr. President, a few days ago, the American people lost a distinguished American patriot, James Howard (Dutch) Kindelberger, age 67, chairman of the board of North American Aviation, Inc., in California. Many Senators called him friend. I was proud to do so. "Dutch" Kindelberger was one of those gallant and supremely efficient and dedicated American businessmen who, during the dark days of the 1930's, as World War II approached, conceived new means by which the defense of the American people might be greatly strengthened.

During World War II it was "Dutch" Kindelberger who, with his fast-growing and farflung defense industry, created such aircraft for the Defense Department and the U.S. Air Force as the Mitchell bomber and the Mustang fighter, and during the Korean war created the superb F–86 Sabre Jet. Today the amazing X–15 rocket plane has come from the mind of that great man.

We have lost a very great American. The citizens of the free world have lost one whose entire lifetime was given over to providing strength for the cause of

free peoples against Communist imperialism.

I ask unanimous consent that an article touching on the background and life of Mr. Kindelberger published in the Los Angeles Times of July 28 be printed at this point in the RECORD.

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

KINDELBERGER, NORTH AMERICAN CHAIRMAN, DIES

James Howard (Dutch) Kindelberger, 67, chairman of the board of North American Aviation, Inc., died early Friday at his home, 14880 Corona Del Mar, Pacific Palisades.

Death was believed caused by congestive heart failure. He had been ill several months.

Mr. Kindelberger was one of the great figures of the American aviation and aerospace industries and one of the aircraft production giants of World War II.

He was president of North American from its fledgling days in 1935 until 1948, and its chief executive officer until 1960.

TREMENDOUS GROWTH

Under his direction North American grew from a small Maryland plant employing 75 on a single airplane to the present $1-billion-a-year corporation employing 96,000 in 6 divisions, including projects in electronics, rocketry, atomic energy, and space vehicles.

Mr. Kindelberger's name was stamped on the development of such historymaking aircraft as the Mitchell bomber and Mustang fighter of World War II, the F-86 Sabre jets of the Korean war, and today's space-conquering X-15 rocket plane.

With other aviation figures, Mr. Kindelberger led the Nation into wartime superiority over Germany and Japan, and in postwar years retooled the industry for the jet and missile age.

One of his last important coups for North American was the winning of a $2 to $3 billion contract to build the forthcoming moonship Apollo.

Mr. Kindelberger was born May 8, 1895, in Wheeling, W. Va.

He quit high school after 1 year to work in a factory, studying drafting at night. He enlisted in the Army in 1917 and served with the Signal Corps, winning a pilot's wings in what was then the Army's flying branch.

WAS DRAFTSMAN

In 1918 he went to work as a draftsman under Donald Douglas, chief engineer of the Glenn L. Martin Co. in Cleveland. When Douglas came here to launch his company, Mr. Kindelberger followed in 1925 to become his chief engineer.

He helped Douglas develop the world's leading passenger planes until 1934, when he became president of General Aviation Manufacturing Co., a General Motors subsidiary.

In 1935 General Motors cut the subsidiary loose, and it became North American Aviation, with Mr. Kindelberger as president and general manager. It started with a one-plane contract in Dundalk, Md.

OBVIOUS ADVANTAGE

"We started with an obvious advantage," the president recalled later. "It couldn't have been worse."

North American sold its unfinished plane for scrap and got into military production with a $1 million contract for Army trainers. In 1936 he moved the company to Los Angeles, predicting this would soon be the aircraft center of the Nation.

After a tour of German aircraft plants in 1938, Mr. Kindelberger came back with a contract to build fighters for Britain. In 127 days he completed the first P-51 Mustang. It was the first American plane to take the sky against the Nazi Luftwaffe.

During the war North American built 15,603 Mustangs, 9,817 Mitchells, and more than 15,400 AT-6 Texans.

HIGHEST HONORS

Mr. Kindelberger received many of this country's highest civilian honors and others from Allied Nations for his role in arming the Allies.

Mr. Kindelberger leaves a daughter, Mrs. Joan Kindelberger Graham, and three grandchildren.

He was divorced by his first wife, Mrs. Thelma Knarr Kindelberger, in 1945. He married Mary Louise Allen in 1946. They were divorced in 1960.

Mr. KUCHEL. Mr. President, I believe I may say, not merely for this California Senator, but for the Congress of the United States and the American Government, that we salute a great and gallant American patriot, and we extend to his family our most sincere condolences.

THE EFFECTS OF SMOKING

Mr. MOSS. Mr. President, there could be no more conclusive argument for the passage of Senate Joint Resolution 174, which asks the President to create a Commission on Tobacco and Health to conduct a massive educational campaign, than the article which appears in the July issue of Scientific American entitled "The Effects of Smoking."

The article was written by E. Cuyler Hammond, director of the statistical research section of the American Cancer Society. It presents no new scientific findings, but puts together in one place the most important conclusions reached on the association between cigarette smoking and lung cancer, and between cigarette smoking and heart failure. It is essential reading for everyone concerned with this grave problem.

I have been heartened by the announcement that the U.S. Public Health Service has undertaken a comprehensive review of all data bearing on cigarette smoking and health risks, and I hope the evaluation can be made public soon. But meanwhile I feel it would be wise for Congress to set up the machinery for an extensive educational campaign to spread the facts that can be proved. I feel it only fair to the American people that they be widely apprised of the conclusions reached and then let them decide for themselves what—if anything—they wish to do about them personally. England and some of the other European countries are way ahead of us in doing this for their citizens.

I commend Mr. Hammond and the American Cancer Society for gathering together for us the evidence linking various ailments to heavy cigarette smoking, and the Scientific American for printing it. I ask unanimous consent that the article—although rather long—be printed in the body of the CONGRESSIONAL RECORD.

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

THE EFFECTS OF SMOKING

(By E. Cuyler Hammond)

In 1560 Jean Nicot, the French ambassador to Portugal, wrote that an American Indian herb he had acquired had marvelous curative powers. For a time his view was widely accepted, and in his honor the herb was given the generic name Nicotiana. The species Nicotiana rustica, first introduced into Europe for smoking in pipes, was harsh and rather disagreeable. Later it was supplanted by Nicotiana tabacum, which produces a pleasanter smoke. N. rustica is still grown in the U.S.S.R. and other parts of Asia, but N. tabacum is now the chief source of smoking tobacco and is the only species cultivated in the United States.

Skepticism about the medical value of tobacco developed near the end of the 16th century; not long thereafter smoking was condemned as a pernicious habit responsible for all manner of ills. This did not prevent smoking from becoming an almost universal habit among men in Europe and the American colonies. Actually there was no scientific evidence for any harmful effects of tobacco until the middle of the 19th century.

It appears that M. Bouisson, an obscure French physician, deserves credit for the first well-documented clinical study of the matter. In 1859, reporting on patients in the hospital at Montpellier, he observed that of 68 patients with cancer of the buccal cavity (45 of the lip, 11 of the mouth, seven of the tongue and 5 of the tonsil) 66 smoked pipes, 1 chewed tobacco, and 1 apparently used tobacco in some form. He noted that cancer of the lower lip ordinarily developed at the point where the pipe was held in the mouth. He further noted that lip cancer occurred more frequently among individuals who smoked short-stemmed pipes (then called "mouth burners") than among those who smoked long-stemmed clay pipes or pipes with stems made of a substance that does not conduct heat. He suggested that the cancer resulted from irritation of the tissue by tobacco products and heat.

Bouisson's observations were confirmed repeatedly over the next half century, but since mouth cancer did not loom as a major medical problem the effect on smoking habits was insignificant. Another statistically unimportant problem early recognized as being associated with smoking was Buerger's disease, a rare affliction of the peripheral arteries. It was found to occur exclusively among smokers and to subside when the patient stopped smoking. In 1936, however, two New Orleans surgeons, Alton Ochner and Michael E. De Bakey, observed that nearly all their lung cancer patients were cigarette smokers. Noting that lung cancer seemed to be on the increase and that it was paralleled by a general rise in cigarette smoking, they suggested a casual connection between the two phenomena. In 1938 Raymond Pearl, the noted Johns Hopkins University medical statistician, reported that smokers had a far shorter life expectancy than those who did not use tobacco. The effect was so great as to indicate that smoking must be associated with diseases other than cancer. The first experimental evidence for an association between tobacco and cancer came in 1939, when A. H. Roffo of Argentina reported that he had produced cancer by painting tarlike tobacco extracts on the backs of rabbits. After World War II there was renewed interest in the subject of smoking and health, due partly to trends in tobacco consumption and partly to trends in death rates.

Before 1914 tobacco had been consumed mainly in pipes, cigars, chewing tobacco, and snuff. Cigarettes began to be popular during World War I. In the period from the early 1920's to 1960 the consumption of manufactured cigarettes in the United States rose from about 750 per adult per year to 3,900 per adult per year. During the same period the consumption of tobacco in all other forms declined by about 70 percent. The net result was that consumption of all tobacco products rose about 30 percent.

The changes in smoking habits are more significant than the overall rise in tobacco consumption. Smoke from cigars and pipes is heavy and as a rule slightly alkaline. Few people can inhale it without coughing or becoming dizzy or nauseated. Cigarette smoke, on the other hand, is relatively light, nearly neutral, and can be inhaled readily. Most habitual cigarette smokers inhale to some degree, and heavy cigarette smokers tend to inhale deeply. In a recent study conducted by the American Cancer Society detailed information has been obtained on the smoking habits of 43,068 men and women. Only 7 percent of the cigarette smokers among the men said that they did not inhale, whereas noninhalation was reported by 53 percent of the pipe smokers and 71 percent of the cigar smokers. Deep inhalation was reported by 24 percent of the cigarette smokers compared with only 3 percent of the pipe smokers and 1.5 percent of the cigar smokers. Women who smoke inhale to a lesser degree than men smokers do. Furthermore, women over the age of 40 smoke far fewer cigarettes than men of the same age do, and few women over 55 smoke as much as a pack a day. Among current cigarette smokers now over 50, the majority of the men started the habit before they were 20, whereas the majority of the women did not begin until they were over 35.

During the past half century, total death rates—including death rates from almost all infectious diseases and some noninfectious ones—have declined rapidly. Lung cancer is a striking exception. Deaths from lung cancer in the United States have climbed from 4,000 in 1935 to 11,000 in 1945 and to 36,000 in 1960. The toll in 1960 was approximately equal to the number of deaths caused by traffic accidents. In 1960, 86 percent of those who died from lung cancer were men. Between 1935 and 1960 the age-standardized death rate from lung cancer among U.S. men (the death rate adjusted for age differences in the composition of the population) increased 600 percent; among women it increased 125 percent. And for the past several years lung cancer has been the principal form of fatal cancer among men.

Painstaking studies have clearly demonstrated that the increase in lung cancer is real and not attributable merely to improvement in diagnosis. Lung cancer (that is, bronchogenic carcinoma) arises in the epithelium, or lining of the bronchial tubes. The increase seems to be confined to two closely related forms of the disease: epidermoid carcinoma and undifferentiated carcinoma. There seems to be little, if any, increase in another form of the disease: adenocarcinoma. (In adenocarcinoma the diseased cells assume an arrangement resembling that of the cells in a gland.)

Lung cancer accounted for about 2 percent of all U.S. deaths in 1960, and for about 6 percent of deaths among men in their late fifties and sixties. The leading cause of death in the United States is coronary artery disease of the heart, which accounted in 1930 for nearly 29 percent of all deaths, and for about 35 percent of deaths among men still in their 40's and 50's. As in the case of lung cancer, coronary artery disease is less common among women, accounting for only about 16 percent of the deaths occurring between the ages of 40 and 59.

In the late 1940's, when a number of investigators became concerned with lung cancer, cigarette smoking was only one of several factors suggested as possible causes for the increase in the disease. It was already well known that lung cancer could result from prolonged and heavy occupational exposure to certain industrial dusts and vapors. These include chromates, nickel carbonyl and dusts containing radioactive particles. Moreover, they result in epidermoid or undifferentiated carcinoma of the bronchial tubes and not in the less common adenocarcinoma.

This led to the hypothesis that the increase in lung cancer was due to increased exposure of the human population to air contamination of some sort. The factor involved had to be widespread and not confined to any particular occupational group. (In all countries with adequate mortality statistics lung cancer was found to have increased.) Three factors that met the requirements were: fumes from the combustion of solid and liquid fuels, dust from asphalt roads and the tires of motor vehicles, and cigarette smoking. The first two have not been ruled out as possibly contributing somewhat to the occurrence of lung cancer. It is the third that concerns us here.

As a first step a number of studies were made comparing the smoking habits of lung cancer patients with the smoking habits of individuals free of the disease. The results confirmed the 1936 observation of Ochsner and De Bakey. In every such study a far larger percentage of cigarette smokers was found in the lung cancer group than in the control group. Indeed, virtually all patients with epidermoid or undifferentiated carcinoma of the bronchial tubes admitted to smoking. There appeared to be less association, if there was any at all, between smoking habits and adenocarcinoma of the lung.

Cancer was not the only disease studied in relation to smoking habits. Knowing the acute effects of nicotine on the circulatory system, many physicians believed that smoking might be bad for patients with heart disease. In fact, a study made at the Mayo Clinic in 1940 by John P. English, Fredrick A. Willius, and Joseph Berkson had indicated a considerable degree of association between smoking habits and coronary artery disease. Furthermore, many doctors were under the impression that smoking had a bad effect on patients with gastric and duodenal ulcers.

A number of investigators, myself among them, were uncertain as to the validity of these clinical impressions and retrospective studies. A useful way to minimize bias and other difficulties in looking for an association between a disease and its possible causes is to employ the prospective, or followup method of investigation. The method consists of questioning a large number of presumably healthy individuals, keeping in touch with them for a number of years and finally ascertaining whether or not deaths in later years are associated with habits reported by the subjects before they became ill.

Two such prospective studies were undertaken in the fall of 1951, one in Britain by W. Richard Doll and A. Bradford Hill and the other in the United States by Daniel Horn and me. Under the auspices of the British Medical Research Council, Doll and Hill initiated their investigation by mailing questionnaires on smoking habits to all British physicians. They obtained information on all deaths among British physicians by checking death certificates. Their study is still in progress. Several years later similar investigations were undertaken by Harold F. Dorn, who studied U.S. veterans holding life insurance; by E. W. R. Best, G. H. Josie, and C. B. Walker, who are studying Canadian veterans and pensioners; and by John Edward Dunn, Jr., George Linden and Lester Breslow, who are studying men employed in certain occupations in California. In 1959 I started a new and more extensive prospective study in which smoking is included as only one of many factors under investigation.

The findings in all these investigations are remarkably similar; indeed, they are as close as could possibly be expected considering that the subjects were drawn from different populations and were of different ages. In the interest of brevity, therefore, I shall present data only from two studies with which I am personally concerned. The first of these was carried out as follows:

After designing and pretesting a questionnaire in the fall of 1951, we trained more than 22,000 American Cancer Society volunteers as researchers for the study. Between January 1 and May 31 of 1952 they enrolled subjects in 394 counties in 9 States. The subjects, all men between the ages of 50 and 69, answered a simple confidential questionnaire on their smoking habits, both past and present. A total of 187,783 men were enrolled, filled out usable questionnaires and were successfully kept track of for the next 44 months. Death certificates were obtained for all who died, and additional medical information was gathered for those who were reported to have died of cancer. Altogether 11,870 deaths were reported, of which 2,249 were attributed to cancer.

The most important finding was that the total death rate (from all causes of death combined) is far higher among men with a history of regular cigarette smoking than among men who never smoked, but only slightly higher among pipe and cigar smokers than among men who never smoked.

Men who had smoked cigarettes regularly and exclusively were classified according to their cigarette consumption at the time they were enrolled in the study. It was found that death rates rose progressively with increasing number of cigarettes smoked per day, as shown in the second chart in the series. The death rate of those who smoked two or more packs of cigarettes a day was approximately two and a quarter times higher than the death rate of men who never smoked.

Being a heavy cigarette smoker myself at the time, I was curious to know the death rate of ex-cigarette smokers. The death rate of men who had given up cigarette smoking a year of more prior to enrollment was considerably lower than that of men who were still smoking cigarettes when they were enrolled in the study.

Next we analyzed the data in relation to cause of death as reported on death certificates. Such information is subject to error, but on checking medical records we found that the diagnosis of cancer had been confirmed by microscopic examination of tissue in 79 percent of the deaths ascribed to this disease. Even in some the these cases, however, the site of origin of the cancer was unknown or open to question. This is because cancer, unless successfully treated at an early stage, spreads through the body and its source is often difficult to determine. There is another difficulty that has to do with other causes of death. People in the older age groups not infrequently suffer from two or more diseases, one or another of which could be fatal. Since death can result from the combined effects of these diseases, it is difficult, and perhaps illogical, to ascribe death to one alone. These difficulties should be kept in mind in evaluating the following findings.

During the course of the study 7,316 deaths occurred among subjects with a history of regular cigarette smoking (some of whom smoked pipes and/or cigars as well as cigarettes). We divided these deaths according to primary cause as reported on death certificates. Only 4,651 of the cigarette smokers would have died during the course of the study if their death rates had exactly

matched those of men of the same age who had never smoked.

Since coronary artery disease is the leading cause of death among men in the United States today, it is not surprising that we found it to be the leading cause of death among nonsmokers as well as among cigarette smokers. But the rate was 70 percent higher among cigarette smokers.

Lung cancer is an extremely rare cause of death among nonsmokers, except for those who have had prolonged and heavy occupational exposure to certain dusts and fumes. Taking death-certificate diagnosis at face value, the lung cancer death rate was more than 10 times higher among cigarette smokers than among nonsmokers. On obtaining medical records we found that, of 448 deaths attributed to this cause, the diagnosis of bronchogenic carcinoma was established by microscopic examination in addition to other evidence in 327 cases, of which 32 were adenocarcinoma. The rate was very low for men who had never smoked, it increased with the amount of cigarette smoking, and it was very high for men who smoked two or more packs of cigarettes a day. When standardized both for age and for the amount of smoking, the rate for ex-cigarette smokers who had given up the habit for a year or more was considerably lower than the rate for men who were smoking cigarettes regularly at the start of the study. The lung cancer death rate of cigar and pipe smokers was very low compared with that of cigarette smokers, although higher than the rate for nonsmokers.

Altogether 127 deaths were attributed to cancer of other tissues (mouth, tongue, lip, larynx, pharynx, and esophagus) that are directly exposed to tobacco smoke and material condensed from tobacco smoke. In 114 of these cases the diagnosis was confirmed by microscopic examination. Of these 114 men, 110 were smokers and only 4 had never smoked. The figures suggest that pipe and cigar smoking may be more important than cigarette smoking in relation to cancer of one or more sites included in this group, but the number of cases was not sufficient for a reliable evaluation of this point. Nevertheless, these cancers were the only causes of death for which the death rate of pipe and cigar smokers was found to be far higher than the death rate of nonsmokers.

Other reported causes of death showing a fairly high degree of association with cigarette smoking were gastric and duodenal ulcers, certain diseases of the arteries, pulmonary diseases (including pneumonia and influenza), cancer of the bladder and cirrhosis of the liver. Many other diseases appeared to be somewhat associated with cigarette smoking.

In 1959 I started a new study considerably larger than the first one. By securing the services of some 68,000 volunteer workers of the American Cancer Society in 1,121 counties in 25 States, we enrolled as subjects 1,079,000 men and women over the age of 30. Each of them filled out a lengthy confidential questionnaire including questions on family history, diseases and physical complaints, diet, smoking and other habits, residence history, occupational exposures, and many other factors not included in previous studies. We plan to follow these subjects for 6 years. So far followup information is available only for the first 10½ months of observation.

The early findings on smoking are in close agreement with findings in all previous studies. In this study smokers were asked the degree to which they inhaled the smoke. It was found that, in relation to total death rates, the degree of inhalation is as important, and perhaps more important, than the amount of smoking.

The new study has also revealed a high degree of association between cigarette smoking and a number of physical complaints, most particularly coughing, shortness of breath, loss of appetite and loss of weight. These complaints were related to the degree of inhalation as well as to the amount of smoking. They were reported less frequently by cigar and pipe smokers (most of whom do not inhale) than by cigarette smokers (most of whom inhale either moderately or deeply).

Two prospective studies of smoking in relation to the occurrence of coronary artery disease have been carried out in Framingham, Mass., and Albany, N.Y. The combined findings from these studies were published on April 19 in the New England Journal of Medicine by Joseph T. Doyle, Thomas R. Dawber, William B. Kannel, A. Sandra Heslin, and Harold A. Kahn. On enrollment in these studies each subject was given a medical examination. No symptoms of coronary artery disease were initially found in 4,120 men. These men were reexamined from time to time for a number of years. Symptoms of coronary artery disease (as well as death from this disease) were found far more frequently among those who smoked cigarettes regularly than among those who did not smoke. The total death rate was more than twice as high among men who smoked more than 20 cigarettes a day as among men who had never smoked. Ex-smokers and cigar and pipe smokers had morbidity and mortality records similar to the records of those who had never smoked. Thus the findings in this study based on medical examination of subjects were in close agreement with findings in the other U.S. studies.

Although all the studies have shown essentially the same results, there are some interesting differences between the results in Britain and the United States. Lung cancer death rates are about twice as high in Britain as they are in the United States, chronic bronchitis is reported to be a common cause of death by British physicians but is seldom mentioned as a cause of death in the United States; death rates from coronary artery disease (as reported on death certificates) are far lower in Britain than they are in the United States. No one really knows the reasons for these differences. Speculations on the subject may be briefly summarized as follows:

Climate, the method of heating houses, exposure to air pollutants and occupational exposure to dusts and fumes have all been suggested as possible reasons why both lung cancer and chronic bronchitis appear to occur more frequently in Britain than in this country. Differences in smoking habits have also been suggested as a possible factor. Doll and Hill have studied the length of discarded cigarette butts in England and Wales, and Ernest L. Wynder of the Sloan-Kettering Institute for Cancer Research and I have made similar studies on this side of the Atlantic. The average length of the butts was found to be 18.7 millimeters in England and Wales (where cigarettes are quite expensive), compared with 27.9 millimeters in Canada and 30.9 millimeters in the United States. Therefore British smokers consume more of each cigarette and so receive a higher amount of nicotine and tobacco tar than Canadian and U.S. smokers do.

Diet has been suggested as a possible reason why death rates from coronary artery disease appear to be higher in the United States than they are in Britain. This apparent difference may be at least partly due to difference in diagnosis of the cause of death. Death can result from the combined effects of heart disease and lung ailments, particularly in older people. In the case of heart failure in a person suffering from a lung disease it is sometimes difficult to decide which to record as the principal cause of death. Thus the apparent high death rate reported as due to chronic bronchitis in Britain may be related to the comparatively low death rate reported as due to coronary artery disease in that country. Be that as it may, the Doll and Hill study showed less of a relation between smoking and coronary artery disease than did our U.S. study. On the other hand, Doll and Hill found a very high relation between smoking and death from chronic bronchitis.

In recent years considerable attention has been given to the chemical composition of tobacco smoke. A great many compounds have been identified, most of which are present in very small amounts. Some are distilled out of the tobacco and others are products of combustion. Included are numerous poisons (such as nicotine), various agents that are highly irritating to mammalian tissues, several carcinogenic (cancer-producing) compounds and some carcinogenic compounds (materials that increase the potency of carcinogens). Most of this material is suspended in small particles, which together with carbon monoxide, air and other gases constitute tobacco smoke.

Ernest Wynder and his various collaborators have shown that tobacco-smoke condensate, or tar, produces cancer in mice and rabbits if applied repeatedly to the skin over a long period of time. A number of investigators have confirmed these findings. The cancers so produced in rodents are of a type known as epidermoid carcinoma. (A synonym is squamous cell carcinoma, because the cells tend to be flattened, or squamous.) Different strains of animals vary in susceptibility, some being highly susceptible and others highly resistant.

Many investigators who have tried to produce lung cancer in rodents by exposing them to tobacco smoke have not succeeded in doing so. This may be because of two serious difficulties. Whereas a human smoker takes in smoke through his mouth, mice and other small rodents breathe through their noses, and in rodents this organ has developed into a remarkably efficient filter for preventing particulate matter from being drawn into the lung. Moreover, mice are sensitive to the acute toxic effects of tobacco smoke.

Several years ago I exposed mice to cigarette smoke under such conditions that they were forced to breathe smoke of approximately the same concentration as that of smoke taken in by human cigarette smokers. Unfortunately many of my animals went into convulsions and died within a few minutes. The remaining animals lived only a short time. By reducing the concentration of smoke the animals can be kept alive, but under such conditions it is doubtful whether or not their lungs are any more heavily exposed to the particulate matter of cigarette smoke than are the lungs of a nonsmoker sitting in a small room with several heavy smokers.

Nevertheless, by subjecting mice to tolerable concentrations of tobacco smoke Cecilie and Rudolph Leuchtenberger and Paul F. Doolon of the Children's Cancer Research Foundation in Boston have succeeded in producing various changes in the lining of the bronchial tubes of mice. These changes are similar to changes found in the bronchial tubes of human cigarette smokers. So far no cancers have been produced in mice thereby. This is consistent with the finding that lung cancer rarely occurs in human beings who are only slightly exposed to tobacco smoke.

During smoking the tissues first exposed to tobacco smoke are the lips, the tongue and the muccous membrane of the mouth. Some of the components of tobacco smoke (including known carcinogens) fluoresce under ultraviolet light. Robert C. Mellors of the Cornell University Medical College has shown that this material penetrates the cells of the lining of the mouth. The type of cancer

that arises in this tissue is epidermoid carcinoma—the same type of cancer that is produced when tobacco tar is applied to the skin of experimental animals. Furthermore, the amount of tar required to produce epidermoid carcinoma of the skin in mice is roughly comparable to the exposure of a heavy smoker who develops epidermoid carcinoma of the lip or mouth.

In study after study a high degree of association has been found between smoking of all types (as well as the chewing of tobacco) and the occurrence of cancer of these tissues. It is hard to escape the conclusion that this association reflects a direct causal relation. This does not preclude the possibility that other factors (such as host susceptibility or exposure to other carcinogenic materials) are involved in at least some cases.

What has just been said of smoking in relation to cancer of the lips, mouth, and tongue also applies to cancer of the pharynx and cancer of the larynx. The situation is slightly different in cancer of the esophagus; this passageway is exposed to ingested tobacco-smoke condensate but not directly to the smoke. The strong association between smoking and epidermoid carcinoma of the esophagus, however, would seem to point to the same conclusion.

When inhaled, tobacco smoke travels down the trachea to the bronchial tubes of the lungs. All but a few cases of lung cancer originate in the lining, or epithelium, of these tubes. This is remarkable tissue, well worth describing here. Normally it consists of just two layers of cells that rest on a thin mat of tiny fibers called the basement membrane. This membrane separates the epithelium from the underlying tissue. Directly on top of the basement membrane is a layer of small, round cells with relatively small nuclei. They are called basal cells. On top of the basal cells is a single layer of cells known as columnar cells (because from the side they look like columns) interspersed with a few goblet cells (which look like little wine goblets). The goblet cells secrete a sticky fluid onto the surface. This is augmented by fluid secreted by glands located below the basement membrane. Protruding from the top of the columnar cells are short, hairlike cilia, which constantly move in a whiplike manner. This causes fluid on the epithelium to move up through the bronchial tubes and the trachea into the mouth, where it is either swallowed or expectorated.

The cilia and the fluid perform an extremely important function in cleansing the lungs. Small particles of dust or smoke that settle on the surface of the bronchial tubes are trapped in the fluid and, together with the fluid, are moved up and out of the lungs.

It has been shown by Anderson C. Hilding of St. Luke's Hospital in Duluth, Minn., by Paul Kotin of the University of Southern California School of Medicine and by others that tobacco smoke inhibits the movement of the cilia to such a degree that the flow of fluid is slowed down, if not stopped altogether. This allows an accumulation of tobacco-smoke products and whatever other material happens to fall on the lining of the bronchial tubes. Smokers and nonsmokers alike—particularly those living in cities with polluted air and those engaged in certain occupations—inhale dust of various types, and some of the dusts contain carcinogenic substances.

For a number of years I have been cooperating in an extensive study of human lung tissue with Oscar Auerbach, a pathologist at the Veterans' Administration hospital in East Orange, N.J., and with Arthur Purdy Stout of the Columbia University College of Physicians and Surgeons. Some of our findings can be summarized as follows.

At the East Orange Veterans' Hospital and at a number of hospitals in upstate New York the lungs are routinely removed at autopsy. The trachea and bronchial tubes are dissected out of the lungs and systematically divided into 208 portions, each of which is embedded in paraffin. A thin section of tissue is cut from each of these portions, mounted on a glass slide, and stained with a suitable dye for microscopic examination. Independently, under the supervision of Lawrence Garfinkel of my staff, an interviewer is sent to the home of each patient to obtain information on his or her occupational history, residence history, and smoking habits. We do not include a case unless this information can be obtained. All told, we have studied tissue from the bronchial tubes of more than 1,000 individuals.

In each of our studies microscope slides from a number of different patients have been put in completely random order by the use of a table of random numbers. They are then labeled with a serial number that gives no clue to their identity. All the slides are studied microscopically by Auerbach and samples of them are checked by Stout. After the slides are examined, the serial numbers are decoded so that the microscopic findings can be analyzed in relation to other information about the subjects.

Three major types of change occur in bronchial epithelium: hyperplasia (an increase in the number of layers of cells), loss of ciliated columnar cells and changes in the nuclei of cells. Hyperplasia is the usual reaction of surface tissues to almost any type of irritation, either chemical or mechanical. A familiar example is the formation of calluses on the hands. We found some degree of hyperplasia in 10 to 18 percent of slides from nonsmokers, in more than 80 percent of slides from light cigarette smokers, and in more than 95 percent of slides from heavy cigarette smokers. Extensive hyperplasia (defined as five or more layers of cells between the basement membrane and the columnar cells) was frequently found in heavy cigarette smokers but rarely in other subjects.

Loss of ciliated columnar cells was observed in nonsmokers but far more frequently in cigarette smokers, and the frequency of this observation increased with the amount of cigarette smoking. The implication is that foreign material tends not to be removed, and thus can accumulate where the cilia have been destroyed.

An important finding was the occurrence of cells with atypical nuclei. The nuclei of cancer cells are usually large, irregular in shape and characteristically have many more than the normal number of chromosomes. A few cells with nuclei that have such an appearance are occasionally found in the bronchial epithelium of men and women who have never smoked. Presumably they result from somatic mutation or some similar process. In nonsmokers the frequency of such cells does not increase with age.

Large numbers of cells with atypical nuclei of this kind were found in slides from cigarette smokers, and the number increased greatly with the amount of smoking. In heavy cigarette smokers we found many lesions composed entirely of cells with atypical nuclei and lacking cilia. Fewer such lesions were found in light cigarette smokers and none were found in nonsmokers. Among heavy cigarette smokers the number of cells with atypical nuclei increased markedly with advancing age.

In our latest study of bronchial epithelium we matched 72 ex-cigarette smokers, 72 men who had smoked cigarettes regularly up to the time of their terminal illness and 72 men who had never smoked. None of the men had died of lung cancer. Within each of the 72 triads, the 3 men were the same age, had similar employment histories and similar residence histories. Somewhat more changes were found in slides from ex-cigarette smokers than in slides from men who had never smoked. The important finding, however, was that the cellular changes, particularly the occurrence of cells with atypical nuclei, were fairly rare in ex-cigarette smokers compared with men who had smoked up to the time of their terminal illness. The study indicated that the number of cells with atypical nuclei declines when a cigarette smoker gives up the habit. This probably occurs slowly over a period of years.

The location of lesions is also significant and correlates with an observation one can make by passing cigarette smoke through glass tubing. Some years ago I found that when smoke was passed through a tube with a Y-shaped bifurcation, more tar precipitated where the tube branched than elsewhere. Acting on this lead, we have studied changes in bronchial epithelium in relation to bifurcations. There are numerous such points in the bronchial tree, because the tubes divide and redivide into smaller and smaller tubes. We found that lesions composed entirely of cells with atypical nuclei occur far more frequently at bifurcations than elsewhere.

In order to determine the significance of these changes we studied the bronchial epithelium of men who had died of bronchogenic carcinoma. Carcinoma is defined as a tumor, composed of cells with atypical nuclei, that originated in the epithelium and has penetrated the basement membrane and invaded the underlying tissue. Once such an invasion has occurred, the tumor grows—often to considerable size—and spreads to many parts of the body. In men who had died of lung cancer we found large numbers of cells with atypical nuclei, as well as many lesions composed entirely of such cells, scattered throughout the epithelium of the bronchial tubes of both lungs. In a few instances we found tiny independent carcinomas in which the tumor cells had broken through the basement membrane at just one small spot. These carcinomas looked exactly like many of the other lesions composed entirely of cells with atypical nuclei, except that in the other lesions we did not find any cells that had broken through the basement membrane. We are of the opinion that many, if not all, of the lesions composed entirely of atypical cells represent an early, preinvasive stage of carcinoma. This is a well-known occurrence in the cervix of the uteri of women and is called carcinoma in situ.

Judging from experimental evidence as well as from our findings in human beings, we are of the opinion that carcinoma of bronchial epithelium originates with a change in the nuclei of a few cells; that by cell division the number of such cells gradually increases; that finally lesions composed entirely of atypical cells are formed; and that occasionally cells in such a lesion penetrate the basement membrane, producing the disease known as carcinoma. Apparently the process is reversible up to the time the cells with atypical nuclei break through the basement membrane.

Where does the inhalation of tobacco smoke fit into this picture? There appear to be three possibilities:

1. It may be that exposure to tobacco smoke induces changes in the nuclei of cells. This would account for the increase of such cells both with the amount of smoking and with the number of years of smoking. It would not, however, in itself account for the finding of a decrease in the number of such cells when a cigarette smoker gives up the habit.

2. It may be that exposure to tobacco smoke simply increases the probability of changes taking place in the nuclei of cells as a result of exposure to inhaled carcinogenic agents other than those in tobacco smoke. The inhibition of ciliary movement by tobacco smoke may be the major factor

involved in such a relation. Again this would not in itself account for the decrease in cells with atypical nuclei following cessation of cigarette smoking.

3. It may be that exposure to tobacco smoke produces a change in the local environment of bronchial epithelium so as to favor the survival and reproduction of certain mutant cells that have atypical nuclei of the type observed, as opposed to the survival and reproduction of normal cells. On this hypothesis the development of cancer results from natural selection under conditions of greatly altered environment. It is unnecessary to assume that tobacco smoke causes mutations, since a few cells with atypical nuclei are sometimes found in the bronchial epithelium of nonsmokers. This hypothesis suggests that normal cells are best adapted to an environment free of tobacco smoke, whereas cells with atypical nuclei are best adapted to an environment that includes smoke. The hypothesis thus accounts for the decline in the number of cells with atypical nuclei on the cessation of cigarette smoking.

I favor the last of these three hypotheses. It appears to account for all the findings, whereas the other two hypotheses account for only some of them. The three hypotheses are not, however, mutually exclusive.

To account for the association between cigarette smoking and certain other diseases, such as lung infections and coronary artery disease, other plausible mechanisms exist. On inhalation, air and any smoke it may contain passes through bronchial tubes of decreasing diameter, which finally deliver it to the tiny sacs called alveoli. The alveoli have thin walls supported by fibers of connective tissue. These walls contain capillary tubes through which blood flows from the pulmonary arteries to the pulmonary veins. During its passage through these capillaries the blood releases carbon dioxide and absorbs oxygen. At the same time carbon monoxide, nicotine and other impurities that may be present in the air or smoke are absorbed into the blood.

The small bronchial tubes are subject to being plugged with mucus. This frequently occurs in infectious diseases of the lung, with the result that secretions and bacteria are trapped in the alveolar spaces, thereby producing pneumonia. In cigarette smokers the interior diameter of the small bronchial tubes is considerably reduced by hyperplasia, so that the opening is very small indeed. In addition we find that smoking results in increased activity of the glands that secrete mucus into the bronchial tubes. This combination almost certainly increases the likelihood of the tubes being plugged by mucus. In my opinion this is enough to explain the finding that death rates from infectious diseases of the lung are considerably higher among cigarette smokers than among nonsmokers.

The occlusion of a bronchial tube by mucus (or by a spasm) often traps air in the alveoli to which that tube leads. If the person then happens to cough, the pressure of the trapped air can be increased to such a degree that the thin walls of the alveoli rupture. Coughing, excess mucus, and reduction in the diameter of the small bronchial tubes increase the likelihood of such rupture.

Recently we have studied the alveoli in relation to cigarette smoking. We found extensive rupturing of the walls of a great many alveoli in the lungs of heavy cigarette smokers, a considerable amount in lighter cigarette smokers and very little in nonsmokers. The rupturing of the walls is usually accompanied by a fibrous thickening of the remaining alveolar walls, together with a fibrous thickening of the walls of the small blood vessels in the vicinity. This probably results from the mechanism outlined above, since cigarette smoking produces coughing as well as hyperplasia of the bronchial tubes and increased secretion of mucus.

Ruptures in the walls of the alveoli destroy the capillary tubes located in the walls. If many are destroyed, far greater pressure is required to force the same quantity of blood through the remaining capillaries. All the blood must pass through them each time it circulates through the body, and the right ventricle of the heart has to supply the pressure. As a result the work load of the heart is increased in proportion to the degree of destruction of the alveoli.

Since oxygen is supplied to the blood through the capillaries in the alveoli, destruction of this tissue reduces the oxygen supply on which all the tissues of the body depend. In smokers this is compounded by the inhalation of carbon monoxide, which combines with hemoglobin more readily than oxygen does. This combination is enough to account for the shortness of breath often reported by cigarette smokers.

Because of its great activity heart muscle requires an abundant supply of oxygen. The inhalation of tobacco smoke increases the work load of this muscle and at the same time reduces the quantity of oxygen available to the muscle. In addition the action of nicotine on the nervous system produces a temporary increase in the heart rate and a constriction of the peripheral blood vessels, which in turn produces a temporary increase in blood pressure. This also puts an added strain on the heart. Since a normal heart has extraordinary reserve powers, it can probably withstand these effects of smoking. A diseased heart may not be able to do so.

Autopsy studies (including a study of young men killed in the Korean war) have shown that the great majority of American men have at least some degree of atherosclerosis of the coronary arteries that supply blood to the muscle of the heart. Atherosclerosis consists of the progressive development of plaques (composed largely of cholesterol) within the walls of these relatively small blood vessels, which thereby reduces their interior diameter. This in turn reduces the supply of blood to the heart muscle. Eventually it may completely cut off the supply of blood to a portion of the heart muscle, and this portion dies. Moreover, blood clots often form in diseased coronary arteries. This can also shut off the blood and cause death of heart tissues. The common symptom of a stoppage in coronary blood flow is a heart attack.

As described above, cigarette smoking decreases the quantity of oxygen per unit volume of blood. Atherosclerosis of the coronary arteries tends to reduce the volume of blood delivered to the heart muscle per minute. Therefore if a person with atherosclerosis of the coronary arteries is also a cigarette smoker, his heart muscle receives far less than the normal supply of oxygen per minute. At the same time, because of the effects of smoking, a heavy work load is placed on his heart muscle. In my opinion this combination of conditions is sufficient to account for the finding that the death rate from coronary artery disease is higher in cigarette smokers than it is in men who never smoked, that the rate increases with the amount of cigarette smoking, and that it is lower in ex-cigarette smokers than it is in men who continue to smoke cigarettes.

Not only the heart but also all other organs of the body require oxygen obtained through the alveoli of the lungs and distributed by the blood. Thus a reduction in oxygen supply resulting from smoking may have a serious effect on any diseased organ, and in some instances it can make the difference between life and death. Perhaps this accounts for the finding that death rates from a multiplicity of chronic diseases are slightly higher among cigarette smokers than among nonsmokers.

I shall touch only briefly on two other diseases that appear to be significantly associated with cigarette smoking: gastric and duodenal ulcers and cancer of the bladder. In our first study cigarette smokers, compared with nonsmokers, had four times the relative death rate from the two kinds of ulcer and twice the death rate from cancer of the bladder. Doll and his associates in England recently performed a controlled clinical experiment demonstrating that smoking is indeed harmful to patients with gastric ulcer. Eighty patients who were regular smokers were divided at random into two groups, one allowed to continue smoking, the other advised to stop. Among the 40 patients who continued to smoke, the ulcers healed at a significantly slower rate than they did among the 40 patients who cut down on their smoking or stopped altogether. The mechanism by which smoking evidently retards recovery is unknown. It may be due to indirect effects, such as the effect of nicotine in the bloodstream, or to direct action of ingested tobacco smoke on the lining of the stomach.

As for cancer of the bladder, it is well known that exposure to carcinogenic agents can produce cancer in parts of the body remote from the tissue to which the agent is applied. For example, prolonged exposure to beta-naphthylamine often produced cancer of the bladder in workers in aniline dye plants. Conceivably some agent in tobacco smoke works in the same way, but until the problem is thoroughly investigated, judgment should be deferred.

After reviewing the evidence, the mildest statement I can make is that, in my opinion, the inhalation of tobacco smoke produces a number of very harmful effects and shortens the life span of human beings. The simplest way to avoid these possible consequences is not to smoke at all. But one can avoid the most serious of them by smoking cigars or a pipe instead of cigarettes, provided that one does not inhale the smoke. An individual who chooses to smoke cigarettes can minimize the risks by restricting his consumption and by not inhaling.

The individual solution to the problem apparently requires more willpower than many cigarette smokers have or are inclined to exert. I am confident, however, that more generally acceptable solutions can be found. There is good reason to suppose that the composition of tobacco smoke, both qualitative and quantitative, is a matter of considerable importance. Until several years ago the mainstream smoke of most U.S. cigarettes contained about 35 milligrams of "tar" per cigarette, of which about 2.5 milligrams was nicotine. The smoke from filter-tip cigarettes now on the market ranges in tar content from as low as 5.7 milligrams per cigarette to nearly 30 milligrams and the nicotine content from .4 to 2.5 milligrams. It is apparent that by selection of tobacco and by means of an effective filter, the nicotine and tar content of cigarette smoke can be markedly reduced. Some filters are selective in their action. For example, Wynder and Dietrich Hoffmann have recently found that a certain type of filter, which passes a reasonable amount of smoke, removes almost all the phenols. This may be important since the same investigators have reported that the phenols in cigarette smoke strongly inhibit the action of cilia in the bronchial tubes, and that some phenols increase the action of known carcinogenic agents. Furthermore, by various processes it is possible to alter the chemical composition of the smoke before it reaches the filter.

Considering this, I believe that extensive research should be undertaken to determine the effects of various constituents of cigarette smoke and to find means of removing those that are most harmful. Until this has been accomplished it seems advisable to

reduce the total tar and nicotine content of cigarette smoke by the means now available.

CLINICAL EVIDENCE OF THE EFFECTS OF SMOKING

Mrs. NEUBERGER. Mr. President, a few minutes ago the Senator from Utah had printed in the body of the RECORD an article—from the Scientific American magazine—about the effects of smoking. I ask unanimous consent that my remarks appear in the RECORD following those of the Senator from Utah, so that I may comment further on the article.

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

Mrs. NEUBERGER. Mr. President, for at least 10 years the American tobacco industry has conducted a campaign to discredit the findings and conclusions of responsible scientists regarding the health hazards of smoking. To each succeeding discovery closing the link between smoking and disease, the industry's spokesmen have replied "Not proved."

Perhaps the most frequently voiced quibble of the tobacco industry is that the evidence relating smoking to disease has been merely statistical—not clinical. Although responsible statistical studies are as probative as the most carefully controlled laboratory experiments, the tobacco industry, by incessant repetition of its charges, has succeeded in averting public acceptance of the evidence.

Dr. E. C. Hammond, director of the statistical research section of the American Cancer Society, and his associates have now produced the clinical evidence that the tobacco industry has hitherto found lacking. In the July issue of the Scientific American, Dr. Hammond presents clinical proof of the ruinous transfigurations in human lung tissue caused by the inhalation of cigarette smoke.

Dr. Hammond's article, which also summarizes the present status of knowledge on the physiological effects of smoking, contains as compelling an indictment of tobacco as any material yet printed in this country. I suggest that all who yet doubt the lethal qualities of tobacco smoke read this article.

SENATOR WAYNE MORSE AT SALT LAKE CITY, UTAH

Mr. MOSS. Mr. President, on July 28 the senior Senator from Oregon [Mr. MORSE] came to Salt Lake City to address the Democratic State convention. He delivered a very eloquent and excellent address.

I point out that the senior Senator from Oregon performed something of a physical feat in coming to Salt Lake City at that time. He left Baltimore at 12:50 a.m. Saturday and arrived in Salt Lake City at 5:25 a.m. the same morning. He then not only had breakfast with the party leaders and with other visitors in Salt Lake City, but he also addressed the convention, held a lengthy press conference, appeared on television, and at 6 p.m. the same day he was aboard an airplane headed back to Washington. He landed at the Baltimore airport at about 3:40 in the morning.

That sort of devotion to an assignment deserves notice. The important thing to which I wish to invite the attention of Senators, and which I ask unanimous consent to have printed at this point in the RECORD, is the remarks made by the senior Senator from Oregon in Salt Lake City to the convention.

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

EXCERPTS FROM REMARKS OF SENATOR WAYNE MORSE, AT THE DEMOCRATIC CONVENTION, SALT LAKE CITY, UTAH, JULY 28, 1962

Senator MOSS, my friends in Utah, and fellow Democrats, there is never a time when I am not most eager to visit Salt Lake City, to visit Utah, to enjoy the company of my good friend and colleague, TED MOSS, and to talk to a convention of Democrats. This is one time when I can do all those things at once. So this occasion is a great pleasure.

We Democrats have our job cut out for us this year. It is to break down for the first time since 1934 the so-called tradition that the party in power loses votes and seats in a nonpresidential year. I am here today to tell you that we can break that pattern and that we need to break it if the welfare of the American Nation and the American people is to be served.

The Democratic administration of President Kennedy has sent to Congress the messages and recommendations necessary to the carrying out of the great bulk of the 1960 Democratic platform. He has done about as much as any President can do to persuade individual Members of the Congress of both parties to help put those recommendations into effect. We all know that while we obtained the Area Redevelopment Act, and an outstanding housing bill in the 1st session of the 87th Congress, most of the rest of the domestic program is bottled up somewhere in Congress.

It is interesting to note that in nearly every case where a rollcall has been taken that failed to carry for the Democratic majority, it was not a rollcall on the merits of the issue involved, but on a procedural device. We did not get a clear vote in the Senate on the medical issue—we got a vote to table it when it was offered as an amendment to another bill. We did not get a clear vote on the establishment of a Department of Urban Affairs, we got a vote on bypassing a Senate committee in order to speed up action in the House. And we have never gotten a vote in the House of Representatives on medical care, aid to elementary and secondary education, reestablishment of the GI bill for veterans, the Youth Conservation Corps, and the wilderness bill, among others.

Why? Because the Rules Committee of the House of Representatives is one of the last oligarchs of American politics.

There is no test for candidates for the House of Representatives more important than the test of whether they are ready and willing to vote to bring the Rules Committee back under the dome of the Capitol, and make it the servant rather than the master of the House of Representatives.

Let me say that I expect Democrats to be judged as harshly on this issue as Republicans. It does our party no good to elect Democrats who give lipservice to the principles and platform of our party, and then take the expedient escape route of establishing a Rules Committee which will bury the legislation necessary to effectuate our principles and platform.

But every Democratic candidate, and officeholder, also has the obligation to take the issues to the voting public. I shall do it in Oregon, you will be doing it in Utah, and I expect President Kennedy to do it across the length and breadth of the Nation.

The American people need an education on what is involved in the medical care issue, to take one major example. They need to be told just where and how the opponents of medical care under social security are deluding the elderly by holding out the promise that the Kerr-Mills program will assure decent medical care in their later years.

Those of us who voted for the Kerr-Mills bill did so because we considered it an addition to the social security approach, not a substitute for it. We recognized that taxes paid to finance the Federal portion of the Kerr-Mills program are just as compulsory as are social security taxes, and so are the State taxes needed to finance the State share of Kerr-Mills. We knew that those who do not want to apply for the hospitalization benefits under social security do not have to do so, any more than they are compelled to apply for Kerr-Mills medical care.

The great difference is that under an insurance program, benefits are accrued as a right, which the beneficiary may exert, or not. This means that there is no pauper's oath, no means test for the recipient or for his relatives, as so many States require under the Kerr-Mills program. As for socialized medicine, public welfare is pure socialized medicine. What is to stop Utah, or Oregon, or any other State from upping its public assistance under Kerr-Mills to the point where virtually any citizen over 65 may obtain medical services, including those of a doctor, paid for by the State? The answer is, nothing. And the taxes to pay for it will be compulsory.

I should mention that only 24 States have any Kerr-Mills program at all, so we are talking about less than half the country when we talk about its benefits at all.

What the American Medical Association is counting on is that State governments can be more easily influenced, to use the polite word, and lobbied, to use the not-so-polite word, into restricting their public welfare to a tiny handful of desperate old folks. I think that society has a higher duty than that. Sometimes we exercise these social obligations through a fraternal group, perhaps through a church, or perhaps through one level of government or the other. In our latest version of hospital insurance under social security, we have provided that it can be administered in large part through nonprofit agencies already in the field, including Blue Cross.

All we are seeking through the Anderson-Javits proposal is hospitalization insurance that will be available to all elderly people who want to make use of it. That is all the bill provides. They may have a private insurance policy which they prefer to use and if so, the equal benefits provided will be reimbursed without the beneficiary coming directly under social security.

Let the Democratic Party remember that respect and honor for our fathers and mothers is not the invention of Franklin Roosevelt or the New Deal, but of the Ten Commandments. We have a personal responsibility, and we have a social responsibility. For too long we have met the first and not the second.

So I say that the Democratic Party must keep faith with this tenet of our platform, and our candidates must keep faith with it.

A second major domestic issue which Democrats must take to the people this fall is that of conservation of our natural resources. Like my own State, Utah has water problems. Oregon has a water surplus in one-half of the State and a shortage in the other half. You have the need everywhere in Utah to utilize water not once but many times over. It serves to irrigate, to produce power, to serve living needs, to serve industrial needs, to provide recreation, and to provide sewage disposal. This means that

the same drop of water must be used for many of these purposes, not just for one.

Reuse of water requires abatement of pollution. It requires storage of runoff. It requires the kind of program we began in 1956 and tried to expand in 1959. You have a contest this year for the U.S. Senate in which Democrats seek to replace one of the Senators who voted in 1959 against the expansion of the water pollution control program. I hope he will be replaced by a citizen of Utah who recognizes that water supply is a test not of a city, a State, or even a nation, but of a civilization.

There has never been a civilization that progressed beyond the point to which it conserved its water supply. Two thousand years ago, China was a dominate civilization of humankind. It was forested; its plains and woodlands were covered with grass and trees. As its population expanded, it decimated these resources, and with them its water supply was decimated. Today, the scientists from the West who have visited Communist China tell us that the most grievous crime against the land by the Communist rulers of China has been the further depletion of woodland, grass, soil, and water which has reduced the water table of China even further than it was when Mao Tse-tung came to power, and it was too low then. Writing in the New Leader, Valentin Chu, a native of Shanghai, tells us, and I quote: "After many centuries of exploitation, by a vast farming population, China has very little natural vegetation left. Forests make up one-tenth of its total area. The water-holding capacity of the soil is therefore extremely poor, and excessive runoff is a major cause of floods. Another major cause is the breaching of dikes. 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 dikes 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 as far as the eye can see, sometimes inundating the region for as long as a year. * * * When too much water goes to one place, there is bound to be too little elsewhere.

"Each year," he continues, "since the Communists came to power in 1949, the total area of farmland affected by natural calamities has risen steadily. * * * 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."

While the Communist plans for reforestation have fallen through, deforestation of what remains of woodlands in that unfortunate country has continued rapidly. Mr. Chu continues: "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 roadwide 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 closeshaved 13 forest-covered hills in one swoop. Timber industries in forest areas * * * 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 soil, extending the erosion area, heightening excessive runoff of rainwater, and insuring severe damage from floods and droughts for generations to come. * * * The entire hydrologic cycle in China is now upset by faulty water conservation and deforestation. Communist China has unwittingly changed nature."

Needless to say, the change has not been for the better, for we have read nothing but bad news from China about famine and the desperate flight of Chinese into the western conclaves of Hong Kong and Macao.

I recite this unfortunate history of a part of the human race because it is a lesson that should not be lost upon the United States. For every time we have legislative action to preserve the soil, the water, and the forest resources of the United States, you hear it said that this is a budget-busting expenditure that the taxpayers cannot afford.

My answer is that the American people cannot afford not to conserve our soil, our water, and our forest resources. It would also point out that few modern nations follow the kind of budget we do that places such conservation expenditures on the debt side of their national budgets.

It is nothing less than a national calamity, in my opinion, that the United States still follows budgeting practices which no business corporation follows, which few large cities follow, which States are increasingly dropping, and which has long been abandoned in Europe. That is the practice of listing as operating expenses investments in capital improvements. Reforestation, water pollution control, soil conservation, and indeed, most forms of conservation, are the capital improvements of a civilization. Yet they appear in our national budget as undistinguishable from operating expenses.

Our 1960 Democratic platform calls for a capital budget for the Federal Government which will follow the practices of corporations in separating capital investments from operating expenditures. I mention this partly because I have been advocating this kind of addition to our present budget since 1947. It would simply show the American people how much of their tax money was going for investments which would increase our wealth, increase our Nation's tax base, and repay themselves to the Treasury, and would separate those expenditures from the expenditures of defense, and for other operating expenses which do not repay themselves.

One of the most interesting accusations made against the Democratic Party today is that we are the party of deficits. Sometimes you even hear it said that the European nations we have so long financed have found the secret of progress and prosperity, and that while their indebtedness is small, ours is mounting. Well, let me point out that a lot of this has to do with budget practices. Most of these European countries have a capital budget, which separates their capital expenditures from their operating expenses, and does not include as deficit their capital investments in education, in conservation, and in other wealth-producing activities.

That is why many of them show a balanced budget while we show a deficit. It is a matter of bookkeeping. Yet the Democratic platform is not calling for any form of bookkeeping which is not practiced by any corporation in the country.

I need not mention to residents of Utah the importance of conservation as it relates to recreation. In Oregon, recreation is replacing agriculture, and running a close second to lumber as the primary industry of our State. A national park is an investment in recreation and relaxation, and it means a substantial income for the community in which it is located.

TED MOSS has pending a bill to create a Canyonland National Park. His bill is a recognition of the rising need among the American people for recreational opportunities, and of the wealth-creating capabilities of our national parks. These facilities are needed not only by the community in which they are located for the business opportunities that result, but by our population for the opportunities for water and outdoor recreation they afford. I hope that the Senate will have a chance to adopt the Moss bill this year before adjourning, because it will be in the public interest to do so.

Let me repeat that there is no higher obligation of Democrats and the Democratic Party than the preservation, the conservation, of both our human and natural resources. But in international affairs, we also have a historic obligation.

It is that we recognize and respect the rights of human beings everywhere to aspire to a better life and to a better living standard. We have seen the former colonies of Asia and Africa secure their independence and take their rightful place in the community of nations. We have no special obligation to them; we have no obligation beyond that of a Christian nation that we are our brother's keeper, and that which our history teaches that we turn our backs upon aggression only at the risk of our own safety and well-being.

So as a member of the Senate Foreign Relations Committee, I remind you that the United States turned its back on the League of Nations and paid the price of World War II; and today, we are the primary and no longer the secondary target of World War III. To the extent that we recognize that the rule of law must now be extended to international affairs, we will save ourselves. To the extent that the people of Utah recognize the foresightedness of its great statesman and honored colleague of mine, the late great Elbert Thomas, we will follow his advice and his example. This Nation of Americans has no designs upon its neighbors or on the rest of the world. We ask only that others contribute to the cause of world peace what we are willing to contribute. This means the recognition of the rule of law in world affairs. It means that we appreciate the parallel between our own history of the winning of the West and the history of international justice. For where there is no peace officer, the law of the claw prevails.

Our party, dating back to Woodrow Wilson, is the harbinger of world peace through the rule of law. Those who fear the United Nations must stand in fear of the entire world. For let them never forget that the United Nations is nothing but the reflection of the world which exists today. Yes, we could withdraw from the U.N. But we cannot withdraw from the human race. We cannot withdraw from the world in which we were born and in which we find ourselves placed, for better or for worse.

Let Democrats in every State of this Union remind our fellow citizens that the world will include the Congo, and Katanga, and Communist China, and the Soviet Union, and Yugoslavia, and Poland, and Cuba, and Latin America, and Laos, and Israel, and the multitude of other nations, no matter whether we belong to the United Nations or not. The United Nations is not the world forcing itself upon us, but our own recognition of the world that exists outside our own borders. That world will not disappear nor improve itself merely by our withdrawal from the one organization to which we all belong.

I suggest to citizens of Utah that the next world war will spare you any more than it will spare Oregon, or New York, or Chicago, or Washington, D.C. We will either find a means of preventing such holocausts in the future, or we will perish together, with the people of the Soviet Union and Communist China.

We find ourselves confronted in nearly every State with a minority of those who still believe that the United States lives alone in the world, able to predict our own future and to prescribe our own fate. Those who

hold to this mistaken belief do not seem to realize that there is no destruction we can visit upon an enemy that the enemy cannot visit upon us. They do not understand that there is a vast number of people who are more interested in their daily bread than in communism as opposed to capitalism.

We have no alternative, as the party which holds the highest of elective offices in the United States, but to pledge ourselves and to carry out a policy of securing the peace of the world through the United Nations. Whatever its shortcomings and deficiencies, they will not be improved on outside the United Nations.

That is why I believe we should be acting on the situation in southeast Asia through the U.N.; why we should be urging a solution of the Berlin problem through the U.N.

These are conditions and situations to which our Republican friends have no alternatives except a resort to the kind of force that will be visited upon ourselves as surely as it will be visited upon our adversaries. Let us take these issues to the people. When they understand what is at stake, we will understand that the fate of the world is the fate of the United States, and that the effort we put forth to preserve the peace is put forth on behalf of ourselves as well as on behalf of humanity.

THE NATION'S ECONOMY—NEW YORK BOARD OF TRADE

Mr. JAVITS. Mr. President, later in the day I expect to speak at greater length concerning the state of our Nation's economy. Just this morning the Joint Economic Committee began hearings on this subject which is of the most profound concern to us all.

As a further contribution to this discussion I now ask unanimous consent to have inserted in the RECORD a letter which I have recently received from Mr. Philip F. Swart, chairman of the board of the New York Board of Trade, Inc. This letter is a cogent presentation of the views of a broadly representative and important group of New York business leaders. I believe that it deserves the careful attention of all of us in the Congress.

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

NEW YORK BOARD OF TRADE, INC.,
New York, N.Y., July 27, 1962.

HON. JACOB K. JAVITS,
Senate Office Building,
Washington, D.C.

DEAR SENATOR JAVITS: The New York Board of Trade, joining the President of the United States in the desire to "get the country moving again," commends the following program and principles, unanimously adopted by the board's committee on taxes and government economy:

1. An immediate tax cut of 10 percent "across the board" for individuals and corporations, but only if matched by an immediate expenditure cut of equivalent amount. To have a tax cut without an expenditure cut is to endanger the economy, not improve it. We don't get stronger by depleting the Treasury. If budget deficits were the way out, we should now be enjoying economic stability since we have had sizable deficits in 25 of the last 31 years. But we know from history what happens to nations that persist in living beyond their means.

2. Budget balance alone is not enough. What counts is to achieve it at the lowest possible level of expenditures and revenues. That is what releases the Nation's full productive energies. That is what imparts strength. That is what instills confidence.

3. The complete opposite of that is a deliberately created, substantial deficit piled on an already huge debt. A deficit does put more dollars into the economy. That is not of itself the equivalent of more purchasing power or more purchases. A deep-rooted anxiety, reaching out to the entire Western World, is not about the quantity of our dollars, but their quality. Quantity without quality places in jeopardy the savings bonds, life insurance policies, bank balances, and pension benefits of our own people. Adding deficit on deficit may get the country moving again—but in the wrong direction.

4. The road to tax reduction is in expenditure reduction. Expenditure reduction requires determination and forthrightness by all. Lip service and pious resolutions won't do it. Everyone must recognize that expenditure reduction may curb or eliminate advantages that certain groups, areas, or parties now unwarrantedly enjoy.

5. The President properly put it to the Nation when, at his inauguration, he said it is time for the people to ask: "What can we do for the Government?" Here are some of the things we can do if we are serious about having our economy advance:

(a) We must stop calling for, or condoning, the spending of money that we don't have.

(b) We must realize that today's promises become tomorrow's taxes. We must therefore turn a deaf ear to candidates painting rosy pictures of lavish "welfare" programs, and other spending that we can't afford.

(c) We must recognize that nothing impoverishes us, as a nation, more than to pay out a dollar without geting a dollar's worth in return. Featherbedding, or sloughing off of any sort, comes at a high cost to all of us. We must therefore instill or restore in ourselves an interest in work, a pride in work, a sense of responsibility about work. We must stop trying to get the most and give the least. Otherwise our economy and our jobs are imperiled.

(d) By the same token, we must insist that our elected representatives scrutinize every public program or activity, and measure it in terms of dollar's worth in results, efficient administration, and elimination of waste. The same rigid analysis, support, and yardsticks must be applied to public expenditures, as is expected of business in its expenditures. The space age is no excuse for a dollar of unneeded expenditure. Noteworthy areas that could pay off handsomely by this approach, without having the programs themselves suffer, are foreign aid, public welfare and assistance, the whole gamut of business activities engaged in by Government through about 700 agencies. Furthermore, priority should be assigned to the different expenditure requests to permit postponements or eliminations as need be. Congressional staff facilities should be improved to afford this sort of thorough-going, incisive review.

(e) We must not only welcome, but insist upon, tax reform. The tax structure lacks stability in its excessive reliance on the income tax. The income tax, in turn, leaves a great deal to be desired in simplicity, equity, certainty, and administrability. More important, we must get away from the present situation under which taxes, rather than common sense or good judgment, run our personal and business lives. The cost to the Nation in manhours devoted to taxes, instead of productivity, is too great.

Very respectfully,

PHILIP F. SWART,
Chairman of the Board.

PUERTO RICO'S 10TH ANNIVERSARY

Mr. JAVITS. Mr. President, I invite attention to the 10th anniversary of the establishment of Puerto Rico as a Commonwealth. That is one of the most important and interesting experiments in government with which we are associated by agreement between Governor Muñoz-Marín of Puerto Rico and the President of the United States. The people of the island will have a new opportunity to decide on their next step of either seeking statehood, or independence, or continuing their historic and important Commonwealth experiment in government. The entire nation will watch the contest, satisfied that it may look upon it with pride as a further evidence of the political maturity of Puerto Rico. I believe the nation will be heavily influenced by the record as well as by the campaign performance itself.

This has been a decade of progress for the industrious people of Puerto Rico. The success of their remarkable program of industrial development has enabled them to make great strides in reducing the poverty that once afflicted this beautiful Caribbean island and spurred the exodus of many Puerto Ricans to New York and other mainland cities. Puerto Rico provides an extraordinary demonstration of what American assistance can accomplish in an underdeveloped country in an atmosphere of freedom and democracy. Today, the country has a very high literacy rate and American industry, first attracted by tax exemption inducements, has been able to help create prosperity because of the capacity for fine work of the Puerto Rican people. Tourists are attracted in increasing numbers by the scenic beauty of the island, the mountain and beach facilities that are available to them, and the friendliness of the Puerto Rican people. Tourism is an important industry and it is growing.

Most important of all are the strong bonds of understanding that exist between the Puerto Ricans, who are American citizens, and other Americans. They rely on us in matters of foreign policy, and their sons have served loyally and with outstanding courage and skill in our Armed Forces. Puerto Rico is not only an important link in our hemispheric defense scheme but also an outstanding example of the kind of development that the United States can make possible.

Now, with the encouragement of the President of the United States, the people of this neighboring island will have a new opportunity to decide on the next step of seeking statehood or independence, or of continuing their historic and important Commonwealth experiment in government. Governor Muñoz-Marín, who has led Puerto Rico in the Commonwealth and has become known worldwide for his services, will contest the issue with Luis Ferre and other distinguished Puerto Ricans. The people of the United States will look with pride on this contest as further evidence of the political maturity of Puerto Rico and will be heavily influenced, I believe, by the result and the campaign performance itself.

And so, we salute Puerto Rico and our brother Americans on its 10th birthday. As the New York Times of July 25, 1962,

said in an editorial entitled "Puerto Rico's Birthday":

A generation ago Puerto Rico was one of the problem children of the Caribbean, although its problem was not violence or revolutionary tendencies but poverty. If the island had not been so poor, we would not have so many Puerto Ricans in the city of New York. We are having fewer such migrants now and presumably will have fewer still, for the little country is not so poor as it used to be. When it became a Commonwealth 10 years ago, its per capita income in current dollars was about $318. Today it is about $621.

As a political device the Commonwealth experiment has worked out smoothly. The Puerto Ricans are citizens of the United States, although they do not vote for President unless they migrate to the mainland; they rely on us for their protection, and their citizens serve in our Armed Forces. On this, the birthday of the Commonwealth, we hopefully wish the island and its people well.

JAMAICAN INDEPENDENCE

Mr. JAVITS. Mr. President, yesterday marked the emergence of Jamaica as an independent nation and it is fitting that we in America extend our congratulations to the people of Jamaica and their new Premier, Sir Alexander Bustamente.

Relations between this country and Jamaica have always been cordial. Most recently this friendly entente has received further stimulus through the operation of a Peace Corps program to aid Jamaica's efforts to achieve economic improvement.

Jamaica needs our aid but she has a firm foundation to make good use of that help with her well-developed financial, educational, and political institutions and an advanced money economy. The major problem is underemployment and unemployment in relation to the current amount of economic activity.

America's aid to our neighbor to the south includes development loans and grants, the bulk of which are going toward accomplishment of the first two priority goals; housing and water supply. Other fields of aid include education, health, agriculture, and industrial development.

Here is a nation worthy of assistance, a country, small but indomitable, which cast off the shackles of slavery in the 19th century and has made steady progress through the decades to emerge today in the light of freedom.

I believe I speak the feeling of all the people of New York in extending them a welcome. Many of us have been to Jamaica for a visit or holiday. Our neighbor to the south has enormous potentials. She will be a great friend of the United States and also a great experiment in self-determination in the Caribbean. I am confident that she will have our help, support, and cooperation. We welcome her to the world community of free nations.

WHERE WILL IT ALL END?

Mr. GRUENING. Mr. President, a new nation has been born. There have been many in recent years. In 1960 there were 17 in Africa, 3 more in 1961, and in 1962, 2 more—Rwanda and Burundi. What bright Senators can tell where these two are or anything about them?

This time the new nation is in the Western Hemisphere—Jamaica.

"There is rejoicing," we are told editorially in numerous dailies. Under the heading: "A New Nation: Jamaica," the New York Times says:

Today the world welcomes a new arrival in the island of Jamaica.

Says the Washington Post editorially—

There is rejoicing in the Caribbean as Jamaica becomes the first of Great Britain's territories in that area to achieve independence.

Perhaps there is rejoicing in Great Britain, too. A new story in today's New York Times from Kingston, the island's capital, reveals that hitherto Jamaica has been receiving funds for schools, housing, and water systems from Britain's colonial development and welfare fund. This aid will now cease. Likewise, the payroll of some 1,200 British troops has been removed and shortly diplomatic and consular representation, with their attendant costs, formerly borne by the mother country, will be borne by the new Government.

The New York Times paints a realistic picture of this new nation's economy. It says:

Life is not going to be easy for Jamaica. It is a very poor country, largely dependent on exports of bauxite and sugar and on the expenditures of some 225,000 tourists a year. The rate of economic growth since World War II has been gratifyingly high, but the population growth at 3 percent annually is also one of the highest in the world.

So there is much poverty, much unemployment, a shortage of skilled labor and a relatively high cost of living. Emigration, formerly a traditional relief for the population pressure, has gradually been closed off and now Britain's Commonwealth Immigrants Act threatens to reduce one of the main outlets.

The island is backward—

Says the Washington Post editorially—

its population growing by giant steps and its prospects hampered by Britain's decision to limit immigration from the nonwhite Commonwealth areas.

It looks like a gloomy picture. But no. There is hope. In the same editorial the Post says:

Jamaica is expected to participate in the Alliance for Progress.

And the news story previously referred to in the New York Times, says:

Jamaica has opened negotiations with the United States for a loan for $2½ million. It is expected that the loan will be granted within the next few weeks.

Presumably, this is only the beginning. A nation so poverty stricken as Jamaica is alleged to be can scarcely repay loans, and doubtless loans will be followed by grants.

Time was when the leaders of nations seeking independence realized that independence brought its blessings but also its responsibilities and that the burdens of self-maintenance were obligations that would have to be borne. It has become customary of late in some government and other circles to equate the independence of these new mid-20th century nations with our own in 1776 and the statesmen of these emerging peoples with Washington, Hamilton, Franklin and Jefferson. No one mentions that the United States got no foreign aid.

Nowadays it is different. Whenever a new nation is born, simultaneously, as in the case of Jamaica—or maybe even in anticipation—arrangements are made for Uncle Sam to pick up the tab. The mother country is promptly relieved of this burden.

We advanced $10 million to Cheddy Jagan, the Premier of British Guiana, before that nation had even received its independence, and it was still a British colony. There was chaos and the colony has not yet become independent—but it still has Uncle Sam's $10 million—and is asking for more.

With the two score or more of new nations born in the last few years, and more to come, we can, on the basis of present and past performance, reasonably expect that Uncle Sam will be waiting, checkbook in hand. Meanwhile, our national debt is increasing, our balance-of-payments situation is not improving materially, and our gold reserves are dwindling.

The question no one has seemed to ask is: "Where will it all end?"

THE USE OF THE MAILS FOR COMMUNIST PROPAGANDA

Mr. LAUSCHE. Mr. President, from a constituent in Ohio I have received a copy of a Czechoslovakian publication known as Ceskoslovensky Svet. The constituent called my attention to the fact that this newspaper came to him from Czechoslovakia. How the sender got his address the writer does not know.

However, he asked me to have the article translated to see what is being written in Czechoslovakia and being sent through the mails free of charge to U.S. citizens.

Before I ask unanimous consent to include in the RECORD a translation of the article, I would like to read a few excerpts from it:

The Fifth World Congress of Trade Unions which met at the close of the past year, pointed out that in the center of all tasks of the trade unions of the world lie the immediate tasks of the international labor movement in its struggle for peace, against imperialism and militarism, for the complete termination of colonialism, for the economic and social demands of the workers, against monopolies, in the defense and for the broadening of labor union rights and democratic liberties of the workers.

The article contains this further statement:

The international class of workers and the broad masses of people, relying on the strength and influence of the Socialist and other peace-loving states, in their active and determined fight, will bring about the isolation of the aggressive circles. They have and will have influence on the termination of the feverish armament. They will force the imperialists to conclude an agreement on general disarmament, and they will prevent the outbreak of a new world war.

The point I wish to make is that gratuitously our Post Office Department is carrying articles in newspapers written

by Communists. This article clearly is directed at our country. It is labeled as an imperialist nation, a military nation, a nation that does not want to ban nuclear tests, a nation that wants war.

My blood boils when I realize that we are subsidizing these writers when they use without charge our postal service in having this material sent to readers and citizens of the United States who did not ask for it. I do not know where their addresses are obtained. I believe we had better return to the system which was in vogue 2 years ago, that mail may be sent free of charge under the reciprocity agreement only when the citizen of the United States has asked for the particular material, and not allow our Post Office Department to force it unwillingly upon citizens of the United States.

I ask unanimous consent to have the translation of the article printed in the RECORD at this point.

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

THE UNITY OF WORKERS IN THE STRUGGLE FOR PEACE, DISARMAMENT, AND BETTER LIFE FOR PEOPLE

(By Vaclav Pasek, Secretary of the Central Council of Trade Unions and member of the General Council of the World Trade Union Federation)

The whole world, and all progressive people, watch with the greatest interest the incessant struggle of the Soviet Union and of all other peaceloving and progressive states against the attempts to push humanity into another world war. Before all workers there is the task: To see to it that the peace be not just a quiet moment or a short recess between two wars, and that conditions are created under which the inflammation of a new world war be forever impossible.

The unity of the working people of the whole world is an important factor which plays and will play an outstanding part in this struggle. The history of the two recent wars showed that it is the toiling people who are most affected by wars and who are most burdened by the effects of wars.

The Fifth World Congress of Trade Unions which met at the close of the past year, pointed out that in the center of all tasks of the Trade Unions of the world lie the immediate tasks of the international labor movement in its struggle for peace, against imperialism and militarism, for the complete termination of colonialism, for the economic and social demands of the workers, against monopolies, in the defense and for the broadening of labor union rights and democratic liberties of the workers.

These are the basic demands which have to be fought for by a united action of all trade unions on the national and international level. The international fraternal relations between the unions of the world should be developed and strengthened. Tireless continuation in the struggle for an allover unity of action of the labor movement should become a common task of the workers of all continents. The opponents of this unity should be rebuked with determination and conviction, the reasons and effects of the position of all those who stand against it or break it should be exposed.

The solidarity of the workers of the whole world is an important weapon in the fight for the preservation of peace. The international class of workers and the broad masses of people, relying on the strength and influence of the socialist and other peaceloving states, in their active and determined fight, will bring about the isolation of the aggressive circles. They have and will have influence on the termination of the feverish armament. They will force the imperialists to conclude an agreement on general disarmament, and they will prevent the outbreak of a new world war.

Disarmament is today the most important problem of humanity. We can put a question. If a worldwide referendum could be staged concerning this problem, what would be the answer of the majority? It is easy to guess. It would be an overwhelming majority that would be voting for an immediate disarmament, and the unconditional destruction of all weapons. The majority of people would at once reject those who think that they can postpone disarmament by diplomatic ways and so to cheat the masses of workers. To those who think so, we should say that the cause of peace cannot be tied to a dress coat when human life is at stake. This dress coat must be torn and the tophat thrown away, because the majority of people still wear caps and do not live on dividends but on honest work, do not profit from wars but, on the contrary, war brings its plight, suffering, and unhappiness.

Struggle for peace, disarmament, against military bases, is today the unconditional and most important task of every man who does not want that human civilization be thrown back for hundreds of years, who wants to live and work in peace. This is a struggle which has to be conducted on the broadest possible base, because the majority of people, the fate of hundreds on millions are at stake. A world war should be averted by a common effort to achieve the unity of all workers of the world. This is supported by the fact that, on the side of peace there stands the Soviet Union and, along with it, the powerful masses of workers and other progressive people of all continents of the world. Step by step, these forces gain advantage over the old society and are able to stop everybody who intends to set new war ablaze. The cause of peace and the friendship of peoples will triumph and the plans of the aggressive powers will be foiled.

Source: Ceskoslovensky Svět (Czechoslovak World) Prague, April 19, 1962, page 1.

THE COMMUNICATIONS SATELLITE

Mr. DOUGLAS. Mr. President, during the initial debate on the satellite communications bill, I addressed certain questions to the junior Senator from Tennessee [Mr. GORE] concerning the probable quality of television programs under the corporation contemplated to be set up.

I ask unanimous consent that a letter to the editor, written by Russell Baker and published in the New York Times of August 2, 1962, subsequently expressing many of the same reservations, be printed in the RECORD at this point.

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

OBSERVER

WASHINGTON, August 1.—Now that the novelty of Telstar has worn off, the best brains of American television will have to apply themselves to the problem of holding the European audience against the competitions of Soho, the Rue Pigalle, and the Via Veneto.

TELSTAR TROUBLE AHEAD

Obviously, you can get away with showing them Mount Rushmore, the Statue of Liberty, and the Chicago Cubs while they still are fascinated by the gadgetry involved. But can you hold them long enough to sell soap?

As domestic television found it necessary to progress from wrestling to "I Love Lucy," world television will have to grow out of the Mount Rushmore stage if it, too, is not to become another wasteland.

The challenge is grave, as the politicians say, but not insuperable. For example, what better solution than to fall back on the rich experience of nearly 20 years in our own country and beam the Europeans what Americans are shown? Anyone who has dozed an evening away in front of the electronic tube can probably dredge a usable script out of his subconscious.

Sunday programing would be harder. One immediately thinks of Lawrence E. Spivak interrogating David Susskind, but would the Italians really like it? Church services have to be considered, but domestic experience suggests that the most acceptable time for religion is after the late show. Baseball seems out of the question. Would the Italians really like it? Every politician from STROM THURMOND to JACOB JAVITS would be willing to talk for 18 minutes, but would the State Department permit it? And if it did, would the Italians really like it?

WILL IT SELL IN NAPLES?

The afternoon orbit is a cinch with a giveaway show. Housewives might compete for a trip to Rome. The Italians would like that. Viewer interest could be sustained by offering a trip to New York to any Italian who recognized the contest winner in Rome, provided he could convince the U.S. Immigration authorities of good moral character and no intent to take up residence.

Everybody will have strong feelings about what commercials should be shown in Europe. In view of the anticipated advertiser pressure to get in, it might be necessary to establish a nonprofit commission to select commercials particularly illuminating of American life.

The danger here is that irrelevant questions of taste will be allowed to interfere with the accurate portrayal of American life. The high national incidence of stomach hyperacidity, for example, may be a revealing fact about American life that the Pecksniffs would withhold from Europe because of esthetic reservations about digestive-tract diagrams on TV screens.

So, too, the commercials for sewer-cleaning services might be ruled out by the squeamish despite their clear message that clogged sewer drain is an omnipresent factor in American life. The rule of thumb on taste should be: If Americans can take it, so can the Italians.

GOOD TASTE MISPLACED

On the other hand it might be misleading to spread abroad the picture of love in America that engrosses so many TV commercials.

Take the typical detergent ad as an example: Husband is cold, indifferent, even hostile to young wife. One day in the laundry room while sighing over husband's perspiration-stained collar, young wife is surprised by a charming male housebreaker. Stay. There is no cause for alarm. He is merely presenting her with dynamic new miracle Sudso. "Darling," husband cries ecstatically a second later, "my shirts have never been so white. Those deep-down perspiration stains are gone." He embraces her hungrily. Love is saved.

Obviously, this is the sort of thing to be kept off Telstar on the ground that it spreads malicious distortions about why American man and his mate sulk and make up. Besides, what would the Italians think of us?

RUSSELL BAKER.

PROPOSED CHANGE IN THE CLOTURE RULE

Mr. DOUGLAS. Mr. President, I ask unanimous consent that an article which

appeared in the Washington Evening Star on August 2, written by J. A. O'Leary, be printed in the RECORD at this point in my remarks. Mr. O'Leary's article states that observers believe that the effort which will be made in January to bring about a change in the antifilibuster rule might succeed.

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

[From the Washington Evening Star, Aug. 2, 1962]

ANTIFILIBUSTER MOVE PLANNED AT 1963 SESSION

(By J. A. O'Leary)

Advocates of a new rule to curb Senate filibusters are planning a drive to achieve that goal on the opening day of the next Congress in January.

They served notice of this intention after the Senate reached an agreement which ended a 5-day fight against taking up the satellite communication bill.

Similar attempts to write a new rule have failed on the opening day in other recent years, but some observers believe it might succeed in January 1963.

In another development yesterday President Kennedy made it clear that his administration is standing by the private enterprise method of handling the satellite communication problem, despite the drive by a small group of liberal Democrats for Government ownership.

At his press conference, the President said the pending bill was carefully drawn to preserve the responsibilities of the Federal Government, and he regarded it as the most effective way to handle the problem.

THREE PLEDGE HELP

Senators DOUGLAS, Democrat of Illinois; HUMPHREY, Democrat of Minnesota, and JAVITS, Republican of New York, announced they would join in the January move for a new antifilibuster rule.

But Senator DOUGLAS made it clear he was not critical of the Senators who held the floor for 5 days to prevent the satellite bill from being taken up.

On the contrary, Senator DOUGLAS said, it ill behooves Senators who have always opposed a change in the rules and who have always voted against curbing debate on civil rights bills to denounce other Senators because they have discussed another subject for about 1 week.

He said that while he had not taken much part in the satellite debate he believes much of the discussion was "very helpful" in clarifying the issues.

PASS FIVE MAJOR BILLS

Once the filibuster against the satellite bill was ended by the agreement to put it off for a week, the Senate quickly passed five other major bills.

It completed and sent to the White House three appropriation bills carrying $48 billion for the Defense establishment, $5.4 billion for the Treasury and Post Office Departments, and $885 million for the Interior Department. These were the first money bills for the new fiscal year to be completed.

The Senate also took final action on a $3.7 billion authorization for the research and development projects of the National Aeronautics and Space Administration, and sent to the House a $232 million authorization program for the Atomic Energy Commission.

Meanwhile, the satellite bill was sent to the Senate Foreign Relations Committee for further hearings with the understanding it will be brought back to the Senate floor for debate not later than August 10. The committee is meeting at 2:30 o'clock this afternoon to make plans for the hearings, expected to start tomorrow morning.

TEN-YEAR EFFORT

For about 10 years the supporters of a stronger antifilibuster rule have been proceeding on the theory that on the opening day of a new Congress the Senate has the same right as the House to adopt rules for that Congress by majority vote. The House always adopts the rules for each Congress, but the Senate has proceeded on the doctrine that it is a continuing body and that its rules can be changed only on recommendation of its Rules Committee.

Up to now, Senate liberals never have been able to muster a majority to support their opening day contention, but the number voting with them has increased steadily.

On the last attempt in January of 1961 the new rules introduced for this Congress lost by only a few votes. They were referred to committee, 50–46, and never acted upon.

Two years earlier, in 1959, only 36 votes were cast for a rules change. This showed a gain of 10 votes in 2 years, and in 1961 a switch of 3 additional votes would have provided a majority for a new rule.

NO UPSET IN 35 YEARS

As the rules now stand, it requires two-thirds of those present and voting to break a filibuster by curbing debate, and this percentage has not been achieved in 35 years.

One of the changes advocated by a group headed by Senator DOUGLAS would permit a majority of the entire Senate—51 Senators—to limit debate after it has continued for 15 days.

Another proposal sponsored 2 years ago by Democratic Senator ANDERSON of New Mexico and Republican Senator MORTON of Kentucky would change the requirement from two-thirds to three-fifths. With all Senators voting, this would mean 60 could limit debate.

COMMUNICATIONS SATELLITE BILL FILIBUSTER

Mr. DOUGLAS. Mr. President, I ask unanimous consent to have printed at this point in the RECORD an article entitled "Trouble in the Filibuster's Wake," written by Doris Fleeson, and published in the Washington Evening Star of August 3, 1962. I do not agree with all the statements made by Miss Fleeson, but I think she opens up some very interesting questions for thought and consideration.

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

[From the Washington Star, Aug. 3, 1962]

TROUBLE IN THE FILIBUSTER'S WAKE—MANSFIELD'S ACCORD WITH REPUBLICANS ON FARM BILL IS VIEWED AS RISKY

The Senate has won some surcease from its satellite communications sorrows but is nowhere near the end of its troubles with the issues raised.

A major one concerns the price paid by Democratic Majority Leader MANSFIELD for conservative Republican consent to sending the satellite bill to the Foreign Relations Committee for further study of its international implications.

Senator MANSFIELD is understood to have made a gentlemen's agreement with Senators GOLDWATER, HICKENLOOPER, TOWER, and others not to take up the farm bill if they would help to expedite satellite legislation. To some Democrats the farm bill is of much greater importance than communications and they will not go along with Senator MANSFIELD on the question of ditching it.

Republican spokesmen are threatening their own filibuster should the farm proposals reach the calendar. They will find Democrats ready to join that issue with them.

The prophet in the situation is Senator CLARK, Pennsylvania Democrat. He has steadily warned the Senate that it is operating under antiquated rules that, given certain circumstances, can easily be turned into fratricidal as well as party warfare of the worst kind. Today's mess, so apt to be repeated in this heated home stretch, proves his case.

The Senate can go ahead in the short term on piled-up appropriations and noncontroversial bills ready for action. This will help serve orderly government but disposes of nothing on which factions within the Senate disagree.

Democratic Whip HUMPHREY has called for top level and searching testimony before Foreign Relations to answer the misgivings of filibusterers against the present satellite proposal. With Chairman FULBRIGHT safely renominated in the Arkansas primary, which is tantamount to election, it should be possible to do the job fairly quickly.

A difficulty is that the White House has committed itself out of disinclination to cross swords with Chairman KERR of the Space Committee. Senator KERR, as ranking Democrat on the Finance Committee, is expected to reciprocate on the trade bill and taxes, both of which President Kennedy ranks much higher on his priority list than the satellite bill.

It may be difficult, therefore, to get the frank expressions from the Messrs. Rusk, McNamara, and Robert Kennedy that are looked for. The first committee move of opponents of the bill will be for open hearings. These would receive wide coverage and create interest in amendments certain to be offered.

It is unclear why Senator MANSFIELD chose to press the satellite bill at this time. Possibly Senator KERR pressed him for action now while KERR still held the power of life or death for the President's most favored measures. It may simply be that the Montana Senator decided on it as the vehicle for demonstrating the strong leadership he has been accused of lacking.

This is only one of many uncertainties Senators are discussing as they face renewal of the satellite battle.

FRYINGPAN-ARKANSAS PROJECT—REFUSAL BY SENATE OF YEA-AND-NAY VOTE

Mr. PROXMIRE. Mr. President, yesterday the Senate passed a bill to authorize $170 million for the construction of the Fryingpan-Arkansas project. I, together with the distinguished Senator from Delaware [Mr. WILLIAMS] strongly protested that bill. We were very much opposed to it, particularly feeling that it is foolish to spend so large a sum of money to increase the fertility and productivity of land already in production, at a time when hundreds of millions of dollars are being spent to take land out of production.

The reason why I am speaking today on this particular issue is that although three times yesterday I requested a yea-and-nay vote, we were unsuccessful in securing such a vote. The absence of a quorum was suggested in an effort to bring enough Senators into the Chamber in order to secure a yea-and-nay vote, but the effort was unsuccessful. We had the complete cooperation of the leadership.

Under these circumstances, it is possible to get a yea-and-nay vote only if a Senator is willing to keep talking and to insist on having live quorums, even if that takes 2 hours or 2 days. Then we can have such a vote.

I wish to make it clear that in the future I shall insist on yea-and-nay votes on measures of such great importance as the Arkansas-Fryingpan project, a project which will create a financial drain on the taxpayers of my State and will be an injustice, in my opinion, to the farmers of Wisconsin.

Under such circumstances, I believe it is only fair that all Senators be recorded on measures of this kind. I say this with regret. The reason why I did not insist on a yea-and-nay vote yesterday was that a number of Senators on both sides of the aisle said it would not be fair to have one because some Senators could not be present and most Senators did not expect that there would be a yea-and-nay vote on a measure of that kind.

The reason for my statement this morning is to make it clear that in the future, even if Senators wish to be absent when projects of this kind, costing large sums of money, and having a strong impact not only upon our economy but on the taxpayers and farmers, are brought up, I shall ask for yea-and-nay votes.

THE PROPOSED TAX CUT

Mr. PROXMIRE. Mr. President, there has been much discussion about a tax cut; but in connection with such a proposal, I think too few of us realize the tremendous drain which would be imposed on the Treasury in order to have a tax cut which would really be substantial enough to stimulate the economy.

In order to provide $1 more in the pockets of people earning $5,000 a year, it would be necessary to have a 2-percent tax cut, which would be a $4 billion tax reduction—$4 billion to get $1 more into the pockets of the people so that they might buy more.

It is clear to me that that kind of effect upon the American consumer will not result in a substantial increase in national income or a stimulation of the economy.

Also, a reduction in the corporate income tax of 1 percent would cost the Treasury $500 million. I think these figures should be kept in mind when we discuss tax cuts, because there is no question that while a tax cut may stimulate the economy, it will also have a direct and inevitable impact on the national debt and the deficit.

FORMER PRESIDENT EISENHOWER'S CATTLE

Mr. DIRKSEN. Mr. President, under date of August 3, 1962, I have received a letter from Mr. Bryce N. Harlow, former secretary to President Eisenhower, which I wish to read into the RECORD:

THE PROCTOR & GAMBLE MANUFACTURING CO.,
Washington, D.C., August 3, 1962.

The Honorable EVERETT M. DIRKSEN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR DIRKSEN: Perhaps you noted the two recent columns by our esteemed friend, Mr. George Dixon, who asserted, more or less whimsically, that one of General Eisenhower's cattle is or was a gift from Mr. Billie Sol Estes. You may also recall his assertion that when Mr. Estes came under Senate scrutiny the gift animal was slaughtered and consumed at the Eisenhower farm in an effort to conceal the general's relationship with Mr. Estes.

I suspect Mr. Dixon had tongue in cheek in making these comments, and on that presumption these comments probably ought to go unanswered. I find, however, that on July 5 the first of the columns in question was placed in the CONGRESSIONAL RECORD. The unavoidable result is that General Eisenhower stands charged in the official record of the Congress of receiving this Estes gift.

Now that Mr. Dixon's second column has again associated General Eisenhower with Mr. Estes, it might be well to spread the actual facts on the record to avoid possible misunderstandings in future years. I have taken it upon myself to obtain these facts, General Eisenhower being presently out of the country.

The facts, I can assure you categorically, are these:

First, not one of General Eisenhower's cattle is or was a gift from Mr. Billie Sol Estes, whether from Mr. Estes alone or as a member of a group of donors.

Second, no animal has been slaughtered at the Eisenhower farm since October 9, 1961. The animal slaughtered on that date was born on the farm.

Third, no such Estes gift having been received by General Eisenhower, obviously none of the Eisenhower cattle was slaughtered and consumed to conceal a relationship with Mr. Estes.

I intrude upon your time respecting this matter because of your years of close association with General Eisenhower and because I know you would not want the RECORD open to misunderstanding in respect to a matter of this kind.

Sincerely,

BRYCE N. HARLOW.

Mr. President, the letter requires no further comment from me. I ask unanimous consent that the articles written by my whimsical, delightful friend, Mr. George Dixon, dated July 4 and July 18, be printed at this point in the RECORD.

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

[From the CONGRESSIONAL RECORD, July 5, 1962]

GOP VISITS TO THE OLD FARM

(Extension of remarks on Hon. MELVIN PRICE, of Illinois, in the House of Representatives, Thursday, July 5, 1962)

Mr. PRICE. Mr. Speaker, under unanimous consent to extend my remarks, I offer for the attention of my colleagues an interesting article from the typewriter of the well-known columnist, Mr. George Dixon, which appeared in the Washington Post of Tuesday, July 3, 1962:

"WASHINGTON SCENE: VISIT TO THE OLD FARM

"(By George Dixon)

"GETTYSBURG, PA.—All us big Republican leaders were gathered here at the farm of former President Dwight D. Eisenhower, and I was looking for the Black Angus that was given Ike by Billie Sol Estes, when former Vice President Richard M. Nixon arrived.

"I was distracted from my quest of the Estes gift cow because I wanted to see if Mr. Eisenhower and Nixon knew each other by sight.

"I had reason to be uncertain about this because a few days ago one of my Washington correspondent colleagues asked Ike, 'Who do you think will win the race for Governor in California?' and Ike replied: 'Whatsisname will beat Brown.'

"Ike and Dick seemed to recognize each other, however, because they shook hands without first studying the name badge that all us GOP leaders were required to wear. Many of the rest of us took a sneak peek at a badge before offering a hand. After all, a grand old leader of a Grand Old Party can't afford to give a big 'Hello' to a mere follower entitled only to a small one.

"It was like old times being back at the Eisenhower place. Gentle nostalgia assailed me as we drove down the avenue of trees, all bearing small, tasteful plaques with the name of the donor. All the plaques, save one, bore the names of gift-givers not immediately connected with the Eisenhower family. The lone exception was attached to a fence surrounding the guest house, which lies between the mansion and the barn. This plaque bore the uxorial legend: 'This fence was taken from the home of Mamie Doud Eisenhower, Lafayette Street, Denver.' However, I couldn't spend the day reliving the scenes of my political childhood, because we were at Ike's place to revitalize the Republican Party—and we only had 3 hours in which to do it.

"Ike revitalized it first. He said that having us here was a heart-warming experience. Having a wormy heart, I applauded madly.

"I wanted to sneak from the big conference tent and inspect the Black Angus that Billie Sol Estes bestowed upon Ike away back when Estes was not so widely known.

"Nixon had replaced Mr. Eisenhower at the battery of microphones—the significant event was on a tentwide hookup—and I fancied Dick was staring at me as if daring me to cut and run.

"Nixon disclosed he is campaigning hard to be Governor of California.

"'I practice the piano every morning,' he said. 'and every day I jump into the swimming pool—with my clothes on.'

"If you doubt that Nixon opened his remarks with those exact words, please write the Republican National Committee, 1625 I Street NW., Washington 6, D.C., for a transcript. Phone: National 8-6800.

"Republican National Chairman WILLIAM E. MILLER said we should have broad participation, although at this meeting only males were participating.

"Senate Republican Leader EVERETT MCKINLEY DIRKSEN began by saying: 'A minority leader's lot is not a happy one—I think you can find that in Gilbert and Sullivan.'

"I'm not sure you can.

"DIRKSEN challenged my credulity further by asserting: 'I used to use a slogan against the Democrats that consists of six words, the six words are: Idle hands, idle acres, and idle dollars.'

"I counted and recounted. Always came out seven.

"As we left the tent, Host Eisenhower remarked to a senatorial friend that he was having trouble keeping farm help. The friend suggested that Secretary of Agriculture Orville L. Freeman might be available before long.

"Ike did not seem to find it uproariously funny."

[From the Washington Post, July 18, 1962]

WASHINGTON SCENE—PLAYING WITH FIREARMS

(By George Dixon)

I have decided not to shoot myself five times with a .22-caliber long-barreled rifle. I don't want to put Senator JOHN L. MCCLELLAN, of Arkansas, to the bother of clutching a fowling piece to his side to demonstrate I couldn't have done it.

Time was when a "guy" could "scrag" himself with a firelock and bring in only the police, or maybe a sheriff's posse. Now he's in danger of involving himself with a congressional committee.

This is enough to make a chap stop and think. It is especially thought provoking to me because I am essentially a considerate type, and I would hate to think I was responsible for making Senator McClellan stand up before his Senate investigations committee, and all those photographers, with a breechloader rammed into his midriff.

Another thing about it gives me pause. I don't like to see our Senators playing with firearms.

I presume you saw the picture in the papers of Chairman McClellan with the muzzle of a shooting iron pressed into his flesh and his arms straining in their sockets in efforts to reach the trigger. If you didn't, you missed a picture that I would hitherto have considered almost as improbable as former President Eisenhower posing beside the Black Angus given him by Billie Sol Estes.

McClellan's demonstration was doubly captivating because sometimes whole days go by on Capitol Hill without the chairman of a committee getting the drop on himself with a .22 long rifle.

McClellan explained to the photographers—who probably would have played along with him, even without an explanation—that the rifle was identical with the one that killed Henry H. Marshal, an official of the Department of Agriculture, on June 3, 1961, and that Marshal could not possibly have shot himself five times with it.

It was clearly up to McClellan to arrive at this deduction because, unannounced in the public prints, every law-enforcement agency in the land has been secretly disbanded. The local, State, and county police in and around Franklin, Tex., where the murder or suicide took place, had been exchanged for cotton allotments, and the FBI had been merged with the Peace Corps and sent to Nigeria to write postcards.

If I'd only been on my toes, and put two and two together, I might have been the only non-Senator with advance knowledge that all the "cops" in the country, except members of the McClellan committee, had been plowed under. Horace McMahon, who plays Lt. Mike Parker in TV's "Naked City," visited me, and I took him to lunch in the Senate dining room. The professorial Senator Paul Douglas, of Illinois, joined us for lunch and told Horace there was nobody like him left.

That should have tipped me off.

The abolition of all types of lawmen was withheld from the American people because it was classified, along with certain details of strategy in Custer's Last Stand.

(Parenthetical note: You may not believe that about Custer, but it was classified by the Pentagon until Chairman John E. Moss, of the House subcommittee investigating unwarranted secrecy in government, forced its declassification.)

I was too preoccupied to decode the awful truth from Senator Douglas' encrypted message to Actor McMahon, because of new intelligence that just had come to me in the case of the Billie Sol Estes gift cow to former President Eisenhower. I learned why spokesmen for Ike were insisting with such apparent candor that there was no Estes Angus on the Eisenhower farm at Gettysburg.

There isn't—now.

Estes wasn't known very far beyond the environs of Pecos when he and "a group of Texas admirers" presented the prize Angus to the then Chief Executive. But when the McClellan investigators made the name of Billie Sol a national byword, they also doomed the proud cow.

The beast was slaughtered at Ike's place and eaten.

KELSEY, KEFAUVER, AND KENNEDY

Mr. GRUENING. Mr. President, today President Kennedy honored Dr. Frances O. Kelsey, of the Food and Drug Administration, by awarding her the highest civilian award authorized. Dr. Kelsey is worthy of such an award for her courageous stand against intense pressures to permit the licensure for sale of the disastrous drug thalidomide, which has tragically resulted in the birth of deformed children.

The President does well to honor Dr. Kelsey for her devotion to duty. But here in the Senate there is one who deserves equal commendation today. I refer to the able and distinguished senior Senator from Tennessee [Mr. Kefauver], who has fought an equally valiant fight in the Halls of Congress not only to protect the American public from untested, dangerous drugs, but also to bring within their economic reach drugs of proven medicinal worth. On this day, when Dr. Kelsey is being honored, it is only fitting that tribute should also be paid to Senator Kefauver. I wish him to know that I, as one Senator, will be by his side, fighting for the enactment of legislation which will prevent any possibility that the American public will ever be used as guinea pigs for the greater profit of drug manufacturers.

It is my sincere hope that Dr. Kelsey's efforts have been entirely successful. I hope that time will not reveal that, despite her watchfulness, some of this dreadful drug was actually used in this country by physicians, unbeknown to their patients, and without their consent.

It is also my hope that the new Secretary of Health, Education, and Welfare in particular will take immediate steps to make certain that the left hand of his Department knows what the right hand is doing. We have a right to expect that when representatives of that Department appear before Senate committees, they are sufficiently knowledgeable of the President's program to present that program clearly and concisely, and not to agree to provisions gutting that program. The President can expect no less. I hope that a new drug bill, along the lines recommended by President Kennedy, will be speedily enacted.

I ask unanimous consent that an article relating to the work of Dr. Kelsey, appearing in the Washington Daily News for August 6, 1962, may be printed in the Congressional Record at the conclusion of my remarks.

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

[From the Washington Daily News, Aug. 6, 1962]

A Medal to Dr. Kelsey—How Letter Resulted in Exposé of Drug

(By John Troan)

One wintry day 18 months ago Dr. Frances O. Kelsey was thumbing through the British Medical Journal and spotted a letter from a doctor about a drug called thalidomide.

Tomorrow, the chain of events set off by this accident of reading will be climaxed at the White House when Dr. Kelsey receives from President Kennedy the highest award a Federal employee can get.

Called the "President's Distinguished Federal Civil Service Award," it will be conferred for her key role in keeping off the U.S. market a drug that turned out to be a deformer of babies.

In her unauspicious office, on the second floor of a rickety World War II barracks building that also houses a medical museum, Dr. Kelsey recalled the day it all began.

SIX MONTHS

She had been with the Food and Drug Administration (FDA) only 6 months. She had disposed of one new-drug application, seeking approval of a cathartic. She was working on her second—a case dealing with thalidomide, a mild sedative that already had become a bestseller in Europe.

It was February 1961, and she was sitting in on an FDA hearing—regarding a drug she can't even recall—when a messenger brought her a copy of the British Journal.

The doctor leafed through the journal. Suddenly, her eyes fastened on a letter from a physician suggesting thalidomide might be causing a peculiar kind of neuritis—an undesirable effect not previously suspected.

The rest is history. For 13 months, Dr. Kelsey—with the support of her FDA superiors—staged a legal delaying action that kept thalidomide off the U.S. market. Last March, by which time mounting evidence established the drug was unsafe, even experimental use was halted.

DID RIGHT THING

The aftermath has left the shy Dr. Kelsey quite bewildered. But it also has convinced her she did right when she decided on a change of career in her senior year at Montreal's McGill University.

"I first wanted to be a zoologist," Dr. Kelsey relates.

"We always had cats and dogs around our house" (she was born in Canada 48 years ago), "and I was always interested in animals. In fact, I'm still a cat fancier."

Dr. Kelsey finished college as a zoology student but a course she took in her senior year veered her into pharmacology—the science of how drugs work and what they do. She stayed on a year to earn a master's degree in this field.

She then went to teach at the University of Chicago, where she not only got a doctor's degree in pharmacology but also became an M.D. It was there, too, she met her husband, Dr. F. Ellis Kelsey, now a special assistant to Surgeon General Luther L. Terry.

Sudden fame, which has brought Dr. Kelsey hundreds of laudatory letters, hasn't changed her. She prefers to be regarded as a plain jane rather than a glamor gal.

When she isn't tied down by her job, she likes to play tennis.

And as if the world didn't know it by now, she adds with a twinkle: "I also like to read."

THE PLIGHT OF THE RAILROADS

Mr. BUTLER. Mr. President, the ability to make things appear to be other than what they really are is no longer the exclusive property of those skilled in the use of mirrors and sleight-of-hand. The same results are being attempted with mere words—taking a given set of facts and presenting them in such fashion as to make them appear to support conclusions that are contrary to those facts.

One of the most remarkable demonstrations of this is currently underway. It involves the railroad industry and is designed—believe it or not—to convince the Congress, and the public as well, that railroads are not really ailing at all but are, in fact, highly prosperous.

Precisely what is hoped to be gained by those attempting to create this illusion is not entirely clear. What is clear, however, is that it threatens to lull both Congress and the general public into a

false sense of security regarding this indispensable artery of transportation, to the great detriment of the Nation as a whole. For that reason, it is important, I believe, that we set the record straight as to those matters which have been grossly misrepresented.

It has been suggested, for example, that bookkeeping methods used by railroads fail to show accurately their true financial condition; that simple changes in the profit and loss statement would magically convert a railroad from a deficit operation to one that is highly profitable. This is a claim that should appeal especially to shareholders in the bankrupt New Haven Railroad, for it suggests that the company may not be bankrupt after all; that it only appears to be so on paper because some vaguely defined "improper" bookkeeping methods are being used.

Actually, of course, the accounting methods by the railroad industry are those prescribed and policed by the Interstate Commerce Commission. They are entirely consistent and compatible with standard methods and practices followed by industries of all kinds throughout the Nation in appraising their financial positions.

Next we are told that railroad financial ills are nothing more than "misleading railroad propaganda"; that in fact railroads in recent years have enjoyed the highest prosperity and net income in their history.

In reality, of course, railroad net income has declined sharply in every year since 1955. Following are the figures based on reports by the Interstate Commerce Commission:

	Millions
1955	$959
1956	908
1957	765
1958	630
1959	608
1960	473
1961 (partly estimated)	406

The railroads' total net income in that 7-year period was $4,749 million. This was actually $735 million below the amount earned in the 7 years immediately preceding the depression of the 1930's—and in that period the purchasing power of the dollar was nearly double what it is today. In fact, stated in dollars of constant value, the railroads' net income in 1961 was barely one-fourth of what it was in 1929.

The attempt to make this anemic performance seem healthy is based largely on a single statistical table appearing on page 196 of the Interstate Commerce Commission's 1960 Annual Report to Congress. Among other information presented, the table relates railroad net income to the nominal or stated value of railroad capital stock—common and preferred—outstanding in the years 1949 through 1959. But it is significant that the ICC itself did not suggest that such a relationship constitutes a proper measure of the profitability or lack of profitability of a railroad's operations.

And indeed it is not a proper measure. For a rate of return based only on capital stock outstanding completely ignores the major part of shareholders' equity in railroads, namely, the part represented by capital surplus and by earnings withheld from shareholders for reinvestment in plant and equipment. Such amounts, whether accrued by railroads or any other business enterprise, are as much a part of shareholders' equity as is stock outstanding—and through 1959 they aggregated for the railroad industry over $11.2 billion.

Thus, instead of $7.5 billion, which represents only the nominal or stated value of railroad capital stock, the total shareholders' equity in railroads in 1959 was actually $18.7 billion. On this proper basis of comparison, the ratio of railroad net income to shareholders' equity in 1959 was a mere 3.25 percent. In 1960 it dropped to 2.52 percent and in 1961, to about 2.16 percent.

Since World War II, the railroad industry has been studied probably more often, more thoroughly, and by more qualified authorities, both within Government and outside, than any other industry in history. Almost without exception, these studies have confirmed that the industry is in deep and steadily worsening financial distress. Not one study has ever supported the capricious theory that the railroads' rate of return should be measured by the amount of their capital stock outstanding.

The inescapable fact is that railroad earnings have been and continue to be grossly inadequate to support necessary railroad modernization and improvement.

Conservative estimates place railroad capital improvement needs at about $2 billion a year, and only about one-third of that amount is obtained through annual depreciation allowances.

Where are railroads to get the remaining two-thirds?

In a prospering industry, it could be obtained by borrowing or from the sale of capital stock. The availability of funds from either source, by railroads or any other industry, depends largely upon the record of earnings or the prospect of earnings. The best evidence that railroad earnings have been grossly inadequate is that both sources have been largely denied to most railroads for many years, just as they are today.

The only remaining alternative is to finance needed capital improvement directly out of earnings—and this railroads have done by holding down dividends to their owners. But even if railroads used every penny of current net income; even if they paid no dividends, or set nothing aside for required sinking funds, the total amount available for capital improvements would be little more than half the amount needed to provide adequately for the future.

Such an approach would not only be grossly unfair to shareholders, it would also be tantamount to "taking the gas pipe." For if railroads paid no dividends or accrued no sinking fund charges, what little credit they now have, and what little appeal they hold for investors, would entirely disappear. Yet this is the dead end road which a poor and worsening credit position and inadequate depreciation allowances have forced more and more railroads to travel.

It is easy enough for those having no responsibility for obtaining the money to criticize railroads for not having more and better equipment and for not giving better service. I for one am confident that no one more earnestly desires and strives to do these things than those responsible for railroad operations. However, their task is greatly complicated, not helped, by irresponsible self-serving statements, such as those to which I have referred, which seek only to confuse rather than clarify.

Making things appear to be other than what they really are can be entertaining, but the sleight-of-hand technique should be left to those whose business it is to entertain. When it is used to distort and bemuddle our thinking on a subject as vital to the national welfare as transportation, the results can be disastrous.

OPPRESSION OF CAPTIVE NATIONS BY SOVIET UNION

Mr. SCOTT. Mr. President, at this time I would like to pursue a little further the question of the significance of Captive Nations Week. On July 6 of this year I joined many of my colleagues in the Senate in calling on President Kennedy to issue a Captive Nations Week proclamation, and thus to follow a tradition initiated by President Eisenhower in 1959. The July issue of World presented, side by side, the core of both President Eisenhower's 1960 and President Kennedy's 1962 proclamation. I now ask unanimous consent that these two excerpts be printed in the RECORD.

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

PRESIDENT EISENHOWER

"Whereas many nations throughout the world have been made captive by the imperialistic and aggressive policies of Soviet communism; and

"Whereas the peoples of Soviet-dominated nations have been deprived of national independence and individual liberties; and

"Whereas the citizens of the United States are linked by bonds of family and principle to those who love freedom and justice on every continent; and

"Whereas it is appropriate and proper to manifest to the peoples of the captive nations the support of the Government and people of the United States for the just aspirations for freedom and national independence;

"I invite the American people to study the plight of the Soviet-dominated nations and to recommit themselves to support of their just aspirations."

PRESIDENT KENNEDY

"Whereas there exist many historical and cultural ties between the people of these captive nations and the American people; and

"Whereas the principles of self-government and human freedom are universal ideas and the common heritage of mankind;

"I invite the people of the United States to observe this week with appropriate ceremonies and activities and I urge them to give renewed devotion to the just aspirations of all people for national independence and human liberty."

Mr. SCOTT. Mr. President, I would now like to ask every Senator to scruti-

nize closely with me these two statements to see whether or not they contain an indication, some slight hint, at our changed attitude toward Soviet colonialism. Upon examination, we must conclude that there is indeed a hint present. The 1960 message makes explicit the name of the captor—the Soviet Union—and the nature of the crime, whereas the 1962 declaration fails to mention the offender and the offensive act. Whose feelings are being protected?

That the Soviet Union oppresses its captive nations cruelly, that justice in any meaningful sense is absent in these nations, that the Soviet Union has a long record of aggressive actions and broken promises—these are not unproven and unsupported theories, but clear historical facts. Why then are these facts absent in the 1962 message? The message does not satisfy me nor anyone else who supports the real purpose of the Captive Nations Week. Has the administration finally arrived at the abysmal position of ignoring the facts because of fear of embarrassing the enemy?

WANTED: THE "UNCOMMON MAN"

Mr. WILEY. Mr. President—

The true test of civilization is not the census, nor the size of cities, nor the crops—no, but the kind of man the country turns out—

Once stated Ralph Waldo Emerson.

In a special article for This Week magazine, former President Herbert Hoover also reflected thoughtfully that—

The future of America rests not upon mediocrity, but upon constant renewal of leadership in every phase of our national life.

On August 10, Mr. Hoover will celebrate his 88th birthday.

For the occasion, America will pay well-deserved tribute to this distinguished citizen—himself a most "uncommon man"—for a lifetime of unstinting service to his country.

I ask unanimous consent to have Mr. Hoover's article entitled "The Uncommon Man" printed in the RECORD.

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

THE UNCOMMON MAN

(By Herbert Hoover)

"The true test of civilization is not the census, nor the size of cities, nor the crops—no, but the kind of man the country turns out."—Ralph Waldo Emerson.

In my opinion, there has been too much talk about the common man. It has been dinned into us that this is the century of the common man. The idea seems to be that the common man has come into his own at last.

Thus we are in danger of developing a cult of the common man, which means a cult of medocrity. But there is at least one hopeful sign: I have never been able to find out who this common man is. In fact, most Americans, and especially women, will get mad and fight if you try calling them common.

This is hopeful because it shows that most people are holding fast to an essential fact in American life. We believe in equal opportunity for all, but we know that this includes the opportunity to rise to leadership—in other words, to be uncommon.

Let us remember that the great human advances have not been brought about by mediocre men and women. They were brought about by distinctly uncommon people with vital sparks of leadership. Many of the great leaders were, it is true, of humble origin, but that alone was not their greatness.

It is a curious fact that when you get sick you want an uncommon doctor; if your car breaks down you want an uncommonly good mechanic; when we get into war we want dreadfully an uncommon admiral and an uncommon general.

I have never met a father and mother who did not want their children to grow up to be uncommon men and women. May it always be so. For the future of America rests not in mediocrity but, in the constant renewal of leadership in every phase of our national life.

PUBLIC RIGHTS SAVED BY UNLIMITED DEBATE IN THE SENATE

Mr. YARBOROUGH. Mr. President, time after time in the history of the U.S. Senate, the right of full debate has saved the rights, property, and privileges of the American people. Such full debate gives an opportunity for the people to become acquainted with the issues, and slows up odious measures whose bad features have not been presented to the public.

Those Senators fighting the effort to steamroller the space satellite giveaway monopoly bill through the Senate, have been subjected to considerable public abuse lately. However, only 5 days' debate were consumed in the past month on the issue of monopoly and antimonopoly control of the space satellites so that the matter has not really developed into a full-fledged debate.

It should be fully discussed before this great heritage is filched from the American people. An informative article by Milton Britten, Scripps-Howard staff writer, was printed in the Washington Daily News for Monday, August 6, 1962. Its lesson should be remembered by all of the American people. Note there that three Senators held up a bill, originally drawn by President Wilson's administration, but amended in compromise, that would have taken away the Nation's waterpower sites. The resolute action of three Senators, led by Senator Robert La Follette, of Wisconsin, saved this great resource for the people and a subsequent filibuster by Senator George Norris, of Nebraska, and a threatened filibuster by him, saved the same heritage until the TVA could be created.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD the informative article from the Washington Daily News under the title, "If They Protect the People's Rights, Are All Filibusters Bad?"

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

IF THEY PROTECT THE PEOPLE'S RIGHTS, ARE ALL FILIBUSTERS BAD?

(By Milton Britten)

This is a "devil's advocate" piece about filibusters.

The "extended educational campaign," as last week's filibuster was called, against the communications satellite bill got a bad press, as most of them do, because the technique is defensible only within carefully defined limits.

Its only real claim to defense depends on the essential virtue of the motive that inspired it—a highly subjective standard.

However, it can be argued that not all filibusters have proved bad.

Thus, it may be claimed that several States would not now be enjoying the prosperity they do without the filibuster, which was used in Congress to pave the way for creation of the Tennessee Valley Authority.

DIRTY WORD

The southern bloc has made filibuster a dirty word for most Americans. They have used it against Federal intervention in the civil rights field and earlier in this session, to kill a literacy test bill.

However, moderates and liberals, as well as diehard southerners, have in times past used the filibuster to preserve what they believed to be the public interest.

One filibuster, considered an outrage at the time, preserved a natural resource policy that led to Federal operation of the World War I munitions plant at Muscle Shoals as a nitrogen fertilizer producer. This became the keystone on which TVA was finally built.

That filibuster made last week's abortive skirmish look like a nursery pillow fight.

At the end of World War I private power interests were backing a Senate bill, which would have empowered the Federal Government to lease navigable waters for hydroelectric power production, with no preference given public bodies, no effective Federal regulation, no charge for the use of public waters, no meaningful provisions for recalling the leases.

CONTRAST

In contrast, the House had passed a bill drawn by President Wilson's administration that would have also permitted 50-year leases, but would have given preference to public applicants, provided careful review of their use by a Federal commission, and would have also permitted the Federal Government to develop power sites on its own initiative.

The contrasting bills went to conference. The compromise that emerged would have, in effect, removed from U.S. jurisdiction most of the Nation's waterpower sites.

(The criterion: The United States would have jurisdiction only over rivers already navigable for steamboats. This would have removed Muscle Shoals.)

The House overwhelmingly adopted the compromise: 263–65. It was still pending in the Senate, however, on the last day of the 65th Congress. Also stacked up were some $3.6 billion in appropriation bills.

The Senate went into session at 10:30 a.m., March 3, 1919, with President Wilson waiting hopefully in an adjoining room to sign bills as they were rushed through before the scheduled adjournment deadline.

But at 2:30 a.m. on March 4, Senator Robert La Follette, of Wisconsin, gained the floor and he kept it for 3½ hours. A filibuster was on to block the conference report. Two like-minded men joined him; Senator France, of Maryland, relieved him at 5:30 a.m. and then Senator Sherman of Illinois, took over until the Senate adjourned at noon.

FROM BOOK

In his book, "The Conservation Fight: From Theodore Roosevelt to the Tennessee Valley Authority," Judson King wrote: "Whatever the judgment of history upon the wisdom of this filibuster. * * * Except for it, the compromise waterpower bill would have passed and under the tremendous pressure of the moment it might have been signed immediately. The waterpower policy approved by both President [Theodore] Roosevelt and President Wilson would have been ditched.

"The States would have taken over, and many priceless waterpower sites over the Nation probably would have passed into private possession."

Some 5 years later, Senator George Norris, of Nebraska, "father" of the TVA, needed only to threaten an end-of-the-session filibuster to block another conference report that would have authorized lease of the Muscle Shoals property.

TVA CREATED

By the filibuster and the threat of it, therefore, source development stalled battlers for integrated giveaways of natural resources until, in the early thirties F.D.R. asked for and got creation of the TVA. It has since proved one of democracy's most dramatically successful experiments.

Thus, it might be argued, last week's brief legislative delay involving another and vaster natural resource—the communications potential of outer space—may contribute at least to more careful scrutiny and improvement of the pending bill.

It has already resulted in the bill's referral to the Foreign Relations Committee, which should have been closely consulted in the first place.

Filibusters are an aggravating lot, particularly if they read Sears, Roebuck catalogs in lieu of debating the matter to which they object (not the case last week). But history sometimes gives them pretty good marks on their efforts.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

PACIFIC NORTHWEST POWER PREFERENCE

Mr. MANSFIELD. Mr. President, I ask that the unfinished business be made the pending business.

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

AMENDMENT OF THE ATOMIC ENERGY ACT OF 1954

Mr. MANSFIELD. Mr. President, I move that the pending business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 1639, Senate bill 3491.

The motion was agreed to; and the Senate proceeded to the consideration of the bill (S. 3491) to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

Mr. MANSFIELD. Mr. President, I may say that this bill is being taken up after its clearance by both sides and with the members of the Joint Committee on Atomic Energy.

Mr. PASTORE. Mr. President, so far as I know, there is no objection to the bill. It is noncontroversial. We have held considerable hearings, and I think the bill is satisfactory to both the Republican members and the Democratic members of the Joint Committee.

Mr. President, Senate bill 3491 is a Joint Committee omnibus bill which makes miscellaneous amendments to the Atomic Energy Act of 1954. The amendments may be grouped into four general categories:

First. Sections 1 through 3 of the bill amend the regulatory provisions of the Atomic Energy Act by authorizing the establishment of one or more Atomic Safety and Licensing Boards, and by modifying the AEC regulatory procedures in other respects.

Second. Sections 4 through 7 of the bill amend the indemnity provisions of the Atomic Energy Act, so as to extend Government indemnity to contractors of the U.S. Government for incidents occurring outside the United States.

Third. Section 8 of the bill incorporates into permanent law the boilerplate clauses on "advanced planning and design," "restoration and replacement," and "substitutions," which in the past have appeared each year in the annual AEC authorization acts.

Fourth. Sections 9 through 12 of the bill make minor changes in several sections of the act, to correct certain drafting errors or omissions.

Under section 1, the Commission is authorized to use an Atomic Safety and Licensing Board in lieu of a hearing examiner to conduct hearings and make decisions in atomic-energy licensing cases. The licensing of atomic reactors involves very complicated technical and scientific determinations. A study by the staff of the Joint Committee on Atomic Energy in 1960–61 pointing up the need for technical expertise in making these determinations, and the committee considered the problem during hearings in 1961 and again in 1962. The Atomic Safety and Licensing Board will consist of two persons with technical backgrounds and one person "skilled in the conduct of administrative proceedings." The Commission is given wide flexibility in selecting members for the Board, in deciding in which cases to use the Board, and in deciding on the amount of authority to be delegated to it. The Commission may also utilize the Board in an advisory capacity on rulemaking and other regulatory functions. It is the belief of the Joint Committee on Atomic Energy that the use of an Atomic Safety and Licensing Board, if properly implemented by AEC, will further improve the AEC regulatory process.

Section 2 of the bill relaxes the mandatory hearing requirement in section 189 of the Atomic Energy Act. Under existing law, a hearing must be held on the application for a construction permit and on the application for an operating license. Under the terms of the committee's amendment, a hearing will be required only on the construction permit, which is really the critical point in reactor licensing—the point at which the suitability of the reactor site is determined. This amendment in no way limits the right of an interested party to intervene and request a hearing at some later stage, nor does it affect the right of the Commission to hold a hearing on its own motion.

Section 3 of the bill relaxes the requirement for referral of license amendments to the Commission's Advisory Committee on Reactor Safeguards. It is the committee's hope that by relieving the very capable Advisory Committee on Reactor Safeguards of the responsibility for reviewing minor amendments, this distinguished group may be able to devote its full attention to safety questions of more far-reaching importance.

Sections 4 through 7 will extend the indemnity provisions of the Atomic Energy Act to cover contractors of the United States who are engaged in activities outside the continental limits of the country. The primary purpose of these amendments is to protect contractors of the AEC who are engaged in the nuclear submarine, nuclear rocket, and remote military reactors program. Under the terms of the amendment, these contractors will be eligible for $100 million of Government indemnity, with a comparable limitation of liability for incidents occurring outside the United States. This is in contrast to the $500 million indemnity which the AEC now makes available to licensees and contractors of the Commission for incidents occurring within the United States.

Section 8 of the bill incorporates into permanent law a number of standard provisions which appear each year in the AEC authorization act.

Sections 9 through 12 merely correct minor drafting omissions, and are not intended to have any substantive effect on the Atomic Energy Act.

In connection with section 9 of the bill, Mr. President, on page 8, line 4, where the words "11b.(2)" appear, the reference should, instead, be to "11v.(2)." This is an error in the bill as prepared for printing, and the proper reference should be included in the bill as passed by the Senate. I ask unanimous consent for this purpose.

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

Mr. PASTORE. Mr. President, this bill is in keeping with the Joint Committee's continuing effort to keep the Atomic Energy Act up to date with new developments in the field of atomic energy. The bill has been reported from the Joint Committee without any dissenting vote, and I urge its passage by the Senate.

The PRESIDING OFFICER. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill (S. 3491) was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Atomic Energy Act of 1954 is amended by adding thereto the following new section:

"SEC. 191. ATOMIC SAFETY AND LICENSING BOARD.—

"a. Notwithstanding the provisions of sections 7(a) and 8(a) of the Administrative Procedure Act, the Commission is authorized to establish one or more atomic safety and licensing boards, each composed of three members, two of whom shall be technically qualified and one of whom shall be qualified in the conduct of administrative proceedings, to conduct such hearings as the Commission may direct and make such intermediate or final decisions as the Commission may authorize with respect to the granting, suspending, revoking or amending of any

license or authorization under the provisions of this Act, any other provision of law, or any regulation of the Commission issued thereunder. The Commission may delegate to a board such other regulatory functions as the Commission deems appropriate. The Commission may appoint a panel of qualified persons from which board members may be selected.

"b. Board members may be appointed by the Commission from private life, or designated from the staff of the Commission or other Federal agency. Board members appointed from private life shall receive a per diem compensation for each day spent in meetings or conferences, and all members shall receive their necessary traveling or other expenses while engaged in the work of a board. The provisions of section 163 shall be applicable to board members appointed from private life."

SEC. 2. The second sentence of subsection 189a. of the Atomic Energy Act of 1954, as amended, is deleted and the following is inserted in lieu thereof: "The Commission shall hold a hearing after thirty days' notice and publication once in the Federal Register, on each application under section 103 or 104b. for a construction permit for a facility, and on any application under section 104c. for a construction permit for a testing facility. In cases where such a construction permit has been issued following the holding of such a hearing, the Commission may, in the absence of a request therefor by any person whose interest may be affected, issue an operating license or an amendment to a construction permit or an amendment to an operating license without a hearing, but upon thirty days' notice and publication once in the Federal Register of its intent to do so. The Commission may dispense with such thirty days' notice and publication with respect to any application for an amendment to a construction permit or an amendment to an operating license upon a determination by the Commission that the amendment involves no significant hazards consideration."

SEC. 3. Subsection 182b. of the Atomic Energy Act of 1954 is amended to read as follows:

"b. The Advisory Committee on Reactor Safeguards shall review each application under section 103 or section 104b. for a construction permit or an operating license for a facility, any application under section 104c. for a construction permit or an operating license for a testing facility, any application under section 104 a. or c. specifically referred to it by the Commission, and any application for an amendment to a construction permit or an amendment to an operating license under section 103 or 104 a., b., or c. specifically referred to it by the Commission, and shall submit a report thereon which shall be made part of the record of the application and available to the public except to the extent that security classification prevents disclosure."

SEC. 4. Subsection 11o. of the Atomic Energy Act of 1954 is amended to read as follows:

"o. The term 'nuclear incident' means any occurrence within the United States causing within or outside the United States, bodily injury, sickness, disease, or death, or loss of or damage to property, or loss of use of property, arising out of or resulting from the radioactive, toxic, explosive, or other hazardous properties of source, special nuclear, or byproduct material: *Provided, however,* That as the term is used in subsection 170l., it shall include any such occurrence outside of the United States: *And provided further,* That as the term is used in section 170d., it shall include any such occurrence outside the United States if such occurrence involves a facility or device owned by, and used by or under contract with, the United States."

SEC. 5. Subsection 11r. of the Atomic Energy Act of 1954 is amended to read as follows:

"r. The term 'person indemnified' means (1) with respect to a nuclear incident occurring within the United States and with respect to any nuclear incident in connection with the design, development, construction, operation, repair, maintenance, or use of the nuclear ship Savannah, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability; or (2) with respect to any other nuclear incident occurring outside the United States, the person with whom an indemnity agreement is executed and any other person who may be liable for public liability by reason of his activities under any contract with the Commission or any project to which indemnification under the provisions of section 170d. has been extended or under any subcontract, purchase order or other agreement, of any tier, under any such contract or project."

SEC. 6. Subsection 170d. of the Atomic Energy Act of 1954 is amended by adding before the period at the end of the second sentence thereof the following proviso: ": *Provided,* That in the case of nuclear incidents occurring outside the United States, the amount of the indemnity provided by the Commission shall not exceed $100,000,000."

SEC. 7. Subsection 170e. of the Atomic Energy Act of 1954 is amended to read as follows:

"e. The aggregate liability for a single nuclear incident of persons indemnified, including the reasonable costs of investigating and settling claims and defending suits for damage, shall not exceed the sum of $500,000,000 together with the amount of financial protection required of the licensee or contractor: *Provided, however,* That with respect to any nuclear incident occurring outside of the United States to which an agreement of indemnification entered into under the provisions of subsection 170d. is applicable, such aggregate liability shall not exceed the amount of $100,000,000 together with the amount of financial protection required of the contractor. The Commission or any person indemnified may apply to the appropriate district court of the United States having venue in bankruptcy matters over the location of the nuclear incident, except that in the case of nuclear incidents occurring outside the United States, the Commission or any person indemnified may apply to the United States District Court for the District of Columbia, and upon a showing that the public liability from a single nuclear incident will probably exceed the limit of liability imposed by this section, shall be entitled to such orders as may be appropriate for enforcement of the provisions of this section, including an order limiting the liability of the persons indemnified, orders staying the payment of claims and the execution of court judgments, orders apportioning the payments to be made to claimants, orders permitting partial payments to be made before final determination of the total claims, and an order setting aside a part of the funds available for possible latent injuries not discovered until a later time."

SEC. 8. Section 261 of the Atomic Energy Act of 1954 is amended by adding thereto the following new subsections:

"c. Funds are hereby authorized to be appropriated for advance planning, construction design, and architectural services in connection with any plant or facility not otherwise authorized, and for the restoration or replacement of any plant or facility destroyed or otherwise seriously damaged, and the Commission is authorized to use available funds for such purposes.

"d. Funds hereafter authorized to be appropriated for any project to be used in connection with the development or production of special nuclear material or atomic weapons may be used to start another project not otherwise authorized if the substituted project is within the limit of cost of the project for which substitution is to be made, and the Commission certifies that—

"(1) the substituted project is essential to the common defense and security;

"(2) the substituted project is required by changes in weapon characteristics or weapon logistic operations; and

"(3) the Commission is unable to enter into a contract with any person on terms satisfactory to it to furnish from a privately owned plant or facility the product or services to be provided by the new project."

SEC. 9. Section 109 of the Atomic Energy Act of 1954 is amended by striking out the words "11p.(2) or 11v.(2)" and substituting therefor the words "11t.(2) or 11aa.(2)".

SEC. 10. Subsection 145f. of the Atomic Energy Act of 1954 is amended by striking out the comma after the word "investigation".

SEC. 11. Section 152 of the Atomic Energy Act of 1954 is amended by striking out the word "allowances" in the first paragraph thereof and substituting therefor the word "allowance".

SEC. 12. Subsection 161n. of the Atomic Energy Act of 1954 is amended by striking out the words "145e." and substituting therefor the words "145f.".

PACIFIC NORTHWEST POWER PREFERENCE

The PRESIDING OFFICER. The Chair lays before the Senate the unfinished business.

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendments, as modified, of the Senator from Arizona [Mr. GOLDWATER].

COOPERATIVES OFFER EMERGING NATIONS A PRIVATE WAY

Mr. McCARTHY. Mr. President, I ask unanimous consent that there may appear at this point in the RECORD an article written by Jerry Voorhis, who has been the executive director of the Cooperative League of the U.S.A. The article is entitled "Cooperatives Offer Emerging Nations a Private Way," and appears in the spring issue of the publication Business and Society.

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

COOPERATIVES OFFER EMERGING NATIONS A PRIVATE WAY

(By Jerry Voorhis)

(NOTE.—The former U.S. Congressman from California has been for some years executive director of the Cooperative League of the U.S.A.)

In no country on earth are there as many different kinds of cooperative or mutual enterprises as exist in the United States. Three-quarters of all the farmers in our country are member-owners of one or more cooperative businesses. Electric cooperatives, almost unknown in the rest of the world, have nearly 5 million member-owners to whom they deliver close to a billion dollars of electric energy each year.

Cooperative health plans, again almost unknown in other countries, provide most of the medical care needed for hundreds of thousands of American families. There are more than 12 million members of credit unions in the United States. Except for Canada, rural Germany, the West Indies, and perhaps rural Japan, the credit union movement is only starting in most of the countries in the world. Consumer cooperative shopping centers in American cities are now growing at a rapid rate.

Yet many Americans don't know precisely what a cooperative enterprise is. A few think it is a form of socialism. Some think it is something farmers do—but no one else. Others believe, falsely, that forming a cooperative business is a way of avoiding taxes.

What then is a cooperative?

It is a form of business enterprise which is owned by the customers of the business. Usually a cooperative is brought into being, capitalized, and organized by a group of people who feel some unmet need and set out to supply it for themselves. They form their own cooperative business for that purpose. Clearly, therefore, cooperatives are privately owned, nongovernmental institutions. They are far from being socialistic because socialism means, by definition, ownership by the state; whereas the very essence of true cooperatives is their voluntary character and the initiative of the people in forming them.

NOT PROFIT ORIENTED

But neither are cooperatives of the same character as profit-oriented businesses. In such businesses the owners or investors seek to sell their wares or services to other people and to realize a profit from so doing. Cooperatives on the other hand, being owned by their very customers have no incentive for profit taking. They exist instead to supply goods or render services to their owner-customers at the most economical net cost consistent with fair dealing. They do not ordinarily accomplish this by price cutting. Instead they allocate and pay each customer his proportionate share of earnings, based upon his use of or purchases from the cooperative.

Americans will probably hear more about cooperatives in the years ahead than they have in the past. For, especially in the newly developing countries cooperation is one of the most acceptable words and concepts. To people who want to avoid communism and also to throw off colonial exploitation the cooperative form of economic organization offers a practical middle way.

Cooperatives flourish best and grow fastest where a deep need for their benefits and help is clear to everyone.

And so in countries where peoples are fighting their way out of poverty and sometimes oppression, "cooperative" and the word "cooperation" are good, strong, meaningful words—words that become rallying points for people who want to be free and at the same time raise their standards of living.

SOME QUICK EXAMPLES

A few quick examples: Under her official 5-year plan, India seeks so broad a development of cooperatives that they will comprise one-third of the entire economy of that country. India has for decades had a nationwide pattern of agricultural cooperative credit societies. So she does not start from scratch.

In Indonesia the very constitution of the nation calls for making cooperatives a major element in her economy. Partly at least this is prompted by the desire to put an end to the control of outsiders and money lenders. A structure of multipurpose cooperatives has been built. The question is whether it is big enough and strong enough to stem the tide of Communist influence and to survive political controversy.

One of the finest accomplishments of the American occupation of Japan was the development of a truly democratic structure of cooperatives, particularly among Japanese farmers. Today those cooperatives are the backbone of Japanese agriculture. The magazine of the federation of agricultural cooperatives has the largest circulation of any periodical in Japan.

In almost every newly free nation of Africa, the development of cooperatives, particularly credit cooperatives and cooperatives to market farmers' crops, is a principal hope and a principal reliance for a better day. In the Cameroons marketing cooperatives have eliminated middlemen, captured the full market price for farmers, led to new cropping practices and better quality, and even brought about a new interest in education and the building of schools.

QUICKENED LATIN INTERESTS

In Latin America, with Puerto Rico as an example of what can be accomplished, there is quickened interest in all kinds of cooperatives with the hope that they can become a mainstream in the development of the economies of South and Central America. For example, the whole pattern of life of many of the mountain Indian people in Peru is being changed for the better through the organization of credit unions, largely by Catholic priests.

But the foregoing examples are by no means the whole story. It is one thing to declare in a 5-year plan that "cooperatives shall be developed to a point where they comprise a third of the national economy". It is quite another thing to arouse the peoples' faith and interest and to provide the education and technical guidance to a point where this policy will become reality.

The task of developing viable, beneficial, economically strong cooperative institutions requires skilled, trained leadership such as exists in few of the new countries. It requires some capital—probably more than most of these peoples can themselves supply. And it requires the overcoming of suspicion and distrust of what may seem to be a new and untried device.

There are increasing numbers of inspiring success stories about development of cooperatives in many parts of the world. But there are also instances of failure and the dashing of premature hopes. And the reasons for such failures—and here we can generalize for almost all the new countries—where they have taken place have been these: lack of good management, lack of trained leadership, inadequate education of members, and lack of capital; in approximately that order.

The fact is that cooperation in many forms and expressions has been part of the life of mankind from the very beginning of civilization.

Indeed man cannot live without some degree of cooperation with his fellows.

COOPERATION EQUAL MUTUAL AID

Cooperation is another word for mutual aid. And mutual aid lies at the root of every worthwhile human institution—the family, the clan, the tribe, the town meeting, the State, the Nation, the school, the church, the village council.

In most of the newly developing countries, very old forms of cooperation and mutual aid exist. In some of them, experience with cooperation is very much older than in the West.

But there is considerable difference between the ancient and traditional forms of cooperation in the villages of the world and the modern cooperative as a form of economic organization and institution.

The likelihood of success in developing cooperatives on a broad scale in most of these countries will therefore depend upon the degree to which the indigenous local community organizations are used as the base upon which to build.

For this will put the cooperative, in the minds of the people, in a familiar framework. Suspicion and distrust of the untried can thus be overcome. And this is essential as a first step.

INTELLECTUALS COMMITTED

There is no question about the fact that most of the intellectual leaders of the newly developing countries are deeply committed to the development of a strong cooperative sector in their economies. Where feeling against colonialism and capitalism runs high, as it does in most of these countries, cooperatives are the only acceptable form of voluntary, privately owned enterprise. They are therefore, in the minds of these leaders, the one alternative to state ownership. The only question is whether the social gap between the intellectual leaders and the masses of people can be bridged in a reasonably short time.

Cooperatives to be useful and successful must be economic enterprises that are formed by, partly at least capitalized by, serve the needs of, and are controlled by—the people who need them. Unless they feel a sense of responsible participation, success is unlikely.

Outside leadership can help. Many a Catholic priest, some Protestant missionaries and a few technical assistance workers have helped develop cooperatives and credit unions in many parts of the world. As long as the priest or technician is present to stand as sponsor, to assure honest dealing, to give guidance, all will probably go well. If he is removed, the enterprise is in danger.

Basically what must happen is a building of association in the minds of people between the modern cooperative and their traditional forms of village organization and cooperation in their daily lives.

TRAINING CRITICAL

Thus education and training are of primary and critical importance. And they must precede—in any case parallel—the organization of functioning economic institutions. One kind of training is needed for the trainers who will train others. Another kind is needed for the leaders of the cooperatives. Still another kind, less extensive, of course, is needed for the members of the cooperatives.

Most of this education and training must be done in the new country itself. It cannot be accomplished on anything like the needed scale by transporting large numbers of people to the United States or Denmark or any other of the so-called advanced countries. One of the best examples of what can be done within a country and by and for its own people is found in South Vietnam. There exists there today an institution known as the Cooperative Research and Training Center. This center is the result of the careful, wise, understanding work of one American coupled with the intense desire of the Vietnamese leaders to develop cooperatives as a major tool for their economy. The American, Carl Hutchinson by name, went to Vietnam at the request of its Government and was chosen and sent by the Cooperative League of the U.S.A. Mr. Hutchinson was for years educational director of Ohio Farm Bureau.

During the first half of the year 1961, this Cooperative Training Center in Saigon was providing a 1-year course for 39 cooperative leaders, had completed 4-month courses for 63 managers, 27 bookkeepers, and 34 field agents, and had given to 596 cooperative members a 2-week training course.

It was planned in the course of the next year to provide 60 2-week conferences for some 3,000 group leaders in the villages of Vietnam. The leaders who have been naturally chosen by Vietnamese villagers will be given training in cooperatives.

This is the kind of grassroots education which is needed in almost all the newly de-

veloping countries if cooperatives are to make the contribution they should to their economic and social life.

This is not, however, to say that for a certain number of the top leaders in these countries training abroad is not desirable and probably necessary. Each year for the past decade and more, several hundred people from the newly developing countries have been brought to the United States partly at least because of their interest in cooperatives. A wide variety of agencies, mostly departments of the government, have brought them. The cost has run from $9,000 to $20,000 for each of these persons.

U.S. JUNKETS TOO SHALLOW

But their experience here has in few cases justified either the expense or the time spent. They have traveled about the country, spent a day or two or three with some of our cooperatives, received a general impression of our country and its great variety of cooperative enterprises—and gone home.

What should be provided for these people is a training course that will benefit them and their countries after they return home. Seeing this the Cooperative League started several months ago to develop an international cooperative training center on a selected university campus in the United States. At such a center carefully planned courses, including several weeks of practical observation with the kind of cooperatives most necessary for their country could be provided for cooperative leaders from the new countries. In the course of time, we might begin to complement the remarkable work of this same sort that has been carried on for so many years at St. Francis Xavier University in Nova Scotia.

CANNOT STOP WITH TRAINING

We cannot, of course, stop with training and education. In some countries there is already enough experience and knowledge to make possible the launching or expansion of cooperative enterprises. But there is seldom enough capital or enough technical know-how to put such enterprises on the road to assured success. These should be supplied by countries like our own and through our own cooperative institutions. The relationship should be so far as possible on a people-to-people basis rather than a government-to-government one. But most of the money will have to come from technical assistance funds of governments.

NEED SELECTED TASK FORCE

There should be selected task forces of highly competent cooperative executives in this country to work with similar people in Latin America, for example, in carefully selecting projects of special merit and need in the different countries. But once such projects have been agreed upon, redtape should be cut to the bone and our cooperative organizations should be authorized to stand sponsor for and to handle the dispensation of necessary funds to carry them out.

Such projects might be the sending of credit union organizers to Bolivia or Peru. Or assistance to the already established cooperative housing organizations in Chile, or the support of the work of a certain remarkable young priest in Venezuela who is striving to develop a model pattern of cooperative organization in his section of that country. Or to go around the world, the project might be the building of 10 fertilizer plants in Pakistan to be owned by the agricultural cooperatives there. Or a cooperative college in east Africa.

In some of the newly developing countries cooperatives are already key factors in the political struggle—nongovernmental institutions though they are.

HATTA AND SUKARNO

For example, one of the master keys to understanding of Indonesian politics at present lies in these facts. Mohammed Hatta, former Vice President of that country, wrote into its Constitution a provision for promotion of credit, marketing, supply, and production cooperatives as one core of the nation's economic progress. President Sukarno is a political rival of Hatta. Before Sukarno took over the almost complete power he now holds, cooperatives were growing very rapidly indeed. They were performing great services to the people—quadrupling in some cases the returns to agricultural producers over what they formerly received when they sold their crops to middlemen—usually Chinese.

By 1958, 15,000 cooperatives had been organized, from a start with only about 1,000 in 1950. The villagers were voluntarily putting their small savings into their credit cooperatives each week, to a total of very substantial sums.

VICTIM OF POLITICS

But because cooperatives are so closely associated with his political rival, Hatta, Sukarno has tried to retard, if not stop their progress and has advocated a taking over by the state of many functions which have been performed so well by the cooperatives. It is probable that should the Sukarno government fall, the resentment of people who found cooperatives good, will be a main reason. And there are many people in Indonesia who await the day when a change in government will take place so progress in building cooperatives can again be resumed. The naturally peaceful, gentle, trusting Indonesians are a people adapted very well indeed to the employment of cooperatives. It will be a major tragedy, thus far all too little heeded, if political prejudice bars their way.

It should be evident that from the viewpoint of the West, the development of strong cooperatives in the new countries should be a matter of high policy. In none of the Western countries, however, has this been the case—thus far. But in the United States, there are strong indications that with the coming of the Kennedy administration, this coolness toward aid to cooperatives has changed to a rather intense interest.

In fact on June 23, 1961, the Department of State issued a press release quoting Henry R. Labouisse, Director of the International Cooperation Administration, as saying that "greater emphasis on the development and assistance of cooperatives in underdeveloped countries will be among the major objectives of the administration's new foreign aid program."

THE TOP IS NOT ENOUGH

Unfortunately, however, decisions at the top are not enough. Neither the heads of governments and the intellectual leaders of the new countries, nor the foreign aid programs of the United States and other Western countries can bring good cooperative institutions into being simply by deciding to push a program for their development. Training and education, careful selection of projects and programs to be developed, and the furnishing of more capital—all these are going to be required if the rich potential for freedom which lies in cooperative ideals and practices is to be realized.

PASSING OUT OF SUBSISTENCE STAGE

The needs and opportunities for the development of self-help, mutual and cooperative institutions in the new countries are almost unlimited. Without them, land reform programs are likely to leave the farmers to whom land is allotted little better off than before. For the farmers—and 80 percent of the people of these countries are farmers—are right now passing out of the stage of subsistence, direct-consumption farming and into an agricultural economy which produces for markets, sometimes far away.

Unless marketing, credit, supply, and service cooperatives are organized to enable these farmers to control their own economic destiny, this transition will be tragic. With wise and courageous development of cooperatives, it can be the dawn of a new and better day.

THE MUTUAL AID VALUE

And there is one more value—intangible perhaps, but probably the most important of all. Between people who have experienced the use of mutual aid, there does exist an intangible but very real relationship of understanding and confidence. This is true wherever these people are, whatever the color of their skin, and whatever their economic condition. It is a force for good in the world which can bridge national boundaries and out of which can grow the substance of the peace which mankind must achieve.

DIGEST OF REMARKS BY DR. ARTHUR R. UPGREN ON ECONOMIC PROBLEMS

Mr. McCARTHY. Mr. President, I ask unanimous consent to have printed at this point in the RECORD a digest of remarks by Dr. Arthur R. Upgren, Frederic R. Bigelow professor of economics; director, bureau of economic studies, Macalester College, St. Paul, Minn., which summarizes the economic progress which has been made in the United States and raises some questions and problems which have not been satisfactorily solved.

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

DIGEST OF REMARKS OF DR. ARTHUR R. UPGREN, FREDERIC R. BIGELOW PROFESSOR OF ECONOMICS; DIRECTOR, BUREAU OF ECONOMIC STUDIES, MACALESTER COLLEGE, ST. PAUL, MINN.

The people of the United States have been solving a great many important and difficult economic problems. They are not always aware of this. Therefore, the problems which have been solved deserve this enumeration:

1. Achieving a thoroughly satisfactory control of inflation.
2. Achieving a thoroughly satisfactory control of the national debt.
3. Maintaining adequate immediate liquidity of the financial system.
4. Reducing substantially the declines in postwar business cycles.
5. Achieving economic recoveries following postwar recessions and achieving them in much larger measures than the declines in the recessions.
6. Fair establishment of a guide for wages.
7. Fair but precarious management of reasonable equilibrium in the international balance of payment.

The economic problems which are not satisfactorily solved at this time include:

1. Achieving higher rates of employment and reducing unemployment.
2. Achieving more satisfactory rates of economic growth.
3. Creating a national urge on the part of labor to increase productivity and to reduce featherbedding.
4. Securing that more satisfactory level for business profits which will enlarge investment in plant facilities to promote from capital greater gains in our productivity.

These problems are discussed in order of their presentation above.

I. ECONOMIC PROBLEMS SATISFACTORILY SOLVED IN THE POSTWAR YEARS

In a free society it is probable that no problem is at any time completely satisfactorily solved. A free society will have creaks and jerks but as with human health, the total result promotes a healthier economy. The result may be as satisfactory as can be

expected in a dynamic free enterprise society. It is in this sense that the following, first group of problems is judged to have been satisfactorily solved.

The fact that these problems are judged to have been satisfactorily solved in the postwar period will not be readily accepted by some people. They persist in giving support to the views which Artemas Ward stated as follows:

"It ain't so much what the American people don't know that hurts, as it is what they know that ain't so."

As an illustration there are many people who think inflation is still a very serious matter despite the fact that we have been doing 90 percent better in stopping it. At most colleges including mine, a 90 percent gives the student an A, ability to enter any graduate school, and probably a Phi Beta Kappa key thrown in. Another example is the national debt. There are so very many people including editorial writers who state and state again that the national debt, like inflation, is soaring to new high levels. The fact is, as we shall see below neither the price levels nor the national debt is soaring. These are some of the things which some of the American people know and "that ain't so."

1. Achieving a thoroughly satisfactory control of inflation: The rate of inflation or increase in the price level (consumers prices and cost of living index) was almost 10 percent a year from 1940 to 1948. From 1948 to 1962 this increase has been at a rate considerably below 2 percent a year. Here we have been doing about 83 percent better. In the past 4 years the rate of increase in prices has been about 1 percent a year or almost 90 percent better than from 1940 to 1948. The index does not allow for improvement in quality so even if the index should continue to rise at the rate of 1 percent a year, the index would require 72 years, or two generations to double. Surely, we can all agree in the following two propositions: (A) qualities improve at a faster rate than 1 percent a year; (B) we, the American people, would not accept or want the older qualities of goods at prices that would not be increased at all. We want better goods and for that we should be prepared to pay a better price.

Here in brief, without elaboration, are the methods by which we had stopped inflation almost completely by 1952 and by which we have kept the price level under reasonably satisfactory control for the past 10 years (this is by no means a short period).

A fairly satisfactory balancing of the budget in the postwar years. The "cash consolidated budget," probably the significant budget for considering inflation forces, has had a net deficit of less than $15 billion since 1946. This budget measures total cash out payments and total cash receipts in the total of the Federal Government's relations with the public.

While the better known administrative budget has had larger deficits in the postwar years, even here, relative to the size of the economy this deficit has not been unduly large. In fact, the deficits for the 10 postwar years in which there have been deficits, have amounted to $51.5 billion and the surpluses in the 6 years in which surpluses have been recorded, added up to $17 billion. Thus, the net deficit has been $34.5 billion, 1947–62 inclusive (fiscal years). Thus, the net deficit has not averaged as much as $2.25 billion a year for the past 16 years. This is not a very substantial figure in relation to the gross national product, which in these years has averaged about $450 billion. In fact, the deficit amounted to about one-half of 1 percent. This is the relation of the average annual deficit in the 10 postwar years to the average annual level of our GNP in the same period.

It is true that a better performance in the budget is desired but there certainly has been no evidence of the recklessness so widely charged.

2. Achieving a thoroughly satisfactory control of the national debt: With respect to the national debt, the figures alone tell a story. The national debt on December 31, 1945, was $278.7 billion. However, in the last bond drive about $20 billion more was borrowed than was needed. Approximately this sum was used to reduce the debt in the first 6 months of 1946. As a result we may take the postwar debt at $260 billion. For the past year the average debt has been about $299 billion. (The debt increases in the second half and is frequently reduced in the first half of the year.) Thus the increase in the debt from 1945 to 1962 has been 15 percent in this 16½-year period. This is an increase at a rate of less than 1 percent a year.

Against this increase of 16 percent in national debt since the end of World War II every other form of debt has increased from 216 percent for corporate debt to 600 percent for house mortgage debt.

This is not in criticism of the much higher rates of increase in all forms of private debt. That increase in debt is a completely necessary accompaniment to economic growth. We have, however, managed the national debt since the end of the war in satisfactory condition. A much better performance should have been achieved during the war. Perhaps that unsatisfactory war-time fiscal performance has thoroughly alerted us as a nation to reasonable carefulness in the postwar period. It may be added that while service on the national debt requires about 10 percent of the Federal budget and net of returns from interest on the national debt into tax revenues and cash receipts, about 6 percent, this burden is not unduly large. Furthermore, the national debt ranks along with total commercial bank deposits, savings and demand deposits, as a source of absolutely necessary financial liquidity for satisfactory lubrication for satisfactory performance of the American economy.

The figures for the growth in the national debt which have now been given reconcile satisfactorily with the figures given above for the net deficits of the postwar years.

3. Maintaining adequate immediate liquidity of the financial system: In the 1930's and in the war years following an enormous financial and banking liquidity was built up up in the United States. This was the result of devaluating the dollar, which increased the price of gold, which attracted to the United States a sixfold increase in this basic monetary reserve in 10 years from 1934 to 1944. The large stock of our reserves produced basic liquidity but not inflation. This came in the war years and immediately after. The cause was financing a large part of the cost of the war at the commercial banks. These banks in the war years acquired $100 billion of U.S. securities. This lifted the deposits from a prewar level of $80 billion to $180 billion at the end of the war. Here was the increase in the money supply which caused inflation.

This increased liquidity of the banks has facilitated an excellent record of bank lending since the end of the war. This liquidity will suffice us until 1970. Thereafter, we will have the liquidity problem anew domestically just as we are facing a liquidity problem internationally.

4. Reducing substantially the declines in postwar business cycles: In the postwar period we have had four economic recessions. These have ranged from 1 percent to 3¾ percent recessions. None have had a duration of more than 12 months and the last two were 8 months. The recoveries have been due to the great forces of the automatic economic stabilizers. The recoveries have been quick and substantial. In fact, the recoveries have ranged from 3 to 6 times the amount of the decline and in the same length of time as that in which the decline occurred. The stabilizers are adequate enough to preserve a reasonably stable economy for the remainder of the decade.

5. Achieving economic recoveries following postwar recessions and achieving them in much larger measure than the declines in the recessions: As pointed out above our recoveries from recessions have been very much greater than the extent of the decline in the recession. This has been largely because the families of America maintain consumption throughout the recession, thus necessitating a quick recovery. As soon as there has been substantial liquidation of inventories, these recoveries have been greatly reinforced by the wage-increased incomes flowing to labor. As a result of the automatic increase in rates of labor pay which originate in 2 or 3 years and customary wage increases so widely granted.

6. Fair establishment of a guide for wages: The guide for wages is now being fought out in labor negotiations, now requiring recognition for restraint in demands for labor (as we had in the price of steel). The guide for wages was well stated in the Economic Report of the President for January 1962, page 189:

"The general guide for noninflationary wage behavior is that the rate of increase in wage rates (including fringe benefits) in each industry be equal to the trend rate of overall productivity increase. General acceptance of this guide would maintain stability of labor cost per unit of output for the economy as a whole—though not of course for individual industries.

"The general guide for noninflationary price behavior calls for price reduction if the industry's rate of productivity increase exceeds the overall rate—for this would mean declining unit labor costs; it calls for an appropriate increase in price if the opposite relationship prevails; and it calls for stable prices if the two rates of productivity increase are equal.

"These are advanced as general guideposts. To reconcile them with objectives of equity and efficiency specific modifications must be made to adapt them to the circumstances of particular industries."

This report is in complete harmony with statements made by President Eisenhower during his administration. The Council of Economic Advisers, both Republican and Democratic, also place the rising average per worker productivity for the country as a whole at 2.6 percent. Thus annual wage increases must be held to an approximate 2½-percent annual increase. This is the view of the economist. It is a more conservative view than that of the businessman as indicated by the actual wage increases credited up to 1962. It is, of course, much more conservative than the demands of labor so that the education task ahead is to enlighten labor that any group in labor demanding a higher rate of wage increase is demanding the right to take a part of the product for themselves and to take it away from other groups in our society. If a wage rate increases more than the national average gain in worker productivity, then other groups including fixed income groups are able to buy a lesser amount of product. This is because of the excess of the labor demanded. Many wage increases over productivity gains will bid prices up to deprive the fixed income and other groups receiving lower rates of income of the goods which the high wage increasing demands of the powerful groups are able to buy with that excess of their pay over the national contribution of all labor to an average rising national productivity.

7. Fair but precarious management of reasonable equilibrium in the international balance of payment: The international liquidity problem is a separate problem and it is of serious proportions. Our balance

of trade is reasonably adequate running more than $5 billion favorable balance in 1961 and 1962. Our balance of payments has not been so satifactory. This is because we spend abroad for military purposes, we make grants abroad and businessmen invest more abroad so that the excess of these payments over the amount of the net balance of trade requires gold to be shipped, or dollar balances to be granted. The loss of gold has lowered our central bank liquidity from a gold reserve ratio of 90 percent in 1941 to less than 35 percent at the present time. Consequently, it is imperative that we encourage still larger exports or reduce payments abroad. These two objectives can be reached by that labor restraint in wage demands which will permit a favorable cost structure here to enlarge exports and to ask the countries of Western Europe, now eminently able to do so, to take over military expenditures and grants to foreign countries in part. Labor costs are rising somewhat more rapidly abroad. However, the U.S. gold stock at $16½ billion today, is somewhat less than foreign quick claims upon us amounting to $18 billion in gold and dollars and practically no liabilities such as we have. We must tread very carefully in this area and develop new financial cushions to meet balance-of-payment shocks before they arise or occur.

H. ECONOMIC PROBLEMS WHICH ARE NOT SOLVED AT THE PRESENT TIME

1. Achieving higher rates of employment and reducing unemployment: This problem has been so widely discussed only mention of it is needed here. Whatever remedies are now being seriously considered must be strengthened within 3 years because in 1965 we shall have 1 million more young people reaching each year the age of 18 than have been reaching that age in the first half of this decade. That 1 million increase is now destined to continue each year for at least 15 years. This problem of economic growth to increase employment adequately and to reduce unemployment requires far more consideration than is yet being given to it.

2. Achieving more satisfactory rates of economic growth: Our rate of economic growth has not been satisfactory to yield high employment and to reduce unemployment in terms of our gross national product (GNP). The one component which has not increased in the past 5 years is business investment in new plant equipment. Present step to encourage this must be very greatly enlarged. "Investment credits" of the size now proposed are helpful in a small way. So is the completed increase in depreciation allowances. A better improvement would be the gradual abolition of the corporate income tax. This abolition over a 16-year period or at an annual rate of about 6 percent would reduce revenues about $1.5 billion. Even this could lead to increased investment by business in new plant facilities—and these are certainly needed—in an amount of $2.5 billion a year. The resulting total economic expansion would produce tax revenues fully adequate to offset the loss of tax revenues from this gradual abolition of the corporation income tax.

It is because business investment is the present weak component in GNP and the only weak component and because expansion in terms of productivity requires large increased plant investment, that this recommendation becomes appropriate at this time. The education required is for labor to recognize that possible gains in national output will reward labor far more than any gain which labor could derive by increased income tax exemption.

3. Creating a national urge on the part of labor to increase productivity and to reduce featherbedding: It has been so widely understood that increased productivity alone cannot benefit the members of our society and particularly labor, that labor should direct an affirmation of methods of exploring improvements in productivity and eliminate featherbedding and eliminating present demands for a shorter workweek.

4. Securing that more satisfactory level for business profits which will enlarge investment plant facilities to promote from capital greater gains in our productivity: From 1950 to 1960 the total compensation of all employees in the United States increased $139.5 billion. In the same 10 years the total tax revenues of all governments, Federal, State, and local increased $71 billion. In the same decade total corporation profits fell $100 million. The increase in total pay of labor was 80 percent.

The increase in tax revenues was 125 percent. Even if slightly different years are used the increase in corporation profits was less than 10 percent. The total amount of corporation profits is not large and the increase in corporate profits which would represent a genuine stimulus to business investment in improved and better plant equipment, would be insignificantly small, even judged as a cost to labor, a small price to labor for the continuing resulting gains in productivity in which labor shares so generously.

CONCLUSION

The foregoing sketches, in brief in some instances, are what could become the agenda for a present-day report on the performance of the American economy since the end of World War II with views suggesting the agenda for the future.

THEY DON'T THINK MUCH OF SCHWARZ DOWN UNDER

Mr. YOUNG of Ohio. Mr. President, the increased activity in the last few years of what is commonly referred to as the radical right, or the rightwing lunatic fringe, and the publicity given it has proven to be a virtual gold mine for a few opportunistic rabble rousers. These circuit riders of the new anti-Communist evangelism have discovered that spreading their messages of prejudice and hate can be a very profitable occupation.

One of the foremost among them is Fred Charles Schwarz, a part-time doctor from Australia, who in the United States has become a plain medicine man. The cure-alls of this witch doctor are fear, suspicion, hate, and hysteria. He is a flamboyant fakir.

Schwarz recently announced that he is bringing his show known now as the Christian Anti-Communist Crusade to my home city of Cleveland, Ohio, where he will stage a 5-day anti-Communist school. These so-called schools are in reality exercises in revivalist emotion and hysteria rather than exercises in logic and understanding. His teachers are for the most part extremists of the radical right who see Communists under every bed. Also associated with this witch doctor may be a few retired high-ranking military officers who want our Nation to wage preventive war tomorrow, if not today—plus some plain old-fashioned rabble rousers.

President Eisenhower, on leaving the Office of Chief Executive, delivered a sort of farewell address, which contained a grave warning to his fellow countrymen. He stated the fact that our Nation is threatened from within by an enormous and insidious power—the combination of a huge number of officers in our Armed Forces and retired officers, and powerful industrialists and retired industrialists. He termed this "a military-industrial complex." Some of its rightwing leaders are urging preventive war against the Soviet Union. If they could muster the full force of this complex, they might start such a war, despite the fact that it should seem unthinkable to any American for us to unleash our jet bombers and missile power upon Soviet cities, airfields, and missile installations and engage in a day of infamy such as we suffered at Pearl Harbor. He stated that this segment of our population wields "the power of fantastic billions of dollars, developing an influence that is felt in every city, every statehouse and every office in the Federal Government." It is well for us to be vigilant against any alliance of war-minded military, of eccentric ex-military leaders, along with a war-oriented segment of big business.

Attorney General Mosk, of California, who is well acquainted with the activities of the lunatic rightwing fringe in that State, has aptly referred to the Schwarz movement as patriotism for profit. In 1961, his record year, Schwarz collected a total of almost $1,300,000. Through appearances this year, such as he has scheduled in Cleveland, he hopes to boost this record. Pretty good for a fellow who arrived in this country in 1953 with just $10 in his pocket.

In Cleveland, he recently addressed more than 2,000 persons who paid $1 each to hear this demagog of the right deliver a 2-hour address. His take at the gate—as they say regarding prize fights—was $2,000 or more. Hawkers sold anti-Communist literature at 25 cents a pamphlet. In addition, a radio station broadcast his address—this under sponsorship of a so-called chairman of the Northern Ohio Freedom Forum.

This director, according to a newspaper report, "cued the audience to applaud, shout, and whistle to make it sound like 10,000."

It is interesting to note that in his own country of Australia, Schwarz has been virtually ignored when he tries the same promotional stunts that have been reaping big rewards for him in the United States. In Sydney, Australia, a city of over 2 million people, his meeting resulted in only $70 in receipts. No wonder he prefers to ply his trade in our country.

Mr. President, this man and his sponsors had the temerity to ask the Cleveland Board of Education to excuse junior and senior high school students from school to attend his classes, so called, next October. It would be inexcusable and an injustice to public school students attending important classes to require that they waste valuable time listening to an Australian demagog, now in this country plying his profitable rabble rousing.

I hope that Walter L. Davis, president of the Cleveland school board, and William B. Levenson, as leader of the public school system, will unhesitatingly reject any suggestion that students be excused from classroom work to listen to the pseudopatriotic lectures of the Christian anti-Communist crusade, so called, led by Dr. Schwarz.

Our public schools are dedicated to the search for truth and to teach the youth of America to think. I denounce this as an attempt to apply pressure on our youth and to indoctrinate them with unreasoning hysteria. The next project of the present-day witch hunters could well be, and probably will be, to censor history books and other textbooks and try to direct what courses are to be given in our public schools. In many communities throughout the Nation they have already tried to accomplish this.

Administrators of our public school system would do well to keep in mind the statement made by Dr. Robert Hutchens as president of the University of Chicago. Some self-appointed vigilante, evidently fearing that Communists were infiltrating the parent-teachers' association and university faculties, asked, "Dr. Hutchens, is it really true that you teach communism in the University of Chicago?" He responded, "Yes, lady, and we teach cancer in our medical school."

Unfortunately, Dr. Schwarz and his instructors have very little to say against the threat of aggression from the Soviet Union and Red China. They retreat from emphasis on opposition to the grave Communist aggressions from the Soviet Union and Red China. Instead, they prefer to denounce Communists at home, where they are weakest and well under control. They try to create the suspicion that many of our neighbors are Communists or Communist sympathizers.

In an ominous voice, this unscrupulous demagog, Fred Charles Schwarz, opened his recent address in Cleveland stating that he was repeating the words of Nikita Khrushchev, "Tomorrow the Red flag will fly over the United States." Of course, he is resorting to the big lie. He could not prove where and when Khrushchev made that boast, if he ever did. In his meetings, he spends most of his time denouncing Communists he claims are boring from within. Of course, no one in the audience asked the speaker regarding the recent report of the Federal Bureau of Investigation on the decline of the Communist Party in the United States.

The report stated that the Communist Party in the United States has lost 90 percent of its membership since reaching its numerical strength peak 18 years ago. The FBI report is that there were 80,000 Communists in the United States in 1944. The Soviet Red army was crushing Hitler's supermen in Europe, and in America there was some slight tolerance for homegrown Communists, I am told. It happens I was overseas in Italy at that time. At present, the FBI estimates the numerical strength of the Communist Party has nosedived and is between 8,000 and 10,000 in our entire country. At most, there is 1 Communist in the United States for every 18,000 noncommunists. The odds in favor of free institutions being 18,000 to 1.

Suppose 80,000 people were witnessing a Big Ten football game in Columbus, Ohio, or watching the Cleveland Browns in the Cleveland Municipal Stadium. The chances are that 4 would be Communists and 79,996 would not. What can we do to prevent these four from harming the rest of us? We have on our side the city and State police, the FBI, and the Army, Air Force, and Navy—never forgetting the Marines. Shades of Valley Forge and Iwo Jima. Do we need Robert Welch and Fred Charles Schwarz to gallop to our aid? Do they claim that we no longer are the land of the free, or the home of the brave? Personally, I consider that we in the United States have been too hospitable to this rightwing demagog from down under. It is evident he is held in low esteem in Australia.

In addition to Fred Schwarz, other rightwingers are haranguing the American people, preaching the doctrine of suspicion against their fellow Americans. Such persons as Billy James Hargis allege Americans should look carefully at their neighbors for fear they are harboring Communists, and that the American way of life and our political system will go under unless buoyed up by suspicion and hate.

They propose repeal of the income tax, and to get the United Nations out of the United States and the United States out of the United Nations. They would destroy our NATO alliance and, incidentally, impeach a loyal and distinguished American, Chief Justice of the United States, Earl Warren.

Mention the word "negotiations," and they cry appeasement.

They propose, in fact, to repeal the 20th century. Whoever does not swallow their brand of Americanism, they say is a Communist.

I am reminded of a couplet:

> Last night I saw upon the stair
> A little man who wasn't there.
> He wasn't there again today—
> Oh, how I wish he'd go away.

Some Fascist-minded people say communism comes from socialism, which they claim in turns stems from liberalism which comes from democratic ideas written in our Declaration of Independence by Thomas Jefferson.

Mr. President, not one nation which has achieved a reasonable measure of economic well-being and social justice has been taken over by Communists. Except for those satellite nations, which should really be termed "colonies," where the Soviet army has imposed Communist regimes, communism has moved to power only in nations whose governments were oppressive and reactionary, where people were jobless and hungry, and where they had given up hope that their problems could be solved by the governing authorities. The answer, therefore, to any Communist challenge, is more democracy, more progress—not less.

Speaking of the radical right, J. Edgar Hoover, Director of the Federal Bureau of Investigation, whose own anti-Communist record is beyond reproach, warned that "attributing every adversity to communism is not only irrational but contributes to hysteria and fosters groundless fears. The way to fight it is to study it, understand it and discover what can be done about it. This is neither the time for inaction nor vigilante action."

Mr. President, there is plenty of room in the United States for responsible conservatism. However, groups such as the Christian Anti-Communist Crusade do not seek to conserve anything. Instead, their purpose is to confuse, to incite, to destroy. They are at odds with the purposes which are our strength and our hope—democracy and freedom.

Attorney General Robert F. Kennedy said, in speaking of Robert Welch and his associates of the John Birch society, so called:

> "I think that they are ridiculous, and I don't think that anybody should pay too much attention to them. I think that they make no contribution. * * * To the fight against communism here in the United States. * * * In fact, I think, if anything, they are a hindrance."

It is high time that these purveyors of fear and outspoken exponents of the big lie be denounced and rejected as conscienceless demagogs of the right, and mercenaries profiting by preying on the fears of the unwary.

Free discussion is the lamp that lights democracy.

Dr. Schwarz and those who think as he does have every right to expound their views, much as I or anyone else may disagree with them. However, they do not have the right to have school children advised to listen to them, nor to be excused from classes for that purpose. I hope that their request of this nature in Cleveland will be denied.

The people of Cleveland are becoming more and more aware of Dr. Schwarz and his organization. Thanks to the efforts of courageous journalists such as Forrest Allen, of the Cleveland Press, they are well informed as to its true nature. Mr. Allen on July 12, 1962, wrote an excellent column on Dr. Schwarz entitled "They Don't Think Much of Schwarz Down Under." I ask unanimous consent that this excellent article be printed in the RECORD at this point.

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

THEY DON'T THINK MUCH OF SCHWARZ DOWN UNDER

(By Forrest Allen)

Fred Charles Schwarz used to be a man of medicine in Australia. In 1953 he shifted to the greener pastures of the United States and became a medicine man. His principal nostrums ($1 per admission, 25 cents per pamphlet) are hate and suspicion.

Schwarz is not the sole peddler of these patent medicines in the United States. But currently he's the loudest and Cleveland is doomed to hear considerably more of him before quiet is restored.

Schwarz is the Australian psychiatrist who is running the Christian anticommunism crusade. He is going to stage a 5-day anticommunism school in music hall, and his sponsors have asked the school board to excuse junior and senior high school pupils from class so they can attend.

Through such appearances as he has scheduled here he hopes to boost his 1961 collection record, which totaled $1,273,492—as compared with the modest $23,356 when he first came to the United States in 1953.

Schwarz never took on very well in Australia, I was told there earlier this year. And his blatant promotion of himself in this country hasn't boosted his Australian popularity.

In newspaper circles down under, in fact, Schwarz is described as "Australia's gift to America—in return for Harry Bridges."

In the country of his birth, education, and present citizenship, Schwarz makes little impact, has no influence, and doesn't receive much attention on his visits there. He returns every year and made one of his visits in April.

I called an Australian editor and asked how he was received. In his hometown of Brisbane a ballyhooed meeting brought out 1,500. In Sydney he conducted a long, dull meeting before 200. His Sydney collection was $70, it was announced—not enough to pay meeting expenses.

While his gross and net take in 1962 may exceed last year's, it is my hunch that the sun is setting on the multimillion-dollar pickings for Schwarz and his fellow drumbeaters. I think the reason for their comedown is found in the product they peddle—hatred.

To me, it is highly ironic that Schwarz dubs his fundraising campaign "Christian." In His Sermon on the Mount, Jesus said:

"Ye have heard it said, thou shalt love thy neighbor and hate thine enemy: but I say unto you, love your enemies and pray for them that persecute you."

Schwarz revives the old preachments of the days of rampant McCarthyism. "Suspect thy neighbor and hate thine enemy." And if your neighbor doesn't daily demonstrate hatred for Russia, Red China, Castro—you don't just suspect him, you hand him over to the authorities.

This country grew great and strong on more solid, more truly Christian fare. We don't need narcotics to give us courage or to show us the way to our destiny.

Mr. YOUNG of Ohio. Mr. President, I hold in my hand a program of a so-called Central Ohio School of Anticommunism. It represents a residue of the debris of that period some years back of pointless suspicion, fear, character assassination, and ruined careers.

What I have here is a red, white, and blue program of the Central Ohio School of Anticommunism, so called, which Fred Schwarz inflicted upon Ohio in November 1961. Of course, an important part of the program is the registration form, which commences with the following statement, "Enclosed is a Check or Money Order for Blank Dollars."

From November 6 through November 10, he directed a full course, so-called, for a $20 donation, a night course for a $10 donation, and a 1-day course for a $5 donation—the word "donation" presumably being used for purposes of evading payment of taxes. Then, to add prestige, no doubt, to the sort of gathering he hoped to have, he provided that ministers, teachers, policemen, students, firemen, and servicemen be admitted for half price. The language of his circular evidently made a slip by stating "half price" instead of "half the donation."

Dr. Fred Charles Schwarz, president of the Central Ohio School of Anticommunism, has evidently changed the name of his traveling troupe of havoc criers to the Christian Anti-Communist Crusade.

Now, referring to this fancy program of the Central Ohio School of Anticommunism, I note that an advisory committee is printed in red and blue letters. Senator John Bricker is listed as a member.

Then, as a member of the faculty, I note the familiar name of my colleague and friend, the junior Senator from Connecticut [Mr. DODD]. In the list of members of the faculty there is this statement:

THOMAS J. DODD, U.S. Senator, Member of Senate Internal Security Committee and vice chairman of the Committee of the Judiciary.

As the distinguished Senator was first elected to the U.S. Senate in 1958, at the same time Ohio citizens elected me, and is seventh in seniority of the Democratic membership of the Judiciary Committee, I was somewhat surprised to read in this program that he is "vice chairman of the Committee on Judiciary." Doubtless, the distinguished senior Senator from Mississippi [Mr. EASTLAND], chairman of the Senate Committee on Judiciary, would also be surprised were he to read this.

Reading the program, it is to be noted that Dr. Schwarz delivered many of the addresses, and on one evening only our distinguished colleague, the junior Senator from Connecticut was listed for an hour and a quarter's address on the subject "America's Internal Security."

Frankly, I do not know whether or not my distinguished senatorial colleague is to be listed as a member of the faculty of the Christian Anti-Communist Crusade of which Dr. Schwarz is president. The same Dr. Schwarz, as executive director, appeared to be the governing figure in the Central Ohio School of Anticommunism.

I do take issue, however, with a statement made not many months ago in Cleveland by our colleague addressing a forum called Project Responsibility, before an audience of 375 individuals from the greater Cleveland area. According to a Cleveland newspaper, the distinguished junior Senator from Connecticut [Mr. DODD] asserted at this meeting:

Enlightened men and women are deeply disturbed, not by the mysteries of the cold war, but by the clear, simple, demonstrable fact that our policy is failing and we are losing.

Of course, my colleague and friend has the right to express his opinion in Cleveland—or anywhere else—on the foreign policy of this administration in connection with the cold war that is being waged against us, but I respectfully differ with his statement—if the newspaper accurately quoted him. I hope it did not.

It is my considered judgment that the foreign policy of this administration—when we are confronted with Communist aggression from the Soviet Union or Red China—is bold, firm, resolute, and determined. I assert that we are winning the cold war and not losing it. The Kennedy administration is pursuing a firm no appeasement policy in Berlin, in South Vietnam, and throughout the world. I respectfully differ from any statement—if made—that "our foreign policy is failing and we are losing."

Also, in the same newspaper it is stated, referring to this recent meeting, that—

DODD, a member of the Senate Foreign Relations Committee said: 'Our task now is to stop losing [the cold war]. Our task is to start the tide running in our favor."

My colleague has every right to entertain these views, which are certainly opposite to the views I hold. He has every right to come into my State and make the statements he is quoted as having made—if he did make them. On the other hand, I definitely do not concur in the statement he is quoted as having made that "we have become so fearful in this that we are practically immobilized" in response to a questioner who asked how we are to "get off dead center and active in this."

The real danger to our Nation is the continued and continuing aggressive threats from Communist Russia relentlessly waging a cold war against us in Berlin, southeast Asia, Cuba, and virtually every corner of the globe. This at all times poses a danger to the free people of the world who are our friends and allies, and to all Americans.

The Communist dictators of the Soviet Union and Red China are constantly seeking to throw us off balance by forcing one crisis after another—first over Berlin, then, if that quiets down momentarily, in South Vietnam, then possibly in South America, or in the China Sea. Yet, those who agree with Fred Charles Schwarz largely ignore this real danger which might suddenly blow up into a shooting war. Why frighten our people over the threat of communism where it is weakest, and ignore that threat from Communist Russia and Red China where it is strongest?

ADDRESS BY SENATOR SCOTT AT 27TH ANNUAL NATIONAL CONVENTION OF THE CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA

Mr. SCOTT. Mr. President, I ask unanimous consent to have printed at this point in the RECORD my statement on the occasion of the 27th Annual National Convention of the Catholic War Veterans of the United States of America.

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

ADDRESS BY SENATOR HUGH SCOTT ON THE OCCASION OF THE 27TH ANNUAL NATIONAL CONVENTION OF THE CATHOLIC WAR VETERANS OF THE UNITED STATES OF AMERICA

The Catholic War Veterans of the United States of America will hold their 27th annual convention in Philadelphia beginning August 14. Elaborate preparations have been made to make this 27th convention one of the largest ever held by this organization. It is anticipated that the extensive program planned will attract more than 7,000 members of the Catholic War Veterans and its auxiliaries. I assure them a warm welcome from Philadelphia, the City of Brotherly Love and the Cradle of Liberty.

The convention committee has set up an agenda calling for a full schedule of committee meetings that will study and prepare resolutions for action by the entire body. Hundreds of resolutions have already been received covering many phases of American life including "veterans affairs," "youth welfare," "Catholic action," "Americanism," "membership," and many other subjects in which an organization of war veterans is vitally interested.

At various times throughout the convention, prominent Americans are scheduled to address joint sessions of the Catholic War Veterans and its auxiliaries. These men, all outstanding in their particular field, will bring to the Catholic War Veterans and

through them, to all veterans and Americans, messages on national security, veterans affairs, international relations, and other vital subjects.

Although the convention will have many serious aspects, varied and interesting recreational events have been arranged for the members of the organization, their wives and families. Among the programs planned are a tour of the historical sites, visit to the tomb of Bishop Newmann, buffet luncheon at Valley Forge Park. Throughout the week there will be other interesting activities and ceremonies including a parade on Friday evening and on Saturday morning a pontifical high mass. Closing events of the week-long gathering will include the commander's banquet on Saturday evening to be followed by the convention ball.

The Catholic War Veterans of the United States came into existence in the year 1935, when it was founded by a former Army chaplain, the Right Reverend Monsignor Edward J. Higgins, L.L.D., of Astoria, Long Island, N.Y. Recognizing a need for a militant veterans organization composed of Catholic men and women who served their country in time of war, Monsignor Higgins founded an organization that has grown throughout the years and now has posts in more than 40 States.

Over the past quarter of a century the Catholic War Veterans has been a bulwark against many of the tyrannical "isms" that constantly threaten our country and its freedoms. Since its beginning the Catholic War Veterans have brought their greatest force against the evils of communism and its insidious designs to destroy Christianity and create a godless world. For the 27 years that this organization has been in existence it has steadfastly supported and protected the traditions that have made America the great country that it is.

As well as fighting relentlessly against communism the Catholic War Veterans have been active on other fronts sponsoring such programs as Americanism, Catholic action, leadership, membership, and veteran's affairs. In addition, through its publications and other media of communication this organization has encouraged active civil defense programs, educational activities, and youth programs as well as the establishment of scholarships.

In the field of veteran's affairs the Catholic War Veterans has always exerted its influence. Each year the organization has sponsored or lent its support to legislation that would be beneficial to veterans, their widows, or dependents. Through welfare and rehabilitation officers located throughout the country it has assisted countless veterans in obtaining benefits under the laws of the Veterans' Administration. The Catholic War Veterans have maintained a strong and active hospital program giving comfort to our thousands of hospitalized veterans. These and many other programs stand as a tribute to the Catholic War Veterans on this, its 27th anniversary.

The Catholic War Veterans have received the acclamation of numerous Government agencies, business groups and patriotic, veteran and fraternal organizations. It has the approbation of the present Pope, John XXIII, and all Popes from the date of the founding of the organization. It has been lauded by every President of the United States and by numerous legislators and other statesmen.

Article II, section 1, of its constitution best describes the aims and purposes of this great organization:

"This organization of Catholic War Veterans is established to promote zeal and devotion for God, for country, and for home:

"(a) For God: To promote through aggressive organized Catholic action a greater love, honor, and service to God; an understanding and application of the teachings of Christ in our everyday life; recognizing the wisdom of the church in all matters of faith and morals.

"(b) For country: Through a more vivid understanding of the Constitution of the United States of America and through active participation in the promotion of its ideals of life, liberty, and the pursuit of happiness, to develop a more zealous citizenship; to encourage morality in Government, labor, management, economic, social, fraternal, and all other phases of American life; to combat aggressively the forces which tend to impair the efficiency and permanency of our free institutions.

"(c) For home: To promote the realization that the family is the basic unit of society; to aid in the development of an enlightened patriotic American youth; to assist all veterans and widows and dependents of deceased veterans.

"(d) These objectives are encouraged without regard to race, creed, or color."

As they celebrate this anniversary, the Catholic War Veterans can look back upon a history of accomplishment and to the future with a feeling of confidence.

I am sure all their many friends join in wishing for them the best convention in their history and continued success in working for their high ideals.

SELF-DETERMINATION IN GERMANY

Mr. SCOTT. Mr. President, as this Congress hopefully draws closer to adjournment, I think it is essential that it consider an important segment of our foreign policy.

Within the past few weeks we have again heard Premier Khrushchev propose that French, British, and American troops withdraw from Berlin and be replaced by troops from the smaller nations of the NATO and Warsaw Alliances.

The administration is to be complimented for continuing the policy of previous administrations that the presence of allied troops in West Berlin is not negotiable.

Now we have again reached the point in our relations with the Soviets when Khrushchev is "beating the drum" for a separate peace treaty with Communist East Germany unless some solution for the Berlin situation under Russian terms is found. East Germany Communist Leader Ulbricht has been summoned to the Kremlin, and there are indications of new Communist provocation in Berlin.

Mr. President, the solution to Berlin is obviously not to be found in Berlin. This country, as did France and England, pledged to preserve the freedom of the people of West Berlin pending the reunification of Germany in peace and freedom. In June of 1961, at the conclusion of the President's meeting with Khrushchev in Vienna, the United States, in answer to another Soviet demand for a solution of the German problem under their terms, emphasized that the "U.S. Government continues to believe that there will be no real solution of the German problem, nor any real tranquility in Central Europe, until the German people are reunified in peace and freedom on the basis of the universally recognized principle of self-determination." It is my hope, Mr. President, that the administration will call for free elections in all of Germany.

Self-determination, Mr. President, is a familiar term used daily in the halls of the United Nations, in the remote islands of the South Pacific and in minute outposts of the new Africa. The Soviets are constantly spreading their gospel of "self-determination" throughout the free world and yet we find millions of captive people denied this God-given right under the shadow of Russian occupation troops and their satellite stooges. There is no better example of Communist hypocrisy in speaking of "self-determination" than the living example of the Russian rule of East Berlin and East Germany.

Vice President JOHNSON, at the time of his historic visit to Berlin in August of 1961, said at the Berlin City Hall:

> Self-determination, this word which the slavemasters fear like no other, will come also to those to whom it is now denied.

At the time Gen. Lucius D. Clay appeared on my television program, on Sunday, May 27, as in the past, he advocated that the United States should announce our position that free elections, adequately supervised, be held in all of Germany. General Clay said:

> Actually, the commitment made at Potsdam was that there would be established a single government of Germany and that it would be a freely elected government. Until that comes about, the Soviet Government is not living up to the Potsdam agreement.

Of course, it is not living up to the Potsdom agreement. It has not lived up to any agreement with the United States, if it was to its advantage to do otherwise, since it was recognized by this Government in 1933.

Why now, Mr. President, on this date should we ask our Government to again call for "self-determination" for all of Germany? Is it any more proper now than it was 2 months ago, or 2 years ago? No, the propriety of the right is based on agreements of long standing, entered into by the Allies and the Soviet Government. These agreements were won with the efforts and lives of many. They were made at a time when the Soviets needed our aid, needed our alliance and feared our power. No, it is no more right now than it was then except for the passing of the years and the unquestionable living proof that given the chance East Germans will escape from the slavery of Communist domination.

Mr. President, I feel that the problem of Berlin, the problem of access rights, the existence of the immoral "wall of shame" is again reaching the boiling point and will reach the crescendo of another crisis.

I have never, Mr. President, adopted the belief that the Soviets would go to war over Berlin just for the sake of Berlin per se. But what a wonderful lever the Communists have to use provocation especially graduated to undermine the Western position in West Berlin and to attempt to split the NATO Alliance.

Give the Soviets the chance and they will use Berlin as their diversion when

they wish to move elsewhere on their board of Communist worldwide strategy.

Within the past week we have reports of increased Soviet air activity in the air corridors from West Germany to Berlin. American planes and lives are at stake when such provocations take place. No doubt we must and will take action to protect our rights. But what will be the next Soviet-Communist move? Will the Soviets or East German Communists stop new convoys along the Autobahn at the Helmstedt checkpoint? Will the Communists Vopos detain U.S. Army personnel in East Berlin?

Will the Soviets jam the air to ground radio facilities? We cannot, Mr. President, read the Communist mind. But we can expect provocation whenever the Soviets desire to divert our attention from another tentacle of the Communist octopus. The Reds takeover of China in 1948 at the time of the Berlin airlift should be a living reminder of this type of strategy. The second Berlin crisis in 1958 was again coupled with the Chinese Communist probe against Quemoy and Matsu. The diversionary tactics of the Soviets in Berlin have left clear historical marks on the world map.

I do not mean to imply that the threat of signing a peace treaty nor the actual signing between the Soviets and the German Communists regime would set off a new Berlin crisis. I do not wish to imply that I am naive enough to hope that any action we might take can sway the Communist leaders from their planned strategy of salami tactics, but I do feel that by our action through the Allied Powers, now charged with the security of Berlin, we can spell out the hypocrisy of the Communist position. "Self-determination," Mr. President, is or should be a strong argument with our friends in Africa and the Middle and Far East. Their battle cry of "self-determination" rings in the ears of every ex-colonial power. Who should, more consistently, endorse the position of this country in that cry than the newly independent countries of the world? Will they do so? We ought to find out.

It is unnecessary, Mr. President, at this time to delay the Senate with the legal basis for the holding of free elections in all of Germany. That right and that agreement is a matter of record. But is it necessary, Mr. President, to point out why such a renewal of treaty agreements would be to the best interest of the United States and the free world?

Such a renewal would, as I have mentioned heretofore, gives the Soviets another opportunity to live up to their treaty obligations. It would give the newly formed countries of the world an opportunity to express their continuing belief in "self-determination" for all people. It would enable this country to reassure our friends throughout the free world that we have not forgotten the agreements entered into as a result of hard-won victories. It would reemphasize the U.S. position so ably represented in other areas of the world that each people of their own free will should determine their own destiny and their own form of government.

I cannot help but feel, Mr. President, that the people of the NATO Alliance might need reassurance that we do have an interest in a free Europe, that we do have the determination of protecting not only our own interest but their interest as well. I do not intend to direct my remarks at what I feel have been failures in recent foreign policy and the effect they have had on the NATO Alliance but we would be tagged with political blindness if we did not heed the warnings that are on the international horizons that there is concern, real or imaginary, that the United States and its military relationship with NATO has taken a definite turn not necessarily favorable to West European desires. Perhaps it has not, Mr. President. The next few months should indicate to some extent what the new military strategy of the United States holds for Europe and NATO.

The Soviets, I am sure, have some indication, based on the change of tone of how we would meet a Soviet probe or overt act in Europe. But one thing is clear, we have stood fast that we will not negotiate our rights in Berlin. We will, I hope, meet the Soviets with firmness. We will, I hope, reassure our European friends that we are beside them and will reinforce them in their demands for self-determination. There are elements in Europe which hope for a weak U.S. stand, not only to advance the Communist cause but to undermine present strong pro-American and pro-Western governments. A weakness in U.S. relationship with its NATO Allies only plays in the Soviet scheme of things. The dangling carrot of expanded Eastern trade could be most tempting to a country that had doubts of our determination to maintain a free Europe.

Let us not make the mistake of impeding the growth of NATO power but rather to strengthen and continue this partnership. Let us call upon the Governments of France and Great Britain to join us in calling upon the Soviet to live up to the tenets of the Potsdam Agreement and grant under adequate supervision the opportunity for the German people of self-determination.

Now is the time to remind the Soviet of past agreements. I sincerely hope that before a new crisis develops, the administration, by acting, will point out the hypocrisy of the Soviet Union to the whole world. An appeal for the realization of self-determination by the German people is in order.

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

Mr. SCOTT. I am very happy to yield to the distinguished senior Senator from New York.

Mr. JAVITS. I assume that the Senator has completed his prepared statement.

Mr. SCOTT. I have finished with my prepared statement.

Mr. JAVITS. First I should like to state to the Senator that I believe he has conferred a distinct service upon us today by making his address. I believe that there are all too few of us, even in the Senate, alert as we are to what is occurring in the world, who realize as keenly as does my distinguished friend from Pennsylvania the fact that the Berlin crisis remains a crisis pregnant with danger for all mankind.

I hope that his words will rouse others of us to similarly inquire into the situation in order to realize this portent of danger.

If we were to classify dangers qualitatively, rather than quantitatively—obviously quantitatively Communist China is our greatest problem—I believe there is no greater danger in the direction of war than Berlin.

Therefore, the mere fact that the Senator from Pennsylvania has expressed his views so eloquently is in itself significant.

The Senator has made a second very important point, and that is, that it is not enough for us to react. The Senator has given us a position which the United States can espouse. It is a position of forward motion, of assertion; not reaction. For that, too, the country is very grateful to the Senator from Pennsylvania.

The Senator calls attention to the fact—and this is too often forgotten—that the Soviet Union is the one that has defaulted on its obligations; not that the United States, France, and the United Kingdom have stayed too long in Berlin. They have stayed that long because the Soviet Union has not honored the Potsdam Agreement.

The Senator bears upon one point which I do not believe any of us can ever cease to assert, and that is that no agreement is better than a bad agreement. I would hope very much to have the Senator express his view on that point. There is altogether too much feeling in the country and in the world generally that we must find some basis of agreement with the Soviet Union. A basis for what? To excuse the Soviet Union from what the Senator has so eloquently pointed out as its own default and its own imposition upon the world? We have lived that way for a long time, and we may have to live that way for a long time to come. As the Senator says, the sooner Mr. Khrushchev understands that fact, the better it will be for all concerned.

Mr. SCOTT. I thank the distinguished Senator from New York. I appreciate what he has said, and I agree with it.

Again, I think we have an opportunity to stress what the Senator from New York has taken the lead in stressing so many times, on and off the floor of the Senate; namely, as he says, no agreement with the Soviet Union is a great deal better than a bad one.

I have tried here to speak objectively, with the realization that much of our foreign policy transcends the period of any administration. What I fear and what I am most concerned about is the feeling one gets in Washington that many persons, some of them new to positions of responsibility in various Government departments, appear to favor a policy of accommodation to the Soviets; they appear to feel it is somehow bad judgment, or perhaps even bad taste, or perhaps is not socially good form, to admit the existence of an enemy.

Certainly there is an attitude now in some quarters that we ought to be so accommodating to the Soviets that we should not raise such unhappy questions as the fact that the Soviet Government does not keep its agreements except when it is in its own interest to do so; that we ought not, perhaps, to be going around saying there ought to be free elections in the captive nations of the world, although that is what they live and hope for, and why they listen to their radios in continued, not-yet-abandoned belief that perhaps the great United States of America still believes what it said it believed in past years. It concerns me that there seems to be in Washington nowadays a feeling that we ought not to engage in a dialog which implies that we have a Communist enemy abroad. I disagree with this viewpoint. I feel firmly that we should not provoke the Soviet Communists by exacerbation or by unnecessary friction; but I do not equate that with the necessity for reminding all the world, including all those who live in slavery, that freedom is a better deal for all the world; that it is the Russians who maintain slave states; that it is the Russians who broke their word; that it is the Russians who deny free elections; that the Russians cannot be trusted, even by their Red Chinese allies; that if truth is the strongest weapon, we should be making the maximum use of the truth.

What I do find is a feeling: "Well, let's not push the Soviet too hard on the business, for example, of the inspection of nuclear weapons tests. Let's try to find a reason for saying we will not insist on inspecting Russian soil any more. Let us claim, instead, that we have developed new instruments which can detect what goes on in Russia, without our having to go into Russia." If we can sell the American people on that phony hypothesis, then the next step is to say that we do not have to go into Russia because we have wonderful new inventions which will tell us what is taking place in Russia. Then the Russians will not have to let us enter their country.

In the first place, I do not believe we have any such inventions. In the second place, the Russians are conducting their tests in areas which are subject to frequent earthquakes, or temblors, as they are called. We do not have evidence which would warrant us in saying that we can tell what is taking place in Russia without our going into Russia to see it. We should not withdraw or abandon our own protections and protective devices or our own defenses in any system of a ban on nuclear weapons unless we have an adequate, reasonable, and protective system to determine what the Russians are up to.

I anticipate that we are getting from sources in the executive branch a kind of trial balloon. I have seen trial balloons. After 20-some years, I can tell a trial balloon when I see one, before it leaves the rooftop. The trial balloons are up. They are getting ready to condition the American people right now into believing that it will not be necessary for the United States to go into Russia to inspect. We will be told, "It will not be necessary. We have wonderful new inventions that will tell us what is taking place."

I believe that is false. I say it is misleading. I say it now, before someone comes along and says it as a fact, and then has his statement reprinted in his favorite stooge columns, so as to promote the ascension of the trial balloon by the addition of his own hot air.

Mr. JAVITS. I do not wish to expand the ambit of my discussion with the Senator from Pennsylvania so as to include nuclear testing. That is a subject upon which we may or may not be able to agree. Therefore, I would not wish to intrude that subject into what I think has been a most significant contribution by the Senator from Pennsylvania. I know the Senator will join with me in that feeling.

Mr. SCOTT. I do not undertake to associate the Senator from New York with the views which I expressed after the completion of my prepared speech, because I know the Senator will want to be heard on that subject in his own time.

Mr. JAVITS. I thank the Senator from Pennsylvania. I wish to end my colloquy with him by pointing specifically to one sentence in his remarks which I hope and pray will sound as a tocsin to all the American people. The Senator from Pennsylvania said—and I hope he will forgive me for repeating his words, but I think they are absolutely critical and historic:

> Mr. President, I feel that the problem of Berlin, the problem of access rights, the existence of the immoral "wall of shame" is again reaching the boiling point and will reach the crescendo of another crisis.

Mr. President, it is easy enough to call crises when they come. What we need are Senators who can call crises before they come. I think this is one that is so clearly written on the wall that all Senators should be grateful to the Senator from Pennsylvania [Mr. SCOTT] for his very timely, seasonal word of warning and for his definite, constructive ideas as to the direction which our policy must take.

Mr. SCOTT. Again I thank the Senator from New York. I believe that a crisis is developing in Berlin. I believe we should meet it with some preplanning. We should meet it with foresight. We should recognize it as a part of a worldwide Communist conspiracy to control and dominate the world.

I again say that I think the administration is entirely right in the strength and resolution which it demonstrates in keeping our forces in Berlin. I would not want to be understood otherwise.

RADIO CLEAR CHANNELS

Mr. HART. Mr. President, on July 2, 1962, the House of Representatives adopted House Resolution 714 dealing with radio clear channels. This "sense of the House" expression was specifically directed at a September 13, 1961, decision of the Federal Communications Commission which proposed duplication or breakdown of 13 of the existing 25 I–A AM radio clear channels by adding another station to each of these channels, thus destroying a substantial portion of their present and potential usefulness. This Commission decision also deferred action on the question of whether power in excess of 50 kilowatts should be authorized for use on radio clear channels. In a broader sense, this action by the House points the way toward the possible establishment of a long needed national clear-channel policy.

The skywave service of stations operaing on clear channels is the only AM radio nighttime service available to over 25 million Americans, who live in nearly 60 percent of the Nation's land area. These are the people who live in the thinly populated sections of the country. It includes all of upper Michigan. And even though the Communications Act of 1934 specifically directs that all Americans, to the maximum extent possible, be provided with good radio signals, it is freely admitted by all that nighttime service to a substantial portion of millions has been entirely inadequate for four decades.

The reason for this inadequacy is that the Commission has destroyed by duplication too many of the original 40 clear channels and the skywave service of the remaining clear channels lacks sufficient signal strength satisfactorily to reach the great distances required to bring service to these people. There is one way and one way only that nighttime AM radio service to these rural and small town millions may be improved. That is by increasing the signal strength through the use of power in excess of 50 kilowatts on a sufficient number of I–A clear-channel stations.

The addition of any number of AM stations to the national scene will not begin to solve the problem. For instance, the number of AM stations licensed to operate on a full-time basis has doubled during the past 15 years without appreciable reduction in the areas or populations which depend solely upon clear-channel stations for nighttime radio listening. This is no reflection on any class of radio station. It is simply a physical fact that radio signals at night behave differently than during the daylight hours.

It should be noted too that additional millions depend upon clear-channel stations for any choice of radio nighttime programs—not to mention the millions of car radio owners who live or travel in remote regions and who also depend solely upon this service for radio listening. Radio clear channels adequately powered furthermore, have great present and potential military and civil defense value.

It is clear that this problem has gone unsolved too long. This is particularly true since the problem may now easily be solved without harm to anyone, and with nothing but good coming to the American scene, through the use of adequate power on a sufficient number of clear channels. The Commission has done a good job of bringing daytime radio service to most Americans. It should now solve the nighttime problem.

I should add, Mr. President, that clear-channel stations are generally noted for sound public service programing and tasteful entertainment.

Hopefully, congressional resolutions will insure improved nighttime service to rural America. I would hope that the FCC quickly authorize the power increases necessary for this improved service—taking care, of course, to protect other stations from interference. I am told this is not a major problem.

It should be noted that practically all countries around the world, on a rapidly expanding basis, are using higher power for the same reasons that the United States should use it.

One basic reason given by the Commission for delaying the use of adequate power on radio clear channels is the existence of an old 1938 Senate resolution—Senate Resolution 294, 75th Congress, 3d session. This resolution opposes such an authorization. It is clearly apparent, however, that the conditions which lead to the adoption of this Senate expression in 1938 are nonexistent today, a fact that the House of Representatives recognized in the language of House Resolution 714. This resolution suggests that the FCC is free to authorize the use of power in excess of 50 kilowatts on clear channels where the use of such power is in the public interest including the bringing of much needed improvement in nighttime radio signals to remote rural regions.

A second feature of House Resolution 714 urges a 1-year moratorium on the Commission's September 1961 decision in the clear channel case in order to give all class I-A clear-channel stations an opportunity to file with the Commission an application to go to higher power.

It is my hope, Mr. President, that the Commission would comply with this House resolution. I would hope it would authorize the use of power sufficient to bring improved service to rural America and that a substantial number of clear-channel stations will take advantage of the opportunity to serve their country better by applying for such an authorization.

I would call your attention also to the fact that the initial legislation leading to House Resolution 714 was introduced and supported strongly by, among others, two distinguished Members from Michigan, the Honorable JOHN D. DINGELL, and the Honorable JOHN B. BENNETT. It is noteworthy too that similar legislation has been introduced in the Senate by the distinguished Senators from Georgia and Indiana [Mr. TALMADGE and Mr. CAPEHART].

ADDRESS BY VICE PRESIDENT LYNDON B. JOHNSON ON THE 10TH ANNIVERSARY OF THE COMMONWEALTH OF PUERTO RICO

Mr. HUMPHREY. Mr. President, it is my distinct pleasure to bring to the attention of my colleagues in the Senate, the speech delivered by Vice President LYNDON B. JOHNSON on the 10th anniversary of the Commonwealth of Puerto Rico. I ask unanimous consent that it be printed at this point in the RECORD.

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

THE COMMONWEALTH OF PUERTO RICO: LAND OF CHALLENGE AND PROMISE

(Remarks of Vice President LYNDON JOHNSON on the 10th anniversary of the Commonwealth of Puerto Rico, July 25, 1962)

Governor Muñoz, distinguished guests, and fellow citizens, it is my great honor and privilege to be with you on this memorable day and to bring to the people of Puerto Rico the cordial greetings and heartfelt congratulations of the President of the United States, John F. Kennedy.

The letter from President Kennedy which Governor Muñoz has just read is an important expression of the respect and affection in which the people of this Commonwealth are held. President Kennedy's letter is, even more, a historic reaffirmation of our belief in the self-determination of peoples, exercise with the acceptance of the responsibilities of freedom. Puerto Rico stands as a shining example of this principle.

For President Kennedy, Governor Muñoz, myself—and all of us here—it is matter of great pride and satisfaction that on the 10th anniversary of the Commonwealth of Puerto Rico we can be looking ahead with such complete confidence to the future.

The Commonwealth which Puerto Ricans have created on this island in these 10 years stands as a world example to mankind of what a people can achieve by the strength of their spirit and the sweat of their brow under freedom.

The problems of Puerto Rico are the problems faced by most of the world's people: problems of limited area, dense population, low productivity, one-crop economies, outworn agricultural methods. To all the tens of millions afflicted by these curses, Puerto Rico shines as a beacon and inspiration—a proof that transformation is within their power under freedom.

What imaginative, practical, hard-working Puerto Ricans have wrought here offers the challenge and promise that a people determined to raise themselves by their own bootstraps can do so. Land of Challenge and Promise: that is Puerto Rico.

The enduring historic importance of this 10th anniversary of the Commonwealth is that Puerto Rico by its own achievement offers a roadmap for a completely successful revolution to be carried out by completely peaceful means. The lesson is greatly important but impressively simple. There must be leaders, yes. But the basic requirement of this revolution is that if it is to be truly complete, truly successful, and truly peaceful, it must embody the total determination of the people. The Commonwealth has endured and succeeded because Puerto Ricans were totally determined that it should endure and succeed. The promise of freedom can neither flourish nor survive anywhere without such a commitment by the people.

The way of freedom is never an easy way—for the large or the small, for the old or for the young. But we choose freedom not because it is easier but because it is better. It is better to bear the responsibilities of freedom, heavy as they are, than to be burdened by oppressive shackles of systems which permit no freedom for the body or the soul.

Freemen must commit both—both their labor and their spirit—and this you have done totally with matchless and marvelous vigor in the Commonwealth.

I am proud tonight to salute you for your example. Ten years ago, the Preamble to the Constitution of the Commonwealth of Puerto Rico set forth these objectives:

"We consider that the determining factors in our life are citizenship in the United States of America and the aspiration continually to enrich our democracy through the individual and collective use of its rights and prerogatives; loyalty to the postulates of the Federal Constitution; the coexistence in Puerto Rico of the two great cultures of the American hemisphere; the desire for education; the faith in justice; the devotion for a full, laborious, and pacific life; loyalty to the value of the human being regardless of social position, racial differences, and economic interests; and the hope for a better world based on these principles."

The United States from its own constitutional beginnings has consistently reaffirmed the belief of its citizens in this principle of self-determination of peoples, so eloquently stated in this passage from your own Constitution.

Throughout our mutual history there have been remarkable links between this Caribbean island and the North American mainland. As you well know, it was your first Governor, Ponce de Leon, sailing from your shores, who was the discoverer of Florida. During our Revolutionary War vessels commissioned by our Continental Congress more than once found security and a friendly welcome in the harbors of Puerto Rico when hard pressed by the enemy. And none of us, whether living on this island or on the mainland, can ever forget that of the 60,000 Puerto Ricans who fought with such valor in Korea, only 6,000 were draftees—the other 54,000 were volunteers.

Puerto Rico is no less notable in the annals of peace. I believe Puerto Rico accomplished a diplomatic and political feat unparalleled in history by twice establishing under other flags autonomy on terms drawn up by Puerto Rico; and again, under the U.S. flag in 1952. Both times this was accomplished by no force other than intelligence, logic, and good will.

What has been achieved during the 10 years completed today fully affirms your faith in yourself—and the faith all the people of the United States have in you also. But more than that, in these 10 years Puerto Rico has kept faith with its heritage and with the hopes of its neighbors throughout the hemisphere. As President Kennedy has indicated, your Operation Bootstrap helped blaze the trail for the Alliance for Progress. It was only logical that President Kennedy should choose as U.S. Coordinator of the Alliance for Progress Puerto Rico's own Teodoro Moscoso. And I would also mention proudly that constructive contributions to our hemisphere policy in planning and enactment are being made by a man with us today, Deputy Assistant Secretary of State, Arturo Morales Carrion.

The greatest of all your resources are your people. I am proud that this generation of Puerto Ricans is playing a broader role in the affairs of the world and the shaping of history. I am sure that role will grow far greater in many fields throughout the years to come.

I would like to recall the commencement address Governor Muñoz delivered at Harvard University 7 years ago. He said on that occasion:

"In the Declaration of Independence of the United States, the young Republic was dedicated to the rights of life, liberty, and the pursuit of happiness. In Puerto Rico we are trying, in our modest setting, to bring to a harmonious success, for the good of our souls and bodies and for the observation of our fellow citizens of such parts of the world as may care to look, Operation Bootstrap—the right of life; Operation Commonwealth—the right of liberty; and Operation Serenity—the pursuit of happiness with some hope of really catching up with her."

The right of life—the right of liberty—the pursuit of happiness—these are the common aspirations of men everywhere—whatever their heritage, their present circumstance,

or their future horizon. Governments may speak in many tongues but these aspirations are the common language of the souls of mankind. This we must not forget.

The perils of our times are many. The trials of our times are great. But the promise of this century of freedom is the greatest promise ever known to man on this earth. It must be our continuing total determination to commit ourselves to fulfillment of that promise everywhere—and especially in this hemisphere.

A new day has risen over this island in this past decade. By the light of what we see here, we can believe that the morning sun will shine brightly over all the lands of the Americas. We can believe that the tide of democracy and self-determination is running in—not out—in this hemisphere and that this will be the beginning of a century of fulfillment for all who call themselves Americans, North or South.

"THE CHESSBOARD"

Mr. WILLIAMS of New Jersey. Mr. President, we often spend much time in this Nation discussing ways in which we can interest our citizens in major issues before local, State, and National Governments. The Democratic Club of Maywood, N.J., has come forward with a very ingenious and apparently a very successful way to accomplish this. As the enclosed article from the Record—Hackensack, N.J.—of June 28, 1962, describes it, speakers are given time at a public gathering to debate major issues; then the members of the audience are asked to give their reactions on a ballot. The originator of the program, Mr. Thomas L. Costello, has given a further description in a letter to me:

Eight of the twelve speakers will remain a permanent core of this program, which we expect to move from place to place: hence the name, The Chessboard. Included in this number are a congressional candidate, two freeholder candidates, two mayoral candidates, and other promising young men. We hope a program of this type will be well-received.

To judge from the first meeting, the idea seems to appeal to the audience. Of the 38 persons at the meeting, 30 sent back signed ballots.

Mr. President, it seems to me that the example set by the Maywood Democrats might be followed elsewhere. I ask unanimous consent to have the article printed in the RECORD.

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

FROM MEDICARE TO POSTAL RATES, DEMOCRATS RUN FORUM ON BILLS

MAYWOOD.—If you haven't made up your mind about the King-Anderson bill, you might be interested in the result of an opinion survey conducted last night in this community.

Following a debate on the controversial measure, a small audience assembled in Borough Hall was asked to vote for or against its passage.

Fifteen feel it should be adopted. Thirteen feel otherwise. One abstained.

The signed ballots will be sent to U.S. Senator HARRISON A. WILLIAMS, Democrat, of New Jersey.

It was all part of a program conceived by Thomas L. Costello and sponsored by the Democratic Club. Costello unsuccessfully sought the nomination for Congress in the Seventh District.

In addition to medicare, the pros and cons of State and national issues were discussed. These included the McClellan bill to prohibit areawide transportation strikes; Senate bill 159 on fair trade; Presidential tariff agreements; a bill to increase postal rates; and a State sales or income tax.

Each speaker was limited to 5 minutes. Some said this wasn't sufficient to air the issues fully.

J. Emmet Cassidy, candidate for Congress in the Seventh District, argued in favor of medicare.

THREE SOURCES

He said senior citizens have only three sources to pay for sickness: private income, private insurance, and children.

Those 65 and over covered by social security would be eligible and would have the freedom to choose doctors and hospitals.

"And don't let the American Medical Association tell you anything else," he said.

Dr. Marshall F. Driggs, an internist at Englewood Hospital, claimed the bill would not help those most in need.

"The working man will have to pay for his benefits," he said. "The private enterprise system, such as Blue Cross, can do the job, and there's nothing growing faster."

FAVORS KERR-MILLS

Driggs said he favors the Kerr-Mills and suggested it be given a worthwhile trial.

Passage of the King-Anderson bill, he added, would injure what he termed a personal relationship between the doctor and his patient.

With respect to the State sales tax issue, Costello recommended the establishment of a State lottery.

"By setting up off-track betting centers, millions would pour into the Treasury and would drive bookmakers out of business," he said.

FAIR SOLUTION

Marc Joseph, of Englewood Cliffs, defeated Democratic Assembly candidate, said the imposition of a sales or income tax is the only fair solution to the problem.

He said New Jersey is one of two States without such a tax. Its imposition would be equitable, based on the ability to pay, he asserted.

Teaneck Councilman John K. Walsh claimed the way to erase the Post Office Department deficit is to increase postal rates.

He said it would mean an additional $520 million in revenue and would help the Department be self-sustaining.

A hike in postal rates will not correct the situation, according to Michael Ramundo of Oakland, Democratic Freeholder candidate.

He said its passage would hurt specific industries, especially publications.

Third-class mail, he continued, is an important sales media for small business and an increase would force a number of publications into a loss.

TARIFF BILL

On the bill which would grant the President greater power to reduce tariffs, Dr. Bennett Mazur of Fort Lee, Democratic Freeholder candidate, urged passage.

He said it would enable the United States to compete with the European Common Market and thus benefit Americans.

Charles J. Sakany, Jr., Democratic mayoral aspirant in Closter, said passage could mean mass unemployment. He argued that some industries would not be able to compete with producers elsewhere, especially in Western Europe where there is a pay differential.

Favoring the McClellan bill on area-wide transportation strikes, Frank Connors said the legislation is necessary to avoid financial losses. He serves on the Borough's Transportation Committee.

Paul R. Huot, Democratic mayor of Ramsey, said such legislation would weaken the power of collective bargaining.

Taking the pro position on the fair trade bill, Joseph Murphy, past Democratic mayor and council candidate here, said the measure would protect the consumer and assure him of an item of quality.

Arthur Uscher, seeking a council seat on the Democratic ticket, said the bill would restrict certain basic freedoms.

"This bill would, in effect, put a tremendous amount of power in the hands of big companies," he said.

Herbert Goodwin, club vice president and council candidate, was moderator.

MIGRANT PUPILS MISS SCHOOLING

Mr. WILLIAMS of New Jersey. Mr. President, of the many migratory farmworker problems, none are more harshly inconsistent with American ideals than the grossly inadequate educational opportunities available to these citizens. Their educational needs are so severe that former Secretary of Health, Education, and Welfare, Abraham Ribicoff, has, without exaggeration described them as "the most educationally deprived group in the Nation."

The educational deprivation of migratory farm families results from a complex of factors, such as the migratory way of life, residence requirements, and various cultural barriers. Nevertheless, efforts on Federal, State, and local levels would indicate that the problem is not insoluable. One of the most remarkable and encouraging manifestations of such efforts is the migrant education workshop currently meeting at Adams State College in Colorado. The purpose of this workshop, which is attended by educators throughout the country, is the creation of a model plan for States to follow in enrolling migrant children in school wherever they are.

Because of my work with the Subcommittee on Migratory Labor, I have a real interest in this type of activity, and I am pleased that the workshop and the problems it must resolve in developing its education plan are given an excellent review in a New York Times article by Donald Janson, entitled "Migrant Pupils Miss Schooling," which appeared on July 22.

The article is, I believe, of particular interest and merit because of its informative exposition of a problem which is the subject of legislation currently pending in the Congress. This legislative measure is S. 1124, which was one of five migratory farmworker bills passed by the Senate during the last session of the Congress. Now before the House Rules Committee, S. 1124 would provide Federal funds to assist States in developing improved programs of education for migratory farm children and adults.

Mr. President, I ask unanimous consent that the Times article appear in the RECORD at this point.

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

MIGRANT PUPILS MISS SCHOOLING
(By Donald Janson)

ALAMOSA, COLO.—Twelve-year-old Anthony Ortega's black eyes flashed.

"It's hard," he said, recalling his long hours in the potato fields last fall.

"But," he added, breaking into a dimpled grin, "my father gets a check."

In October Anthony and his father, Praxcedes, and older brothers will leave their "home base," the nearby village of San Luis, and join the migrant stream again to pick potatoes in other sections of southern Colorado's San Luis Valley.

Anthony is one of more than 100,000 American children who accompany their parents from community to community and State to State each year in search of agricultural employment.

TOTAL EARNINGS BELOW $1,000

Even with their children laboring all day in the fields when the crops are ready to be harvested, annual family earnings of migrants are less than $1,000.

Mr. Ortega breaks no law in pressing his youngest son into stoop labor. The child labor law applies to farmwork only during regular school hours. Many schools in this 7,500-foot-high valley close for "crop vacation" in the fall.

While the Ortegas may go only a hundred miles to find work, many of the Nation's 400,000 domestic migrants travel thousands, moving from one crop to another for months at a time before returning to their home base.

Many of their children stay "home." For those who go along, it means very little schooling. This summer Anthony is attending makeup classes, but he is one of fewer than 3,000 migrant children in the country who have an opportunity to go to a State-supported summer school.

By the time migrant children drop out of school for good, their average achievement is below the fourth-grade level, the minimum standard for literacy in the United States.

Educationally, they are the most deprived group in the Nation. Frequent moves force them to fall further and further behind in their studies. When they do seek to enter school during pauses in their travels, they sometimes are rejected.

There are other reasons why their schooling gets short shrift. Parents need their earnings. Language can be a formidable barrier for children who learned only Spanish at home. Some localities fail to enforce school attendance and child labor laws. Transportation may be lacking to and from their temporary, isolated shacks on farms outside of town.

FUNDS AND LAWS CITED

Many communities plead insufficient funds to provide school facilities for migrants. Since the children are not residents in the States in which they travel, compulsory attendance laws usually do not apply to them.

As a result, these children remain in the migrant stream as adults, earning less than federally established minimum wages on the days they do work because minimum wage laws do not apply to farm labor. For lack of educational opportunity they seldom acquire job skills and fail to rise above the disheartening life of the migrant. Frequently they wind up on welfare rolls or become involved in crime and delinquency.

Educators from throughout the country have been meeting at Adams State College here on the Rio Grande since Monday to see what can be done to change the plight of this ragged army of boys and girls. By the time the migrant education workshop ends July 27, the experts hope to have drawn up a model plan that could be followed by States to get the children into school wherever they are, if only for a week at a time.

Alfred M. Potts of the Colorado Department of Education, director of the workshop, outlined some of the key planks in the program.

Essential, he and the 70 other participants believe, is State or Federal financing of education for migrants.

A Senate-passed bill now in the House Rules Committee would provide Federal funds to school districts, through the States, to pay much of the costs of educating migratory children during both regular school terms and special summer sessions.

House opposition to the bill, 1 of 10 pending measures introduced by Senator HARRISON A. WILLIAMS, Jr., Democrat, of New Jersey, to aid migrants, follows the reasoning expressed in the Senate by BARRY GOLDWATER, of Arizona, and JOHN G. TOWER, of Texas, both Republicans.

"We are opposed to the passage of this legislation," they said in a minority report of the Committee on Labor and Public Welfare, "because it represents still another step in a series of attempts to interject the Federal Government into the educational systems of the States and local communities."

The bill guarantees that State and local agencies shall have sole responsibility for developing and carrying out their migrant education programs.

School districts, usually dependent upon local property taxes for financing, can seldom afford the added burden of educating here-today-gone-tomorrow children. During peak local harvest seasons, the number of school-age children in a community may increase as much as 200 percent.

Seven States, including New York and New Jersey, operate summer schools for migrants. But George E. Haney of the U.S. Office of Education, said that even some of them find local school districts refused to apply for aid on the ground that such a summer session would make a special-privilege group of the migrants.

He said nine States, including New York and New Jersey, have laws providing State aid for educating migrant children during the regular school year.

Most comprehensive, he said, is the law passed last year by Colorado. Under it, the State pays for the rental of extra space, hiring of extra teachers, and transporting the migrants in regular sessions. It pays all costs of special summer terms.

And very important, in the eyes of the workshop experts, it states that for purposes of education the residence of the migrant child shall be the school district "where he is receiving shelter and the necessities of life" from the day he arrives there, regardless of the State where he has permanent residence.

The law requires the local school boards to enforce attendance of migrant children during regular terms and encourages them to operate special summer sessions where there are summer concentrations of migrant families.

As in the few other States that have taken similar action, success is dependent upon reaction of the local boards and school authorities. Some wait for the migrant parents to bring their children in. Others go out and get them.

Lynn Dulmon, principal of the Liberty Elementary School of Rocky Ford, Colo., is one of the latter. His section of the Arkansas River Valley in southeastern Colorado produces world-famous melons, as well as vegetables and sugarbeet. Hundreds of Texans of Mexican ancestry arrive annually to harvest them, bringing their families along.

"We go out and beat the bush to find them," Mr. Dulmon said, "because they don't find us. By seeking them out and welcoming them we get 90 percent of the children. If we didn't, we'd get zero."

Mr. Dulmon said he had found that the migrant children had as much capacity to learn as anyone else if given the opportunity. This summer he logged 4,000 miles in home calls to make sure they were aware of the opportunity. He knows every shack in his 30-mile-long stretch of the valley.

An aid to finding newcomers quickly, he said, is the practice of Colorado principals of mailing notices to the next school district the migrant family plans to visit. These notices also give school authorities enough information about the migrant pupil so he can be assigned to the proper grade or classes.

The workshop may recommend interstate cooperation of this type. To a limited extent it exists now.

Besides the Colorado residence and attendance regulations, the workshop also favors special preparation of teachers for handling students of different cultural backgrounds. Many of the domestic migrants in this country are Negroes, Indians, Puerto Ricans, mountaineers and citizens of Mexican ancestry.

Another suggestion is that any new State laws for aid to migrant education include provision for placing an expert on migrants in the State department of education. He would work with local districts to see that they were well aware of the availability of funds and the need to get migrant children into school. Only Colorado and Oregon have full-time coordinators now.

PRESIDENTIAL LEADERSHIP AND A TAX CUT

Mr. JAVITS. Mr. President, I have a fairly long speech to deliver on what ought to be done about our domestic economy. I do not wish to take the time of the Senate to have a quorum call, so I respectfully suggest that the attachés on both sides of the aisle might wish to advise any Senators who they think would be interested that I have begun to speak.

The Joint Economic Committee has today started a series of hearings on the condition of the domestic economy and what ought to be done about it. I am very proud to say that, in association with a number of other Senators, led by the distinguished senior Senator from Connecticut [Mr. BUSH], on this side of the aisle, these hearings were requested. I think they will be very important to the country. It is because I think the hearings will be most helpful if we have a thesis against which to match the testimony which is adduced in the hearings that I should like to set forth my own views of the economic situation which we face, and what ought to be done about it. There will be ample opportunity in the days ahead to develop and implement the thesis which I am about to lay before the Senate.

The title of my remarks today is "Presidential Leadership and a Tax Cut." I should like to emphasize that what I shall have to say has equal pertinence to Presidential leadership itself and the separate issue of a tax cut as representing, in the amount of money, a way in which to deal with the dangers which are seen to confront us in economic terms.

Mr. President, while the indexes, including the most recent reports on employment, would not seem to warrant pessimism, nonetheless the whole country is deeply concerned about the state of the domestic economy, which is moving sidewise in such a way as to present a clear and present danger of another recession.

Mr. President, at this point I should like to make two observations. One is that this morning our committee received testimony from as fine a panel of experts on this subject as I have ever heard. They generally agreed that we are in danger of having a recession; but,

generally speaking, they expressed two conflicting points of view in regard to what to do about this situation, which, in my opinion, is most likely to be an issue in the fall campaign. They also confirmed the fact that, although the indexes generally indicate an upward movement, it is not as much of an upward movement as we should hope to have at this time. In fact, when one of our committee members pointed out that in July the indexes had generally lagged, the answer of the economists was that that was probably nothing but part of the normal rise and fall or the normal flow of the indexes. They stated that generally there was an upward projection; nevertheless, they agree that the upward rise indicated by the indexes is not as much of an upward rise as we should expect; and they also point out that overhanging the minds of the public is the fear of another recession, or perhaps worse than that. I think there is agreement that the danger of a recession will be the No. 1 political issue in the fall campaign.

One of two points expressed was that the way to deal with this danger—and I think there is general admission that it does exist; and the committee received testimony on this point by an able witness for the Meat Cutters Association—is to buttress aid in such fields as medical care for the aged, and education, and to enact aid to education bills and bills to open new opportunities for our youth, including the beginnings of a Civilian Conservation Corps or an organization relatively like it, and to provide new opportunities for housing, especially urban renewal. That was one point of view; and it also involved incurring the budgetary consequences which would follow.

The other point of view was expressed most eloquently by Mr. Ellis, the economist for the Du Pont organization. His view is that the best way to insure against a new recession is to provide more attractive opportunities for American business, in terms of the expectation of profits from engaging in new ventures, so that business will be able to recoup. When asked whether these views can be reconciled—whether they are mutually antagonistic or whether they are mutually accommodating one to the other—the answers were that they are mutually accommodating one to the other and that they do not mutually exclude each other. I believe that is a fair way to characterize them.

Mr. President, in this exposition of my own views, I shall endeavor to accommodate these two points of view. I believe that both have some validity, and I believe that both can fit into a true antirecession program, for although the indexes may show that we are making advances—although not beyond our normal rate of advance for a number of decades, and very definitely we need a greater rate than that—it clearly appears that an erosion of confidence alone could bring on a recession.

So, Mr. President, in my opinion, one of the first things required, in view of the fact that erosion of confidence, certainly of business confidence, is a very material factor in our economic situation, is that under these circumstances we have a right to expect purposefulness and clear direction at the top. But, instead, we are plagued and, on occasion, bewildered by the vacillation of a President who has as yet failed to come to grips with this paramount domestic problem.

The distasteful fact is that the attention of the American people is being focused on a tax cut alone by the agonizing indecisiveness of the President in this matter. Moreover, the extraordinary way the President is seemingly transferring his leadership on this tax cut issue to committee chairmen only dramatizes his indecision. Instead of telling the Nation what is needed, the President seems more interested in telling the Nation what committee chairmen, of his own party, will approve. The President cannot expect to gain the confidence of Congress and the Nation with such a display of inadequate leadership.

Mr. President, if I can serve no other purpose, as a member of the opposition, at least I can point out that I think the President should be impressed with the fact that the Nation cannot be expected to follow his leadership if he gives the impression that the committee chairmen of either body of Congress can veto what is essentially the President's program for the Nation.

The attention the White House has given to the consideration of a tax cut has given the impression that if the application of the tax cut magic gets the go-ahead from committee chairmen, the economy will spurt forward. This is a dream unsupported by reality. And in the very center of this "Midsummer Night's Dream" is a Congress bedeviled by internecine warfare among its Democratic Members. The failure of administration leaders to settle family differences is preventing Congress, as a body, from moving forward to help resolve the economic problems at hand. The best example of that is the fact that here we are at the end of the session, but still we do not have the tax bill before us, and the Senate has not yet passed on the trade expansion bill, which is still pending in our committee.

The hard fact is that the President and his administration have not begun to sense the nature of the total effort required.

Here let me point out that I want the President to succeed as President of the United States, because his success is bound up with the success of the country. But, as will be noted as I continue with my remarks, I have very practical suggestions to make about what can be done. My suggestions may not be to the liking of the President; and perhaps they may not even be good or sound, although I believe they are, or otherwise I would not make them. Nevertheless, I say with humility—and I am not trying to be any bigger than I am as a Senator from one of the largest States—that I hope one thing the administration will sense from this expression of my own views and from the expressions of the views of many of the rest of us is that if there is an erosion of confidence—and I think there is no question about that—the way to restore confidence is by purposefulness; and I point out that even if defeat is encountered, the important thing is to let the people of the country know what the purpose is, and why, rather than "run all over the lot" looking for clues as to what should be done. Certainly the President should not let his program be interpreted by the chairman of one congressional committee or another. Much as I respect and admire my colleagues who are the chairmen of our committees, I make this statement strictly in a policy sense.

As recently as a press conference on Wednesday last, the President could only say that he was waiting for July figures, which will be available August 10, to decide if we are economically on a plateau "or in more serious difficulty." I quote those words from the President's remarks. And the President's prescription for dealing with the domestic economy is to give him the power to make a tax reduction himself—an unprecedented request for a transfer of power from Congress to the President—and for the standby public works and the youth opportunities bills, including a skeletonized civilian conservation corps. It is my view that no such prescription will be adequate; and an inadequate prescription for the existing economic fears will only aggravate them.

The country has not started moving forward, as the President has, quite frankly admitted—and I think we must admire that frankness—notwithstanding his 1960 campaign promises. And it will take Presidential leadership, not only of the Government, but also of the private sector, including management, labor, investors, and farmers, each making a contribution, to get us moving forward and to give us a true antirecession program.

The truth of the matter is that the present administration, as I see it, is nothing but a warmed-over New Deal. The New Frontier, without the promised boldness, has not begun to function with new ideas, except as to the admirable proposal of the Peace Corps, with which I thoroughly agree. Other than that, there are no new ideas which were promised to the American people.

As I said a minute ago, I want the President to succeed as President and I believe that Republicans, being first Americans, want the same thing. Therefore, I feel it my duty, while stating there is a default in leadership, to state also what leadership must do to reestablish its authority and direct the Nation along the right path.

I hope and pray that the President of the United States will take encouragement from statements like this from our side of the aisle and from others on the other side of the aisle, and reestablish his authority and direction over the Nation and its purposes.

It is often said that the Republican Party is the party of business. If that means that it has the confidence of business, then it can turn this asset to enormous usefulness for our people. I propose that it should use the confidence of business for the purpose of giving leadership to the operation of business

in the public interest. Both at home and abroad our posture requires the operation of business in the public interest on the highest priority. It can be a decisive factor at home in avoiding a recession, about which there is so much concern now, and abroad in decisively winning the cold war, where the absence of the effective utilization of the resources and personnel of the U.S. private economy is one of our greatest deficiencies. This offers a tremendous opportunity which Republicans should embrace in observance of the principle enunciated by President Eisenhower that our party should win because it deserves to win.

I divide my views into three parts: First, what the Government ought to do; second, what labor ought to do, under the leadership of Government, in my opinion, with a fair chance of realizing that objective; and, third, what management ought to do, also under the leadership of Government.

Now, subject No. 1, what the Government ought to do:

As to a tax cut, an effective effort for economic advance does not involve just any kind of tax cut, but an incentive tax cut having the components to stimulate investment and consumption where needed most. Also, such a tax cut would have to be accompanied by administration action in abandoning negative, wasteful, and bureaucratic procedures on the part of executive and regulatory agencies, so that laws will be administered in the interest of economic growth and free competition. It calls for a thorough reevaluation of antitrust policies so that they may serve the national interest in growth and modernization, rather than to carry out abstract principles derived from a preceding and obsolescent era of U.S. economic development.

Furthermore, the disarray in the congressional majority, so vividly shown in debate on the satellite communications bill and in the vote to kill medicare for the aged, must give way to order. Expenditures have to be reappraised in the light of the desire for a tax cut.

I see in the Chamber the distinguished Senator from Wisconsin [Mr. PROXMIRE]. I pay tribute to him—even though he and I do not always agree on the need for cuts—for the indefatigable, and, in my opinion, almost unbelievable, study and work he has given to detailed appropriations, making him an extremely hopeful instrument for the Senate in view of the study and care which he has given to these matters.

The expected new foreign-aid program and the manpower retraining and distressed areas programs need to be imaginatively implemented and supplemented.

Other things the Government can do: Defense procurement policies, especially as to competitive bidding on negotiated contracts, which represent, it is my understanding, well over 80 percent of the total $25 billion in hard goods procurement engaged in by the Armed Forces, need to be especially reviewed and modernized.

Even greater efforts to modernize equipment of American industry need to be encouraged. For example, the President has just caused to be issued by the Treasury Department new depreciation schedules in two parts, one containing the specific depreciation figures for specific items of equipment; the other creating guidelines where items are not specifically set forth.

I refer to the Internal Revenue Code of 1954, as amended, and as in force on January 3, 1961, section 167, depreciation, as a very general rule with respect to depreciation allowances. Hence, American industry, which is now having the benefit of it—and I think this is all to the good; I think it is a great thing which the administration has done in modernization and revision of the depreciation schedules—nonetheless has no assurance that there is any new policy on the part of our Government beyond the schedule itself.

In addition, the schedules which now have been changed to give a benefit for buying new equipment may be changed back again tomorrow, or next month, or next year, to take away that benefit, because the rulemaking power determines completely what shall be the rates of depreciation.

As a matter of fact, one criterion in the law is contained in the two words "reasonable allowance." The law states that:

There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence) of property used in the trade and business,

And so forth. I think it would be useful to have incorporated as a part of my remarks at this point in the RECORD the whole section 167; and I ask unanimous consent to have it incorporated at this point in the RECORD.

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

SECTION 167. DEPRECIATION

(a) General rule

There shall be allowed as a depreciation deduction a reasonable allowance for the exhaustion, wear and tear (including a reasonable allowance for obsolescence—(1) of property used in the trade or business, or (2) of property held for the production of income.

(b) Use of certain methods and rates

For taxable years ending after December 31, 1953, the term "reasonable allowance" as used in subsection (a) shall include (but shall not be limited to) an allowance computed in accordance with regulations prescribed by the Secretary or his delegate, under any of the following methods: (1) the straight line method; (2) the declining balance method, using a rate not exceeding twice the rate which would have been used had the annual allowance been computed under the method described in paragraph (1); (3) the sum of the years-digits method; and (4) any other consistent method productive of an annual allowance which, when added to all allowances for the period commencing with the taxpayer's use of the property and including the taxable year, does not, during the first two-thirds of the useful life of the property, exceed the total of such allowances which would have been used had such allowances been computed under the method described in paragraph (2). Nothing in this subsection shall be construed to limit or reduce an allowance otherwise allowable under subsection (a).

(c) Limitations on use of certain methods and rates

Paragraphs (2), (3), and (4) of subsection (b) shall apply only in the case of property (other than intangible property) described in subsection (a) with a useful life of 3 years or more—(1) the construction, reconstruction, or erection of which is completed after December 31, 1953, and then only to that portion of the basis which is properly attributable to such construction, reconstruction, or erection after December 31, 1953; or (2) acquired after December 31, 1953, if the original use of such property commences with the taxpayer and commences after such date.

(d) Agreement as to useful life on which depreciation rate is based

Where, under regulations prescribed by the Secretary or his delegate, the taxpayer and the Secretary or his delegate have, after the date of enactment of this title, entered into an agreement in writing specifically dealing with the useful life and rate of depreciation of any property, the rate so agreed upon shall be binding on both the taxpayer and the Secretary in the absence of facts or circumstances not taken into consideration in the adoption of such agreement. The responsibility of establishing the existence of such facts and circumstances shall rest with the party initiating the modification. Any change in the agreed rate and useful life specified in the agreement shall not be effective for taxable years before the taxable year in which notice in writing by certified mail or registered mail is served by the party to the agreement initiating such change.

(e) Change in method

In the absence of an agreement under subsection (d) containing a provision to the contrary, a taxpayer may at any time elect in accordance with regulations prescribed by the Secretary or his delegate to change from the method of depreciation described in subsection (b)(2) to the method described in subsection (b)(1).

(f) Basis for depreciation

The basis on which exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the adjusted basis provided in section 1011 for the purpose of determining the gain on the sale or other disposition of such property.

(g) Life tenants and beneficiaries of trusts and estates

In the case of property held by one person for life with remainder to another person, the deduction shall be computed as if the life tenant were the absolute owner of the property and shall be allowed to the life tenant. In the case of property held in trust, the allowable deduction shall be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the instrument creating the trust, or, in the absence of such provisions, on the basis of the trust income allocable to each. In the case of an estate, the allowable deduction shall be apportioned between the estate and the heirs, legatees, and devisees on the basis of the income of the estate allocable to each.

(h) Depreciation of improvements in the case of mines, etc.

For additional rule applicable to depreciation of improvements in the cases of mines, oil and gas wells, other natural deposits, and timber, see section 611. (Aug. 16, 1954, 9:45 a.m., e.d.t., ch. 736, 68A Stat. 51; Sept. 2, 1958, Public Law 85-866, title I, sec. 89(b), 72 Stat. 1665.)

Amendments

1958—Subsection (d) amended by Public Law 85-866, which inserted "certified mail or" preceding "registered mail".

Effective date of 1958 amendment

Amendment of subsection (d) by Public Law 85-866 as applicable if mailing occurred after September 2, 1958, see section 89(d) of Public Law 85-866, set out as a note under section 7502 of this title.

Cross references

Adjusted gross income as gross income minus, among others, depreciation deduction, see section 62 of this title.

Allowance of deduction for depletion, see section 611 of this title.

Capital expenditures not deductible, see section 263 of this title.

Depreciation—Adjustments to basis for determining gain or loss, see section 1016 of this title; allocation among partners, see section 704 of this title; allowed before 1952, election in respect of, see section 1020 of this title; consolidated returns, see section 1715 of this title; development expenses, see section 616 of this title; estates or trusts, see section 642 of this title; exploration expenses, see section 615 of this title; payments to encourage exploration, development and mining for defense purposes, see section 621 of this title; property used in trade or business as property subject to depreciation allowance, see section 1231 of this title; undivided interest in property contributed to partnership, see section 704 of this title.

Taxable year deductions to be taken, see section 461 of this title.

Mr. JAVITS. It seems to me it would be very useful if there could be developed some new statutory approach and some new statutory direction from the Congress.

I digress for a moment in that regard. For example, one of the great matters to which is attributed the extraordinary recovery of Germany is this. I am not one of those who believe that the recovery was quite the miracle which it is represented to be. The fact is, first, that the Germans were recovering from literal prostration in terms of the destruction of their country, I think quite deservedly under the circumstances of World War II. Second, they are a hard working people, an extraordinarily hard working people, accustomed to labor standards very different from our own. Third, and perhaps determinative, they had no defense expenditures, since they were being defended by us and our allies. Hence, they did not have the enormous drain on their economy which is represented by the equivalent of a $50 billion defense bill on the part of the United States.

Nevertheless, there was a phenomenal recovery, and it was attributed very heavily to their depreciation policies, which were extremely liberal for the acquisition of new equipment, where as much as much as 50 percent of the cost could be charged off in the first year.

We are all acquainted with the Swedish method, by which the purchasers of equipment can take their own choice as to how quickly they can charge the equipment off to depreciation, the tax collector feeling that the sooner it is charged off, the sooner there will be charged a tax on earnings.

I feel a change in the statutory base of depreciation is necessary, notwithstanding the welcome revision of the depreciation schedules, which also could be a constructive contribution which could come from the Government.

Finally, Mr. President, I think we have to make even greater efforts than we have yet made to expand foreign trade. This is quite apart from the expected new trade expansion bill. It seems to me, for example, that we should undertake prompt action to revise, to implement, and to upgrade even further the export credit guarantee program of the Export-Import Bank, so that it can serve the needs of smaller businesses, which have the greatest potential for export expansion.

Mr. President, I digress again to refer to our splendid hearings of this morning. I hope my colleague from Wisconsin [Mr. PROXMIRE] found them to be as tremendously interesting as I did. He was present, as I was.

It seems to me, Mr. President, the hearings demonstrated three things: First, that the growth of the U.S. economy at the normal rate of 3 percent per annum is inadequate, not because it is organically inadequate, but because it is inadequate to the international responsibilities of the United States as the leader of the free world. The point is that, being responsible, as we now are, in a very heavy way for the economic stability of the whole free world, we have to provide far more expansion and growth than was necessary before, when we did not have to carry that major responsibility. That is evidenced by our military expenditures and by our aid expenditures. We have a responsibility for a stable currency, since the dollar has succeeded the pound as the standard currency of the world. We also have responsibility as to the maintenance of the whole economy, any weakening of which immediately has repercussions on all mankind, wherever mankind may be located in the free world. That is point one.

The second point is that these ideas, which I started to enunciate when I began these remarks, with respect to labor on the one hand and management on the other hand, as to what is needed to reassure our economy, are not irreconcilable.

It is a fact that we must build up consumption in our own country. There are many areas in which we are backward. Education is a very marked one. There are certainly some phases of the youth opportunities bill which should be passed. It is a fact, as has been pointed out by the splendid economists who appeared this morning, that we are lagging in youth opportunity in terms of employment in the whole economy.

It is a fact that, notwithstanding a fine record on construction, we are still far behind in terms of what we ought to have in respect to decent, safe, sanitary, pleasant accommodations as homes for the American people, and that enormous progress can be made along those lines.

It is a fact that, whatever may be said for the Kerr-Mills Act or any other measure, people who are older do not have medical care consonant with the opportunities for longer life which are now available, through the brilliant successes of medicine, and that this is attributable to economic reasons. This is something which really should hurt every one of us. It is intolerable in our society that we should allow people to die sooner than they should or to become ill merely because they do not have the means and we do not have the wit to develop an organization to deal with that problem. That is one aspect of the problem.

On the other hand, Mr. President, the idea that greater profits would encourage greater investment and greater enterprise on the part of business is also valid. But greater profits, Mr. President, do not necessarily come from higher prices. Indeed, the history of the American mass production system is precisely to the contrary. Prices have been reduced, and luxuries have been brought within the means of everyone. One of the most striking examples is the small motorboat, which has become very accessible to the most modest American family, and has made the yacht completely obsolescent. That is a good thing, Mr. President, in terms of progress and the satisfaction which our citizens derive from their country.

There are great possibilities in respect to broadening markets, both in numbers of people and in areas. A great possibility exists not only in the United States, where we have made such progress in regard to the standard of living, but also abroad, where there is a market of unfathomable consequence to the development of American and free world industry generally.

We know, considering the absence of needed technical assistance and the fact that we have not adequately put the private enterprise system into the whole development of oversea areas which need development, that there are many techniques of technical assistance from private industry which would make our technical assistance activities in government, in the United Nations, and in the Peace Corps look picayune, considering the potential of industry. Those have not begun to be implemented or exploited.

Our concepts of credit are primitive, almost, in their attitude toward what needs to be done for world development. We are still talking in terms of 10- or 20-year credits, when probably the world needs 50-year credits, provided they are substructured with proper assurances—let us say an investment code or other document—for investment, when finally made. This is the kind of enterprise which we have the right to expect from a dynamic American administration, whatever may be its party, with its eye on the ball—which is the development and peace in the world.

Finally, it has become almost a tragic axiom that American industry is not only undermachined, in terms of modern machinery, but also dangerously obsolescent, and is getting more so every day. We must work out—and again we must have the wit to do it—techniques which will automate American business and enable it to compete with any business in the world, at the same time not taking the toll out of the backs of the

workers, who should not bear it. There is no reason why they should, in our society.

Mr. President, those are the avenues and aspects in which the greatest potential exists for our country, which are the challenges to the kind of leadership I have described. Taken within that frame of reference, Mr. President, an incentive tax cut, in my opinion, is needed. I support one, to take effect sometime before January 1, 1963. Therefore, the bill should be passed in this session of Congress.

However, it would be a grave mistake to consider that a panacea or a guaranteed cure-all for our economic dangers. It is only one element in a required cohesive program.

An incentive tax cut is not just another way to achieve deficit financing; rather, we need a structural tax change to encourage investment risk and consumption in major items such as new equipment, hard goods, and construction. It should:

First. Give business the incentive to invest more in plant modernization and product innovation.

Second. Strengthen the weakest sectors of demand in our economy—that of the lowest income groups.

I do not know that too many Americans realize that even those who have a net income per year of $2,000 or less are also paying a basic 20-percent income tax rate.

Third. Restore the rewards for individual entrepreneurial and investment risk.

Fourth. Prepare the base upon which sound expectations of relatively permanent future tax policies can be built by business and the consuming public.

In carrying out these principles, an incentive tax cut should be tailored to cost about $5.5 billion in revenue—including the $1 billion estimated cost of the revised investment credit provision in the tax bill about to be reported to the Senate. If one adds to this the estimated $1.5 billion cost of the new equipment depreciation schedules, the total tax cut would come to about $7 billion.

I propose the following guidelines for such a tax program:

First. Eliminate all income taxes of those earning less than $2,000 a year. This would involve a Federal revenue loss of about $500 million.

Second. Reduce the burden of other taxpayers, with emphasis on those earning between $2,000 and $5,000 annually, to the extent of about $2.7 billion in revenue.

Third. Reduce the maximum tax on the top personal income brackets from the present 91 percent to 65 percent. This would account for a loss of $300 million in revenue.

Fourth. Lower the corporate income tax from the present 52 percent to 50 percent, thus incurring a revenue loss of about $1 billion. By putting a statutory base under the recently issued depreciation schedules and adding the investment tax credit, in effect an incentive tax cut of $3.5 billion for business would be established.

Mr. President, I make two observations on the tax-cutting program I have just laid out. First, it demonstrates what we mean by "using our heads."

For example, it would be possible to eliminate the income taxes of those who are earning less than $2,000 a year by accepting a revenue loss of only $500 million. At the same time it would be possible to answer another group of serious complaints by eliminating the 91 percent and 65 percent brackets and suffering a revenue loss of $300 million.

With a tax take of approximately $76 billion to $78 billion a year, those would be pretty minor losses compared with the great burst of satisfaction to those in the lowest and highest income levels in the community.

As to corporate income taxes, I know that there has been a great deal of talk about reducing corporate income taxes from 52 percent to 47 percent. In my view it is unnecessary. What we are seeking to do is to give business encouragement. We can give it the necessary encouragement without accepting the additional revenue loss of $1.5 billion. We would give it the two-point tax break, which would take $1 billion. We would have a right to add to that the already-taken reduction in taxes attributable to the new depreciation schedules, as well as the contemplated income tax credit which would give business an aggregate tax break of $3.5 billion. That is appreciable and, in my opinion, all we would need to do.

That would be my program for government, providing not only a tax cut, but an incentive tax cut, and the other actions which I have described.

Labor has a very important role to play in this connection. With respect to labor, it seems to me the desirable point is to secure cooperation to effectuate automation and remachining of the U.S. industrial plant without taking it out of the backs of American labor. Such action would involve—

First. The development of methods for adjustment assistance and retraining so that workers do not suffer from job shifts due to two factors; namely, the factor of being relieved of work temporarily because of automation, and the need for retraining. I would be generous in that regard. I think we can well afford to be generous, as any businessman will state. When we have a one-shot expense—that is, one which occurs but once—when related to a continuous economy which goes on and on, no matter what is paid, it is within the reasonable bounds of business judgment. It always works out to be cheaper than haggling about the one-shot initial cost. That is one of the lessons of business management which I think we should learn with respect to the need for automation.

Second. I think labor should support proposed legislation to deal more effectively with strikes which bring about nationwide economic paralysis, or endanger public health, safety, or the national interest. This legislation is necessary, since the tenets of the Taft-Hartley law, devised for that purpose, are demonstrably inadequate.

There are many ways in which that can be done. They range all the way from my suggestion for seizure and operation to the extent required by the national health and safety, to the suggestion of the Senator from Oklahoma [Mr. MONRONEY], with relation to the strike which affects one of our great airlines now, and which would apply to labor generally what in my opinion would amount to the mandatory arbitration provisions of the Railway Labor Act. But whatever may be the ground the Congress chooses, I think it is greatly in the interest of labor and in the interest of stimulating the economy to arrive at some basis for legislation which would assure the American business world that an irreconcilable labor conflict does not mean that everything stops.

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

Mr. JAVITS. I yield.

Mr. LAUSCHE. I wish to comment on the last thoughts expressed by the Senator from New York. I agree with what he has said. My hope is that hearings will be started on the bill which would require mandatory arbitration of labor-management disputes in commercial enterprises engaged in carrying the public. My fear is that while we are talking about action now, when the strike is ended, we may forget the need to enact legislation on this vital subject.

Mr. JAVITS. Mr. President, the Senator from Ohio and I might not agree on the specific legislation needed. He knows how much I respect his views and my affection for him personally. But certainly we do agree—and I am delighted to hear my colleague make the statement he did—upon the need for a better approach than we have.

When I was a Member of the House of Representatives several years ago, I was one of the few Members of my party who voted against the Taft-Hartley bill. It was a subject of great interest to me that one of the reasons which I gave for my vote was quite surprising to most people. That reason was that the provisions to deal with national paralysis strikes in the Taft-Hartley bill were entirely inadequate. Labor thought the provisions were too strong in some respects. Probably they were. I did, too. But in some respects the bill was much too weak, and the provision to which we have referred was one of them. It seems to me that we waited an inordinate amount of time in order to tighten up on that issue, both in the interest of labor and in the interest of the Nation.

Mr. LAUSCHE. My view has been that with relation to public utilities, rates are regulated and a different rule is justified from that which normally applies to industry in general with respect to labor-management disputes. Under existing law we are without any means to cope with the paralysis that has resulted from the strike on the two airlines which have been licensed by the Government to operate. Rates are controlled, and sometimes the lines are subsidized. I feel that some measure is

necessary to stop the recurrence of that type of problem. I thank the Senator.

Mr. JAVITS. I thank the distinguished Senator from Ohio for his very pertinent observation.

The third helpful thing that I think labor could do in the situation would be to bring about an end to any vestiges of bias and discrimination in apprenticeship programs, hiring opportunities, or union membership.

It seems to be that that offers a great opportunity for labor, which is liberal in its views as to the relations between people of different races, creeds, and color. I hope very much that it will be availed of. I think labor could be greatly helpful in giving even a stronger basis for the economic prosperity of our country.

If the President will activate the mechanism to carry out the public interest in wage and salary negotiations—as he said he would; I think that is a very constructive point—and couple this with the advisory guidelines laid down by the Council of Economic Advisers and the program which I have promulgated here, then I am confident we will have an adequate program to stabilize wages and salaries and help our sluggish economy on the road to progress.

What about management? I think the President would find that Presidential leadership in that area would pay him much more handsome dividends than he has had in that area so far. In respect of management I advocate the following:

First. Acceptance of the responsibility for lessening the impact of technological change through open reporting to employees, adequate leadtime, adequate adjustment assistance, within the means of particular companies, and worker retraining; liberal—I emphasize the word "liberal"—severance pay and the use of early retirement mechanisms; also working with employee representatives to meet individual problems; assigning to workers displaced by automation of priorities for new job placement, coordinating closely with public employment services; and timing changes to cushion potential layoffs with the expansion of operations and normal job attrition.

Second. Management can give full and effective participation in the programs of foreign aid and trade through the investment of capital, manpower, and technical skills. I interject at that point to say that in the course of my congressional career I have been responsible for a great majority of the private enterprise amendments to foreign aid bills.

I have not yet seen business knocking down the door of the Government to break in. I call attention to it as I call attention to the fact that Government should enlist business in its own interest and in the interest of world peace, since that is our objective. The first time I have seen business moving in this regard is in the activities attributable to the Alliance for Progress, which we encouraged here by an amendment which will give the agency called Comap, in the Department of Commerce, some resources and some personnel. That is a fine thing. However we have not even begun to exploit these possibilities. Much as I wish to encourage Government to open the door, I believe that at the same time we ought to insist on business knocking on the door very loudly and clearly.

Third. Establishment of a permanent mechanism through which private sector economic decisions and governmental policies can be coordinated.

I have myself called for the establishment of a Peace Production Board. The President has sponsored his Labor-Management Advisory Council. Whatever it may be technically, certainly it is agreed that coordination is essential. Business must get over its fear of working with Government, and Government must help business get over its fear of Government.

Fourth. A major effort to eliminate job and training discrimination based on race, creed, color, age, or sex.

The challenge before the private sector and the Government in terms of our international and domestic economic positions is great. It can only be resolved through an adjustment of attitude and practices on the part of both.

I conclude with this observation:

The crabwise movement of American economy perhaps may best be shown by a comparison with that of the European Economic Community. The United States still accounts for more than one-half of the free world's annual production and still commands a gross national product nearly three times greater than the European Economic Community's. But economic power does not reside in sheer weight alone. It resides in the kind of forward thrust which can be clearly demonstrated by some basic statistics in constant 1954 dollars about the EEC but cannot be similarly demonstrated about us. Between 1954 and 1961 the members of the EEC increased their annual gross national product 91 percent faster than the United States. During the 1954–60 period EEC exports and imports of goods and services increased 80 percent faster than U.S. trade—so that by 1960 EEC trade in goods and services stood at $84 billion annually as compared to $49 billion for the United States.

The key to our appreciation of what is happening, however, resides in this: since 1954 U.S. expenditures for new producers' durable equipment underwent some severe fluctuations, but were at a level of $22.7 billion in 1960, as compared to $20.8 billion in 1954.

That was hardly any advance at all in that period of tremendous international growth. Let us contrast that with what took place in the European Economic Community. Such expenditures increased over this period, rising by 66 percent to $18 billion annually in 1960.

So that, notwithstanding the relatively smaller size of their economies—something like one-half of ours—they nonetheless have improved their situation so that they are very close to us in their expenditures in reequipping, automation, and new equipment. Preliminary estimates for 1961 show no diminution of the widening gap in progress in trade and production between the United States and the European Economic Community.

Our antitrust laws, our tax structure, and our industrial plant have been aging for half a century. Seventeen years ago they still sufficed to catapult this Nation through the vacuum of world destruction after the Second World War, to unprecedented heights of prosperity. But, for too long, these heights isolated us from the surging reality of progress gathering strength in the very nations we taught and aided. Now the exigencies of our time demand a reappraisal of our laws and a rapid renewal of our plant, for, to a shocking degree, the United States has lost the mastery of using the genius of the free enterprise system to achieve national goals.

In all of these areas we have much to learn from our erstwhile pupils in the European Common Market. We should look into why in the EEC business expenditures for new producers' durable goods have steadily risen to 10 percent of the gross national product while in the United States they have dropped to less than half that rate.

Directly related to success in economic expansion is a required, active effort by the U.S. private sector at the request of and with the cooperation of the Federal Government, to throw its tremendous potential of capital and skills into the economic development of the free world. Demand for manufactured goods as well as for food products which the U.S. economy produces so abundantly is a direct factor in the living standards of the purchasers. The per capita income of the more than 1 billion chronically poor inhabitants of the world, now taking some $6 billion of U.S. exports, varies between 5 and 10 percent of the per capita income of the peoples of Western Europe. The latter now also take about $6 billion of our exports. Thus, the potential inherent in rising living standards among the less developed countries is clear. It is essential that the American businessman and worker pull together in the creation of an economy which will produce goods of a quality and at a price able to sustain demand at home and abroad. Only this kind of production can support the free world leadership position of the United States.

Let us give our private sector the opportunity to work and the freedom to breathe. I do not think that it will be long before our endemic unemployment problem will be a thing of the past and our competitive abilities reach into the markets of the world, restoring the economic momentum which had swept the United States into its position of peace leader of the free world.

I look toward the inspired leadership of the President in that direction.

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

Mr. JAVITS. I yield.

Mr. PROXMIRE. In the first place, I believe that the Senator has made an unusual, praiseworthy, and brilliant analysis of our economy. We have too few speeches of this caliber, of this breadth, and of this sweep. It is a tremendously useful contribution to the Senate that a man of the outstanding attainment and intelligence and understanding of the Senator from New York

should participate in a discussion of this subject.

I have been a Member of the Senate for 5 years, and on few occasions have Senators undertaken to make an overall appraisal of our economy; not in bits and pieces, but an overall appraisal, and not only with criticism, but also a statement of serious and constructive suggestions. Therefore, this is indeed a very fine speech which the Senator from New York has delivered. I should like to raise certain questions, but I hope the Senator understands that I am perfectly sincere in what I say about the quality of his speech.

Mr. JAVITS. If the Senator will let me interrupt at this point, I should like to say that it would not be Senator PROXMIRE, of Wisconsin, if he did not have some points of his own to make.

Mr. PROXMIRE. In the first place, the Senator from New York spoke about the erosion of confidence in President Kennedy, which, he feels, is a very serious economic problem throughout our country. I have been critical of the President on occasion with respect to some of his policies, but I honestly cannot accept the statement at all of the Senator from New York. I feel that President Kennedy is not only popular, but that our people have confidence in his ability and understanding and intelligence, and willingness to take advice. I should like to have the Senator from New York indicate some instances which demonstrate this lack of confidence. I would certainly challenge him if he said that the stock market is such an indication. If that is not it, where is there any indication of what the Senator has said with respect to the President?

Mr. JAVITS. When the Senator says the people have lost confidence in the President, I think that statement would defy the experts. In the sense that the surveys all show that although there has been some percentage diminution in the amount of support he can count on from the people, the amount is still very substantial—I think it is well over two-thirds. It is not 79 percent; it could be 69 percent; but the percentage is still very large.

I was talking about the erosion of confidence on the part of those who make the economy tick in terms of management, and in terms of investment. I think the best evidence of that, if the Senator from Wisconsin will bear with me, is the generally endemic feeling that is reflected, and as recently as this morning. There was a pattern of economic thinking, right across the board. Interestingly, they sat almost from left to right as they faced us, first those representing labor, then the academic people—two of them—and then the management man. Everyone of them agreed that there was a real sense of uneasiness in the country, whatever the indices showed; a feeling that we were facing every session.

Second, I think the President himself has indicated his feeling on that score by the way in which he has been casting about for a decision on the question of a tax cut, and the fact that he himself said, "Well, we are worried, too. We will see what the indices show for July"—as currently as that. I think that is calculated to reflect what he himself detects; namely, a spirit of uneasiness throughout the country.

Finally, I think it is true that the indices did not reflect what was expected by the President's own advisers. For example, the gross national product figure is disappointing, and they admit it. Again, that is a very important confirmation of the feelings of those who have had uneasiness.

Then, too, there is a considerable amount of unused capacity in the country, which shows that there is a lag in demand compared with the anticipation of business, considering the increase in our population and the expectation of demand to be built up in order to meet the anticipated demand.

Finally, and very importantly, there is uneasiness abroad. We are a world country. We are no longer an insulated nation. We have had a run on gold. We have very materially lost reserves. I am not afraid of that. I do not believe the Senator from Wisconsin is afraid of it. Neither of us feels that the loss of gold is too important. I cite that factor only as a thermometer for the evaluation of the world as to our economic condition. I think there is a note of uneasiness throughout the world as to our economic condition, which is reflected by the gold situation and by the fact that our domestic condition has not attracted a return of funds here, whether it is due to interest rates or some other cause.

Let us remember that we paid lower interest rates for a long time and that we had no difficulty retaining short-term funds in this country because of the superior security which people all over the world, who had money to move around, saw in the United States.

Now it is said that we are competitive in the world and what is happening indicates it more and more. Our security factor has absolutely diminished in its importance in terms of those who have the opportunity to shift funds from one place to another in the world. That no longer compensates for lower interest rates.

Perhaps the Senator from Wisconsin, who himself is an economist and an eloquent spokesman for lower interest rates, realizes that in a developing world the cost of money must go down. I could not agree more with the Senator than in that view. I should have said that myself when I spoke of new concepts of credit. I think the Senator from Wisconsin himself will see the significance of the security factor in securing lower interest rates.

It is rather to be deprecated that, as we stand today, we must compete in interest rates. So the security factor is no longer what it used to be.

Right off the top of my head, since the Senator from Wisconsin has asked me a challenging question, those are at least some of the specifics which back up my own assertion.

Mr. PROXMIRE. I think the answer of the Senator from New York suggests that the alleged lack of confidence is because we have had a diminution in the expansion of the economy; it is because the gross national product is not increasing at quite the rapid rate which the Council of Economic Advisers expected and on which they predicated their hope, but the falloff in the economy is not because of any lack of confidence in the President, at least the Senator has not adduced any evidence—and I admit it is hard to do so—but I challenge him because when any Senator of the caliber of the Senator from New York attacks the leadership of the President of the United States, I feel there ought to be some real evidence. I just do not believe there is any evidence, as was indicated this morning by Mr. Ellis, who is an able economist for Du Pont. He is certainly an able spokesman for business. He said we must expect fluctuations. Fluctuations in the economy are inevitable. If we are to have freedom, we must expect the economy to go down as well as up.

The Senator from New York used the term "agonizing indecisiveness" in respect to the President's not deciding whether he will ask Congress for a tax cut. The Senator from Wisconsin thinks the action of the President in this respect is the essence of prudence. If the Senator from New York were the President of the United States, before he decided to have a tax cut he would want to consult every bit, every scrap of information he could get. There is nothing more cloudy than the economic crystal ball. The economic forecasters were badly wrong last year when they predicted we would have the kind of expansion they expected. They have been wrong frequently in the past. Under those circumstances, why does it not make sense for the President of the United States to take as much time as he possibly can take to consult all the indicators; to wait as long as he can before he makes the fateful decision to ask for a tax cut, especially in view of the fact that the Gallup poll has indicated that the people of America are very undecided on a tax cut, particularly when some leading Senators and leading Members of the House of Representatives have indicated that they are opposed to a tax cut. Men of great wisdom, like Senator PAUL DOUGLAS; like Senator HARRY BYRD, chairman of the Committee on Finance; like Senator ROBERT KERR, the second-ranking Democratic member of the Committee on Finance; like Representative WILBUR MILLS, chairman of the House Committee on Ways and Means, are against a tax cut, or are very undecided about whether there should be one. Under those circumstances, for the President to stick his neck out and say, "I am for a tax cut, and I am going to fight all out to get it; I am not going to wait to try to persuade the people to support it; but based on my own judgment," would be bad economic and political judgment; it would be imprudent and might result in his inability to have a tax cut passed. I think that would have very dangerous consequences upon the economy.

Mr. JAVITS. I think the two factors which have made me feel the indecisiveness of the President are, first, that he was widely advertised as waiting for the indicators of last month. If this is as portentous a decision as it is, I think one would hardly expect the President,

especially in view of what the Senator from Wisconsin says, to be sitting in his front parlor, waiting for the very last set of indicators, and then being unable to make the momentous decision that we should or should not have a tax cut.

Second, I believe the American people are rather proud of a type of leadership which will say to the country, "This is what we ought to have. Even if two committee chairmen are against it, and much as I love them—they are both good friends of mine—I will go out to the country and fight for a tax cut."

I might state one other factor which I believe has caused an erosion of confidence, whether justified or not. There is not the feeling in the country that the President went all out, with everything he had, to have passed the medicare bill, for example, I think it is rather singular to contemplate that there were 21 votes on the President's own side which were not available for the medicare bill. Let us remember that that bill had nothing in it with respect to civil rights. It did not have any built-in or ingrained reason why southern Senators should have voted against it.

I am well aware that most Republican Senators voted against the bill. I make no briefs about that. My thinking is different. But any votes the President got on the Republican side were just so many to be added to those which we expected the President to control.

The tax bill has been widely advertised. It has been pending for months and months. It has now been turned into a tax bill which will not provide an increase in revenue, but which will result in revenue diminution. As a matter of fact, its major provisions, in terms of the President's alleged leadership, have gone down the drain.

It seems to me that when the President is operating with such large majorities, his capability of delivering on the programs he has laid before the country is another aspect about which there can be uneasiness in regard to his real command of the helm.

So I return to the proposed tax cut. The President's first point of view in that connection was to wait until the indexes for July were available. But this decision is too important to be subjected to any such standard of values. Next, the President took the position that he would check with the committee chairmen, to ascertain what they think about a tax cut—instead of telling the country what the President thinks is needed, and then fighting for it; and if the chairmen of the committees do not favor it then and there, they might be persuaded and won over. But the important thing is to see to it that the people of the country understand the President's view.

So I think those factors have definitely contributed to this situation.

Mr. PROXMIRE. Mr. President, will the Senator from New York yield?

The PRESIDING OFFICER (Mr. HICKEY in the chair). Does the Senator from New York yield to the Senator from Wisconsin?

Mr. JAVITS. I yield.

Mr. PROXMIRE. It is a fact that the problem of Presidential pressure and how much to use is extremely difficult of solution. Many persons, in fact, I think perhaps the Senator from New York would agree, that most of the business community seemed critical of the President for using too much power in connection with the steel dispute. However, I think the President was 100-percent correct in that instance, and I believe the steel people were wrong. The President acted with decision, and he got results. I believe that is one of the reasons why the business community feels as it does about the President and why the business community has hardened its attitude and its opposition against the rest of the President's program.

But at Madison Square Garden the President took the medicare issue on national television and did so in the personal presence of 20,000 persons in New York. He appealed for medicare in a very stirring and emphatic way—something no other President has done, within my experience.

Some Members of Congress have said their arms were twisted all the way up to the shoulder by the President's pressure in connection with this matter. I think the President did about all he could in connection with this particular issue; and I think it is very difficult to criticize the President for not being able to control the Democratic Party at this time, in view of the fact that our party has been divided for years on many domestic issues. Certainly the President has tried extremely hard to get these measures through; but it is very difficult for him to do so without alienating many members of his own party.

Mr. JAVITS. But I point out that it is possible to be decisive at the wrong places and at the wrong times. For example, in connection with the steel price increase, I think the President massed a battery of very large guns when he blew down what, at that particular time, was a rather light target.

Mr. PROXMIRE. But no one expected the President to be successful in reversing that action. However, he was successful.

Mr. JAVITS. But the President scarcely waited an hour before he expressed what he believed to be the national will.

Incidentally, I agreed with him about that, even though I disagreed with him in regard to the advisability of then and there rolling up all the tremendous armament of the Government to blow it down. In other words, one of the qualities of leadership is to know when to fire one's weapons. The Senator from Wisconsin knows from his service, as I do from mine, that one of the most important command decisions for the commander of a company to make is when to commit his reserves. That requires timing, too. So even if the President gets "A" for effort, he must also have correct timing.

The fact is that the President has all that power and franchise; he has a great many powers, and he can confer a great many benefits; but he also has the responsibility of delivering at the correct time.

Mr. MILLER. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. MILLER. I should like to say that, so far as I am concerned, I believe that the phrase "agonizing indecisiveness" is a very excellent one, and I subscribe wholeheartedly to it. However, I suggest that the Senator from New York is, if anything, being a little bit charitable when he uses that phrase and when he ties it in with indecisiveness in regard to making a tax cut.

If I correctly detect the real problem here, I believe it has been compounded by what might be called ruthless decisiveness in the refusal to cut back Federal spending in order to make room for the tax cuts which are needed in order to get the country moving. It is common knowledge that advisers who have the President's ear have been trying to persuade him to make tax cuts without reducing the expenditures, and have been sending up trial balloons in an effort to determine how the public will react and how Members of Congress will react to, let us call it, the sophisticated theory that we can have tax cuts without making room for them by cutting back on spending. I may be a little old fashioned, but that does not sound like "sophisticated" economics to me. Instead, it sounds like hogwash, for we know that it is impossible to have meaningful tax cuts and at the same time to preserve the purchasing power of the people's money unless there is an equivalent cutback in spending.

So this is the problem the President faces. He has been listening to some of his advisers who think that "sophisticated economics" can be passed on to the American people; and they are trying to "sell" the President on the idea that we can have a tax cut without cutting back on Federal spending.

But the "ruthless decisiveness" took place last year; and the Senator from Wisconsin is one of those who has been aware of that, because he has been sounding off—although not often enough—on the excessive spending of the "New Frontier." But the decision has been made not to cut back on Federal spending, but to increase the spending.

Mr. President, there cannot be tax cuts unless there is a decrease in spending, in my book. The sampling has been undertaken in an effort to determine whether the public will favor such a theory. I suggest to the Senator from New York that this "agonizing indecisiveness" is nothing but the testing, by means of a trial balloon, to see whether the American people will "fall for it."

Fortunately, as the Senator has pointed out, some of the key members of the Finance Committee and the Ways and Means Committee are not buying it; and I sincerely trust that their valuable and experienced opinion will prevail.

It seems to me that what must be done is to transfer this agonizing indecisiveness in regard to tax cuts into real leadership decisiveness in regard to cutting back spending, in order to make room for the tax cuts. Once this is done, there will not be any agonizing indecisiveness, because then the cards will fall together perfectly.

I thank the Senator from New York for yielding to me.

Mr. JAVITS. I thank the Senator from Iowa for his observations. I am sure he knows that I am not necessarily committed to some of his views on these matters. I do not believe we can really condition the making of an incentive tax cut on what we may save by reducing spending. Yet I do believe that under these conditions it is necessary to keep a tighter rein on expenditures than one otherwise would keep, and that there are areas in which savings can be made. I do not believe in broadsword cuts without selectivity. For example, those who favor making deep cuts in a welfare program do not favor making cuts in the appropriations for defense. In fact, instead of making cuts in the appropriations for defense, they want increased appropriations made for that purpose. For my part, I believe that some of the welfare programs are as essential to the national defense, in terms of the morale of the people, as are the big bombers—which will cost more than the appropriations the President requested.

So although I cannot agree entirely with the Senator from Iowa, I do believe that if we are to have an incentive tax cut, we must keep a tighter rein on expenditures than perhaps we would like to do. For that reason I voted for a cut in the HEW program.

Mr. PROXMIRE. Mr. President——

Mr. JAVITS. I yield to the Senator from Wisconsin.

Mr. PROXMIRE. Let me say that the so-called erosion in confidence is based on the fact that the President has not yet asked for a tax cut, although he has indicated that probably he will ask for one next year.

My position is that it is prudent and wise for one who is going to go into this matter to obtain all the information and advice he possibly can, and consider all possible alternatives, and then make a fateful decision of this kind only on the basis of the best evidence available.

Now I would like to point this out to the Senator. The Senator said: "Here is the end of the session, and there is no trade bill or tax bill." Does the Senator have any real notion that Congress will not pass a trade bill, that it will not be a historical achievement, and that, together with the Peace Corps, will be a bright, unique, and constructive contribution to our country and our Government?

Mr. JAVITS. The Senator has asked me two questions. I will answer the first question first. I think the tax bill which is pending in the committee has been pretty well washed up. I think, therefore, whatever benefit we get in that regard will not represent affirmative aid to the economy of the major character which I contemplated when I referred to an incentive tax cut.

Mr. PROXMIRE. If the Senator will yield for a comment, I agree with him 100 percent. I was not referring to the tax bill at all.

Mr. JAVITS. As to the trade expansion bill, I think there will be a trade expansion bill, but I do not think it measures up to what I have said, because it is not strictly part of the New Frontier. I think it forces itself upon us by urgency of the European Common Market and its success, and the fact that we would have had to have a trade program. Incidentally, the Reciprocal Trade Agreements Act expired on June 30, 1962, so we had to have another bill.

But I do not want to detract from the President's activities in that regard. I think we will have a trade bill. I think we will have it before the end of the session. However, I say again, it is my judgment that a trade bill could have been gotten sooner and with greater impact on the economy in terms of the erosion of confidence, and that the President—although we can give him an "A" for effort—could have exercised a more effective leadership role in that regard.

However, that is not my main point. Nor is my main point the point which the Senator desires to wish on me as my main point, namely, that the tax proposal represents the erosion of confidence which I refer to. I think the erosion of confidence is the composite of everything that has occurred. It is not due to one thing. It is not due to the fact that the President has been indecisive about a tax cut. I think it started, in point of time, with the excessive means used in dealing with the steel price increase. I think that was a very serious clue to the American business community as to the temper of the President and what has been called decisiveness. I think it represented, to a degree, a lack of sophistication in terms of adequacy of the means and the purpose, which made a very serious impression on the American business community.

I think that event began the process of the erosion of confidence, which has been compounded by the other factors which I have discussed.

Also, I may say the Senator has not mentioned what was the main point of my speech, that we have not yet had any really major demonstration of what the New Frontier was going to do in order to get our economy moving. The only thing I was able to ascertain which could be clearly attributable to New Frontier initiative was the Peace Corps. In other respects I think we have had either no initiative or ideas, or they were carryovers from the previous administration and pretty much the general policy of the country. I have suggested, for example, a whole series of things.

The Senator from Wisconsin has been most gracious in what he has said about me. The Senator knows I reciprocate fully in my admiration for his diligence and his mind.

What I suggested was a whole kit of actions which could be done in government, in business, and in labor, which, when added to an incentive tax cut, could put us on that wonderful, hard road of moving the country forward.

I am talking about a composite of these aspects of the matter, and not one thing, the indecisiveness of the President on a tax cut.

Mr. PROXMIRE. With regard to the decision on the steel price, no President had been able to do it before. Steel companies had been able to increase prices automatically. Once one company decided to increase the price of steel, they all did by precisely the same amount. No President had had the power to stop it. President Kennedy did. It was an amazing achievement. I think almost everybody thought there would be no chance of getting the United States Steel Corp. to reverse its stand on the price increase, but it did.

The Senator referred to programs to get the economy moving. The Kennedy administration has a proposal to achieve this, for example, manpower retraining, youth opportunities, a public works bill, which I, incidentally, voted against but, nevertheless, there was a series of measures which were positive and which had a tendency to get the economy moving, in addition to the policies of tax reform and relief.

Mr. JAVITS. If the Senator will yield, those are essentially continuances of what had been done before. We had a manpower retraining bill before. We had a distressed areas bill. We had a youth program.

Mr. PROXMIRE. But we made very little progress on some of them.

Also, 4 years ago, when the reciprocal trade program came up, there was a terrific, knockdown fight. There was some question as to whether the bill would pass. This time we are going much further than reciprocal trade. Earlier some people thought it was impossible even to try to bring this proposal up, and they thought it possible that it might kill the whole Kennedy program. The President has handled the situation so well and has marshaled his forces so effectively that the bill has passed the House and is almost certain to go through the Senate. We are going to end up with a landmark trade bill which, 12 months ago, very few people would have thought possible.

Mr. JAVITS. As often happens in debate on the floor, naturally the Senator and I are not going to agree about the success of President Kennedy. Also, I would only say to the Senator, perhaps it would put our arguments in focus if I make my point, which is that in the game of being President of the United States, we do not pay for "place" or "show," we pay only for "win." That is the virtue and the strength of the Office.

I, myself, spoke of the Peace Corps. The Senator from Wisconsin prefers to add the trade bill. I think there probably are three or four matters which neither of us have thought of which could represent a leadership quotient. But I say, in summation, that the President, with the majority in Congress that he has, the tremendous support of the country in a program of moving the country ahead, came into office in a period when our indexes were high, and have gone higher, and yet, some of us have doubts—perhaps I could be excused for saying that the Senator from Wisconsin has entertained a few doubts—as to where the economy is going. This all relates to the Presidency's paying only for "winning," for being "first."

There is erosion of confidence for the reasons I have cited. The fact is that four witnesses before our committee this morning, from different fields of our

economy, all seemed to have the same malaise; they were all trying to account for this lack of confidence.

Mr. PROXMIRE. And there was not one suggestion of a whisper of a shadow of a feeling of lack of confidence in President Kennedy. They did not consider the President's leadership—they advocated different steps to meet problems of the economy if it turns down at certain times—but there was no lack of confidence in the President or his leadership expressed, or that the major problem was due to inability on the part of the President.

Mr. JAVITS. I am sorry. Two people judge differently. I, on the other hand, got the distinct impression—though that is by no means my whole case—that the four men were worried about where our economy is going and fear a recession unless very determined means are taken to head it off. Indeed, the incentive tax cut idea is the one thing they all agreed on as being highly desirable and necessary.

Mr. PROXMIRE. Let me ask the Senator about the incentive tax cut. It is a good idea. I like the idea with respect to people making less than $2,000 and also with respect to the reduction from 91 to 65 percent.

However, I think perhaps the Senator would recognize that neither of those proposals would have a very serious economic effect. I think the proposals would have a desirable equity effect, but in terms of economic impact the $500 million tax cut for people making less than $2,000 a year would not be great. Very few people who are making less than $2,000 a year would buy a house, or buy a car, or make any other major investment or expenditure which would move the economy ahead very much. That money would be spent quite rapidly. I think it would be a good thing, but I cannot see that it would affect the economy seriously.

So far as the suggestion of a cut from 91 to 65 percent is concerned, I think the Senator recognizes that almost everybody who makes so much income that he is in that tax bracket, or could be, is able to get the kind of legal advice he needs and is able to arrange his efforts in such a way that he will not pay such a percentage, unless he is a ballplayer, a prizefighter or an entertainer, or happens to be caught by ignorance or lack of legal advice.

That part of the Senator's proposal is excellent, but from the standpoint of stimulating the economy I think the Senator would agree that it would be secondary to the other part, with respect to business, and particularly the tax cut for those who are making between $2,000 and $5,000 a year. The small cost of the 91 to 65 percent cut shows this.

If we consider the proposed $2.7 billion tax cut, as I calculate the figures it would mean about $1.50 more a week in the pockets of people who are making that much per year. With $1.50 a week more, very few people would buy a house, would buy a car, would buy a refrigerator, or do anything which would stimulate the economy very greatly. Is that not a correct assumption?

Mr. JAVITS. I cannot agree with the Senator on either of his premises, for this reason: In the first place, tax cuts are largely psychological. They make people feel a little more ample, that "this is the time to go forward." Beyond that, there is a facilitation of demand even in the lower income brackets, if not as a result of spending by those taxpayers then as the result of spending on goods, which has a material effect on the people with whom they do business. The people directly involved may not buy a house, but the tradesmen with whom they do business may buy houses. New equipment is responsive to new demand, and so on.

I think the most important part of the incentive tax cut idea, moving it into the lowest brackets and into the brackets above the lowest brackets, is in regard to a reestablishment of the feeling that there is a development in the economy, that there is spending power, that we can "move forward," to adopt the President's words.

I cannot agree with the Senator about the entrepreneurial practice. We are facing an issue of fact. I know we shall have very definitive evidence on that question.

I am a lawyer of some experience, as the Senator knows. I think I know a number of people who come into those tax brackets of from 65 to 91 percent. I will tell the Senator that there are many people who are in the upper levels of income, and that there is no way of avoiding the taxes, no matter how intelligent they may be tax-wise. This has a deleterious effect not so much as to what the Government takes, as the Senator knows from my figures—whether the figures are off $50 million or $100 million is immaterial, for they are in that magnitude—because the Government does not take so much in absolute money, but instead as representing a stop of a man's activity.

For instance, let us consider the case of a construction magnate in New York, who reaches a point, in the course of the year, when he says, "All right; what is the use of doing more? Why push myself? Why work late hours? Why get up early? Why go to Chicago, instead of staying home in Westchester County and playing golf? There is no use in doing so."

I am a person with some experience in that regard. New York is a very enterprising place and has a lot of people who are in that income group. I can testify to the Senator that this tax provision has an inordinate influence in terms of the creative mind and the drive and the push which are associated with American enterprise. I think it would be really a very helpful and salutary benefit to the economy if that incentive could be restored.

Mr. PROXMIRE. I say to the Senator from New York that anybody who is in that position has every incentive now for investing in an SBIC, so that he can get a very handsome tax advantage. He has every incentive to invest in an oil well, with respect to which the depletion is enormously valuable under these circumstances. He has an incentive to take a risk on capital gains, which would be of great benefit to people in that high income category.

The main emphasis I should like to leave is that the $5.5 billion tax cut which the Senator has proposed to the Senate today—which is only $4.5 billion, if he leaves out, as he did, the investment credit which is coming up—in respect to a $550 billion economy is only 1 percent, a drop in the bucket.

There was a tax cut in the United States in 1926, and 6 months later there was a recession.

There was a tax cut in 1929, and 6 months later there was the greatest depression the country ever experienced.

There was a tax cut in 1948, and a short time later the country experienced a recession.

The Senator said, of course, that the proposal is not to be considered a cure-all, but only as one part of a total package. I say that on the basis of the evidence we have seen there is no assurance that a tax cut will have a significant impact on the economy, when limited to only 1 percent of the gross national product.

If the Senator were talking about a $35 billion or a $40 billion tax cut, that, of course, would have a real effect. I am sure the Senator recognizes that could not be done.

Mr. JAVITS. I will say to my colleague that we have taken our fair proportion of the time of the Senate in discussing this problem. I should like to conclude my part of the discussion by using the words of Archimedes, who said:

> Give me a lever long enough, and a fulcrum strong enough, and single-handed I can move the world.

So in urging the establishing of what I consider to be a $7 billion tax cut rather than a $4½ billion tax cut, as a critical element of a package which is very much more inclusive than that, I speak in terms of a lever, which would get us going, which would give us the momentum, to which all other things can contribute.

Mr. PROXMIRE. One and one-half billion dollars of that has already been effected, by the decision of the administration. Congress does not have to act in that regard. Congress would have to act only on $5½ billion of it.

Mr. JAVITS. I know, but it is cumulatively $7 billion in toto. Often one can accelerate a vehicle by giving it added push, when it is already on its way.

Mr. PROXMIRE. I do wish to ask the Senator one or two more questions. The Senator from New York has held the floor for a long time, owing in part to questions from the Senator from Wisconsin, but nevertheless, I should like to ask the Senator two or three additional questions. This is a rare occasion. It is quite important that we discuss the economy. I should like, very quickly, to touch on the other elements of the package.

The Senator mentioned a reevaluation of the antitrust laws. This seems to be the area in respect to which many businessmen are suggesting constructive action. If this would get the economy mov-

ing, it could have merit. It would seem to me it would be very helpful if Senators who propose that would come in with a bill.

Mr. JAVITS. I have done so.

Mr. PROXMIRE. Those Senators should introduce bills affecting the Clayton Act or affecting the Sherman Act.

Mr. JAVITS. I have. Will the Senator yield to me so that I may interject.

Mr. PROXMIRE. I know the Senator has presented such a bill.

When we consider the very important effects of antitrust legislation in this country over the past 70 years, and the great progress which has been made in this country over that period of time, as compared with the progress in Europe, which has not had the same attitude toward monopoly, I think we ought to be very careful about rejecting the antitrust laws, although I am sure that the Senator's bill has great merit.

Mr. JAVITS. I wish to say to my colleague, with respect to the antitrust laws, I think the antitrust laws and the antitrust policies are one of the most critical determinants of economic movement forward in this country today.

I do not think my colleague ought to dismiss the European experience quite so lightly. Let us remember that the most spectacular advance in the postwar years has been in Europe. Europe was devastated by two World Wars, but we were not. We can easily understand the relative lethargy, industrially, of Europe. Certainly the tremendous thrust forward of Europe since World War II is some evidence of the fact that a nation does not need our kind of antitrust laws in order to have economic health and activity.

Beyond that, the pressure of our world position is making our antitrust laws really archaic. Let me give the Senator only two examples.

Again I apologize for delaying any of our colleagues who want the floor.

One example is the oil business, in respect to which there is really a very grave fear that the Communist activity, which now supplies 9 percent of Europe's oil—and in some countries could become an indispensable element of the operation, so as to give the Communists a real grip on the throat of industrial activity in a particular country—could be very much better dealt with if we had a different concept of antitrust laws.

Today we have extracted from the Defense Production Act even that section which gave to the Attorney General the authority to allow some kind of combination when it was needed in the national interest. That is out of the law. I have been trying to put it back in, as the Senator knows from our work on the Committee on Banking and Currency.

The second aspect of the antitrust laws which is so important is this: Everybody agrees that private enterprise must be brought into the newly developing areas. In order to divide the risk, the consortium idea is the best idea that anybody has ever thought of. That was done with brilliant success by international agencies with very little industrial participation—but some—in India and Turkey. Here, again, is an area in which business constantly runs afoul of the antitrust laws. In the field of economic warfare and the development of underdeveloped areas, the antitrust laws, as presently administered, are archaic. What I have said is not in criticism of administrations. Business felt that the Brownell administration and the Rogers administration were fully as tough on them as is the Kennedy administration and the Loevinger administration.

I am not standing here—and I know the Senator is not—as an apologist for business to secure for business relief from the antitrust laws. All I say is that as the antitrust laws are handled today, there is not a positive aspect to them. They hurt small business. They hurt our economic warfare activities. They hurt our development of the newly developing areas of the world. We must have some new antitrust policy which is consonant with the modern day. Of all the possible contributions to our economic life, aside from the question of national strikes, which I think is critically important, I believe that problems related to the antitrust laws are more important than anything else, including a tax cut.

Mr. PROXMIRE. The Senator from New York has made a strong and eloquent case on the question. But the fact is that we can explain German, French, and Italian recovery in all kinds of ways without saying that it was based so heavily, as the Senator seems to emphasize on, first, depreciation procedures; and, second, antitrust laws.

As the Senator well knows, the fact is European countries had the ideal situation in which to move ahead. Those countries had an ample supply of skilled labor and high education. They had a consumer desire for products which were not available. They had the capital from America. They had all of those things, and while they have moved ahead more rapidly than we have, they are still far, far behind us in terms of their productivity or even their satisfactions. If we should talk about television sets, automobiles, refrigerators, and like consumer satisfactions, those countries have a great way to go. They will expand more rapidly in the future in those areas.

I think we must recognize that certain pains have gone along with the development in those countries. Their inflation has been far more severe than inflation has been in this country. They have suffered. To say that we should follow a somewhat different depreciation policy, and that the European way is the best way, we would make a mistake.

I think it would be much wiser for us to go back to 1890 and consider comparative development since then. Europe was at least the economic equal of us at the beginning of that period. We are now well ahead of the countries of Europe. We have done it on the basis of vigorous antitrust prosecution, insistence on competition, and tax laws which have been sensible with respect to depreciation, although I agree that depreciation reform has been helpful.

I do not wish to delay the Senator longer except to ask him two questions. The first question pertains to the price we would have to pay to obtain a tax cut. The Senator has indicated that he thought expenditures should be readjusted. He has supported a number of economy efforts on the floor of the Senate. I ask him if it is not true that his proposal would really undermine business confidence both here in America and abroad in Europe? As the Senator has suggested, we would vote a tax cut which would amount to a $7 billion cut. Last year we had a $6 billion deficit and expect a $4 billion deficit this year, without a tax cut. If even in prosperity we cannot come closer to balancing the budget than a $10 billion deficit, might that not be a factor that would be very important to business confidence?

Mr. JAVITS. I cannot agree with the Senator for two reasons. First, a tax cut would not mean an increase in deficit. It might mean a very much smaller deficit when we extend the experience over a period of more than 1 year.

For example, history has shown such a result in 1954.

Second, the best evidence of what is thought by the business community is that the business community thinks exactly to the contrary. The U.S. Chamber of Commerce has come out for a tax cut even larger than the one I have proposed. The AFL-CIO has also done so.

If my memory serves me correctly, the other day we had a report from a rather conservative public banking institution in Europe. I think it is the Bank for International Settlements. I may be wrong about the source, but it is the same type of source which also carried out the same general point of view that the chamber of commerce has carried and that the AFL-CIO has carried. Whatever may have been their differences as to the terms of the tax cut, I might point out to the Senator the idea of a budget deficit is, in these relatively prosperous European countries, apparently much better understood and accepted than in ours. The question is the aggregate of economic activity. What people want to know is not only what the deficit of a country is—because, after all, a country can pretty much control its deficit, depending on how that country taxes itself—but the question is, What is the total aggregate of the country's worth? The worth of a country is attributable not only to its fixed assets but also its earnings, to use a business term. It is the business turnover that we are trying to generate by an incentive tax cut. I am not for a tax cut that would simply put money into the pockets of people so they can spend it. I am for a tax cut that would apply with the greatest selectivity at the point where it could do the most good in terms of engendering purchasing power which we want and the type of expansion which we want. That is my whole point.

Mr. PROXMIRE. There are times for a tax cut. There is no question about it. There are times when a tax cut would be beneficial to an economy. But at a time when we seem to be nearing the peak, when our gross national product is still moving ahead, as the Senator from Illinois [Mr. DOUGLAS], the only professional economist in the Senate, has said, we seem to be using up our ammunition at the wrong time.

Mr. President, I conclude by telling the Senator from New York once again that there is nothing tougher than having to do what he did this afternoon. He has come forward with a constructive and positive series of recommendations. There is nothing easier than to stand up, shoot at them, and try to knock them down. What the Senator has done, I think, has been helpful. I emphasize that I disagree with him with respect to Presidential leadership. The leadership has been constructive and effective. The country has a great asset in John F. Kennedy. He is leading the country very effectively. The Senator deserves a world of credit for the economic part of his remarks. It was a fine effort and the kind of historic speech which can be a real contribution to the country.

Mr. JAVITS. I am grateful to my colleague.

Mr. HUMPHREY. Mr. President, I deeply regret that I could not be present in the Chamber to hear all of the Senator's speech. I have listened with great interest to the colloquy between the Senator from Wisconsin and the Senator from New York, both of whom are strong advocates of their respective positions, and both of whom have agreed upon some measures and have honest disagreements over others.

First, let me say to the Senator from New York that it has been the position of the senior Senator from Minnesota for some time that a tax cut now would be a productive tax cut for our economy. I am more convinced than ever that a tax cut at a time when the economy seems to be doing fairly well would be an effective means of putting our economy in what might be called full power forward. In other words, the tax cut would provide the forward thrust which the economy needs.

My study of the question is not as a professional economist. Nevertheless, for several months the Senator from Minnesota has been conversing with well known and responsible economists, and members of the business community and the financial community who are knowledgeable on the subjects of fiscal and monetary policies.

I believe that the administration should advocate a tax cut. And I believe, even more so, that Congress should get in step with the realities of the time. The real problem here is not with the President, but, rather, with Congress. The President has indicated in previous statements his interest in and his support of a sensible tax cut, both corporate and individual. The President is having prepared recommendations to submit to Congress for action next year on basic tax reform, which includes reduction of tax rates, both corporate and individual.

The Senator from Minnesota has said that if the administration is committed to a tax cut next year, why not now? The effect would be greater now. We would relieve the uncertainty in the economic community if the tax cut were made now.

So what is the problem? The problem is that the word that comes from Capitol Hill, with the exception of a few of us who have spoken up on this subject, is that such a proposal would be rejected, and it would throw Congress again into a serious argument over basic economic policy.

I know that the answer will be, "Well, the President ought not to worry about what Congress will do." In this instance I say the President must worry about what Congress will do, because it will provide even greater uncertainty to the economic community if there is a basic conflict between the President of the United States and the Congress over tax policy.

If the Senator from New York will indulge me further, let me say this. On point No. 1, a tax cut now, my answer is "Yes." On point No. 2, the amount of the tax cut, I say that the amount must be sufficiently large so that it does have an immediate thrust or impact on the economy. In fact, I say most respectfully that a $5.5 billion tax cut, as advocated by the Senator from New York, with selective cuts, is to my mind, too modest. Many of the economists whom we hold in high regard, both in business and in Government, have suggested as high as a $10 billion cut. I made the proposal a week ago in the Senate that we provide a cut of $7 billion.

What would be the effect of a tax cut at this time? The Council of Economic Advisers estimates that the gross national product will increase by roughly two and a half times the amount of a tax cut. For example, a $10 billion tax reduction would result in a $25 billion increase in the amount spent by consumers and business for goods and services.

I believe that the Senator from New York has made a valid point so far as deficits are concerned. The deficit will be less if the economy moves at high velocity, if the production of goods and services can be stepped up. Even though the rate of taxation is lower, the amount of the revenue coming to the Government will over the long run be larger. If we can step up corporate profits, as a result of increased business activity, and if we can step up individual income, as a result of full employment tax revenue will increase sufficiently so as to have balanced budgets.

I would ask my friend from New York, for whom I have great admiration and friendship, to bear with me as I cite some of the things this administration has done to stimulate the economy. For example, there has been an improvement in agricultural income through the enactment of the farm program of last year with respect to feed grains and wheat. That had an effect on rural America, and it had an effect in the trade centers and in the distribution centers throughout rural America.

We have had the largest housing program authorized, larger than was ever authorized before by any Congress. Housing construction has been most heartening.

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

Mr. HUMPHREY. The area redevelopment program which was enacted last year, while slow in getting underway, has had beneficial effects in many distressed areas. And it will be making an increased impact on the economy as time goes on.

Loans by the Small Business Administration have doubled, as is true also under the Farmers Home Administration. There is a great need for these loans. They are paid back with interest. SBA makes money. It does not lose money. These Federal loans of the Small Business Administration improve the economy and do not hold it back. Unemployment compensation has been paid to the tune of almost a billion dollars.

The minimum wage law passed last year has been beneficial in certain parts of the country.

All of this has had an impact on the economy.

What are some of the problems that we have had to face? Well, first of all, we had to face an inflated stock market. I do not believe anyone would deny that a major reason for the fall in stock prices was that the stocks had gotten out of balance in terms of yield and earnings. It was inevitable that stock prices return to normal.

The men who have responsibility in the stock market have exercised a great deal of statesmanship and solid, good business sense in trying to bring the market back into balance.

The Federal Reserve Board also lowered the margin requirements, and this has been helpful.

Then we have the problem of the hard core of unemployment due to automation and due to technological improvements, which, with the three recessions we have suffered since 1950, has left us with a larger body of unemployed.

If I were to criticize this Government—and in doing so I would include Congress also—I would say that our major weakness and limitation has been the fact that we have not really gone after the problem of unemployment with the vigor with which we should have attacked it.

Then there is the Common Market and the competition that we are receiving from overseas. That has had an impact upon our economy.

Then, too, the uncertainty of the tax policy has had an impact.

I am hopeful that in this month of August the administration will make it crystal clear that we are going to have a tax cut or that we are not going to have a tax cut. There should be no doubt about it. There ought to be a clear cut line, a clear-cut policy laid out by Congress and the administration.

I would add that the biggest tax cut that we have had since 1954 was the revised depreciation schedule as released in the month of July. This gave the effect of a billion-and-a-half-dollar tax cut or immediate tax relief for those who are investors in plant and equipment and machinery.

So, by and large, decisions have been made and action taken that have been worthy and workable and helpful.

If anyone wishes to help the President now to arrive at the next decision, the best way to do it is to have one voice after another in Congress speak up on the importance and the need for an immediate tax cut. I believe it is not only economically desirable; I say it is an economic necessity. It will help the economy remain strong and become stronger.

It will take us over any condition that might be called a lull in our economy, and it will help us maintain our forward momentum.

I am not saying that we are in a recession: To the contrary, I am saying we are not doing as well as we could; we are doing well, but not the best we can do. We need to step up this economy of ours. I would call to the attention of the Senate the most recent report on the profits of corporations in the second quarter.

That report, which was printed in the Wall Street Journal, shows that the profits of 478 firms, in the second quarter of 1962, rose 15½ percent from those of the 1961 period. Practically every single line of endeavor shows an improvement in the profit picture of the corporations. At the conclusion of my remarks, I shall ask unanimous consent that the items to which I have referred be printed in the RECORD. The Chrysler Corp. shows a profit of $11,900,000 compared with a loss last year of $15,700,000. The Ford Motor Co. had its highest profit since 1929; in fact, it was 28 percent above a year ago. Its profits were $268 million.

These are examples of the fact that there are, in many sections of the American economy, genuine prosperity and genuine health.

But I believe, if I understand the Senator from New York correctly—and this is where I disagree with the Senator from Wisconsin—that there are areas in the economy which can be improved considerably, and that a wise tax policy of selective cuts would lend itself to a forward movement and a great movement in what might be called the weaker sectors of the American economy. I agree with that position. I agree that it would be financially prudent to do so. The way to waste money is to fail to make decisions when they should be made. A recession will cost the economy much more than a tax cut. A recession will cause a deficit in the Government's budget far beyond what any tax cut will cause, because there are certain costs of the Government which cannot be avoided. The defense cost is not going down; it is going up. The cost of the space program is not going down; it is going up. The cost of the atomic energy program is not going down; it is going up. Many programs of the Government have fixed costs. Those costs are not going down; they continue to go up.

In this situation, the reductions which can be made are modest in terms of the total budget. A recession of 5 percent in the economy will cost far more than any tax cut that has been estimated or suggested by any responsible person in or out of government. A 5-percent drop in production and a 5-percent drop in employment in this country would cost far more than the combined suggestions of the Senator from New York and the Senator from Minnesota for tax cuts. So I do not believe we have the neat little choice of saying, "Let us do nothing." The fact is that we must do something. We did something with the depreciation schedule. We are planning to do something with the investment tax credit. I do not believe this is a cure-all, but I think it is a desirable proposal.

I further believe that the suggestion to reduce the high individual income tax rate by some appreciable amount, as was suggested by the Senator from New York, is worth while. It might well be reduced from 91 to 65 percent. Whether 65 percent should be the figure, or whether it should be 70 percent, or whatever it should be, is not the point. The fact is that there is an incentive factor which must be taken into consideration.

Finally, I agree that the tax policy is not merely economics; it is psychological. The psychological impact of a tax cut now cannot be overestimated. The psychological effect of a decision on tax policy cannot be overestimated. I am hopeful that Congress will stop acting as if, somehow or other, the only kind of economics we understand is that when we get deep in trouble economically, we must rely on public works; when we get deep in trouble, so that little money is available for anybody, we look around to see if we cannot have bigger deficits. That is what I call 1930 economics. We are living in a different age. We cannot afford to get into trouble. We cannot afford a slump in our economy. We cannot afford a 5- or 10-percent drop in the economy. We have fixed costs for our national security and our national survival. We cannot think in terms of sharply reducing the security budget or the defense budget of the country. Because we have huge fixed costs, we cannot fool around with an economic policy that is 30 years old.

As a liberal, I submit that the kind of economic policy we need is one that permits the fullest possible expansion of the private sector of our economy. I believe in public works programs, but they should be supplemental; they cannot possibly take up the gap of unemployment and of unused plant capacity. We shall have to rely, for the forward movement and forward thrust of the American economy, upon the American business community and the American consumer.

What are the facts about the American consumer? The consumer spends the money that he gets, 93 cents out of every consumer dollar is spent in the marketplace in the period of time in which that money is received. That is as standard as the fact that Christmas comes once a year.

It is just a pattern. I believe that if individual taxes are reduced, the money will be spent in the marketplace. If corporate taxes are reduced, the money will be invested. Why do I say so? Because the facts over a long period of time prove it. This is no longer a question of conjecture; it is not a question of theory. There is a long table of statistics which reveals unmistakably that when consumers receive higher income almost all of it goes immediately into spending for goods and services. This was true last year in the case of accelerated payment of dividends to holders of GI life insurance, it was true in the case of the 1954 tax cut; it has been true of every major economic policy that the Government has enacted which put extra money in the pockets of consumers and businesses.

I thank the Senator from New York for being so considerate as to let me comment upon his address. I am sorry that the Senator was so sharply critical of the administration; but I recognize the fact that sometimes such criticisms have a beneficial effect.

But we ourselves might well examine—and I do not mean the Senator from New York—the institution which is the U.S. Senate. I have found very little modern, liberal economic thinking in the fiscal policies of the Senate. It seems to me it is very hard to move this body, which is cloaked in tradition. I suggest that we take a good, hard look at what the realities are and what is needed in terms of economic policy, in order to give this country the economic potential of which it is capable. Today we are working at about 85 or 90 percent of our potential, when we ought to be working at at least 95 to 100 percent. That is the reason for my advocacy of a tax cut.

Mr. President, I ask unanimous consent to have printed at this point in the RECORD editorials and articles relating to tax reform; new guidelines for tax depreciation and business assets as proposed by this administration; an article published in the New York Times of July 15, demonstrating that new depreciation rules are seen as aiding small businessmen; and certain other editorials and articles which advocate and support the concept of a tax cut now, and holding that such tax cuts would have a beneficial effect upon the economy.

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

[From the New York Times, June 11, 1962]

NEW WEAPON AGAINST RECESSION

Too little attention has been paid to the administration's request for standby authority to reduce individual income taxes to combat recession.

Congress, of course, is jealous of its prerogatives to levy or cut taxes, and is understandably reluctant to consider any proposal, no matter how sound, that would affect its powers. But the proposal that is before the House Ways and Means Committee takes into account the rights of Congress by stressing the temporary nature of a reduction and providing a series of checks to prevent any abuse.

There is no more powerful antidote to recession than a cut in taxes. Yet this solution is seldom invoked. For one thing, a request for a tax reduction is always time consuming; it always seems much simpler and quicker to request additional expenditures. For another, there is rarely any unanimity on what taxes to cut, and by how much, so that the line of least resistance is to maintain the status quo.

The administration's proposal would get around the problem and make tax policy an effective contracyclical tool by injecting a measure of flexibility and speed that is now lacking. In essence, once the President decided that the economic situation called for a reduction in taxes to meet the objectives set out in the Employment Act, he would submit to Congress a request for a uniform and temporary cut in individual tax rate to a maximum of 5 percentage points below the permanent rate of 20 percent. The reduction would take effect within 30 days, unless it was rejected by a joint resolution of Congress; and it would remain in effect for six month, unless Congress decided otherwise. And if Congress were not in

session, a tax cut could take immediate effect but would be terminated 30 days after Congress reconvened, and any further extension would require a fresh request.

This is a novel proposal, but it should not be rejected on that ground. Standby authority for temporary reductions would strengthen our defenses against an economic downturn by streamlining the most potent weapon in the Government's arsenal.

[From the Washington Post, July 23, 1962]

FOR A TAX CUT NOW

When the postwar record of the economy is viewed in retrospect there is much of which to be proud. It has conferred upon the American people the highest living standard in the world and at the same time it has provided a substantive stimulus to the economic recovery and growth of the free world. But in recent years our rate of economic growth has been declining and at this time the economy is listlessly balanced on a high plateau. A stimulus is required to restore a healthy and vigorous rate of growth, and there is a remarkable unanimity of opinion among businessmen, labor leaders, and economists that the best stimulus available is a tax cut.

The compelling argument for a tax cut rests upon sound principles of economic anaylsis. If personal income taxes are cut while the current level of Government expenditures is maintained, the economy will be stimulated by the ensuing increase in the total expenditures for goods and services. It is important to bear in mind that the effects of a tax cut will be multiplied by successive rounds of expenditures so that a $1 tax reduction will, after about 6 months, result in a $2.50 increase in expenditures. In addition to this multiplier effect on the consumption side, there will be a powerful but not readily caculable stimulus to investment as the rising volume of sales presses upon productive capacity.

A token tax cut will not sufficiently stimulate the $550 billion American economy. What is required is a substantial reduction. The tax rates for all income brackets except the highest one should be reduced by 5 percentage points to increase after-tax income by $10 billion. The nearly confiscatory 91 percent rate for the highest bracket should be reduced to 65 percent, thus reducing tax revenues by an additional $650 million. This reduction for the highest income bracket, which has long been recommended by proponents of tax reform, will increase investment and diminish the efforts to establish tax shelters. In addition to the reduction in personal income taxes an across-the-board reduction in corporate income taxes by 2 percentage points would add $1 billion to business income which would be useful in financing the anticipated rise in the volume of investment.

In total these tax cuts would result in an $11.6 billion loss in Treasury revenues, but the personal-income tax reduction alone will increase the volume of total expenditures by $26.5 billion and the dynamic effects of these increases upon the volume of investment should add much more to the gross national product. Thus the fiscal deficit that is incurred will be sharply reduced as a rising level of economic activity generates greater tax revenues.

The administration, it will be recalled, planned a tax reduction for 1963 as a part of a broad program of fiscal reform. But it is now clearly evident that the stimulation of the economy must take precedence over reform. In any case, there is nothing in this proposal that should preclude tax reform in the future.

On countless occasions during the campaign of 1960, President Kennedy reiterated the necessity for getting America moving again. The time has come for injecting new vigor into the economy. The administration should advocate, with all the force that it can muster, an immediate tax cut.

[From the Washington Post, July 26, 1962]

TAX-CUT ALTERNATIVES

The discussion of a tax cut has been in the forum of public opinion for a little more than a month and it has already hardened along well-established ideological lines. Conflicting ideologies must always be aired in a democracy, but in this case there is a danger that in the heat of battle they may obscure the fundamental economic issues.

If one scans the political spectrum from left to right he begins with the proposal made by Mr. George Meany of the AFL–CIO. Meany voiced a vigorous opposition to either an across-the board reduction of personal income-tax rates or a cut in corporate income taxes. He recommended that a personal income tax cut be concentrated in the first individual income tax bracket. Moving toward the right, there are the suggestions by Ladd Plumley, president of the U.S. Chamber of Commerce, which would reduce the rate on the first $1,000 of taxable income from 20 to 15 percent and institute proportional reductions in all brackets taxed at rates between 15 and 65 percent. Plumley would reduce the maximum personal income tax rate from 91 to 65 percent and the top corporate income tax rate from 52 to 47 percent.

Should one choose between the Meany and Plumley proposals on purely political or ideological grounds? We think not, for there are economic considerations which transcend the traditional left-right schism in American political thought.

The primary purpose of an immediate tax cut is to inject a new vigor into the economy. That is why a proposal was recently made in these columns that was designed to stimulate both consumption and investment expenditures by reducing the maximum personal income-tax rate from 91 to 65 percent and cutting all other personal tax rates by 5 percentage points and reducing corporate income taxes by 2 percentage points.

Studies of consumers' behavior indicate that the propensities to spend vary inversely with income levels. Therefore, if the tax cut were concentrated in the upper income groups, as Mr. Plumley suggests, the impact upon the level of consumption expenditures would be smaller and the stimulus to investment weaker. Mr. Meany's proposal, which would benefit only those in the lowest income groups, is objectional on grounds of equity, and the hostility which it would engender among investment decisionmakers might defeat the purpose of a tax reduction.

The stimulation of the economy will work to the advantage of everyone, irrespective of income or ideology, and it would be unfortunate if the present discussion on how best to achieve that end degenerated into a sterile hassle over irrelevant ideological issues.

[From the Washington Post, July 17, 1962]

FOR A TAX CUT NOW

(By Walter Lippmann)

On the question of a tax cut, with which the President is now wresting, the undecided issue is whether to ask for it this summer or to wait until next winter. The issue is as yet undecided for one reason only. There is some doubt whether in the few weeks that are left before adjournment, the chairmen of the two key committees, Representative MILLS and Senator BYRD, will allow Congress to vote. The significant thing about their veto is that almost certainly the two chairmen will not have it next winter. For by that time, if as it now seems probable, our sluggish economy has begun to recede, tax reduction will go through Congress by acclamation.

The chance of a Mills-Byrd veto this summer, which is what causes the President to hesitate, is primarily due to the fact that as yet recession is only indicated and is not yet being experienced. Can the President induce Congress to act to prevent a recession, or are we doomed to wait for a recession and then try to reverse it? The fundamental question is whether we have a Government which can act with foresight, which can take the stitch in time that will save nine.

Since the Wall Street crash at the end of May there has been a sharp and rapid change of responsible and expert opinion. The crash altered those who watched the economy, causing them to ask whether the Kennedy recovery of 1961 was going to peter out before it went much further. There had been a very few who had predicted this last January when the administration, using what had proved to be erroneously optimistic estimates, adopted a restrictive and deflationary fiscal policy.

The unfounded optimism ended a few days after the crash. The business reports which have come in during June and the first half of July show that with a few exceptions, automobile sales and residential construction, the recovery is sluggish and is slowing down. Employment and industrial activity, profits, inventory replacement and capital investment are so sluggish that the recovery appears to be nearing its end. It would seem that by the onset of winter there will be a recession.

Professor Samuelson says that the peak of total profits was in fact reached at the end of last year and that the rate of unemployment, which has never gone below 5.4 percent, will from now on be rising.

We are not, let us repeat, as yet in a recession. But we are on the verge of one. This is the critically important time for the Government to act in order to stimulate the expansion of economic activity. The longer it waits, the stronger will the medicine have to be. It has already waited 6 months too long, and so it will need to use stronger medicine today than it would have needed last January. If it waits until the recession has actually begun, the chances are that the comparatively agreeable medicine of a tax cut will not be enough, and will need to be supplemented by more Government spending.

The reason for this is not complicated and it is of great significance to the question of whether to cut taxes now or to wait 6 months. The immediate effect of a tax cut is to stimulate consumer buying. If this takes place when industry is working somewhere near full capacity, the consumer demand will stimulate industry to modernize and enlarge its plant. This capital spending will sustain the recovery.

[From the Washington Star, June 8, 1962]

THE MARKET AND THE ECONOMY—RECOVERY HELD TOO WEAK TO ATTAIN FULL EMPLOYMENT WITHOUT TAX CUT

(By Sterling F. Green)

Unless the business recovery unexpectedly catches fire, the 1963 tax bill which President Kennedy plans to send to Congress later this year will call for tax relief totaling perhaps $5 billion a year for industry and consumers.

Tax rates from top to bottom would be cut in the broad program now being drawn up by the administration.

Secretary of the Treasury Douglas Dillon says the tax package is aimed as spurring maximum long-range economic growth. He says no decision has been made on how far to go in offsetting lower tax rates by broadening the base of the tax structure and closing loopholes.

Early tax reduction was not part of Mr. Kennedy's program to "get the economy moving."

The stock market's convulsions have reinforced a growing belief, however, that the business recovery—although steadily erasing old records for production and income—is not robust enough to carry the country to full employment on this upswing of the business cycle.

FAVOR SOLID TAX CUT

Most officials now are said to favor a solid tax reduction for business and consumers. It would be, in effect, a raise in take-home pay for workers, a source of fresh capital for investors and a boost in the after-tax profits of industry which would be available for reinvestment.

Estimates of the net tax relief are running as high as $7 billion. Five billion is more frequently mentioned, as being about the minimum cut which would make enough difference in consumers' paychecks to encourage purchases of new cars, homes and major appliances.

Reductions in the top income tax rate from 91 percent to perhaps 65 percent has been considered. At the other end of the taxable income scale, the basic 20 percent might be dropped to 16 or 18 percent.

The corporation tax rate of 52 percent probably would be cut to something below 50 percent. A range of 47 to 49 percent has been under discussion.

BAD NEWS WITH GOOD

Some bad news would accompany the good. A whole bundle of reforms is under consideration, to eliminate the patchwork of special concession and exemptions stitched onto the tax structure over the years for the benefit of special groups. But all taxpayers would come out ahead.

Such a tax reduction would mean at least 1 more year of budget deficit. Revenues presumably would be cut seriously in fiscal 1964, a year in which Government spending is expected to climb to $95 or $96 billion. The anticipated increase of about $3 billion from this year's budgeted outlays is mainly the result of built-in increases in the space and military programs.

Despite the prospective red ink, most administration advisers are said to be convinced that strong medicine is needed to fortify—if not to rescue—Mr. Kennedy's grand strategy for American growth in a world of heightened competition.

The primary goal is full employment. The basic approach is to forge an economic partnership, built on trade, with a prospering and economically unified Europe. Mr. Kennedy's first step, making possible the removal or reduction of tariff barriers between the United States and the Common Market, is on its way to enactment in Congress.

UNITED STATES MUST BE COMPETITIVE

But to trade, the country must be competitive. That means organizing factories and refineries, building new ones, bringing into production the 15 percent of plant capacity which now stands idle—and holding down wages and prices.

The Kennedy strategy is two sided. It involves:

First, enlisting the cooperation of labor and management in keeping wage settlements and price decisions noninflationary. The White House in January offered voluntary guidelines which, in the opinion of the President's Council of Economic Advisers, would keep wage increases within the bounds of the annual gain in output per manpower.

STEEL REBELS

Second, making it possible for business to amass the funds needed for modernization of the Nation's industrial plant. Tax incentives are being offered as an alternative to price increases which—in the administration's view—would simply discourage demand and price American goods out of the world's markets.

The first approach has run into grave trouble. Steelmakers rebelled at price restraint and set out to improve their profits in the traditional way—a price boost. Mr. Kennedy reacted angrily and forcefully to salvage his grand design.

Many businessmen felt he overreacted. The charge that Mr. Kennedy is antibusiness has gained wider acceptance; it apparently worsened the spectacular stock market break of 10 days ago and has contributed to the uncertainty evident in the market since then.

The second approach is faring better. The Treasury shortly will issue liberalized tax allowances for depreciation on machinery and equipment, and Congress seems likely to enact most of Mr. Kennedy's first phase tax revision program, built around a tax credit for big and little companies which invest in new plant equipment.

The administration is confident these measures will remove many of the financial obstacles to the cutting of costs and the improvement of efficiency. If so, they may incidentally make business less anti-Kennedy.

WHERE WILL SAVINGS GO?

There is no way to be sure, however, that the tax savings actually will be plowed back into the industrial economy. For any manufacturer, the best incentive to spend money is the promise of strongly rising demand. Such assurance is not evident in the moderately placed upturn now in progress.

Mr. Kennedy's advisers believe the obvious answer—and perhaps the only one since Congress would certainly reject massive Government spending as a stimulant when the economy was moving up—is tax reduction.

Their hope and expectation is that an initial deficit in the Federal budget would be more than offset in succeeding years by the rising tax collections generated by expansion of employment, income, and profits.

The accusation that the administration is buying votes with the tax cut, certainly will be made in this fall's congressional election campaign.

But on this question, at least, Mr. Kennedy is likely to find a majority of businessmen behind him. Last week, the Council of the U.S. Chamber of Commerce issued a study which said:

"Tax reduction and tax reform should take precedence over new spending programs as a means of stimulating the economy."

[From the Washington Post, July 12, 1962]

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 that—

"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."

[From the New York Times, July 15, 1962]

EASED DEPRECIATION RULES SEEN AIDING THE SMALL BUSINESSMAN

(By Robert Metz)

Tax experts who have studied the Treasury's new maroon booklet that sets forth the number of years over which businessmen can offset the cost of machinery against earnings believe that the small businessman will be a principal beneficiary.

Under the old rules, laid down in Bulletin F, there were some 5,000 items of machinery and equipment listed, with their useful lives.

Larger businesses, with detailed records of purchases and sales of machinery, were often able to obtain faster writeoffs by convincing the Treasury that they wore out equipment at a faster rate than was prescribed. They could afford expert counsel to help them make their case. Small businessmen usually lacked both records and expert counsel.

AN EXAMPLE IS GIVEN

Maurice Peloubet, a certified public accountant, notes, for example, that a man with a small machine shop would be likely to benefit, since he uses a lot of equipment such as lathes, drill presses, shavers, and grinders. He therefore has quite a stock of depreciable equipment, but his records usually had not been sufficiently detailed to convince the Treasury that he had writeoff problems that needed correction.

On the other hand, the Treasury points out that, because of a lack of audit control over the small businessman, he often has taken shorter equipment lives than have big businessmen. And, since they were audited less frequently than were their bigger brothers, they often got away with it.

In many fields, such as railroading and printing, technological advances have made much equipment obsolete. Even the more favorable writeoff rates established by particular companies through negotiation with the tax agency over the years have proved inadequate. As a result, the Treasury has made its new composite rates even shorter, in many such areas, than had been negotiated.

Periodic reviews are to be undertaken by the Treasury to insure that the composite rates stipulated for the different industries keep pace with technological developments.

Taxpayers who have followed the more progressive policies on replacement of equipment may find that the new schedules will not permit them much added leeway. Still, progressive policies in the past have meant arguments with the tax agency, so these taxpayers will benefit, primarily, from the elimination of this controversy under the new schedule.

ELIMINATION OF CONTROVERSY

Furthermore, the Treasury has added another facet to the subject in its reserve-ratio tables. Under this very old accounting concept that has been incorporated into the depreciation rules, a businessman may be permitted even shorter lives than are prescribed in the tables.

The reserve ratio is the ratio of depreciation reserves to the purchase price of all depreciable property in a particular class. For a hypothetical company that is neither growing nor declining in size, this ratio always will be roughly 50 percent, because its assets will, on the average, always be half depreciated.

For a growing company, the ratio will be smaller than 50 percent—the faster the growth the smaller the ratio—because it will have a larger proportion of recently acquired assets that it has just begun to depreciate.

VARIATIONS ARE ALLOWED

The Government's program allows variations of several percentage points from the normal rate. Thus the company that is neither growing nor declining would not be challenged if its depreciation varied by several points on either side of 50 percent.

Similar leeway is given to growth companies, whose appropriate ratios may be 40 percent, 30 percent or some other percentage.

The Treasury is optimistic that this change and, in particular, the move to an objective test rather than an agent's judgment may bring to an end the long history of discord between business and Government over this aspect of taxation.

[From the Washington Post, May 28, 1962]

CORPORATE INCOME TAX RATE CUT COULD BE TONIC

(By Harold B. Dorsey)

Another spell of acute weakness in the stock market last week brought the decline in the stock-price averages to 16 percent since mid-March. This leaves little doubt in anybody's mind that investors' confidence has been hurt.

Price swings in the stock market in excess of 10 percent—whether up or down—often have an effect on business sentiment. Whatever the reason, statements by a fair number of business leaders in the past 10 days demonstrate a deterioration of confidence.

BIG STEEL LOWERS SIGHTS

The chairman of the United States Steel Corp. last week indicated that his company's expenditures for capital improvements this year would probably be $200 million less than anticipated in January. Sluggishness in the pace of new orders coming to the machine tool builders is attributed to a deterioration of confidence on the part of U.S. businessmen. Thus tangible evidence is beginning to accumulate that a deterioration in confidence is having an adverse effect on business decisions.

Unfortunately, there is also some evidence that deterioration may have started the process of breeding deterioration.

We can see an example of that behind Secretary of the Treasury Douglas Dillon's comment to a group of bankers in Rome 10 days ago that he was concerned about the increasing use of the various mechanisms of the U.S. capital market by European borrowers to raise funds for their own internal uses. Why don't these borrowers obtain their funds in their own backyards? Because they can get it cheaper here. Why is it cheaper here? Because we want an easy credit policy as part of the effort to stimulate our economy.

CAPITAL ATTRACTED ABROAD

Capital may be attracted to other countries for a wide variety of reasons. Maybe the combination of promised income and security is better abroad; maybe the growth prospects are better over there than they are here; maybe the various types of threats of profit margin squeeze—wage costs, tax costs, the Government interference, for example—seem less than they are here. Capital outflow—influenced in part by the confidence factor—tends to aggravate our international currency problem which, in turn, reduces confidence in the dollar.

This reminds us that there has been some weakening in the basis for hoping that the international currency matter could be patched up for a sufficient length of time to permit a correction of the fundamental causes of the balance-of-payments deficits. An important part of that basis was the anticipation that the recovery trend in our economy would be vigorous throughout the current year and that it might lead to a resumption of a dynamic growth for the economy.

On that basis, Dillon indicated at the Vienna Monetary Conferences last September that our national budget would be balanced for fiscal 1963. To the extent that there has been a change in the business prospects that will not permit a balanced budget for fiscal 1963, there has been a factual change in the basis for hoping that the currency problem could be patched up without too much difficulty. And this very same change has increased the threat of a capital outflow.

I have been asked frequently in recent weeks what steps I thought should be taken to counteract the deterioration in the confidence factor and to encourage an increase in the business capital expenditures which are the very source of growth in the standard of living and employment. No single step could possibly accomplish that objective.

The most dynamic stimulant, in my opinion, would be a cut in the corporation income tax rate to about 45 percent. Insofar as this tax is an element of cost, and therefore of price, a reduction in the tax would function first as a counter-inflationary pressure on prices. Where competition permitted it, there would be a widening of profit margins and an improvement in earnings, which would encourage larger capital investments in equipment.

PUTTING PEOPLE TO WORK

The building of that equipment would put more people to work, which would increase personal purchasing power and consumer demand for goods and services. A tax reduction would constitute tangible evidence that official Washington is not antibusiness in its attitude. It would probably cause a cessation of the extreme weakness in the stock market which is currently breeding a loss of confidence. It would increase the Government deficit for perhaps a year but favorable offsets should develop thereafter.

[From the Washington Star, July 27, 1962]

CHRYSLER TURNS LOSS INTO $11.9 MILLION PROFIT

DETROIT, July 26.—Chrysler Corp., which lost $15.7 million in the first half of last year, reported today a profit of $11.9 million for the first 6 months of 1962. The net was equal to $1.31 a share.

The turnaround came despite sub-par sales of $1,070 million which barely exceeded the $995 million total of the first half of 1961.

For the second quarter Chrysler reported earnings of $10.6 million, or $1.17 a share, on sales of $572 million. These figures compared with earnings of $6.2 million on sales of $563 million in the similar quarter a year ago.

The second quarter also showed improvement over the first 3 months of 1962, when the automaker earned $1.3 million on sales of $498 million.

The board of directors, meeting in New York, declared the usual 25-cent quarterly dividend.

In 1958, on an almost identical dollar sales volume, Chrysler lost $25.2 million in the first 6 months.

The corporation reported a rise in defense sales from $96 million in the first half of last year to $130 million in the comparable period this year. Worldwide car and truck sales were up 7.8 percent to 410,147 units, the company said.

Model-year production in United States and Canadian plants, which ends this week, will total about 813,000 cars and trucks, up 6,000 from the 1961 model year, the corporation said.

Today marked the end of the first year as president for Lynn A. Townsend, who succeeded L. L. (Tex) Colbert.

[From the Washington Star, July 27, 1962]

FORD'S FIRST-HALF PROFIT SET AT $268 MILLION

DETROIT, July 26.—Ford Motor Co. said yesterday it made $268.3 million in the first half of this year, its highest profit for the period since 1959, and 28 percent above a year ago.

Consolidated sales of $4,042,900,000 were the best since Ford revised its accounting system at the start of 1959. Figures this year include for the first time sales of Philco, acquired as a Ford subsidiary last December.

The first half earnings of $2.44 a share compared with $1.90 for the January-June period a year ago, after adjustments to take into account the recent two-for-one stock split.

For the second quarter Ford reported a profit of $140.6 million on sales of $2,043 million. This compared with $133.2 million profit on sales of $1,878,300,000 in the second quarter of 1961.

Chairman Henry Ford II and President John Dykstra said both sales and profits in the second quarter this year were adversely affected by a strike which occurred in June at the company's Walton Hills stamping plant near Cleveland.

Ford reported total worldwide vehicle sales of 1,705,502 units this year, up 200,000 from the first 6 months of 1961. Domestic factory sales were up 15 percent; sales of foreign subsidiaries rose 10 percent, highest for that period in the company's history.

Pontiac reported sales of 15,457 cars in mid-July compared with 9,934 in the similar period of last year. Buick said it sold 13,814 cars during the period, highest since July 1956.

Dodge said sales of 6,410 cars boosted the month's total to date to 11,667, up 16 percent from 1961.

[From the Wall Street Journal, Aug. 1, 1962]

PROFIT PLATEAU—EARNINGS HOLD NEAR PEACETIME RECORD, RISE 15 PERCENT FROM 1961 QUARTER—MOST FIRMS EXPECT TO RETAIN GAINS IN CURRENT PERIODS; EXCEPTIONS: STEEL, DRUGS—HOW 478 CORPORATIONS FARED

Corporate profits in the second quarter held close to the record peacetime rate achieved in the two preceding quarters, and seem likely to remain close to the same rate in the current 3 months.

These are the conclusions from the Wall Street Journal's quarterly survey of earnings results and prospects.

The results are those of the first 478 companies to report for the second quarter. They

show net profits after taxes aggregating $2,719,344,000, a gain of 15.5 percent over the profits of the same companies in the second 3 months of 1961. (See table accompanying the end of this story.)

If this gain approximates that of all corporations in the United States, as has been the case in previous quarters, the Nation's total corporate profits for the quarter would be at an annual rate of $26.2 billion. This would compare with a rate of $25.9 billion estimated by the Government for the first quarter of this year, and with a rate of $26.5 billion in the final 3 months of 1961. That late 1961 figure was the largest on record except for that of one quarter early in the Korean war, when the annual net rose above $27 billion; and the average rate for 6 months to March 31, at $26.2 billion, was the largest for any peacetime half year.

THIRD QUARTER GAIN INDICATED

The expectation that profits will remain somewhere around the $26 billion-a-year rate in the third quarter is based on the prospect that a majority of important industries will again earn more than they did in the corresponding 1961 quarter. The gain for all industries together may not be up to the 15.5-percent improvement shown in the second quarter, because a few industries are likely to show substantial declines. But the annual rate estimated by the Government for last year's third quarter was $23.8 billion. A year-to-year increase of only 10 percent would be needed to produce a rate of $26 billion in the current quarter.

The second-quarter gain of 15.5 percent for 478 companies was not as large as the 28.3-percent gain from 1961 turned in by a similar group of 472 companies in the first quarter. But that was merely because this year's first quarter was compared with the 3 months when the 1960–61 general business recession was at its deepest. The Government put the rate of profits in that period at only $20 billion a year.

The second-quarter gains reflected general increases in sales. A second compilation, covering 146 companies which reported sales as well as earnings, shows profits up 17 percent—not far different from the results of the 478—and sales up 11.6 percent.

GAINS WIDESPREAD

Most industries shared in the second-quarter betterment over 1961. Out of 37 industries or groups into which the 478 companies may be divided, only 6 reported declines, and only 3 of these showed declines exceeding 5 percent.

These three were the moving picture group, with earnings down 7.6 percent because the new pictures of some companies attracted the public in smaller numbers than did last year's releases; the tobacco group, with net profits down 5.5 percent as a result of the expense of introducing new cigarettes by two producers; and the steel group, with earnings down 19.6 percent because of cost increases large enough to overcome the benefits of larger sales.

The steel mills may show an even greater decline from 1961 in the current quarter. An important factor in the second quarter's reduced earnings from a year earlier was a wage increase effective October 1. On top of that, further increases in costs as a result of this year's new labor contract took effect July 1. Thus, labor costs in the current 3 months will reflect a double increase over those of a year ago.

In addition, shipments of steel to customers probably will be lower, around 16 to 16.5 million tons as against 17.3 million in the 1961 third quarter. "If shipments are down, you can expect that earnings will be down too," says Alfred S. Glossbrenner, president of Youngstown Sheet & Tube Co. By contrast, second-quarter shipments were up a bit from a year earlier, between 17.5 and 18 million tons against 17.3 million.

Other industries which see the possibility of lower earnings in the current quarter than a year ago include building materials makers and drug producers. On the other hand, gains are indicated for auto makers, chemical companies, oil companies, and makers of electrical and farm equipment, among others. Expectations for some of these and for additional industries are set forth below:

All five auto producers reported better earnings for the second quarter than a year earlier, principally because retail sales of cars for the quarter were up 22 percent. Makers of automobile equipment naturally shared in the prosperity, and the two groups combined reported net income up a wide 42.9 percent. Another big gain is likely for the group as a whole in the present quarter, with the car manufacturers planning unit sales to dealers for the quarter as follows:

	1962	*1961*
General Motors	650,000	370,000
Ford	425,000	374,000
Chrysler	110,000	123,000
American Motors	70,000	68,000
Studebaker	12,000	16,000

Suppliers of building materials reported earnings up 11.6 percent from a year earlier in the second quarter, mainly as a result of a higher level of construction activity. Officials of most companies, however, are cautious for the current quarter. They foresee a tapering of homebuilding from the second-quarter rate, which would bring such activity down to or below that of a year ago. And they also are worried by weakness of materials prices because productive capacity exceeds demand. "Demand is there but people are giving products away," complains D. C. Fabiani, president of Crane Co., maker of plumbing ware.

The chemical group had increased sales and reported a 9.9-percent gain in earnings in the quarter. And it expects similar gains in the present quarter. Volume of business being done is greater than last year and, while the prices of some chemicals show weakness, others are strong. Allied Chemical, for example, recently raised the price of some grades of polyethylene, a big-volume plastic used in such things as squeeze bottles and utility wastebaskets.

Makers of drugs, which reported second-quarter earnings down 2.9 percent from 1961, say there's little reason for expecting gains in the current quarter. A special factor in the second quarter was that currencies of some countries where drugs are sold in large volume, principally Argentina and Brazil, were devalued. This action reduced the dollar worth of profits and bank deposits there. The makers also complain of recent price weakness in antibiotics, increased foreign competition, and a dearth of major new drugs. The companies depend heavily on bringing out new drugs to keep their sales rising. One executive says: "Like most companies, we're now awaiting Food and Drug Administration approval of an important new drug, but we can't be sure it will come in the third quarter."

Electrical manufacturers reported a combined increase of 25.2 percent in earnings for the second quarter, and seem likely to show an increase this quarter also, though it may not be as big in percentage because business strengthened substantially in the third quarter last year. Ralph J. Cordiner, chairman of General Electric Co., said recently the company "expects 1962 to continue to be a good business year."

Producers of aluminum earned 36.7 percent more in the second quarter than a year earlier and, with production up from a year ago and still rising, seem likely to show another wide gain in the current quarter. At the start of this quarter the primary aluminum industry was operating at 87 percent of capacity against 78 percent a year earlier, and Aluminum Co. of America is planning to start up a new production line, which would raise the industry's rate to 89 percent. The one possibility of trouble in sight at present is that Alcoa and Reynolds Aluminum are negotiating with the Aluminum Workers International Union, but the companies have already signed agreements with the United Steel Workers, representing a larger number of employees.

The outlook for the domestic oil industry is for somewhat higher earnings during the third quarter than in the like period of 1961, if prices for refined products hold fairly steady. If prices decline, as they did last summer in some areas, earnings gains would be reduced or eliminated. Demand for petroleum products in the second quarter was 3 percent higher than a year earlier, and this pace is being maintained. The outlook for international oil companies with large marketing facilities abroad is even better, with demand abroad strong and prices firm. Earnings of the oil group as a whole in the second quarter were up 4.5 percent from 1961.

In the paper and paperboard industry second-quarter earnings were up 12.5 percent. Alexander Calder, Jr., president of Union Bag-Camp Paper Corp., attributes his company's second-quarter gain to "generally better prices and improved product mix," that is, good demand for high-profit items. The third quarter he expects to be "substantially improved" over the 1961 period.

Rubber companies reported a gain of 2.4 percent from 1961 in second-quarter earnings. Foreign currency devaluations were costly to some of the group. In the third quarter, earnings are expected to be above those of last year, benefiting, as in the second quarter, from demand for tires on the larger number of new cars that will be produced.

The columns below show earnings for the second quarter of 1962 as compared with those of 1961, with percentage increases or declines by groups. Where individual company reports cover 3-month periods other than calendar quarters, the nearest comparable periods have been used.

Profits of 478 firms in 2d quarter rose 15.5 percent from those of 1961 period

	2d quarter 1962	2d quarter 1961	Change from year ago
Aircraft makers	$20,506,000	$17,072,000	+20.1
22 autos and equipment	595,367,000	416,629,000	+42.9
18 building materials	45,350,000	40,643,000	+11.6
10 building supplies	27,047,000	24,527,000	+10.3
8 cement companies	18,303,000	16,116,000	+13.6
12 chain stores	41,683,000	40,566,000	+2.8
4 apparel and clothing	9,399,000	7,789,000	+20.7
8 chain grocers	32,284,000	32,777,000	−1.5
22 chemicals	249,610,000	227,047,000	+9.9
16 department stores	50,172,000	38,808,000	+29.3
5 distillers	16,434,000	16,109,000	+2.0
13 drug manufacturers	37,255,000	38,383,000	−2.9
23 electrical equipment-electronics	114,352,000	91,334,000	+25.2
11 broad-line companies	106,175,000	84,246,000	+26.0
12 specialty companies	8,177,000	7,088,000	+15.4
8 farm equipment	59,767,000	55,439,000	+7.8

Profits of 478 firms in 2d quarter rose 15.5 percent from those of 1961 period

	2d quarter 1962	2d quarter 1961	Change from year ago
18 food products	59,185,000	56,517,000	+4.7
5 bakery products	10,287,000	10,305,000	−.2
3 dairy products	5,146,000	4,928,000	+4.4
10 general food products	43,752,000	41,284,000	+6.0
11 mining and metals	46,205,000	36,095,000	+28.0
3 aluminum companies	33,899,000	24,802,000	+36.7
8 copper and other metals	12,306,000	11,293,000	+9.0
8 movies and movie theaters	8,928,000	9,663,000	−7.6
12 office equipment	67,450,000	56,351,000	+19.7
14 petroleum products	601,374,000	575,328,000	+4.5
5 publishing companies	4,140,000	3,706,000	+11.7
23 pulp and paper products	62,721,000	55,753,000	+12.5
7 railway equipment	9,210,000	7,661,000	+20.2
6 rubber companies	24,604,000	24,026,000	+2.4
18 steel manufacturers	71,107,000	88,400,000	−19.6
10 textiles	30,405,000	19,694,000	+54.4
7 tobaccos	64,334,000	67,971,000	−5.4
23 tools and machinery	28,810,000	26,401,000	+9.1
124 other companies	228,454,000	192,832,000	+18.5
Total (434 industrials)	2,537,423,000	2,202,428,000	+15.2
21 railroads	49,331,000	21,537,000	+79.1
23 utilities	132,590,000	124,301,000	+6.7
Total (478 concerns)	2,719,344,000	2,354,266,000	+15.5

Mr. JAVITS. Mr. President, notwithstanding the fact that I have the floor, or at least I thought I did, I am glad to ask unanimous consent that the Senator from Minnesota may place these informative materials in the RECORD.

What the Senator has done is most interesting. I cherish, value, and appreciate the areas in which we concur. His support of the minority leader, and his own opinions as an outstanding, distinguished, and important Senator certainly endear him to me.

As to his campaign speech, I suppose that this is the season when all of us understand each other on that score; and just as I have felt very free to call attention to the campaign promises of the President which have not been fulfilled, I understand and stand by the remarks of the Senator from Minnesota, as he did with mine, in regard to making the best possible case for the progress which he believes has been made by the administration. But instead of bruiting that issue at this time—inasmuch as all of us will have an opportunity to do so this fall—I shall lay it aside for the moment.

I differ very materially with the Senator from Minnesota in regard to what has been done in the farm field, and perhaps in regard to what has been done in other fields, too. But I wish to emphasize the areas in which we are in agreement, and I thoroughly support the views of the Senator from Minnesota in regard to the psychological effect of a tax cut on the business community.

Mr. President, let me state the reason why we are talking about this matter at all—and quite apart from campaign promises, which for the moment I am willing to put in the same class as the Senator's very inclusive explanation of what the administration has accomplished. We must keep in mind, first, the fact that the present economic situation is such that a 3-percent growth rate is not adequate; and, second, we must realize the very serious effects of a recession on both our country and the entire world, and also that the development of a recession is so imminent that it is our duty to head it off if we possibly can. On that score, I find myself in very substantial agreement with the views of the Senator from Minnesota.

I point out that we have not sufficiently mentioned the endemic employment which exists in our country. It is now approximately 5½ percent. The President's economic advisers say 4 percent is acceptable. I do not like to see that much exist; in my opinion it should be less than that; and I believe that the Senator from Minnesota and other Senators believe as I do about that matter. However, somehow or other, notwithstanding the recovery that has been made, we still have that amount of endemic unemployment. When we also consider the 2½ million who are said to be working part time, and when we also consider the 1 million who cannot find jobs, we get the feeling that there is a real cancer in the economy, in terms of endemic unemployment. It is the confluence of all those challenges—the danger and the fear of recession, the international situation, and the unemployment situation—which enters into our attitude in regard to all these programs.

Much as I believe that we must have a tax cut—and that was the main burden of my remarks today—I also believe that, standing alone, a tax cut will not do the necessary job. Standing alone, it may do only what the Senator from Wisconsin says—in other words, may only add to the deficit.

It is the totality of the package—in terms of labor, government, and management—that must be considered in arriving at the determination of what lines of leadership must be exercised in order to have the necessary effect.

Mr. President, I should like to close this part of my remarks by repeating that the President is paid off only for winning in terms of success of the Nation. To come in second or third is not enough for the President. I want the President to succeed in the Presidency, because in that way the country will win success in attaining the objectives which we as a Nation are seeking to attain, it is in this spirit that I have spoken today.

I thank the Senator from Minnesota for his remarks, and I also thank the Senator from Wisconsin and the Senator from Iowa for their remarks.

Mr. MILLER. I thank the Senator from New York.

Mr. PASTORE Mr President, will the Senator from New York yield briefly to me?

Mr. JAVITS. Mr. President, let me ask whether the Senator from Iowa desires to obtain the floor.

Mr. MILLER. Yes.

Mr. JAVITS. In that case, I yield the floor so that the Senator from Iowa may be recognized.

Mr. MILLER. Mr. President, I have listened with great interest to the remarks of the Senator from Minnesota [Mr. HUMPHREY] about tax cuts. However, he did not refer to making any cuts in Federal expenditures. The Senator from Minnesota was not in the Chamber when, earlier today, I stated my conviction that we cannot have meaningful tax cuts without reducing expenditures sufficiently to make room for such tax cuts.

In view of the fact that the Senator from Minnesota did not say anything about reducing the expenditures, I wonder whether that was an oversight or whether it was intentional.

Mr. HUMPHREY. Mr President, will the Senator from Iowa yield?

Mr. MILLER. Yes, indeed.

Mr. HUMPHREY. I did say something about spending and about cutting back the spending.

I suggest, first, that there are certain fixed costs of Government; in fact, I believe they are increasing. For example, I refer to the costs of national security and the costs of outer space developments. Those costs will continue to increase sharply. There cannot be 100 percent American patriotism about who will first reach the moon and yet at the same time take an attitude which will obstruct that program. We are spending as much as $4 or $5 billion a year on that effort. In addition, we shall have to increase our spending in the field of atomic energy, because of the constant need for improvement in atomic weapons. We shall have at least to maintain our expenditures for the compensation of veterans and to meet the commitments the Government has made to the States and the localities. I see no way to make an appreciable cut in those expenditures of the Federal Government. We are obligated to interest payments on the national debt which we incurred in large measure in World War II.

I may add that we could make cuts in the Federal Government's expenditures for the farm program if we could get sufficient help from our Republican friends. But they like the feed grain program which requires that the Government purchase all the farmer's production. That costs us about $6 billion a year. We could get a little decrease in that part of the Government's expenditures if our Republican friends would be willing to end that gravy train.

However, in connection with the subject of making cuts in the Government's expenditures, we must realize that if a marked reduction were made in Federal

expenditures this would be reflected in a drop in the gross national product, a drop in industrial production and an increase in unemployment; all of which would mean less tax revenue. I suggest that Senators who urge the making of cuts in the expenditures of the Federal Government start to list the areas in which such cuts can be made.

I hope the Senator from Iowa is not suggesting that cuts be made in the expenditures for old-age pensions or in the funds appropriated for aid to disabled veterans or for the highway program or for the health program.

Mr. MILLER. Oh, yes, indeed. If I may interrupt, I wish to state that I am very much suggesting that we make cuts in the last item the Senator from Minnesota mentioned. I suggest we reduce the expenditures for it to the amount the President requested.

Mr. HUMPHREY. That would save about $100 million, which may not be insignificant, but certainly will not balance the budget.

I think the time has come for some of the talk about cutting the cost of the Government to be pinned right down to specific cases.

There is only one way to cut the cost of the Federal Government in any substantial degree sufficient to bring the budget into balance, and that is to cut the costs of national security, atomic energy developments, and outer space research.

I am not ready to vote for that kind of cut and permit the Soviet Union to take the No. 1 place as a world power, in outer space, and in science. We have $9 billion devoted to scientific research, $50 billion to defense, $3½ billion to research in outer space, large programs, in the hundreds of millions of dollars, for our veterans which are needed, and, I may add, $8 billion for interest on the debt, much of that interest having been raised under the Eisenhower administration thanks to its high interest rate policy.

Mr. MILLER. And continued at the present time.

Mr. HUMPHREY. Interest rates have not gone up. They have gone down since the present administration has been in office.

May I pinpoint my suggestion: When my Republican friends talk about cutting costs, let them outline what costs and whom it is going to affect, because they cannot be anti-Communist on the public platform, and then talk about cutting costs in the Halls of Congress. They have to make up their minds. Are they willing to pay the bill to keep Mr. Khrushchev in his place, to keep him from dominating the world?

I for one am willing to pay the bill and go home and defend my action. I am still in the Senate. I have been up for three elections. I have not run away from the idea of spending, because I am not a spender; I am an investor in American freedom and in the American economy.

Mr. MILLER. If that is the position of the Senator from Minnesota, we may as well stop talking about tax cuts, because there cannot be meaningful tax cuts if they are going to make for an unbalanced budget. We know that, over a period of time, the result of deficit spending is inflation and shrinking purchasing power of the people's money. The only reason for having a tax cut is to put more purchasing power in the hands of the people; but if that purchasing power has shrunk as a result of inflation due to deficit spending, we will be on a treadmill. We shall be back where we started, and we shall merely have teased ourselves.

I may suggest that the Senator from Iowa certainly does not pretend to have the background of knowledge about the budget that the Senator from Minnesota has or that the President of the United States has. The Senator from Iowa has been around here long enough to see that hundreds of millions of dollars are being added to the President's own budget by the Appropriation Committees. This is one of the reasons why there was so much of an argument between the House and the Senate for some time this year. Perhaps the Senator from Minnesota does not think $100 million is very much money.

Mr. HUMPHREY. I did not say that.

Mr. MILLER. But the Senator from Iowa thinks it is a lot. It is one example that could be given where we are going to control the President's requests.

The Senator from Minnesota also knows that we passed a $700 million authorization bill for public works which was not even in the President's budget. I submit that it is not any small piece of change either.

The point I want to make is this—and I wish the Senator from Minnesota could agree, because I know we are shooting for the same objective; we want our economy to move on a solid basis—if we can cut taxes by $10 billion and generate $25 billion in additional national income, as the Senator from Minnesota has pointed out, why not cut spending on programs like the public works program and then have an additional tax cut which will generate additional national income? That would be done on a meaningful basis, and it would not be an inflated national income.

Will the Senator agree with that view?

Mr. HUMPHREY. Let me say we have had no inflation in the last 2 years. The wholesale price index has gone up one-tenth of 1 percent in 2 years. I do not call that inflation. We had the biggest peacetime inflation this country ever had, except immediately after World War II, under the "sound" money policies of the previous administration. That is when we had our big inflation and the record will bear me out.

Mr. MILLER. Mr. President, will the Senator yield on that point?

Mr. HUMPHREY. The Senator said the President did not recommend the public works bill. Of course he did.

Mr. MILLER. No; I said that was not in his budget——

Mr. HUMPHREY. In his original budget.

Mr. MILLER. That is correct.

Mr. HUMPHREY. My good friend has been around here long enough to know there have been supplemental messages.

Mr. MILLER. Yes. The Senator from Iowa knows there have been hundreds of supplemental messages under the New Frontier.

Mr. HUMPHREY. Since the Senator is interested in the recommendations of the President, I deduce—I judge from what he has said—that if we just go back to the health budget of the President, if we just follow the President's recommendation, the Senator from Iowa will become a loyal New Frontiersman. That day I want to see.

Mr. MILLER. The Senator from Iowa would have voted for some of the appropriation bills if that had been the case.

Mr. HUMPHREY. The Senator from Minnesota is not going to apologize for having voted for a little more money for health programs. I do not think the Government is going to go into bankruptcy because we have spent a little more money to stop the scourge of cancer. I am not going to apologize for having spent a little more money for heart research.

Mr. MILLER. The President of the United States is also interested in heart and cancer research. I do not think the President of the United States is any less concerned about those subjects than is the Senator from Minnesota.

Mr. HUMPHREY. I agree. I will just say he is a little too conservative on that subject.

May I suggest to the Senator from Iowa that if he will vote for the feed grains program, we can get the corn growers out of the Government business. That is what we have under the 1958 act—"produce all you want, and all you cannot sell, the Government will buy"—the great Republican program. If we can get rid of that monstrosity, we can save $8 billion. I urge the Senator to join with me in an effort to get rid of it.

Mr. MILLER. I thought the Secretary of Agriculture believed the emergency feed grains program was a smashing success.

Mr. HUMPHREY. The Senator from Minnesota was not talking about the emergency feed grains program. We had to have an emergency feed grains program because of the Eisenhower-Benson-Republican 1958 program. That was the No. 1 boondoggle, pork-barrel measure passed by the Congress, and I voted against it.

Mr. MILLER. May I ask who was in control of the Congress?

Mr. HUMPHREY. Let me tell the Senator who was in control of the Congress. The administration sent this measure down to a handful of Democrats plus a phalanx of Republicans and foisted it on the American people.

Mr. MILLER. The Republicans were in control?

Mr. HUMPHREY. No; the Democrats were in control, with a few of their allies, with a Republican President, and a Republican Secretary of Agriculture.

Mr. MILLER. What I am trying to get across here is the fact that I do not like to see arguments of this kind over tax cuts. As a tax lawyer, I have been in

the business long enough, and I know how people would like to see tax cuts, but they have got to be meaningful, and they are not going to be meaningful unless we keep the purchasing power of the people's money up.

I know the President of the United States is acutely aware of that situation. That is the reason why he came out for a balanced budget for this fiscal year.

He also knows how important it is in connection with the international balance-of-payments problem.

So I do not criticize him for hesitating about tax cuts, but I do criticize him for not cutting back on spending to make room for some of these tax cuts.

The Senator from Iowa is not the one to make the suggestion as to where the cuts should come; the recommendations should come from the White House.

Mr. HUMPHREY. Madam President, will the Senator yield?

The PRESIDING OFFICER (Mrs. NEUBERGER in the chair). Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. MILLER. I yield.

Mr. HUMPHREY. If the Senator is going to talk about where we ought to cut the budget, I suggest he ought to give us a bill of particulars. One cannot say, "I am for a new building," and not give us any idea how many rooms there should be inside the building or what the cost should be.

The point is that there is a chorus of voices to cut spending, which is traditional. Every 2 years the Republicans get on the idea of cutting the budget. When we come to them and ask, "Where?" they say, "Oh, no, that is not for me. That is for you. You be the doctor. You be the surgeon. I just like to get around and deliver the flowers."

They are not going to have that privilege. If they want to cut the budget, say where. Do they want to cut grandma's pension? Do they want to cut veterans' pensions? Say so. But do not try to be economizers and then go to the Democrats and say, "Now you tell us where you are going to cut."

Mr. MILLER. Madam President, if that is the position of the Senator from Minnesota may I suggest, if he is for tax cuts, he should come out with the cuts in spending he proposes, and if he cannot find the places to cut spending let us stop talking about tax cuts, because we are only teasing ourselves.

Mr. PROXMIRE subsequently said:

Madam President, I wish to comment factually on the interesting and dynamic speech of the Senator from Minnesota [Mr. HUMPHREY]. He talked about how a $10 billion tax cut would practically pay for itself because there would be a $25 billion increase in the gross national product.

Economists are divided on the question. The economists to whom I have talked say that a $10 billion tax cut would mean a $20 billion increase in the gross national product. Anyway the question is considered, the fact is that it could not possibly pay for itself. There is agreement among all economists that there would be a net diminution in tax revenues. Even if we took the assumptions of the Senator from Minnesota, the fact is that a $10 billion tax cut, resulting in a $25 billion increase in the gross national product, would mean about a $4 billion subsequent increase in tax revenues, or a net decrease of $6 billion.

That arithmetic may be dull and tedious, but it is vitally important to the discussion, because I think any responsible assessment of the situation must recognize that if we reduce taxes, we increase the national debt. We increase the deficit, and we increase the burden on the taxpayer in servicing the national debt.

CHALLENGE ON MONETARY POLICY

Madam President, I do wish to call attention to a statement which I made this morning before the Joint Economic Committee, of which I am a member. We started our hearings, as the Senator from New York pointed out, on the state of the economy. I challenged any witness who appears to testify to try to justify the fact that we are following a high-interest rate, tight-credit policy at a time when the economy has been slowing down.

I ask unanimous consent that the statement be printed in the RECORD, at this point.

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

STATEMENT OF SENATOR WILLIAM PROXMIRE BEFORE THE JOINT ECONOMIC COMMITTEE ON TUESDAY, AUGUST 7, 1962

Mr. Chairman, on July 9 I wrote you suggesting that this committee hold hearings on the economy because I was deeply disturbed by the increasingly restrictive actions of the Federal Reserve Board at a time when our economy is standing still.

I challenge any witness to appear before this committee to justify the high interest rate economy slowdown policies of the Federal Reserve Board.

For the Federal Reserve Board to force up interest rates and reduce availabe bank reserves under present economic circumstances is sure to create further unemployment, especially in the home building and construction industries, which are highly responsive to changes in interest rates. Unemployment in construction has been seriously high for a long time.

Americans ranging from the U.S. Chamber of Commerce to the AFL–CIO have become so alarmed by economic stagnation that they have advocated a tax cut that would pile a huge deficit this year on top of last year's unbalanced budget.

Virtually every economist and business leader who has spoken out on the economy has expressed dissatisfaction with our present rate of growth, and concern that we may be about to drift into a recession.

Unemployment has continued at a seriously high level for more than 2 years and has failed to improve significantly during the past 7 months.

For the Federal Reserve Board to deliberately force up interest rates as it has been doing is to throw sand in the engine, when what we need is more fuel.

In 1929, we cut taxes at the same time interest rates were rising to high levels. This contributed to the worst economic crash in U.S. history.

Two significant effects occurred last week which have very profound implications for the problem into which this committee is inquiring.

On Friday it was reported that the Federal Reserve System had again tightened credit last week. This recent reduction in free reserves to $300 million is significant in that it confirms the suspicion of most analysts that the Fed is now committed to a tight-money policy. The indications of such a policy seemed to be clear in June, when for several weeks in a row the Fed reduced free reserves and maintained them at levels lower than had been reached since the tight-money policy prior to the last recession. This indication was confused by the temporary easing of credit that occurred in July. But now it is clear that the policy revealed by their actions in June does in fact reflect their basic outlook toward the need for credit restraint at this time.

It is thus particularly timely that this committee exercise its responsibility to provide the needed legislative oversight in this vital area. Monetary policy is too important to be left to the bankers. If there ever was a time for Congress to insure that the monetary policy is formulated and executed in the context of the public interest, it is now.

The chronically high levels of unemployment prevailing in this country and the chronic slowdown in our growth rates make it overwhelmingly clear that no monetary constraints whatsoever should be placed on economic activity.

Federal Reserve monetary policies could easily frustrate any attempt to stimulate the economy through a tax cut, in the same manner that proper monetary policies might possibly preclude the need for significant fiscal action at this time.

The second event that occurred last week which gives special meaning and timeliness to these hearings was the failure of the Treasury's attempt to float a new issue of long-term bonds. The Treasury was willing to sell up to $750 million worth of 30-year bonds which were priced to yield 4.19 percent. It is significant that subscriptions amounted to only $316 million. This fell far short not only of the $750 million that the Treasury was willing to sell, but it fell far short of the $500 million that the Treasury expected to sell.

This is a very strong indication that there is not the available liquidity at the long end of the market that many have talked about. If investors are not willing or able to take advantage of such attractive rates, they certainly must lack significant loanable funds which are seeking a place for profitable investment. The only other reason for the dismal failure of this recent attempt of the Treasury to attract long-term funds is that the investors feel that the rate of interest is about to go higher.

Either of these two possible explanations is very distressing in its implications. The deficiency of the availability of loanable long-term funds suggests that the restrictive policies of the Fed have already had an effect. In any case, it suggests that the Fed is in error if it feels that it must soak up a significant amount of excess liquidity at the long end of the market.

These recent events suggest why it is necessary for Congress to act quickly to prevent the misguided policies of the Fed from continuing to slow down the economy. It is my hope that these hearings, and further report will help to remedy this situation.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 296. An act for the relief of Hanna Ghosn;

S. 1174. An act for the relief of Dr. Kwan Ho Lee;

S. 1882. An act for the relief of Assunta Bianchi;

S. 2455. An act for the relief of Mrs. Elizabeth Lovic;

S. 2572. An act for the relief of the Merritt-Chapman & Scott Corp.;

S. 2614. An act for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang;

S. 2675. An act for the relief of Yiannoula Vasiliou Tsambiras;

S. 2769. An act for the relief of Renato Granduc and Grazia Granduc;

S. 2807. An act for the relief of Mrs. Juliane C. Rockenfeller; and

S. 2844. An act for the relief of Alice Amar Froemming.

The message also announced that the House had agreed to the concurrent resolution (S. Con. Res. 76) withdrawing suspension of deportation of Ibannis Constantelias.

The message further announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 7600. An act to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes;

H.R. 11590. An act to provide for the disposition of judgment funds of the Cherokee Nation or Tribe of Indians of Oklahoma;

H.R. 11952. An act to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands, and for other purposes; and

H.J. Res. 693. Joint resolution granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact, and for other purposes.

HOUSE BILLS AND JOINT RESOLUTION REFERRED

The following bills and joint resolution were severally read by their titles, and referred, as indicated:

H.R. 7600. An act to amend title 38, United States Code, to revise the effective date provisions relating to awards, and for other purposes; to the Committee on Finance.

H.R. 11590. An act to provide for the disposition of judgment funds of the Cherokee Nation or Tribe of Indians of Oklahoma; and

H.R. 11952. An act to assure payment of just compensation for the use and occupancy of certain lands on Kwajalein and Dalap Islands, Trust Territory of the Pacific Islands, and for other purposes; to the Committee on Interior and Insular Affairs.

H.J. Res. 693. Joint resolution granting the consent and approval of Congress for the State of Maryland, the Commonwealth of Virginia, and the District of Columbia to amend the Washington Metropolitan Area Transit Regulation Compact, and for other purposes; to the Committee on the Judiciary.

KENNEDY THE POLITICIAN

Mr. MILLER. Madam President, in the July 25 issue of the Christian Science Monitor, the lead editorial, entitled "Kennedy the Politician," properly takes the President to task for his trying to blame the Republicans for the failure of some of his New Frontier programs to pass the Congress. Of course, Madam President, I use the world "blame" advisedly—in the sense that the President has used the word. Actually, I believe that some of these measures of the New Frontier have been poorly conceived and that their defeat—by Democratic votes as well as Republican votes—merits the praise of the voters. 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:

KENNEDY THE POLITICIAN

Mr. Kennedy is now talking frankly partisan language about his stalled domestic legislative program. He blames the Republicans for his lack of success. There was a long series of statements to this effect in his latest press conference.

Mr. Kennedy respects both logic and objectivity but in this case he seems to be taking leave of both. Why should he blame members of the opposition party for predictably voting against bills with which they traditionally disagree? He could more logically blame the voters. The voters gave him an insufficient number of Democrats who agree.

And how can he shrug his shoulders so fatalistically about the conservative Democrats while pointing such an accusing finger at the Republicans? Where is consistency?

Mr. Kennedy also argues that because Republicans oppose his program they are for inaction. He is for action. But in many cases enough Republicans agree with the broad aims of Kennedy domestic bills to pass them, if they had been drafted with more attention to the national need and less to Democratic politics and power.

But his frankly partisan approach to most of the major domestic bills provoked a frankly partisan answer. He knew that the conservative Democrats would vote with the opposition. Logic would suggest that his strategy was at fault, and not either the conservative Democrats or the Republicans. He misjudged the election returns.

This is all the more curious because at the start of his second year in the White House the President told reporters he was going to follow an entirely different strategy. He recognized the need for emphasizing national needs and deemphasizing party politics.

A few weeks thereafter he proposed a Department of Urban Affairs in a highly political manner. For whatever reason, perhaps a rising political self-confidence, his approach to Congress radically changed. With this more recent approach, Mr. Kennedy created his own frustration.

He has now explicitly described his plan for the coming congressional campaign. To the degree that it can be separated from recrimination over the past, it is a partial return to logic again. The President is tackling the real cause of his difficulty in the narrow decision of the voters. "The areas I'll be campaigning in are seats * * * where there will be a very clear choice between Republicans who oppose these programs and Democrats who support them. That's where I am going to go."

The voters will be there waiting. It remains to be seen whether they will consciously choose to base their vote on what kind of Congress they want to give Mr. Kennedy. (Many of them probably didn't, last time.) But they have this opportunity now and they should use it.

Meanwhile it is curious that Mr. Kennedy should be gauche about allocating blame for his plight, when he is supposed to excel at the political arts. It could be that he misjudges the future voting as well as the past. He may find that the same actions on his part which drove the moderate votes in Congress into opposition will cause the voters in November to prefer more conservative candidates.

CITIES SEEK STATE CONTROL

Mr. MILLER. Madam President, in today's Washington Evening Star there is a timely and informative article by the distinguished columnist, Gould Lincoln, on the subject of reapportionment of the State legislatures. Mr. Lincoln emphasizes in his article that—contrary to the erroneous belief or misplaced hope of some so-called liberals—the United States is a representative republican form of government rather than a representative democratic form of government. He also points out that in the State of Michigan the matter of reapportioning the Michigan Senate to put it, as well as the State house of representatives, on a population basis has degenerated into a political issue between the Republicans, on the one hand, who believe that one house should remain on an area basis, and the Democrats, on the other hand, who believe that both houses should be on a population basis.

I am pleased to say that in my own State of Iowa, the issue thus far has not been reduced to such a partisan political situation. Most Republicans and most Democrats have believed that one house should be on a population basis and one house on an area or geographical basis. A few Republicans and a few Democrats believe that both houses should be on a population basis, but, honest though their convictions undoubtedly are, I suggest that their position might well be altered if they would think through the differences between a representative republican form of government and a representative democratic form of government; especially insofar as those differences apply to a capitalistic, economic system upon which our country's property rights were founded and have expanded. It is my position, Madam President, that the capitalistic economic system can best be guaranteed and can best prosper under the representative republican form of government, which is deeply imbedded in the traditions and constitution of our Federal Government and in the traditions and constitutions of most of our State governments.

I ask unanimous consent that Mr. Lincoln's article may be printed in the RECORD.

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

CITIES SEEK STATE CONTROL

(By Gould Lincoln)

In the ever-growing demands for redistricting and reapportioning State legislatures, the cry today—an ever-increasing cry—is to redistrict in a manner to give greater representation to large urban centers of population. The big cities have been beating at this door for a long time in some of the States. Their claim has been that their people are discriminated against in the matter of legislative representation in favor of the smaller rural areas. Recently the Supreme Court entered the battle. It apparently has determined it is a prerogative of the Court to determine the constitutionality of the legislative apportionments and districting systems of the States. Carried to an ultimate end, this may mean the Court will determine the constitutionality of the apportionment and districting for Congress, the national legislative body.

The apportionment and districting for seats in State senates, as well as in the State assemblies or houses of representatives, are now under attack in the courts in several States, including Michigan. There the battle has become largely a Democratic-Republican fight—although there, too, the urban centers, particularly Detroit, are alined against the rural districts in this contest for greater senate representation. The Michigan State Supreme Court, in a 4-to-3 decision with four Democrats approving and three Republicans dissenting, held the apportionment of the senate unconstitutional.

The Republicans in the legislature have obtained a stay of the State court's order to redistrict by August 20. The primary elections—for State nominations for the November elections—are being held today. So the issue is expected to go over until next year.

The State court's order will be appealed and the appeal carried to the Supreme Court. The issue may become intense, as it is carried into the campaign by the expected candidates for Governor, George Romney, Republican, and Governor Swainson, Democrat. A redrafted State constitution will be voted on next April. It provides for an apportionment of house seats on the basis of population, more nearly meeting the urban demands, and leaves to a bipartisan commission a reapportionment of the senate seats. The Democrats do not like this, either.

THE FOUNDERS' PRINCIPLE

If the Supreme Court is to determine that population must be the basis for State senate seats as well as for house seats, it is argued, the principle adopted by the framers of the Federal Constitution for the apportionment of Senators among the United States will be completely disregarded. Under that principle, population has no place in the decision. Each State is given two Senators. New York and California, the most populous States, have two Senators each, and so do Alaska and Nevada, although their populations are the least among the 50 States of the Union. In round numbers, New York's population is 16 million plus, California's 15 million plus, while Alaska's is 226,000 and Nevada's 285,000, both plus. The Founding Fathers' had good reasons for giving each State equal representation in the Senate, no matter what their size. Carried into the States, the same principle, which gives protection to the small, may be necessary. Certainly, it is not expected that the Supreme Court will start tampering with the constitutional provision that each State is to have equal representation in the Senate of the United States, although it is difficult to predict what the Court will do in the future.

REPRESENTATIVE REPUBLIC

In some of the States, the urban centers are today strongly Democratic; the rural areas, strongly Republican. The Democrats in Michigan are fuming because, although they have held the governorship for nearly 14 years, they have not been able to control the State legislature, particularly the State Senate. In the past, there have been Democratic Presidents when the Congress was controlled by the Republicans, and vice versa. And on some occasions, the Republicans have controlled the Senate while the Democrats controlled the House—and again, vice versa. The United States has managed to get along despite these separate controls, perhaps the better for them on numerous issues. In fact, this is the operation of a representative republic. And this is what the United States was intended to be by the framers of the Constitution—not a representative democracy as many of the so-called liberals would have it. The individual States are better off with a republican form of government, too, despite the clamor for a democratic form.

The Supreme Court opened the way for the present contests over the constitutionality of State systems of apportioning membership in their legislative bodies in a Tennessee suit. The Court, however, merely held the Tennessee apportionment unconstitutional. It has not yet set standards or guidelines. Presumably it will have to deal with other cases. At present 22 States are seeking to revamp legislative apportionments—some directed to do so by courts. Among them are New York, Wisconsin, Maryland, Florida, Georgia, and Alabama.

KENNEDY'S "CONSERVATISM"

Mr. MILLER. Madam President, one of the most interesting and appropriate articles I have seen in a long time appeared in the February 5 issue of the Wall Street Journal. Written by Alan L. Otten and entitled "Kennedy's Conservatism," the article points out that this administration has taken some steps which so-called liberals would have condemned a conservative administration for taking. These steps include the encouragement of high interest rates, for which the Democrats were criticizing the Eisenhower administration; the promotion of airline mergers by the CAB; and the deferral of an Executive order to bar racial discrimination in housing. This is not to say that Mr. Kennedy is a conservative—or, for that matter, a middle-of-the-roader, as some sympathetic writers would have the general public believe. These labels do not apply to people who support an economic theory of spending our way into prosperity, or a political theory of centralizing governmental control in Washington. But the article does point out that some so-called liberals have a double standard, and that the double standard has finally caught up to them. I ask unanimous consent that the article may be printed in the RECORD.

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

KENNEDY'S "CONSERVATISM"

(By Alan L. Otten)

WASHINGTON.—President Kennedy is proving this political paradox: A liberal administration can frequently, with almost no criticism, take conservative actions for which a conservative administration would be roundly denounced by liberals.

In a variety of fields, the President and his fellow New Frontiersmen are doing and not doing things for which their leading liberal-labor supporters would have long and loudly lambasted an Eisenhower or Nixon administration. Now, however, those groups criticize in muted mumblings, if at all.

Item: The administration, via an intricate legal ruling covering certain refunding operations, has gotten around the 4½-percent interest rate ceiling on long-term bonds—an approach former President Eisenhower's Treasury Department considered and rejected not only as bad ethics but also, for a Republican administration, bad politics. Reason: The Democrats surely would have accused the GOP of promoting high interest rates to benefit banks at the expense of taxpayers.

Item: The Civil Aeronautics Board is actively promoting airline mergers with an intensity far beyond any that a Republican-dominated board would have dared attempt.

Item: The President has said he will defer issuing an Executive order to bar racial discrimination in housing until he "considered it to be in the public interest"—a rather cavalier disregard of a firm campaign pledge that, shown by a GOP President, would have produced a throbbing threnody from liberal groups instead of the pianissimo plaints raised against Mr. Kennedy.

A PRAGMATIC APPROACH

It would be grossly inaccurate to suggest the Kennedy administration is a conservative one; it is not. Administration decisions are based not on a conservative philosophy but rather on a pragmatic approach—perhaps to meet a balance-of-payments crisis, perhaps to cut unemployment. Clearly, in the overall view, the Kennedy team can be expected to tend toward the liberal side

But it certainly is true that any Democratic administration has a certain amount of credit in the bank with labor, civil rights, and other liberal groups. Thus, it can draw on this credit to stifle criticism of certain actions, so long as its overall record satisfies. Too, liberal groups are inhibited from criticizing a sympathetic administration too severely, even for conservative actions they don't like, for fear of losing more than they would gain by turning voters against a beneficial regime. On the other hand, Republicans, beset by worries that a "business party" label hurt them at the polls, are inhibited for political reasons from taking conservative steps they might believe necessary on economic or other grounds.

The reverse is true, too. Republicans can frequently push through liberal actions that Democrats can't. By winning the votes of usually conservative Republicans who hesitated to oppose a Republican President, Mr. Eisenhower, for example, was able to create a Cabinet-level Department of Health, Education, and Welfare. It's unlikely such a department would have been okayed by Congress back in 1953 if Democratic candidate Adlai Stevenson had won the White House, as Mr. Kennedy's current difficulties in creating a new Department of Urban Affairs suggest.

Moreover, Mr. Eisenhower was able to draw Republican support, denied to Mr. Kennedy, for foreign aid appropriations, public housing, and Federal aid for school construction. But right now, a Democratic administration is in power, and certainly it is producing some decisions pleasantly surprising some conservatives—and shocking some Democrats. And yet, as a result of the political double standard, these Democrats are prevented from objecting too loudly.

Take the recent Federal Reserve Board decision to permit commercial banks to pay higher interest rates on savings accounts. Prior to January 1961, liberals fought any hint of such a move as likely to lead to generally higher interest rates, one of their time-honored hobgoblins. But Mr. Kennedy's Treasury Department, focusing on the balance-of-payments problems, worked closely with the Federal Reserve on this move and promptly endorsed the action when taken. So far, Democratic protests have been few.

The balance-of-payments problems has been used by the administration to justify an increased emphasis on channeling more foreign aid buying to U.S. manufacturers—a policy congressional liberals used to attack as an unworthy protectionist device. Now, silence.

Or, consider the administration's proposed balanced budget for the coming fiscal year (whether the budget's final results will actually produce a surplus is, for the purposes of this discussion, a side issue). There has been a minimum of the traditional labor and liberal protest that the Kennedy budget will prematurely choke off economic recovery. A similar proposal from a GOP adminstration at this economic juncture would certainly have provoked violent Democratic diatribes. This is the worst recovery we have seen," declares one union official, "but we can't say so publicly because of the administration in the White House."

Taxes are another case in point. Politically, it's long been considered bad strategy

to propose tax help for business without including reductions for individuals. The Eisenhower administration for several years ducked business pleas for more liberal tax depreciation allowances. Treasury Secretary Dillon, however, already has ordered depreciation tax help for textile firms, and is promising similar benefits this spring for many other industries. Moreover, he's proposed that Congress enact a $1.8 billion investment tax credit for business. Even though the administration proposes to recoup much of the revenue loss by tightening other tax rules, most of which affect business, the depreciation changes and tax credit would be a definite gain for industry. What's more, Kennedy planners argue the tax changes are needed to help create new jobs by stimulating investment. A GOP administration taking these lines would have been bitterly berated by northern Democratic Congressmen, labor leaders, and others for favoring business over individuals, for moving to stimulate investment when the "true" economic problem is underconsumption. There's little of this criticism now, though.

PAY POLICY FITS PATTERN

Wage policy also fits into the pattern. Mr. Kennedy and his top aids—publicly and privately—are taking a line at least as tough as Mr. Eisenhower's on the need for labor to moderate its wage demands—and clearly encountering far less open labor criticism. Perhaps labor is holding its fire because it doesn't expect much followthrough. But certainly Labor Secretary Goldberg has been waving the Taft-Hartley law and the possibility of new antistrike legislation at his old steelworker union clients far more vigorously than did Ike's Labor Secretary Mitchell.

Other examples of the political paradox:

The Kennedy Atomic Energy Commission has "indefinitely deferred" plans to develop two experimental civilian power reactor projects—without the instant attack that would have been made against a Republican administration for curtailing Government reactor development.

The Pentagon is expanding a previously limited policy of offering higher profits to defense contractors for extra-good performances; Democratic lawmakers hail this as evidence of sound management rather than objecting to it as business favoritism.

Certainly a Republican decision to increase Pentagon and space spending to the levels Mr. Kennedy has planned would have provoked considerable left-of-center comment that the military and moon-shot money should better be spent for mental health or public schools. There's been remarkably little of that criticism of the present administration.

Nevertheless, there's a tempering factor in this paradoxical political situation. If Mr. Kennedy does not draw as much "liberal" criticism as a Republican President would for some "conservative" actions, neither does he get as much "conservative" praise.

RATIONALIZATIONS FOR RECKLESSNESS

Mr. MILLER. Madam President, four recent lead editorials in the Wall Street Journal merit favorable comment.

In the July 9 issue, under the title "Rationalization for Recklessness," the administration is sharply criticized for its irresponsible conversation about tax cuts without any consideration for their impact on the Federal deficits—albeit that such conversation might be considered "sophisticated" by those who are engaging in it. The Journal sensibly calls for tax cuts that are geared to sharply lower spending.

In the July 11 issue, under the title "A Warning From Mr. Roosevelt," the Journal recalls that in 1935 President Roosevelt warned Congress against "extravagant action" in developing the social security program, and said that if the program were too ambitious, its whole future would be endangered. The Journal then goes on to show what has happened to the social security program in the intervening years, running up to the present unfair medicare proposal of the President and how the cost of this program bears most heavily on the lower income groups and how the present generations are getting by for much less than their share of the cost, with future generations having to pick up the tab.

In the July 25 issue, under the title "Of Sails and Anchors," the Journal wasted no time in taking up the President's challenge that the people will choose either to anchor down or to sail. Of course, this was political talk and everyone should know that it was. The statement's assumed that we were not sailing and were lying at anchor. It assumed that the reason we are not sailing fast enough is that inaction by Congress in following White House spending programs was responsible. It did, of course, recognize that all the wind that blows from political speeches and fine phrases does not mean that there will be good sailing. Putting things in proper perspective, the Journal points out that what needs to be anchored down is the Government itself, so that freemen can sail.

In the July 30 issue, under the title "An Impractical Pragmatism," the Journal demolishes the self-proclaimed label of the Kennedy administration that it is "pragmatic" by pointing out the fallacy in its economic program of the greatest possible Government spending. Such a program does not mean economic growth, the Journal points out, because it results in a misallocation of resources—a defect that has characterized all planned economies from India to Russia. The key to economic growth lies in lifting the burden of Government in order to release the energies of a free people.

Madam President, I ask unanimous consent that the four editorials may be printed in the RECORD.

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

RATIONALIZATION FOR RECKLESSNESS

Though President Kennedy hasn't decided whether tax cuts should be recommended for this year or next year, one thing is clear: The impact of any reductions on the Federal deficits hardly ranks as a major consideration within the administration's councils.

Any hope of responsible tax cutting must therefore rest with Congress or public pressure or both. Congress unquestionably has the power to force Government spending down to the level of revenues lowered by tax reductions. If it would do so, in this era of inflated and wasteful Federal spending, that might be the best reason yet for advocating sizable tax reductions.

Admittedly, the record is not encouraging. It is the Congress, as well as the successive administrations, that presided over 25 Federal budget deficits in the 31 years through 1961. It is the Congress which gave its blessings to the additional deficit of $7 billion—more than the whole Government spent a little over 20 years ago—in the fiscal year just ended. It is the Congress which has now increased the public debt limit to an untidy $308 billion.

Still, the very enormity of the Government's financial condition might jolt Congress into using the lever of tax cuts to impose restraint on the administration's spending. In the informed estimate of Senator HARRY BYRD, the deficit this fiscal year will be $6 billion without tax cuts; with prompt tax cuts of the reckless sort the chamber of commerce proposes, it could be a startling $15 billion.

Certainly if there were a good many more BYRDS in Congress there would be a return to fiscal responsibility. But even as it is, many Members must realize by now that the administration, far from eschewing deficits even in principle, shows every sign of embracing deficit financing as a way of life—and going to amazing lengths to rationalize it. And many on Capitol Hill, regardless of their politics or pet projects, must be able to see through those rationalizations.

For one thing, there is no evidence to support the administration theory that, in today's economic circumstances, tax reductions accompanied by increasing Government spending would rocket the Nation into a new superboom. Accordingly Congress has scant justification for assuming that lower taxes might actually mean higher revenues in a booming economy.

Plenty of evidence exists, however, to show what happens to nations that persist in living beyond their means both at home and abroad. The nations of Western Europe finally had to turn from inflation before they could prosper; even the politicians had to admit it had become enonomically intolerable.

If Congress wants an example both recent and close, it can look at Canada, which thought it could inflate itself into ever more buoyant prosperity. Instead, the tough logic of economics pulled it up short; it had to take drastic corrective measures, including Government retrenchment.

Nothing in the U.S. economy makes it immune from the consequences of constant Federal abuse. Why so many Government officials are incapable of seeing this is difficult to understand. How else can they interpret the warning signs, like the persistent foreign expectation of dollar devaluation? How can they possibly hope to eliminate the international payments deficit while piling mountainous domestic deficits upon deficits?

Most Americans, we believe, do realize that the Government rationalizations fly in the face of common sense. If so, maybe they should respond to the President's request for an economic dialog.

What the administration and Congress need to be told is that the basic fiscal issue is not as sophisticated as Government economic advisers like to say. Specifically, the need is for tax cuts that are not designed to deepen deficits but are geared to sharply lower spending.

It would not be the first time the people had raised their voice against flagrantly unwise budget policies. And if Congress is at all concerned about the Nation's economic health, it will listen.

A WARNING FROM MR. ROOSEVELT

When Franklin Roosevelt proposed establishment of the social security program in 1935, he was careful to warn Congress against "extravagant action." If the program were "too ambitious," the President said, its whole future would be endangered.

As the years have gone by, the program has certainly grown a great deal more ambitious, and now there's this enormous political pressure to push it into the field of medical care. The House Ways and Means

Committee is scheduled to take up the administration medicare bill this week.

Now we realize that any criticism of the 27-year-old American social security "institution" is regarded in some quarters as somehow suspect, if not downright unpatriotic. Nonetheless, it's time we paused to ponder the meaning of Mr. Roosevelt's words.

In terms of its later growth, social security got off to a slow start. Farmworkers, domestic employees, and a number of other groups were excluded from coverage. Benefits for the aged were to range from $10 a month to $85, and no payments at all were to be made until 1942.

But this initial design was soon altered. Even before the first social security taxes were collected, organized labor was pressing for a liberalization of benefits. In 1939, Congress responded by broadening the program to include dependents and survivors of the aged and, in addition, advanced the date of first benefits to 1940 from 1942. And so it has gone from that time to this, with benefits and coverage being steadily enlarged and expanded—especially in election years.

How has Congress provided for payment of these growing benefits? In the beginning the plan was to build a giant reserve fund, invested in Government bonds, so that eventually interest income would shoulder a large part of the benefit burden. Taxes were to start at 1 percent each on employees and employers, based on the first $3,000 of each employee's wages, and were to rise to 1½ percent in 1940, and then by stages to an "ultimate" rate of 3 percent by 1949.

But politicians aren't anxious to boost taxes on voters if they think there's any way around it. And with tax receipts running far ahead of benefit payments in the early years of the program, Congress couldn't see anything urgent about tax boosts at all. As a result the tax rate didn't rise to 1½ percent until 1950, a decade behind schedule.

Soon things began closing in on social security and its manipulators. With reserve funds shrinking fast, Congress found that both old and new benefits called for new taxes. So the maximum tax on each employee now is $150 a year, compared with the $90 that the lawmakers first thought would be the ultimate.

And the end isn't even remotely in sight. The reserve fund, in any real sense, is no longer any reserve at all. Its interest earnings each year now equal only about 2 percent of benefits. To keep the program stumbling along on a hand-to-mouth basis, even without the added burden of medical care, tax rates are slated to rise by nearly 50 percent in the next 5 years. It's certain there will be pressure for more benefits, whether medical care or something else. That's the way politicians have been using social security for 27 years.

If the pressures continue to bring action, even higher taxes than those now envisioned will be needed to keep the system from sliding into insolvency. Ironically, the taxes bear hardest on the lower income groups; as things stand now, earnings above $4,800 aren't touched. Yet the benefits, because they are taxexempt, are most helpful to the wealthy. To a person in the 20-percent tax bracket, $800 of social security payments is equal to $1,000 in taxable income. To a 60-percent-bracket taxpayer, the $800 payment is equal to $2,000—twice as much.

There are other inequities. Middleaged and older workers who entered the plan in its early years had the prospect of getting back a good deal more than they put in. But an average worker under 40 who enters the plan now, with tax rates so high and rising, has little prospect of receiving benefits worth even as much as the taxes he paid. Not to mention that the more inflation we have the less his benefits will buy.

As time goes on, the people at work will take on more and more of the burden of paying growing benefits to people already retired. Is there no limit to the load American's active work force will accept?

For the average American, even now, social security is a costly way of buying insurance. That's because a true insurance system operates with a reserve fund, a fund that generates interest income to carry much of the load. Americans, especially labor union leaders who negotiate pension fund agreements, are becoming increasingly familiar with this principle. Will there, at some point, be a public outcry against the high cost of social security?

There is another worry, and this is one that should have special significance for an administration who so often voices concern about the rate of economic growth. To speed growth, the Nation must have more savings and investment. And social security cannot help but divert funds from savings, since it takes over many burdens that otherwise would be carried by insurance. When savings go into regular insurance companies, they are invested in productive enterprise. When funds go to the Government, they merely fuel nonproductive Government spending. Is there no limit to the diversion of savings the Nation can weather?

Entirely aside from all the social implications of expanding social security, the economic questions must be considered now. For the financial planning of most Americans centers on social security, and the system should not be lightly sacrified for political gain.

In these Democratic days in Washington, you'd think there would be someone willing to listen to Mr. Roosevelt's warning.

Of Sails and Anchors

In President Kennedy's view, the choice before the voters in November is quite clear: Democratic action or Republican opposition to action. The people, he told his press conference, "will choose either to anchor down or to sail."

We agree that the Nation does face a serious choice in its domestic policies, though we would express it a little differently. It is a choice between more Government or more freedom from Government for individuals and businesses. And we are far from sure that the Republicans, as the opposition party, will prove capable of presenting it in clear political terms.

Not that the Democrats will have an easy time. The President reasons that if they could pick up only a few seats in Congress they could swing enough votes to efface this year's defeats on such notable matters as farm and medicare legislation. But Mr. Kennedy realizes any gain would go against the historical trend in off-year elections, that his own popularity is declining, according to the pollsters, while GOP hopes are rising, and that no less than 21 Senators of his own party voted against his medicare plan.

Consequently he plans to campaign especially in genuine two-party swing areas, harping on the theme of Republican destructionism on everything he wants, from more public works to medicare.

How exciting people find the President's domestic programs is another question. Certainly the record on Capitol Hill does not suggest that the Members of Congress have detected any thunderous ground swell for them. And it would be a little surprising if there were, since most of the proposals have the tired air of the thirties about them, hardly even touched up.

In all this, we think, is an opportunity for an opposition party, if the Republicans concede they are that, to make a forceful case for a different approach. It is not enough to promise the same things with slight modifications.

The real answer to compulsory social security medical insurance for the aged is the rapidly growing voluntary insurance plus public assistance where truly needed. The only real answer to the farm problem is not the administration's proposed regimentation but a gradual return to a free market.

There is much more. It stands to reason that the key to greater economic growth is not expansion of the Government but expansion of the economy. The Government has demonstrated over the years that all its spending and deficits and controls cannot prevent or cure recessions, much less produce a major advance in sound economic growth.

The proper Federal function is to create the climate in which the economy can flourish. That primarily requires lessening the pressure the Government exerts on the economy through excessive spending and regulation.

The Republicans have often been timorous about making that case. But they should be able to remember that the idea of freedom from Government, so long applied in this country, is the most dynamic idea in political history. It ought to be worth a try as a political program in opposition to the dreary doctrine of Government expansion and compulsion.

What needs to be anchored down is the Government itself, precisely so that freemen can sail.

An Impractical Pragmatism

The Kennedy administration is often described as pragmatic rather than theoretical. If so, let us put theories aside for the moment and look at its economic policy in coldly practical terms. How effective is it?

First of all, it is true the policy is an unfinished work, since Congress has neglected to enact parts of it. As one of President Kennedy's closest aids, Theodore Sorenson expressed it on Howard K. Smith's television show the other night, "We have submitted to the Congress last year and this year an extensive program to stimulate the economy."

The President's legislative program includes farm controls, medicare, depressed areas, manpower retraining, youth employment, and discretionary Presidential authority to boost public works spending.

Mr. Sorenson apparently feels that if Congress had passed every last bit of the program, instead of only parts of it, the economy would now be booming. As it is, the officials regard the economy's blood as so tired that they are seriously thinking of asking Congress for tax cuts to build it up.

Yet if one examines the proposals to date, it is evident they have nothing to do with economic growth. Whatever else may be said of the farm plan that failed, its purpose was to regiment the farmer into producing less, not stimulate more output. And whatever the pros and cons of medicare on other groups, not even its advocates could very well claim it was a growth hypodermic.

Aid to depressed areas, unemployed youth, manpower retraining, public works—all these are by definition palliatives designed at most to soothe sore spots. They have no more connection with economic growth than did similar programs in the thirties, when all the considerable efforts of Government, year after year, were unable to significantly alleviate mass unemployment, much less lift the whole economy out of the mire of depression.

So, as a practical matter, blaming Congress for "inaction" doesn't get the administration far. Anyway, Congress has cooperated handsomely in the higher Federal spending and deficits which appear to be a key part of the administration's "growth" policy.

Spending has gone up many billions, and not just for defense and space, if even all those increases are justified. An imposing deficit was piled up last fiscal year, and another is in store this year. And yet the economy is said to be stagnating.

Since all this Federal medicine hasn't done the trick, the President is being urged to try much more of it, which seems rather curious advice. Outstanding "liberal" economists like Truman Adviser Leon Keyserling want him to quit temporizing and embark on a truly "expansionary" program.

That means the greatest possible spending Government officials can conceive, for any purpose anyone can dream up. The whole point, which is not without political overtones, is to spend, so as to put more people to work and put more dollars in people's pockets.

Assuming a willing Congress, such a program would certainly mean Government growth. But it could not mean economic growth because its premise is uneconomic.

A policy with the avowed objective of maximum Federal spending, directed from Washington, must cause a monstrous misallocation of resources. This defect has characterized every so-called planned economy in history and is glaringly plain in every one today from Socialist India to Communist Russia. Inevitably the wrong things are built and produced in the wrong places for the wrong needs.

The free-market economy's success is due above all to its practicality; it is simply the most effective means of channeling resources to productive and prosperous ends. The more its mechanisms are interfered with, the more impractical an economy is.

It would seem, then, that the administration and its advisers in and out of Government are barking up the wrong policy tree. The key to real economic growth lies where it always has, in lifting rather than increasing the burden of Government and so releasing the energies of a free people in a free market.

To figure it all out otherwise requires, we suggest, an extremely peculiar kind of pragmatism.

DEMOCRATS VERSUS DEMOCRATS IN TENNESSEE

Mr. MILLER. Madam President, in today's Wall Street Journal appears an article entitled "Democrats Call Medical Bill Key to Victory in Fall Elections, Based on Tennessee Vote."

It seems that in a Democratic primary in two heavy Democratic congressional districts, two Democratic incumbents were defeated by razor-thin margins by two younger Democratic opponents. The winners supported the Kennedy medicare bill. The losers opposed it.

I would be among the first to recognize that the clever play upon emotions which the proponents of the Kennedy medicare program are not above using could have accounted for the difference between winning and losing in these districts, especially when the incumbents did not have a real opportunity to get away from Congress to campaign among the people and tell them how unfair the Kennedy medicare program is.

But I am quite sure that if the voters are given an opportunity to become informed on this issue—and they will be during the fall campaign—they will not be casting their votes for a candidate just because he supports the Kennedy medicare program. Indeed, I suggest that they may well vote against a candidate because he supported this unfair program.

The Journal article points out that one of the incumbents who lost in Tennessee appeared to be hurt because he had supported the administration's proposal to withhold tax on interest. We may conclude from this that if that incumbent had opposed both the Kennedy medicare program and the Kennedy program for withholding taxes on interest he would have been reelected.

The other incumbent, according to the Journal article, was absent from his district representing it in Congress. This will not be the case in the fall election campaign.

I, for one, hope that the President and his Democratic campaign committee do not back down on their plans to make the President's unfair medicare bill an issue in the fall elections. If they can see in the Tennessee Democratic primary a result that will cause them to persist in making it an issue, then I will say that the Tennessee primary voters have done the Nation a great service—even though they may not have understood what they were voting about.

I ask unanimous consent that the article from the Journal be printed in the RECORD at this point.

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

DEMOCRATS CALL MEDICAL BILL KEY TO VICTORY IN FALL ELECTIONS, BASED ON TENNESSEE VOTE

WASHINGTON.—Democratic leaders are generally convinced the subject of medical care for the aged is the party's best hope for a winning issue in this fall's congressional elections.

The surprise showing of two Democratic House candidates in Tennessee primaries has reassured party strategists who favor all-out advocacy of a medical aid program financed through the social security system. This was the course followed by challengers Wilkes T. Thrasher and Richard Fulton in their primary races against veteran Congressmen JAMES B. FRAZIER and J. CARLTON LOSER, both foes of the social security approach. Mr. Thrasher, 41 years old, defeated Mr. FRAZIER, 72, by an unofficial 323 votes for the Democratic nomination in the Third (Chattanooga) District, and Mr. Fulton, 35 years old, is leading Mr. LOSER, 69, by 80 votes in their disputed primary election in the Fifth (Nashville) District.

Because a compromise medical care bill was defeated last month in the Senate, there had been speculation that the issue was losing its appeal and that voters might be turning against the social security approach advocated by the Kennedy administration. But Democratic tacticians interpret the Tennessee primary results as confirming their belief that the medical care subject will help Democrats in their November election battles with conservative Republicans who reject the social security route.

"POLITICAL POTENCY" SEEN

"It certainly proves the political potency of the issue is still strong," asserts one jubilant Democratic chieftain. "And with President Kennedy taking it up this fall, we should be able to score some strikes with it."

Moreover, the defeat of Mr. FRAZIER may have the far-reaching effect of boosting next year's prospects for congressional approval of the administration's King-Anderson bill or some variation that retains social security-financing approach. Mr. FRAZIER is one of the 15 members of the 25-member House Ways and Means Committee who have opposed sending the King-Anderson measure to the House floor for a vote. His departure means two of the bill's foes will be gone next year, giving House Democratic leaders the opportunity to engineer replacements who are more sympathetic to the social security approach. The other departing member will be Representative BURR HARRISON, a conservative Virginia Democrat who is retiring. Should they be succeeded by two members favoring the social security route, the lineup against the King-Anderson bill would be reduced to 13 votes against, 12 for. In this event, the administration would be favored to pick up the extra vote needed to push the measure through the committee. Representative THOMPSON, Democrat, of Texas, who was among the opponents this year, has indicated he might be willing to soften his position and permit the measure to clear the committee next year and reach the floor for a showdown. That would leave only Chairman MILLS, Democrat, of Arkansas, Representative WATTS, Democrat, of Kentucky, and the committee's 10 Republican members opposing the bill and outvoted, 13 to 12.

AN UNCERTAIN CONVERT

However, Mr. THOMPSON cannot be counted on as a sure convert to the plan. He won renomination by a decisive margin in the Texas Democratic primary earlier this year by campaigning against the King-Anderson bill while a liberal Democratic foe favored it.

Moreover, there is some doubt that a medical care bill could clear the committee as long as Representative MILLS opposes it. Instead of being outvoted, it is believed Mr. MILLS would either propose some kind of compromise or switch enough votes to keep it bottled up.

To a great extent, of course, the medical care prospects for next year depend on the outcome of this year's House races. Should the Democrats hold their present 263–174 margin or perhaps gain a few seats, chances would improve for passage of a bill along King-Anderson lines in 1963. On the other hand, the loss of 10 to 20 or more Democratic seats would dim the chances for any kind of medical care legislation in 1963.

There seems little doubt the medical care controversy figured prominently in the primary election success of Messrs. Thrasher and Fulton in their dominantly Democratic districts. The medical care subject was the No. 1 issue in the Loser-Fulton battle because Mr. Fulton, a real estate broker, designed it that way. Mr. Thrasher, an attorney, stressed it along with several other campaign planks in his contests with Mr. FRAZIER, a 14-year veteran in Congress. In both races the upstarts received considerable assistance from labor unions and members of local "senior clubs" affiliated with the National Council of Senior Citizens. Two days before the election, the Railway Labor Political League withdrew its endorsement of Mr. FRAZIER because he opposed the Social Security route.

DOCTORS BACKED INCUMBENTS

The medical profession generally was strong for Messrs. FRAZIER and LOSER and many individual doctors worked for their renomination. In some instances notes were included with patients' bills urging support for the incumbents. Some doctors made speeches to civic groups, and Thrasher forces reported finding pictures of Mr. FRAZIER on the walls of some doctors' offices, "I've never seen such a militant group working so hard for a candidate," Mr. Thrasher remarked.

There were, of course, other issues that figured in both races. Mr. FRAZIER appeared to have been hurt by his support of the Kennedy administration's tax revision plans including the proposal for income tax withholding from dividend and interest payments. Mr. LOSER's absenteeism from his district hurt his campaign.

While Mr. Thrasher supported the administration's position on medical care, he did not run as a 100 percent New Frontiersman, stressing his disagreement with some of the

measures advocated by the administration. But Mr. Fulton did run as a full-fledged Kennedy Democrat, telling voters he embraced the program laid out in the Democratic Party's 1960 platform.

THE KERR-MILLS ACT—WHAT IS SO BAD ABOUT IT?

Mr. MILLER. Madam President, in the Monday, June 25, issue of the Christian Science Monitor, the lead editorial, entitled "What's So Bad About It?" discusses the Kerr-Mills Act and some of the differences between the Kerr-Mills Act and the Kennedy medicare program. The editorial also brings out a thought which I think should be passed on to our people. The thought is expressed as follows:

Has that society—

Namely ours—

come so far from concepts of individual and family responsibility that it prefers to rely on a supposedly impersonal, but potentially political, Federal mechanism to do on an indiscriminate scale what State and local agencies can do with more precision and flexibility?

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

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

WHAT'S SO BAD ABOUT IT?

Naturally, for its purpose, the staff report of the Senate Committee on Aging makes as bad a showing as it can for the operation of the Kerr-Mills Act, adopted by Congress in 1960 to assist States in providing medical care for the elderly.

The main function of the committee and its staff since its inception has been to provide arguments in favor of the Forand bill and now the King-Anderson bill for hospital care through the social security system.

The chief indictment hurled is that, in each of the 24 States thus far cooperating, the State giving Kerr-Mills aid requires the applicant to undergo a means test, an investigation of income and assets, before receiving assistance.

What is so wrong about this? The social security system applies means tests. Up to $4,800 a year, it collects its payroll tax according to what an employee earns and what an employer pays. If a beneficiary under 72 earns more than $1,800 a year he forfeits his payments.

Labor unions employ a kind of means test when they argue that because a certain company makes large profits it can pay a higher wage. Would they want a wage level established at which every firm in an industry could be assured a profit, with no questions asked about its management?

The proponents of hospital care on social security are asking the United States to set up a large and expensive bureaucratic system to assure benefits to every covered person, indigent or affluent, "as a matter of right." This could prove to be a luxury purchased at the cost of many sacrifices made as a result of the payroll deductions.

Particular exception is taken in the committee staff report to the fact that nine States "have recovery programs extending to the homes of people receiving help and collectible after death." Also to the fact that 12 States apply family responsibility provisions under which children, if able to do so, are expected to contribute to their parents' support.

Actually the relief lien is one of the most practical plans under which people in need but who own their homes can be given assistance while in possession and enjoyment of their homes. They can feel that to this extent they have provided by their own thrift for this need.

And is any injustice done by enforcing the lien after the recipients of the aid are gone? If they have no immediate heirs, no one is deprived. If children or other near relatives have been spared a serious expense, should the State pass along intact an inheritance to them while it waives its own claim?

These practices are not nearly so black as they have been painted. They are methods which may be ill administered on occasion; but so may a more massive "insurance" program. They are processes which have the imprint of commonsense and by which American society has done extremely well for those who depend upon it.

Has that society come so far from concepts of individual and family responsibility that it prefers to rely on a supposedly impersonal, but potentially political, Federal mechanism to do on an indiscriminate scale what State and local agencies can do with more precision and flexibility?

LACK OF PROGRESS IN THE ALLIANCE FOR PROGRESS PROGRAM

Mr. MILLER. Madam President, in yesterday's Wall Street Journal the lead editorial entitled "No Cause for Celebration" comments on the frustrating lack of progress in the Alliance for Progress program. The editorial criticizes the policy of our Government of encouraging development in the underdeveloped countries through socialism or state planning, which, unlike the capitalistic economic system, tends to stifle initiative and ignore the wants of the consumer.

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

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

[From the Wall Street Journal, Aug. 6, 1962]

NO CAUSE FOR CELEBRATION

No fanfare will mark the first anniversary of the signing of the Alliance for Progress charter this month. The reason candidly given by Alliance Director Moscoso is that there is little if anything to celebrate about a program facing obstacles that "are staggering and frustrating almost beyond endurance."

The Alliance, which is the Latin American facet of our bounteous foreign-aid efforts, has indeed suffered from excessive fanfare. But, as is the case in the rest of the underdeveloped world, that overselling is only symptomatic of more basic mistakes. The most basic of all, we believe, is a failure of economic understanding in Washington.

With or without U.S. aid, the obstacles to economic progress in a Bolivia or an India would be "staggering and frustrating." Mass poverty, illiteracy, sickness, lack of skills, populations growing so fast they eat up any gains—these are among the more notable impediments. They are not of America's devising and in their nature they are beyond America's power to cure.

Yet successive U.S. Governments of both political parties have tended to compound the difficulties of development. It is as though, in a magnificent irony, the American officials have sternly put aside the experience of the United States itself in developing from nothing to the richest economy in history. Instead they advocate a species of socialism or state planning that never yet has met the tests of economic development.

In part, of course, this defect is political. The United States sometimes, as in Latin America, aids a particular government out of fear that a successor government might be worse. Besides, it is easier for the U.S. administrators of aid to deal with governments than with people, and the two are by no means synonymous. Since the ends of economic development are not served, though, this seems shortsighted even as a political policy.

But in large part the direction of our aid is governed by economic theory. It has become a kind of gospel that underdeveloped nations must go in for planning on a scale not so far countenanced in this country. Our Ambassador to India, for example, is an advocate of planning and general aggrandizement of the "public sector," and he does advocate it in India.

Here is how one Indian commentator views Ambassador Galbraith's proselytizing; in an article for distribution in India, the eminent economist B. R. Shenoy observes:

"The logical basis of Professor Galbraith's conviction, which is widely shared in India, is simple. A country facing the problem of lifting itself from poverty and providing a better life for its people would be condemned to frustration 'without planning'; from the 'discontent' born of the tyranny of unrelieved poverty they might fall an easy prey to the promises of communism. This danger can be averted by a 'proper planning of its resources'."

Unfortunately, as Professor Shenoy notes, state planning is not the way to eradicate poverty. Its controls and bureaucracy stifle initiative; its emphasis is customarily on heavy industry projects. The realistic hope of development is first to encourage the buildup of agriculture and consumer-goods industries; in short, it is to set out to make the consumer king instead of the state, because in that way it is possible to generate the capital for internal development.

Whatever the possibilities for development in some of the backward areas, it is a strange business for the United States to insist on exporting statism, to the tune of scores of billions of dollars over the years and over the world, rather than the consumer revolution whose workability its own experience attests.

So long as that is the policy, we fear that neither the Alliance for Progress nor the rest of the foreign aid program will soon offer cause for celebration.

SOCIAL INJUSTICE IN INDIA

Mr. MILLER. Madam President, in the July 16 issue of the Wall Street Journal, tied in with the editorial to which I just referred, is an excellent article by B. R. Shenoy and Patrick M. Boarman entitled "Social Injustice in India," pointing out that one of the effects of the socialistic program in India has been an adverse effect on the economic growth of the country.

I should like to read a brief portion of that article. At the conclusion the article states:

Statist policies have led to Himalayan concentrations of economic power in the Indian Government. All imports, most exports, and the bulk of investment resources are subject to state control and direction. This has endowed privileged groups of people—state functionaries—with arbitrary power (including police power) over the employment, the livelihood, and the well-being of virtually the entire nation.

For all these reasons the present policies being pursued by the Indian Government are likely to perpetuate social injustice.

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

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

[From the Wall Street Journal, July 16, 1962]

SOCIAL INJUSTICE IN INDIA—IT'S INCREASED, NOT ELIMINATED, BY THE EFFORTS OF PLANNERS

(By B. R. Shenoy and Patrick M. Boarman)

(Mr. Shenoy is director of the School of Social Sciences at India's Gujarat University, while Mr. Boarman is associate professor of economics at Bucknell University.)

Concern for social justice dominates the practice of economic planning in India. The planners have set themselves the fourfold task of abolishing poverty, liquidating unemployment, increasing the rate of industrialization, and establishing a Socialist society.

In this society, so it is believed, economic power will be dispersed rather than concentrated, the distribution of income will be equitable, and talent will not be stifled for lack of opportunities and rewards. These objectives constitute a large part of the concept of social justice as currently understood in India.

But there is an ominously large gap between theory and reality, between wish and fulfillment. Will the methods now being used by the planners achieve social justice in any meaningful sense? In attempting to answer this important question, it is necessary to consider in some detatil the performance of the Indian economy to date.

What must be made clear, in the first place, is that a mere piling up of output, regardless of its appropriateness to actual consumer needs—whether the consumers in question live in India or in countries to which she exports—cannot abolish poverty. Even where full employment exists, a nation will remain poor if the bulk of its resources are used to erect great pyramids, forts, or palaces, as in some earlier civilizations, or are diverted to the construction of mammoth river valley and power projects, steel plants, heavy engineering products or heavy chemicals, as is the practice in many underdeveloped countries today.

Abolition of poverty means raising the living standards of the people. To raise living standards, economic activity must be geared to producing the consumer goods needed by the people. In the Indian case, the resources of the nation should be directed to the production of necessaries such as food and cloth. The urgency of the situation in India is reflected in the fact that the country's consumption of food grains is well below the nutritional norm of 18 ounces per head per day, while the consumption of cloth is deplorably substandard.

The method which experience shows is best calculated to insure progress in overcoming poverty simultaneously with the expansion of production is unfettered consumer sovereignty over production. When economic activity is subject to the sovereignty of the consumer, it naturally serves his needs, for his daily purchases in the market steer productive resources in directions appropriate to his preferences. If the sovereignty of the consumer over the economic system is tampered with, there is less guarantee that the consumption of the people will increase with increases in the national product. Typically, the consumption needs of the people are among the first things to be sacrificed in a statist economy, though statist slogans deify the "public good."

As a result of the acceleration of economic planning in India after 1955, the gross national product rose in 6 years by 22 percent. But per-capita consumption of food grains and cotton cloth fluctuated downward: The former was 15.7 ounces per head per day in 1954, but only 15.4 ounces in 1960; the latter was 14.63 meters in 1955 but only 14.36 meters in 1959.

How did this contrary movement in the people's standard of living and in the national income statistics come about? The answer is readily discoverable. Investment activity in India is guided in the first instance by the needs of the state (as determined by the planning commission), and only secondarily and partially by reference to the needs of consumers.

LIVING STANDARDS REMAIN LOW

In the second 5-year plan (1956–61), the public sector appropriated 58 percent (46 billion rupees) of the available investment resources for the production of capital goods, intermediate products, and social overheads. The corresponding figure in the third plan is 66 percent (80 billion rupees). A share of the remaining resources is also directed arbitrarily into capital goods production by virtue of the government's existing controls over securities issues and import licensing, and its power, in consequence, to control the establishment or expansion of most industrial undertakings. Because of the increasing divorce of production from consumer needs, the living standards of the people have remained at low levels despite substantial increases in the gross output of the economy.

Government control of investment means that justice to consumers will be indefinitely deferred, given the insatiable demands of the public sector. The outlay of 19.6 billion rupees for the needs of the public sector in the first plan was more than doubled in the second plan (46 billion rupees) and more than quadrupled (80 billion rupees) in the third plan.

Seemingly inherent in the statist economic system is a built-in investment accelerator akin to Parkinson's law. The larger the volume of government investment today, the larger it will be tomorrow. In Russia, after 45 years of planning, acute scarcities of meat, clothing, shoes, and housing persist because of the unabating demands of heavy industries, mammoth power and irrigation projects, rocketry systems, nuclear weapons, and space science. Though it may take less time for an industrial system to grow from sputniks to socks than from socks to sputniks, under planning, socks seem to receive too little attention all the time.

Social injustice is writ large in the trend of the Indian pattern of production. During the decade ending in 1960, the output of capital goods increased as follows: Machine tools, 2.2 times; commercial vehicles, 4.1 times; coal, 1.6 times; caustic soda, 9 times. By contrast, the output of consumer goods used by the lower and the middle income groups rose by much smaller multiples: Matches, 1.1 times; cotton cloth, 1.4 times; soap, 1.8 times.

WELL-TO-DO BENEFITS

The needs of the comparatively well-to-do people, a fraction of the population, have been very well looked after, however. The output of goods entering into their consumption, which are mostly curios to the masses, rose steeply: Electric lamps, 2.9 times; electric fans, 5.1 times; radios, 5.9 times; sewing machines, 9.6 times, and rayon yarn, 21 times.

Social injustice is reflected, too, in the price structure. The output of consumer goods in common use is abnormally restricted by the forced transfer of resources into nonconsumer goods industries. During the past 6½ years, the prices of nongrain foodstuffs rose by 48 percent, grains by 53 percent, and textiles by 28 percent. The prices of luxuries and semiluxuries, on the other hand, remained comparatively steady until recently, when some relatively slight increases occurred.

We have here a case of double injustice. The money incomes of those in the lower and middle income categories have risen but slowly, whereas the incomes of the remaining groups of traders, businessmen and industrialists—a thin upper crust of the community—have gone up much faster, perhaps by several times the rise in the incomes of the lower classes. Moreover, the poorer people are required to pay a substantially larger share of their increased income for their basic needs than the well-to-do classes pay out of their increased incomes for luxury and semiluxury commodities. This would seem to be a queer road to the goal of social justice.

MAXIMIZING OUTPUT

Social justice through the liquidation of unemployment demands maximization of output from the available resources. And since expansion of employment rests on the expansion of aggregate production, not in increases in the volume of investment alone, the aim of policy should be to maximize the size of the national product, whether this be intended for domestic use or for export.

There are two factors to be considered in selecting the appropriate socio-economic model needed to maximize the national product. There is, first, the prevailing pattern of production and the occupational pattern corresponding to it. Fifty percent of Indian national income is derived from agriculture and 70 percent of the population draws its living from this pursuit, with manufacturing industries accounting for less than 20 percent of economic activity. Peasant farming dominates agriculture, the number of farm families being 67 million and the average holding per family 5.5 acres.

The rest of the economy, too, has tens of millions of independent production units. Cotton textiles, which account for 38 percent of industrial activity, comprise 2 million hand looms, 80 to 90,000 power looms, and 478 large scale mills. This occupational structure cannot change or be changed overnight. It is a structure, moreover, which rules out control of investment and production by a central planning authority. This leaves the modernization of agriculture as the only effective alternative means of increasing production.

But even more fundamental issues must be faced if social justice in real terms is to be realized. Each consumer represents a unique and changing structure of values and demand. It follows that where the market consists of several hundred million consumers, output must consist of an innumerable and everchanging variety of wares.

Demand may be satisfied and production may be organized in manifold ways. The demand for wearing apparel, for instance, may be met from several varieties of cloth, and cloth may be produced in various ways. This necessitates on-the-spot attention to demand. Optimum results in production, as far as consumer satisfaction goes, are achieved by the voluntary cooperation of innumerable independent entrepreneurs via the market mechanism, not by statist planning. This is especially true with respect to those processes of production which serve for the direct satisfaction of the ultimate consumer.

During the past decade, the Indian Government has utterly disregarded both of these policy guides. To the accompaniment of high-sounding slogans and pretentious oratory, economic activity is regimented in ever greater degree. Unconscionably large amounts of investment resources are forced into the public sector and the nonconsumer trades as a result. Heavy industries are promoted at the expense of consumer goods

industries and both are favored at the expense of agriculture, though it is in agriculture that production and employment potentials are the highest.

It is consequently no cause for surprise to learn that, despite phenomenal expansion of investment, Indian national income rose, from 1955 on, at an annual rate of but 2.9 percent; that unemployment rose from 5.3 million at the close of the first plan (1956) to 9 million at the close of the second plan (1961) and might be as much as 12 million at the close of the third (1966). Under policies of economic freedom, national income might have risen at an annual rate of 9 to 10 percent and unemployment, instead of mounting, might have declined and in due course disappeared.

LESSONS OF HISTORY

Indian experience confirms the lessons of history. Revolution in agriculture has nearly always preceded industrial revolution. Progress in lighter industries has nearly always preceded the development of heavy industries. The growth of agriculture provides a broadly based demand for the output of industry, and the growth of lighter industries provides an assured demand for the output of heavy industries. This pattern of economic development, in which one sector aids the progress of the others, makes for rapid but painless growth, because it avoids the colossal waste of resources which results from central planning of the Indian type.

These considerations suggest that the surest road to maximum economic progress and maximum social justice in an underdeveloped economy is the promotion of economic freedom coupled with emphasis on the development of agriculture and the consumer goods industries, with the heavy industries receiving attention thereafter.

The view that heavy industries "stimulate" development "all around" is a popular delusion. Genuine economic growth depends upon investment of savings in the most efficient sectors of the economy. Savings increase with income, not with the growth of heavy industries. Logic and experience show that in underdeveloped economies, incomes increase fastest where agriculture is modernized and the lighter industries promoted. Where the bulk of the underdeveloped economy's resources are diverted to heavy industry, economic and social progress will be retarded since the income and employment potentials of this sector are generally the lowest.

A major error is to suppose that a policy of economic freedom will lead to capitalist exploitation of the weak and hence to social injustice. This view, which is extensively held in India, is logically untenable and historically untrue. There is no better protection against exploitation—of workers by employers and of consumers by producers—than the ever-vigilant twin tribunals of the price system and competition. For they are continuously in session requiring competing entrepreneurs continuously to justify their prices, the quality of their goods, their wage payments and their other costs.

PROTECTION FOR EXPLOITERS

If the tribunals are supported by the rule of law—a prime responsibility of the State—the essential prerequisites are established for the realization of economic and social justice. On the other hand, tampering with the functioning of these tribunals or with the rule of law will expose the weaker sectors of the community to the forces of exploitation; where statist controls over economic activity predominate, the State, in effect, provides legal and police protection to the exploiters.

The economic aberrations and inhumanities of feudalism, colonialism, and monopoly capitalism cannot be attributed—as the advocates of interventionism and collectivism so often attempt to attribute them—to the competitive free market economy. The latter, as Prof. Lionel Robbins has pointed out, "is not a plan that has been tried and failed. It is a plan that has never yet had a full chance." The Erhardian system of West Germany (currently being copied in other European countries, in Japan, and elsewhere) represents perhaps the closest contemporary approach to a genuinely competitive market economy. And the success of the German experiment has been universally acknowledged, if not everywhere applauded.

It is unfortunate that the statist system, despite its false theoretical foundations and the mounting empirical evidence against it, should be in such great vogue in underdeveloped economies. For it is precisely in such countries, with their characteristic lack of savings and of technological know-how, that the need for a competitive free market—which alone can direct scarce resources to the maximization of consumer welfare—is greatest.

Statist policies have led to Himalayan concentrations of economic power in the Indian Government. All imports, most exports, and the bulk of investment resources are subject to state control and direction. This has endowed privileged groups of people—state functionaries—with arbitrary power (including police power) over the employment, the livelihood, and the well-being of virtually the entire nation.

For all these reasons, the present policies being pursued by the Indian Government are likely to perpetuate social injustice. There can be not better guarantor of genuine social justice than the policies of economic freedom such as have been applied in the Common Market countries and in Japan. In these countries, state planning is confined to its natural and exceedingly important role in the framework of the market economy of assuring the conditions which make such an economic system viable. Social justice pursued after the manner of the Indian planners becomes a will-o'-the-wisp which is always frustratingly in sight but never attained.

PUBLICITY OBSESSION OF KENNEDY

Mr. MILLER. Madam President, in the August 3 issue of the Des Moines Register, the distinguished columnist, Arthur Krock, has an article entitled "Publicity Obsession Weakens Kennedy?" in which Mr. Krock joins the list of the disenchanted, independent-thinking members of the press corps who are concerned over the efforts by the White House to unduly influence the free press in seeking to mold public opinion to conform to a preconceived image of what it should be. With his characteristic perception, Mr. Krock shows how the publicity obsession has made for lack of decisiveness and for inconsistency in statements by the President, such as the indecisiveness pointed out by the distinguished Senator from New York [Mr. JAVITS] earlier today. I ask unanimous consent that this excellent article be printed in the RECORD.

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

[From the Des Moines Register, Aug. 3, 1962]

PUBLICITY OBSESSION WEAKENS KENNEDY
(By Arthur Krock)

MIDDLETOWN, R.I.—A participant in the great affairs of government has identified one root of President Kennedy's troubles as follows: "Indecision between hard choices of acts and policy, and an inordinate concern over how commentators will react to things done or contemplated." This personage has a rare and constant opportunity to observe Kennedy in the awesome process of making up his mind.

The Washington dispatches have told and are telling the story of indecision when they have not been telling of decisions revamped from the old ones which the President in 1960 vowed he would replace with fresh new ideas that would move the United States and the world into "forward motion" again. But what has not yet been established is whether the flaw of indecision is congenital that he first depressingly revealed when, at the point of landing in Cuba, he, withdrew from the anti-Castro expedition the U.S. military supply and transport he had given the invaders and his own chiefs of staff every reason to count on.

PRESIDENTIAL UNCERTAINTY

The President has ample time, and an abundance of the gifts of nature and fortune, to demonstrate that this flaw is not inherent. The highest interests of the United States and the world, not to mention the Democratic Party, require that he shall.

But successive displays of Presidential uncertainty, repeated firm avowals of fixed positions followed by open retreats, have surrounded him with an atmosphere of ineffectiveness in political achievement both at home and abroad.

AGGRESSION CONDONED

In matters of foreign policy, the President has asserted fidelity to the basic principle that the U.S. would never assist or even countenance annexation by external aggression or threat of it. Nevertheless the administration was the active agent in helping Indonesia to annex Dutch West Irian, to which it has neither an ethnic nor historical claim.

The administration has been the principal backer and banker of the U.N.'s bloody military intervention to forestall the Congo confederation system which the other leaders promised Moise Tshombe at Tananarive, then repudiated and now have been compelled to promise him again.

On the domestic front President Kennedy has frequently abandoned legislative provisions which he, or his spokesmen, or both, had constantly asserted were indispensable to the attainment of the objectives.

Two examples are the administration drafts of the measures for unconditional U.S. purchase of U.N. bonds and for setting up under Social Security the medicare system without allowing individuals the option to use private health services. But when Congress insisted on fundamental modifications of both measures the President readily found the indispensable was dispensable.

FALTERED UNDER THE SPOTLIGHT

It is old stuff for Presidents and their spokesmen to draw terrifying pictures for Congress and the people of the consequences of altering a line in an administration legislative draft, to use their unmatched publicity channels to aline public opinion behind them and, failing in the attempt, to consent to what they swore they never would. But few had faltered in the full view of audiences they diligently had assembled on promises to show how tenacious they would be in battle.

It is this very buildup of himself, beginning with the charges that lack of leadership and tenacity by Eisenhower had brought the nation to a standstill and damaged its world prestige, that has thrust Kennedy's faltering into glaring and adverse spotlight.

PRESIDENTIAL OBSESSION

This buildup by publicity has become a presidential obsession, and it is shared by the advisers who seem to have the most influence with him. A natural result has been concentration on what is written and

broadcast about Kennedy personally and subordination of much more important considerations. These advisers, because an unusual number have been drawn from classrooms, are among the most articulate and communicative propagandists that have ever dealt with the press in Washington.

The paradoxical result has been that the President and they have become victims of their own drive for everfavorable publicity. Even his most responsible surveys before action, such as that dealing with tax reduction, are open to the impression that they are aspects of the indecision he has in other instances revealed.

LEGISLATIVE AND EXECUTIVE BRANCHES OF THE GOVERNMENT ARE INDEPENDENT

Mr. MILLER. Madam President, in the July 29 issue of the Des Moines Register, its noted Washington correspondent presents another aspect of the shortsightedness which has characterized the White House in recent months. This is, as Mr. Wilson states, that the President is supposed to impose party discipline to force Congress to do his bidding—in the same manner that the Prime Minister is supposed to be able to have the House of Commons enact a program. The White House forgets that in the American form of government the legislative branch is a separate and independent branch of the Federal Government—or at least it should be. I hope that the voters will make this very clear this fall by rejecting those congressional candidates who ask for their votes on the blind, unthinking excuse that they propose to rubberstamp everything the executive branch of the Government directs them to enact. I ask unanimous consent that the Register article be printed in the RECORD.

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

[From the Des Moines Register, July 29, 1962]

CONGRESS COMPLAINTS AGAINST KENNEDY

(By Richard Wilson)

WASHINGTON, D.C.—Congress can be and often is, balky and mulish, especially when driven too hard from the White House. The plain fact of the matter at this particular moment is that many congressional leaders have very little respect for White House officials, many years their junior, who are trying to sit in the driver's seat.

But this is not all. Congress as a whole lacks confidence in the methods and measures proposed, entirely aside from annoyance with the juniors in the White House who rehash and rerun old ideas as if they were brilliant new conceptions.

This is quite exasperating to oldtimers in Congress who have been through all this so many times before. The Kennedy people are trying their best to innovate. But they progress slowly through the various pre-natal stages and have not yet arrived at a maturity of ideas which could be described as truly modern.

It is absolute doctrine, for example, that a reduction of taxes and an increase in deficit spending, will produce magical results in the economy, though there is much modern evidence to the contrary.

It is absolute doctrine also that cradle-to-the-grave social security and medical care is the pattern of the future, though the new development in a modern industrial society is the large growth of private pension and medical care programs.

Now, it is coming to be Kennedy doctrine that the U.S. Congress is not representative of the people, is overburdened with conservative and rural representation and stands in the way of progress because of a hateful combination of Midwestern Republican and Southern Democratic Members.

CONSERVATIVE REPRESENTATION

In some circles it is accepted as divine truth that if there were a square deal in congressional representation there would be a vast upsurge in liberal sentiment in Congress. A detailed and careful study by the private publication, Congressional Quarterly, has exploded this myth.

What seems to be nearer to the mark about Congress, particularly the House of Representatives, is that it is under the control of its senior Members who have had many years of experience. They have dealt with many Presidents, considered many reforms, survived many crises. It is said of these seniors that they are inbred conservatives mainly from the South when the Democrats are in power, and for the Midwest when the Republicans are in power. This is considered in some way to be reprehensible.

These experienced Members are no less concerned with the national welfare than newer Members and no stupider.

President Kennedy has adopted an insupportable attitude toward Congress on the issue he chooses for a big national test, the medicare question. It is his contention that the Republicans and a handful of Democrats killed the bill; therefore it is necessary to replace the Republicans.

However, Kennedy passes over as not worthy of comment the central fact that Senator ROBERT S. KERR, the wealthy Oklahoma Democrat, led the opposition to medicare. Kennedy has been showering KERR with blandishments.

Nor does Kennedy comment on the opposition to medicare of the best man at his wedding, Senator GEORGE SMATHERS, Democrat, of Florida.

SEES ADDITIONAL CONTRADICTIONS

Kennedy's position is insupportable in other ways. He thinks that just a little swing toward the Democrats in the congressional election will change the whole atmosphere in Congress. This would change Senator HARRY BYRD, Democrat, of Virginia, or frighten Senator HERMAN TALMADGE, Democrat, of Georgia.

But, beyond all these contradictions, the most insupportable aspect of Kennedy's position is that he can impose party discipline, as in the House of Commons, to force Congress to adopt his programs. Congress is not and never was intended to be the instrument of the political party in power in the White House. It is a separate branch of the Government.

WRONG REMEDY AT WRONG TIME

All this grows from a misconception of the function of Congress, and of its real makeup. This should be borne in mind when President Kennedy starts to campaign this fall to defeat Republicans who opposed medicare and elect Democrats who will support it, presumably ignoring both the Republicans who support medicare and the Democrats who oppose it.

Kennedy is involved in many contradictions, not the least of which is that he is applying the wrong remedy at the wrong time. He has a better remedy, which is to submit to Congress sounder programs in the field of medical insurance, urban improvement and reform of the agricultural laws looking toward the ultimate restoration of a free market.

The President could make a start toward remedying his problem with Congress by submitting legislation which can be adopted rather than used merely to sharpen up political issues

BUSINESSMAN'S ROLE

Mr. MILLER. Madam President, two other excellent articles by Mr. Wilson merit attention. I refer to one entitled "Businessman's Vital Role Is Told," appearing in the July 18 issue of the Des Moines Register, and another entitled "Suggests Steps To Cut Spending Abroad," appearing in the July 22 issue of the Register.

The first article wisely points out that social services cannot exist long without flourishing business, and that until our Government faces up to the need to ease the cost-price squeeze of private business, to make meaningful tax cuts, and to restore margins of profit, private enterprise will not be able to create the job opportunities we need to have a sound economy, or, Madam President, to achieve the income upon which to pay the income taxes needed to finance the necessary progressive programs of our Government.

In the second article, Mr. Wilson calls for a serious, sustained drive to reduce expenditures for foreign aid, military assistance, and maintenance of U.S. troops abroad as a means of relieving our serious balance-of-payments deficit. I ask unanimous consent that these two articles be printed in the RECORD.

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

[From the Des Moines Register, July 18, 1962]

BUSINESSMAN'S VITAL ROLE IS TOLD

(By Richard Wilson)

WASHINGTON, D.C.—The Government's tax cut—really a postponement—to stimulate new investment in plant and machinery by American business brings to attention certain realities which are not commonly understood. Maybe they never will be understood in this generation, heavily indoctrinated as it is by the common-man emotions so badly outdated by the sweep of events.

Every advanced and sophisticated government is vitally concerned with increasing the investment of risk capital by private corporations and individuals and with the modernization of plant and equipment.

Some governments are more concerned with these problems now than with the extension of social services, benefits, guarantees and cradle-to-the-grave security for the common man, the AFL–CIO notwithstanding.

Lavish social services cannot exist long without flourishing business, while the earth's tenants multiply and remultiply to demand more and more government services. Government cannot supply this demand except by taking the funds to supply it from those who work and invest. If everyday life were to be reduced to the simplicities of 200 years ago, where would the funds come from for national social services?

IN UNITED STATES, IT'S 74 PERCENT

The Socialist countries of Western Europe seem to understand this better than it is commonly understood in the United States. One proof of this is the eagerness with which the Socialist governments have extended to private enterprise tax benefits which are not yet available to American business.

In Sweden, for example, manufacturers can write off for tax purposes 100 percent of their investments in plant and machinery in 5 years. The same is true in Italy and, for all practical purposes, in Belgium. In France three-fourths of the cost can be written off in 5 years, and in Britain two-thirds.

Under the new guidelines announced by the Treasury the average writeoff in the United States in 5 years is expected to be about 60 percent. If the 7 percent tax credit for investment is passed by Congress, the average total writeoff from both sources would be about 74 percent.

Why are these tax benefits granted? They are granted to give industrial managers and investors the courage to lay out their capital because they know they can recover it through tax reduction at a fast rate. Over any long term in an established business the tax liability will still remain, for depreciation runs out finally and then there is none to charge against income. This too, may force industrial managers to make new investments for the improvement of their processes.

THEY NEED THAT FELLOW

But for the time being governments desperately need the expansion of private enterprise which can be brought about by the prospect of quick recovery of capital investment. Governments need the expansion so as to increase the standard of living and remove possible threats to the stability of the government.

So it comes back to the businessman again, that fellow who is accused of gouging the public, hogging profits, living it up at the club, and exploiting the common man. Governments have found that they cannot get along without this troublesome fellow. They need him to create more jobs and more national income and to manage the everyday working of the economy so that the national income will rise. In fact, governments are very interested in having him make a profit so that there will be a substantial tax rise from which to draw revenue to operate the government.

The next step is clear, if the Government will only take it. Business expansion is retarded by a steady decline in the margin of profit. The margin is squeezed by increasing costs of manufacture and doing business in which the cost of labor is the major factor. The same thing is happening in Western Europe.

It may be a long time coming but the Government is being forced by events to consider additional restraints on the power of labor organizations to force up the costs of labor. It will take more than exhortation from the White House.

[From the Des Moines Register, July 22, 1962]

SUGGESTS STEPS TO CUT SPENDING ABROAD

(By Richard Wilson)

WASHINGTON, D.C.—One of the ironies of modern times is that in order to reduce the flow of dollars abroad the Government has to spend more.

It costs money to buy American.

The Kennedy administration does not shrink from this, though there were other ways of reducing the gold outflow.

One of these ways was to reduce expenditures on dependents of servicemen abroad. President Kennedy reversed President Eisenhower's order for that purpose.

Another way is to reduce substantially both the numbers of U.S. troops stationed abroad and the volume of foreign economic aid.

Kennedy will not do either.

Instead, Secretary of Defense Robert McNamara is energetically trying to effect economies in the $3 billion spent abroad for military maintenance. He is ordering that supplies be bought in America at a higher cost, up to 50 percent higher, and shipped to troops stationed in some 25 localities scattered over the world.

It should not be assumed that the $3 billion is the total cost of our oversea commitments. This is merely the sum which has been spent in foreign countries for maintenance. The total cost runs far above $3 billion. McNamara is trying to reduce to a level of $1 billion the amounts spent in foreign countries for supplies, housing, and other support for our troops.

If he can do it, he will have importantly reduced the claims on America's dwindling gold supply. All of this illustrates the unaccustomed position America finds herself in.

It is a change which is widely noted among the Government's financial experts but little talked of elsewhere. Our policies have become subject to scrutiny by the international banking community. We have to pay attention to the opinions of bankers in Zurich and Basel. They can pull the plug on the gold supply which underpins the dollar as a world currency.

STRANGE PROBLEM FOR A PRESIDENT

The mighty United States with its once invincible currency has had to go hat in hand to the International Monetary Fund for permission to borrow from that fund, if necessary, to support the wobbly dollar.

President Kennedy cannot, as a matter of prudence, initiate domestic and foreign fiscal policies without regard for the reaction of bankers in Zurich, Basel, Bonn, Paris, and London. This is a strange and unfamiliar problem for a President of the United States in this century.

It is wholly due to huge expenditures for foreign aid and for defending the free world's outposts. As a trading nation we are not doing badly. The problem is that we pile on top of our advantageous export balance the immense foreign expenditures for which there is little return, and we end up with a big deficit in our international balance of payments.

It is a deficit that affects the stability of the dollar, for, potentially, those bankers in Zurich and Basel can arrange to have their credits at the Chase National Bank, and elsewhere, converted into demands for American gold.

Even as it is, the gold is flowing out (recently at a reduced rate) in a volume that seriously and immediately endangers the value of U.S. currency. The wise men of Wall Street are saying that the United States will inevitably have to devalue its currency though President Kennedy has made a public international political commitment not to do so.

PROPOSALS ON AID NOT ACCEPTED

Since the nature of the problem is so well known, it is surprising that more determined efforts are not made to reduce the volume of foreign aid. In the present atmosphere, even to suggest this tentatively arouses the suspicion that he who suggests it must be a secret member of the John Birch Society.

The reply of high administration officials on reducing aid is instantaneous: No, it cannot be done. There are too many Vietnams over the world. But it is recalled that at the inception of the Eisenhower administration in 1952 the stated aim was a steady reduction to the vanishing point of foreign aid; in fact, an administrator was appointed who had a long record of opposing foreign aid. The original Eisenhower objective was soon forgotten.

General Eisenhower recently suggested a reduction in military spending. Again the Kennedy answer was "No." Kennedy officials did not doubt that Eisenhower had in mind ground troops some stationed abroad.

COUNTLESS CASES OF AID WASTE

It is common talk in Washington that the foreign aid program is a mess. Countless examples of waste have been pointed out. Doubts on projects such as the Volta Dam in Ghana are usually resolved in favor of the project. The Kennedy brothers wanted, and still want, more hardheaded administration of the program; one administrator was removed because he was thought to be too easygoing.

Instead, however, of really serious and determined efforts to cut the volume of foreign aid, we are resorting to gimmicks like McNamara's current plan which cannot help but cost more money though it does alleviate the gold outflow problem.

What is called for now is a serious, sustained, Government-wide drive to reduce expenditures for foreign aid, military assistance and the maintenance of U.S. troops abroad.

The alternative in a year or two could easily be a practical devaluation of the already shrunken dollar which would automatically have an effect on the American standard of living.

THE NOMINATION OF THURGOOD MARSHALL

Mr. JAVITS. Madam President, tomorrow the Senate Judiciary Committee will resume hearings on the nomination of Thurgood Marshall to the Court of Appeals for the Second Circuit. This is the circuit, part of which I have the honor to represent. These hearings have dragged on since October of 1961, when Mr. Marshall was named by President Kennedy.

I urge the committee, in the name of justice and the national interest, to report favorably Judge Thurgood Marshall's nomination. The delays before the committee have left in abeyance the confirmation of the nomination of a jurist whose abilities, qualifications, and experience are beyond question.

The dalliance before the committee with this important judicial appointment is intolerable, and I feel the Nation should insist that this hearing tomorrow shall be the last one, and that the committee shall take action to report the nomination now.

I point out to my colleagues in the Senate two matters which are very important by way of comparison.

Judge William H. Cox, of Mississippi, was nominated June 20, 1961, and his nomination was confirmed by the Senate on June 27, 1961—7 days later. Mississippi is the home State of the chairman of the Committee on the Judiciary.

Judge J. Robert Elliott, of Georgia, who has attained national prominence in presiding over the current Albany, Ga., cases, was nominated January 23, 1962, and his nomination was confirmed by the Senate on February 7, 1962—2 weeks later.

Yet the reporting of the nomination of Judge Thurgood Marshall has now been delayed for 10 months. To what other conclusion can we come than that delaying tactics are being used?

My able colleague from New York [Mr. KEATING], a member of the Committee on the Judiciary, last week stated to the Senate that he was considering making a motion to discharge the Committee on the Judiciary from the further consideration of Judge Marshall's nomination. I wholeheartedly support Senator KEATING in this contemplated acmittee on the Judiciary from the further the ends of justice. I shall do all in my power to see to it that action is taken on this well-deserved nomination, if not by committee action, then by the Senate as a whole.

I pledge myself to a course of action such as that proposed by Senator KEATING and other Senators, and seasonably, so that the Senate will not adjourn sine die and cause Judge Marshall to be removed from the bench because of the lack of confirmation of

his nomination. If such action is not taken by my colleague from New York and other Senators, I shall employ those techniques myself.

The Senate owes it to the country to vote on the nomination of Judge Marshall. I am confident that if it does, the nomination of Judge Marshall, who will make an exemplary judge, as he has already shown, will be resoundingly confirmed.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MILLER. Madam President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. MILLER. What is the pending question?

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Arizona [Mr. GOLDWATER], as modified.

Mr. MILLER. Will the Chair please repeat the question?

The PRESIDING OFFICER. The question is on agreeing to the amendments of the Senator from Arizona, as modified.

Mr. MILLER. The amendments to Senate bill 3153?

The PRESIDING OFFICER. The Senator is correct.

Mr. MILLER. I thank the Chair.

Madam President, I wish to address a few remarks at this time to the bill, S. 3153, to which proposed amendments are now pending. The bill, according to its title, would "guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes."

Madam President, I oppose the bill. It is my belief that S. 3153 needs further consideration and study before the Senate is asked to act on this measure.

The bill makes no reference to construction of Federal lines from the Pacific Northwest to other regions. There is some doubt as to authorization for the construction of such lines, but this question was not considered by the committee. According to the Secretary of the Interior this legislation's purpose "is to assure consumers of electricity in the Pacific Northwest permanent priority to the electric power and energy now or hereafter generated at Federal plants in that region." To carry out this purpose the bill purports to establish a system of regional preference for all power now or ever produced in the Pacific Northwest for the benefit of all present and future electric consumers in that area as against consumers in the regions outside of that area.

This is unfair legislation and wrong in principle. Among the basic reasons why we believe this bill should not be acted upon by the Senate at this time are:

First. The concept of regional preference is incompatible with the best use of the Nation's power resources.

Second. Enactment of this legislation would serve as a precedent for similar priorities in other areas.

Third. The principle of this bill would lock in all present and future Federal power for all present and future consumers in the region of origin to the detriment of those outside the region.

I intend to comment on each of these points.

First. The concept of regional preference is incompatible with the best use of the Nation's power resources. In appearing before the Irrigation and Reclamation Subcommittee of the Interior and Insular Affairs Committee in the hearings on S. 3153, Mr. Joseph Swidler, Chairman of the Federal Power Commission said:

> We do say that in principle we are against preferences because they stand in the way of the best use of the Nation's resources for the benefit of the whole country.

On the same occasion Mr. Swidler said:

> Each time you provide for a preference, you have to provide for taking care of the other fellow too, so that I think you have here a problem of protecting the essential interests of the Northwest, while somehow, bringing the situation back to sound national principle.

FPC Commissioner, Mr. Charles R. Ross, as quoted by the Oregonian of Portland, Oreg., on June 15, took the same position saying:

> I think it could be very dangerous and would set a precedent for other areas. I don't like to see the local interest concept increased any more than it is.

According to the Portland Reporter of June 18 in an article entitled "Majority of FPC Opposes Regional Preference":

> The majority of the FPC are opposed to the regional preference clause in the bill now before Congress for protecting the Northwest against exporting of Federal power needed at home.
>
> These views were brought out late Sunday when the Commission was in Portland for the first time.
>
> Commissioner Charles R. Ross has been here since Friday and the four others, headed by Chairman Joseph C. Swidler, arrived Sunday for the start, Monday, of the Commission's tour of the Columbia Basin power facilities.
>
> Swidler indicated that he concurred with Ross who, Friday, told the City Club that water in the Columbia River belongs to the Nation, and it should not be limited to an artificial area.
>
> Though Commissioners Laurence J. O'Connor and Harold C. Woodward did not meet with the press with the others, it was indicated that they likewise did not approve of the regional preference principle.

The Administrator of the Rural Electrification Administration, Mr. Norman M. Clapp, in a speech to the American Public Power Association in San Juan, P.R., said on May 17 of this year:

> Yet we must not overlook the responsibility of the Federal Government to serve all regions. The taxes which develop Federal projects from which low-cost electricity is generated come from all regions. The ultimate benefits should be available with equal impartiality.
>
> To accept as permanent legal restrictions upon the free flow of Federal power benefits where the economic restrictions have disappeared would be an equally tragic mistake. It would not only violate the basic rights of American citizens to share in the development of their natural resources as a nation, but would also undoubtedly hamper the full utilization of the economies available to the consumer in the advancing technology of the electrical industry.
>
> We have long recognized the value of developing a free flow of trade and commerce among the States. The Constitution is expressly committed to it. The same values are to be found in the free flow of electricity from region to region. We cannot afford provincialism and parochialism in our power supply planning. We may need some temporary devices to cushion the adjustment from present patterns of marketing to the new ones soon to be available, but we must also plan ahead for the ultimate utilization of our power resources on a national—not regional—scale.

Second. Enactment of this legislation would serve as a precedent for similar priorities in other areas. At the committee hearings on this bill the chairman, the Senator from New Mexico [Mr. ANDERSON], in commenting on this point said:

> All I said is that it is a dangerous principle to start laying down that because water falls in a certain geographical area, that the people living in that State, no matter where they may be, have preference rights above what others might have gotten.
>
> I am telling you we would be in a very tough situation in the Colorado River Basin if we had to give Colorado 56 percent of all the water in the river and 56 percent of the power. There would not be much left for Hoover Dam, which would naturally dry up under those circumstances, and there might be people that would not regret that, but there are people in California who would, I am sure of that.

The Senator from New Mexico [Mr. ANDERSON] went on to say that should a "Chinese wall" be built around the Pacific Northwest by this bill, other areas would have equal claims to the construction of similar Chinese walls around them. He said:

> The statement was they did not want to build a Chinese wall around Montana, but obviously they want to build a Chinese wall of some nature. If you are going to put all these amendments in, there is not a reason why we should not have an amendment for Oregon, Washington, Idaho, if Idaho gets any power, and then we should go back and put a Chinese wall around Colorado River power that is generated at Hoover Dam.

Similar concern was also expressed by Senator J. J. HICKEY, of Wyoming, in the following exchange with Mr. Ed. Weinberg, Associate Solicitor of the Department of the Interior:

> Senator HICKEY. I have just one question. It has been suggested by the chairman, and the question is: Is it possible to so expand this particular legislation; for example, those of us who are in the Upper Colorado River Basin would have the kind of, whatever you care to call it, first preference or preference use or hold or claim on the percentage of power which is generated, for example, at the Flaming Gorge Dam?
>
> Could you prepare legislation which would give this special claim to Senator BURDICK's area in the Missouri Basin, to Senator ANDERSON in my area in the upper basin of the Colorado, as well as to the Pacific Northwest area, that is sought now by the Senators from Washington and from Montana?

Mr. WEINBERG. As a matter of legal draftsmanship, it would be possible to prepare such legislation; yes.

Senator BURDICK, of North Dakota, also saw the potentiality of such a precedent for the Missouri Basin:

Senator BURDICK. We have in the Missouri River Basin now not only hydropower, but we also have the possibility of thermal power.

Mr. WEINBERG. Yes.

Senator BURDICK. Would this preference for the region entitle the Missouri Basin to preference sometime in the future?

Mr. WEINBERG. If there were similar legislation.

The concern expressed in the hearings by Senators ANDERSON, HICKEY, and BURDICK, has proved to be well founded. On July 17, Senator MANSFIELD, of Montana, introduced proposed legislation, S. 3558, which would guarantee Montana a first right to any power developed in that State. At that time he said, among other things:

Montana is an upstream State; and, because of its developed and underdeveloped reservoir sites, it contributes a great deal in power generation and flood control downstream. Montana is a State which is just beginning to flex its muscles in its transition from a largely rural State to one with growing metropolitan areas and potential industrial development. Many of us see low-cost hydroelectric power as one of the major instruments in this development. Therefore, we have come to be sensitive about keeping a reasonable amount of the power generated at these large upstream projects for use within our own State, and not merely to permit the energy and benefits to flow downstream.

This attitude may appear to be somewhat parochial, but I am sure that my colleagues here in the Senate find similar attitudes in each and every State. If they have a resource of which they are justly proud, they want to see that the major benefit is realized in their own immediate area. This statement is not being made without a full awareness of the problems that arise from regional development and cooperation. We live in a Federal system, and the interests of our sister States must be and should be considered.

This bill obviously will affect the regional priority bill now before us. Not only will it apply to Hungry Horse, already built and for which some preference has been granted to Montana, but also to authorized but unbuilt dams such as Libby and other projects now under consideration, including Paradise. It would also affect Federal hydroplants in the Missouri River Basin, including those outside of Montana.

Senator KARL E. MUNDT, of South Dakota, saw the implications of S. 3153 for the States of North and South Dakota in the Missouri River Basin. On July 13 he said:

The principle of the public agency preference has been premised on the reasoning that since Federal power projects are financed by taxes collected from all regions, the power produced should be available with equal impartiality within as large an area as is economically feasible. S. 3153 violates this principle and attempts to give a priority call on Federal power to the immediate area in which that power is produced. If this new principle governing the utilization of Federal power is to be established for the Pacific Northwest, then it should also be established for every other Federal power-producing region in the United States. If the Senate moves to consider S. 3153 I intend to offer amendments granting all power users in North and South Dakota a first call on the power produced by our great hydroelectric projects on the Missouri River. (CONGRESSIONAL RECORD, July 13, 1962, p. 13533.)

Madam President, the distinguished senior Senator from South Dakota fulfilled that commitment by offering an amendment to the amendment offered by the Senator from Arizona in the Senate yesterday afternoon. To carry out this idea he has suggested an amendment to S. 3153 which would reserve to consumers in North and South Dakota the same protection as that accorded Northwest consumers.

The regional preference principle embodied in S. 3153 has brought forth other demands for similar protection. The Arizona Power Authority has asked Senator GOLDWATER to offer an amendment to the bill designed to extend the regional preference idea to Federal power produced in all major river basins. The Senator from Arizona took such action yesterday in offering the amendment which is now the pending business.

According to Senator GOLDWATER, the Arizona Power Authority contends:

If regional preference as proposed for the Pacific Northwest is to become Federal policy, Arizona should be fully protected not only in the marketing of Glen Canyon power, but also in the future marketing of Bridge Canyon power as part of the central Arizona project.

According to his release—

They pointed out that already under the marketing criteria of the Colorado River storage projects, the power produced and proposed for sale in Arizona can be withdrawn to meet demands in the upper division States of the Colorado River Basin.

At the present time the large amount of the power generated at Federal hydroelectric plants located in Arizona is being exported to other areas. Areas of southern California, for example, that are completely outside the Colorado River Basin are major beneficiaries.

The Senator's release goes on to point out that under the proposed amendment:

Power now being exported to these southern California areas would, upon expiration of present contracts be reserved for use by consumers in the basin of origin of which Arizona is a part. (Press release from office of Senator BARRY GOLDWATER, June 29, 1962.)

Still another request for similar protection was made by Representative GUBSER, of California, in a letter to Senator ANDERSON on June 18, 1962, in which he proposed establishing a regional priority for power produced in the Central Valley project in California—CONGRESSIONAL RECORD, June 18, 1962, page 10935. His proposal is that power from the Central Valley project should be subject to the same limitations as in sections 2, 3, 6, and 7 of this bill.

Representative HARRY R. SHEPPARD, Democrat, of San Bernardino, Calif., and dean of the California delegation in Congress, in a letter to Chairman ANDERSON warned:

Policy which would be established by this legislation is not in the overall national interest and is certainly not in the best interest of my congressional district, as the attached editorial (the San Bernardino (Calif.) Evening Telegram of May 26, 1962) states: "Under such a national policy Colorado River power, now used extensively in California, could be withdrawn at the expiration of existing contracts and used exclusively in the area of the Colorado River."

Senator HRUSKA in a statement on the Senate floor on June 7, 1962, pointed out that the precedent set by S. 3153 could be detrimental to his State, Nebraska. That State has few if any hydroelectric Federal projects, but it now obtains Federal power from other States. Senator HRUSKA said:

Most outstanding authorizations and appropriations for such projects as these were made upon the basis of justifications which included multipurpose uses and benefits which were regional in character. There certainly would be a distortion of such original authorization and appropriation to modify the course of benefits at this late date in any given situation. Naturally, if such benefits are now to be confined closely in a geographic way, there will be a great reluctance on the part of many Members of Congress to appropriate on future occasions since it would be Federal money that would be used and the benefits should be spread to as wide an area as practicable.

Mr. President, let us not set region against region, watershed against watershed, State against State without thorough study, consideration and debate for the purposes of overall national policy. Let us not act piecemeal. It may be that the preference clause should be modified since, as it is sometimes argued, it gives preference to distributing systems rather than to consumers. But in a measure such as we are now concerned with, such broad considerations pro and con cannot be raised. (CONGRESSIONAL RECORD, June 7, 1962, p. 9961.)

He also pointed out that Nebraska had been subjected to a regional preference provision in the Rivers and Harbor Flood Control Act of 1959. A provision in that legislation provided that a reasonable amount of power produced at authorized projects in the Missouri Basin not yet under construction shall be made available in the State where such project is located. This was aimed at the Big Bend Dam, located in South Dakota; and it was designed primarily to preclude Nebraska from getting a large portion of the power produced at the Federal installation. Some of the comments made April 12, 1958, when the provision was debated are apropos to this bill. For example, Senator CURTIS, of Nebraska, said:

This proviso modifies the power preferance clause. I think it should be brought in the front door and debated as such and all the equities weighted.

He said later in the debate:

If we are to have a preference law, it should apply the same all over, in every State and to all people.

This proposal establishes a precedent. It will follow that the next time preference will be given to the State in which the dam is located or so many miles from it.

Senators Humphrey, of Minnesota, Young of North Dakota, Symington, of Missouri, Carlson, of Kansas, and Thye, of Minnesota agreed with Senator Curtis in his criticism of that reservation. Senator SYMINGTON said that it was "the beginning of a leak in the dike of the preference clause." Senator HUMPHREY said that in his opinion "the language creates a change in the preference clause that can have far-reaching consequences."

The argument made by the proponents of this legislation that the Northwest is "unique" is specious. The fact that this is true has been well demonstrated by the numerous requests that have been made by other areas for similar protection. Senator MUNDT covered this point in his letter to the chairman when he said:

Some have argued that the Northwest situation is "unique" in that the area is solely dependent on hydroelectric power. This power has always been extremely low cost power. In fact, in view of the 1961 BPA deficit of approximately $15 million, it would seem that rates charged are actually below cost.

Some large power-consuming industries have undoubtedly located in the Northwest because of this low-cost power. Half of all the Federal power in the United States is located in the Northwest.

However any "uniqueness" of the Northwest situation stops here. It certainly does not extend to all future Federal power installations or future power consumers in the Northwest. But S. 3153 would extend this Chinese wall to include both future powerplants and future consumers.

Madam President, in this connection I point out that the distinguished Senator from New Mexico [Mr. ANDERSON] at the committee hearings on May 21 of this year exposed the "uniqueness" argument when he said:

The Northwest is not dependent upon hydro. It can generate all the power it wants by coal. They have just simply got a low price for hydro. We would be glad to have the same thing.

Madam President, if the entire country were to be Balkanized by legislation such as this bill, vast islands would be left with little or no Federal power available for their consumers. This situation would be accentuated and repeated many times over, should the principle of S. 3153 be extended.

Finally, Madam President, my third point is that the principle of this bill would lock in all present and future Federal power for all present and future consumers in the region of origin, to the detriment of those outside. The enactment of a regional preference bill assumes that the power facilities installed now or in the future in the Bonneville area were installed primarily for the benefit of the people living now or in the future in the Pacific Northwest. This is a false premise. These facilities were built for the people of the United States as a whole. Consumers of electricity located within economic transmission distance of these facilities have just as much right to the electric power produced at any one of these dams as have the people who are within only a mile or two of such installations. This proposed legislation assumes that it is perfectly proper to discriminate against consumers of electricity located at some distance from these projects. This is unfair and contrary to the American principles of fairness and equality.

Greatly increased demands will be made upon the taxpayers of the country to pay for the development of additional electric facilities in undeveloped hydroelectric power sites in the Pacific Northwest. Half of the entire water and power resources of the Nation are located in the Pacific Northwest. Half of all Federal hydroelectric facilities are situated here. Taxpayers throughout the country already have invested $1,700 million in Northwest power facilities. In the future this investment may well be doubled. Taxes paid by all the people build Federal power projects; so all the people should share to the maximum extent practicable in the benefits their taxes have created.

In the Pacific Northwest, according to the Federal Power Commission, there are still 37,129,700 kilowatts of undeveloped hydroelectric generating capacity. Should the Nation's taxpayers as a whole be asked to provide out of tax revenues large appropriations to develop the hydroelectric resources of the Pacific Northwest for the benefit solely of the present and future inhabitants of that area?

Madam President, I yield the floor.

Mr. MUNDT. Madam President, I earnestly hope that the U.S. Senate will not rush pellmell into approval of S. 3153, a bill guaranteeing all power users in the Pacific Northwest—both preference and nonpreference—a first call or priority on the electric energy generated at Federal plants in that region. I hope that there will not be any precipitous action on this bill, for I am fearful that many of my colleagues are not fully acquainted with the far-reaching questions involved in this bill.

S. 3153 is by no means a minor piece of legislation although we seem to be treating it as though it were. This is not just a bill to facilitate the marketing and allocation of electric energy generated at Federal facilities in the Pacific Northwest; this bill proposes a major and fundamental modification of the longstanding principle which has governed the marketing and allocation of federally produced power across the Nation. I refer to the user preference principle, under which public agencies and rural electric cooperatives have been given a "first call" or "preference" in the allocation of power generated at federally operated facilities.

S. 3153 seeks to set aside the existing preference principle for the power produced in the Pacific Northwest and to replace that traditional principle with a new arrangement, specially tailored for the Pacific Northwest, under which every user in the Pacific Northwest, present and future, would be given a "first call" on all federally produced power in the Pacific Northwest—present and future—before any "preference" customers outside this region would be considered for allocation.

Thus we inject an altogether new principle, a principle of community preference, which would erase the principle of preference customers in the area in which it operates.

Not only do the preference and nonpreference customers of the Pacific Northwest get a first call on that power, S. 3153 goes still further and provides that any Federal power marketed outside that geographic area will be subject to termination on not to exceed 7 days notice. Even the sale of peaking capacity outside the Pacific Northwest will be subject to contract conditions allowing the arrangement to be terminated on 48 months' notice. What S. 3153 does, Madam President, is to build a Chinese wall of preference around the Pacific Northwest for the benefit of the public and private power users in that area.

One may ask, why I am so concerned by this neat little arrangement which is proposed for the power users of the Pacific Northwest by S. 3153. I am concerned because we are being asked to play the game under an entirely different set of rules which are in effect out in the territory which I represent. We are being told, "You folks out in North and South Dakota go ahead and give up literally hundreds of thousands of valuable ranching and farming acres for Federal hydroelectric dams, and you export the power produced at those dams to every preference customer within the radius of economic transmission, but we in the Pacific Northwest will keep for our own use all of the several million kilowatts of power produced at Federal plants in the Pacific Northwest."

Now, Madam President, I come from an area which has gained a favorable reputation for the fairmindedness of its people. We are willing to abide by the user preference principle for the allocation of the many thousand kilowatts of power produced at Federal dams situated in our State—and, indeed, we feel the user preference principle is probably the fairest which can be developed for this power produced at facilities financed by all of the Nation's taxpayers—but we do ask that all other areas be governed by the same rule.

Incidentally, it was these rules which gave rise to the growth and expansion of the greatest rural electric system in the world, operated by the REA's of America, who depend upon this preference customers clause to have ready access, at proper rates, to Federal power.

In a way, I do not blame my good friends from Washington and Oregon for trying to reserve the federally produced power for use in their area, because such low-cost hydropower is a real drawing card for many large and important industries. I can appreciate the benefits they see for their area should S. 3153 be adopted, for I can visualize the almost limitless vistas for industrial development in North and South Dakota were we able to assure for power customers in our area a "first call" on the 1.8 million kilowatts of power which will ultimately flow from the generators at the great hydroelectric dams in North and South Dakota. But S. 3153 does not propose to give us any such regional preference; it does not propose to give the good and forward-looking people of Arizona any geographic preference or "first call" on the 900,000 kilowatts of power which will be generated at the mighty Glen Canyon project; it limits its special treatment to the Pacific Northwest and thereby gives to that area a distinct economic advantage over every other area in the United States.

Indicating the importance to the rest of the country, especially industrial States like Ohio, Illinois, Michigan, Pennsylvania, New Jersey, Connecticut, New York, and other States where industries are now located, of this special

preference arrangement for power users in the Pacific Northwest is the fact that the Administrator of the Bonneville Administration himself, in a letter written to Hon. Stewart Udall, Secretary of the Interior, advocating the preservation of the power for that area, said this:

As a result of the foregoing circumstances, we have shaped our program—

This is the program, S. 3153—

to achieve two paramount purposes: (1) To maintain our low rates; (2) to meet the load growth requirements of the region, including those for new industries whose location in the region is dependent upon the availability of low-cost power.

I say this only so that Senators representing industrial States who vote for the legislation may have no reason later to complain, when the industries are drained out of their areas into the low-cost power areas, that they had not been forewarned by the man who conceived the legislation and initiated the proposal for the program, the Director of the Bonneville Administration, who states this as the specific purpose. So let every Senator consider the interest of his own State as he considers this proposal.

Mr. SYMINGTON rose.

Mr. MUNDT. Madam President, I understand that the Senator from Missouri would like to have me yield for a unanimous consent request, without my losing the floor. I shall be happy to do so.

Mr. SYMINGTON. Madam President, I appreciate the distinguished Senator's courtesy in yielding to me.

First, I am much impressed with the statement made by the Senator from South Dakota. My State is a State which, in my opinion, has a favorable tax program which, as set up by its government, draws business. Therefore, I intend to read with careful consideration the statements of the distinguished Senator from South Dakota, as well as other statements that have been made on this measure.

Mr. MUNDT. I thank the Senator.

AUTHORITY FOR STOCKPILING SUBCOMMITTEE TO MEET DURING SENATE SESSIONS, WEEK BEGINNING AUGUST 13, 1962

Mr. SYMINGTON. Madam President, I ask unanimous consent that during the week beginning August 13 the Subcommittee on National Stockpile and Naval Petroleum Reserves of the Committee on Armed Services may be allowed to meet during the sessions of the Senate.

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

Mr. SYMINGTON. I thank the Senator from South Dakota.

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MUNDT. Madam President, perhaps those of us representing States which have Federal power facilities within their borders are more sensitive to the special treatment granted another Federal power-producing region by S. 3153 than are our colleagues from power-importing States. Our colleagues from power-importing States face quite a different problem; that is, the problem of protecting their own industries and protecting their own interests. In the power-producing States, we are concerned primarily that all power-producing States live under the same rules and under the same considerations. I should like to caution my friends from the power-importing States that they had better give close scrutiny to the provisions of S. 3153, for the precedent being established by S. 3153 is one which could have a profound effect on the economic and industrial potential of their States in the future. Let no one be deceived into believing that we can break faith with the user preference principle for a region like the Pacific Northwest and then expect things to stop there. The Pacific Northwest has more federally produced power than any other geographic sector in the United States; as a matter of fact, on the basis of plant capacity in operation or under construction, the Pacific Northwest has over 60 percent of all of the Federal hydroelectric power in the entire United States. I base my contention on figures contained in a Federal Power Commission report issued this year, which shows that for Federal hydroelectric plants in operation or under construction the Pacific Northwest has an ultimate generating capacity of 11,518,310 kilowatts as compared with an ultimate capacity for all other areas of 7,233,810 kilowatts.

I submit, for those Senators who will read the RECORD tomorrow morning before they vote, or for the consideration of Senators who should read the RECORD tomorrow morning before they vote, that they would do well to understand the dimensions of the problem to be decided when the time to vote on the proposed legislation arrives.

This is not to be minor legislation. This is to be legislation which can affect the trend of industry across this country in perpetuity.

The proposed legislation could determine whether States like Missouri—we have just heard from the Senator from Missouri [Mr. SYMINGTON]—Ohio, and other States which are now industrialized, or States which seek to become industrialized, will have an opportunity to compete against a permanent setup of low-cost power in a certain area of the country, which could not be duplicated in any other area of the country.

Madam President, is any Senator so credulous as to believe that we can create an exception to the user preference rule which is larger than the rule itself and then expect the rule to stand?

Does anyone really believe that we could exempt from the rule 60 percent of all the power involved and make the rule applicable only to the lesser portion, to the 40 percent? It is no wonder that the REA interests are concerned about the ramifications and implications of S. 3153, because it will have a direct bearing on the future of the rural electric cooperative movement in America. I speak as one who has supported that movement from the very beginning. I speak as a member of the subcommittee of the Appropriations Committee of the Senate, which provides money for the rural electric cooperatives—for their loans, for their development, for their generating plants, for their transmission lines. I speak as one who, through personal observation, has come to realize the importance of the customer preference provision in order to protect the rural electrification movement in America.

So I speak as at least one Member of the Senate who refuses to sit idly by when the customer preference rule is to be abrogated for 60 percent of the hydroelectric power produced in the country.

Madam President, if the Congress of the United States strikes down the user preference principle for the Pacific Northwest, which is what we are being asked to do in S. 3153, then it had better be prepared to abandon that principle providing for preference customer priorities all across the country. We might just as well take a yea-or-nay vote tomorrow, or the next day—whenever a vote is taken—on the preference principle itself, for once we start the ball rolling with S. 3153 we are setting in motion an irreversible process which must ultimately result in total abandonment of the preference principle as the governing rule for the marketing and allocation of federally generated power. We shall then have sperimposed a system of regional preference, of community preference; which, wherever it operates, will obliterate the effectiveness of the customer preference principle. I wonder how many Members of this body representing States outside the geographic boundaries of the Pacific Northwest have queried their municipalities and their rural electric cooperatives, who are presently purchasing Federal power or are potential purchasers of Federal power, to see whether they favor national abandonment of the user preference principle and its replacement by a new geographic preference principle. My distinguished friends had better check with the folks back home before they cast their votes on S. 3153, for as certainly as the waters will continue to flow down the great Columbia River so total abandonment of the user preference principle will flow from enactment of S. 3153.

Perhaps there are some who will say that user preference has served its purpose—I have heard expressions on the floor of the Senate from Senators who say they oppose now the customer preference concept—that it is out of step with the New Frontier, that some new principle is needed to guide the marketing of federally produced power; that REA's have already been installed

and are operating profitably and no longer need this assistance or protection.

Madam President, I do not say that the standing preference to public agencies and rural cooperatives in the allocation of power generated at Federal plants does not operate without some inequities.

I do not say it is a perfect solution to the problem, but I should be very interested to hear the arguments of anyone in this body who wants to tell me that a principle of inflexible regional preference for the marketing of Federal power produced at facilities financed by all of this Nation's taxpayers is a more equitable guideline.

I should like to hear the exhortations and explanations of the Senators from Pennsylvania, New Jersey, or New York, from any of the States of New England, from the great central area of our country, or from any industrial area of the country, when they try to describe the equities involved, which compel the taxpayers to provide Federal power to an area which then puts a veto on the capacity of anybody outside the area to use the power generated with public funds.

I do not believe the Senators from Minnesota, whose preference customers as of 1965 will be allocated 247,000 kilowatts of energy produced at Federal hydroelectric facilities in my State, want to make the argument for striking down the existing preference principle.

I do not believe the Senators from Iowa—we have heard from one of them—whose preference customers will be purchasing 137,000 kilowatts of the power generated in South Dakota, or the Senators from Nebraska, whose public agencies have allocated 226,000 kilowatts by 1965, really want to vote for a principle and a concept which would eventually exclude them from access to the power produced in the two Dakotas. I should be greatly surprised if there were any Member of this body who wanted to assume the burden of arguing directly against the user preference customer principle, which means so much to our public bodies, our municipalities, and, above all, to the great network of the REA facilities in the United States.

Yet when we take the frills from S. 3153, when we read it carefully, when we analyze its portents and its potentialities, we find that we are in fact considering the life expectancy of the user preference principle. If S. 3153 should be passed without amendment, I doubt that even Lloyds of London would sell an insurance policy on the life of the preference principle, for it is likely that death would come before the first premium could be paid.

Lest my position on S. 3153 be misinterpreted as one of total opposition to some type of special consideration for those areas which surrender many thousands of productive acres so that hydroelectric projects can become a reality, let me hasten to say that I strongly support such special consideration within reason.

I have supported it for Hungry Horse. I have supported it for Big Bend. I have supported it for Niagara Falls. I have supported it on other projects. I am perfectly willing to support it now, within reason, for the great Pacific Northwest.

In my own State of South Dakota we have received some special consideration with respect to the electric energy output from one of the four great hydroelectric dams which span the Missouri River in South Dakota. I refer, of course, to the Big Bend Reservation which reserves for use in South Dakota 50 percent of the 468,000 kilowatt capacity which will eventually be generated at the Big Bend Dam.

Mr. MANSFIELD. Madam President, will the Senator yield?

Mr. MUNDT. I yield.

Mr. MANSFIELD. It should be pointed out that the Senator from South Dakota has been a consistent supporter of the Hungry Horse project in the Northwest ever since we both served in the House together.

Mr. MUNDT. The Senator is correct.

Mr. MANSFIELD. The Senator has mentioned the fact that there are only two projects which have a particular type of onsite preference clause.

Mr. MUNDT. Three. Niagara Falls has also.

Mr. MANSFIELD. Hungry Horse in Montana has guaranteed to it an on-site or at-site capacity of 200,000 kilowatts of power, but because of Hungry Horse and its reservoir capability, 800,000 additional kilowatts of power goes downstream to feed Bonneville, Grand Coulee, and the other projects in the lower Columbia.

It appears to me that the Big Bend has an even better preference clause than does the Hungry Horse because, as I recall, it guarantees 50 percent of the power produced at the site. The remainder, of course, goes downstream or upstream and depends on the lines that can be used.

The Senator has mentioned Niagara Falls, which I did not know about. He has indicated that there have been, at least in our part of the country, two projects which for a number of years have had a priority, which, in effect, gives to our States a certain amount of security so far as the power produced in those States is concerned.

I emphasize the fact, which the distinguished Senator has mentioned, and to thank him again for the fine work he did in behalf of Hungry Horse down through the years, and especially in obtaining for us the priority which has meant so much to us in Montana.

Mr. MUNDT. I appreciate what the Senator has said. It should be pointed out with respect to both Montana and South Dakota that while 200,000 kilowatts from Hungry Horse and about the same number of kilowatts which would come out of Big Bend for South Dakota represent a sizable percentage of the power produced from those particular sites, both Montana and South Dakota have contributed other sites for big hydroelectric projects from which no reservations have been made, and which are available to the whole general area.

Mr. MANSFIELD. The Senator is correct.

Mr. MUNDT. While this reservation of power authored by my late and distinguished colleague, Francis Case, is, indeed, an exception to the normal application of the preference principle, as discussed by the Senator from Montana, it is nevertheless an exceedingly modest consideration to the people of South Dakota for the several hundred thousand acres of farm and ranch land to be inundated by the reservoirs behind the Oahe, Big Bend, Fort Randall, and Gavins Point Dams. Certainly this modest reservation, representing less than one-sixth of the ultimate installed hydro capacity in South Dakota cannot be compared to the gigantic concession made to the Pacific Northwest by S. 3153, which grants "first call" to that area on all—"A-L-L," italicized and underscored—of the 11,518,310 kilowatt capacity at generators presently in operation or under construction and all other Federal power which may in the future be produced in the northwest region.

I point out that the proponents of S. 3153 seek to justify this unequaled special consideration for the Pacific Northwest on the grounds that the power situation in that region is unique. The "uniqueness" claimed is that 96 percent of the Pacific Northwest's total power supply is hydro-produced and 60 percent of their total capacity is generated at Federal plants. Thus the proponents contend there is always a danger under the normal operation of the preference principle that portions of their power supply will be exported to other regions.

If there is, in fact, any present "uniqueness" about the power situation of the Pacific Northwest—and I frankly question the validity of this claim—it is a singleness of circumstance soon to vanish. Already elaborate plans are being laid for thermal generation in the Pacific Northwest. Only last week the Senate adopted the Jackson amendment to the AEC authorization, which authorizes construction of an 800,000-kilowatt-capacity thermal unit at the Hanford production reactor. Next year construction is scheduled to begin on a 500,000-kilowatt-capacity steam generation plant at Cle Elum, Wash.—a plant, I might point out, which will be fueled by coal from bituminous deposits in that State. These two facilities alone have a combined capacity of 1.3 million kilowatts of thermally generated electric energy, the equivalent of one-fifth of the presently installed hydrocapacity in the Columbia River Basin.

We have heard much said by the spokesmen from the Pacific Northwest that each year millions of dollars of dump power from their hydrofacilities is going to waste. This is not a unique problem; we face the same dilemma in the Missouri division, and we are moving to meet that problem through the construction of thermal capacity and various pooling arrangements directed at "firming up" our "dump" hydropower.

I see no reason why the Pacific Northwest cannot take similar action. There is nothing prohibiting the production of thermal power in that region. As I pointed out, there are bituminous coal deposits in that area, and I am advised that two major natural gas lines now traverse that region, drawing on abundant natural gas reserves in Canada. The Pacific Northwest has much

greater potential for the production of thermally generated power than we have in the upper Missouri basin. However, I do not see the Secretary of the Interior rushing to Congress with a regional preference bill for eastern Montana, North Dakota, South Dakota, and the neighboring States.

It is vividly apparent that neither the present nor the future power situation in the Pacific Northwest is in any way unique, save for the fact that that region is blessed with an abundance of cheap hydropower; and it should be clearly understood that the Chinese wall of regional preference proposed in S. 3153 applies not only to present plants and present customers, but to future plants and future customers as well. It would Balkanize the power system of America into perpetuity. S. 3153 would indeed make the Pacific Northwest situation unique—a uniqueness which is not today apparent from the facts, a uniqueness which would provide benefits to one area and which are denied to other areas of America, unless the proposed legislation is amended.

Even on the point of some future loss of power presently allocated to nonpreference users in the Pacific Northwest, the circumstances confronting that area seem to be anything but critical. We are told that many millions of dollars of industrial plant investment have been made in Washington and Oregon because of the low-cost power available there. I am sure that this is true. We are further told that unless the Pacific Northwest is granted regional protection for its hydropower that with the construction of transmission interties these plants stand in grave and immediate danger of losing their present cheap power allocations to preference customers outside the region, with the result that these plants would be forced to close and workers would be left jobless. I am just as sure that this is not true.

If anyone questions my skepticism on this point, he has only to refer to page 57 of the Senate Interior Committee hearings where Chairman ANDERSON was questioning Mr. Charles F. Luce, Administrator of the Bonneville Power Administration, about the contracts presently held with the BPA by nonpreference customers. Mr. Luce admitted that these contracts had an average remaining life of from 12 to 15 years with an option to renew—contracts, mind you, the terms of which cannot be abrogated without just compensation. Now, Mr. President, I do not think I am being too unreasonable when I suggest that this testimony by Mr. Luce hardly presents a picture of urgently critical circumstances, demanding that the Senate rush headlong forward to adopt legislation which has the practical effect of reserving for the Pacific Northwest literally millions of kilowatts of "firm power" produced at Federal plants in that area.

If this is not enough to convince my colleagues that the Pacific Northwest is not on the verge of economic collapse, let me quote some further comments from this Mr. Luce, who seems to be grim about Life, short on Time, and lacking in Fortune.

Referring again to the industrial power customers, Chairman ANDERSON asked this question, "How do you know they would be shut down if you stopped your 2-mill, postage-stamp rate? Suppose they had to pay 4 mills?"

To which Mr. Luce replied, "We know they would be shut down if that happened."

Senator ANDERSON reiterated, "How do you know?"

Here Mr. Luce emitted a most remarkable reply. He said:

> They would be shut down because the Pacific Northwest is so far from the large markets of the United States and, therefore, has such large transportation expense getting raw materials to these plants and the finished product back to the market, that 4-mill power is prohibitive for the aluminum companies.

Lo and behold, I think we have found a fugitive of the 18th century on the New Frontier. Perhaps when our forefathers broke across the Oregon Trail for the Pacific Northwest that region was, in fact, far removed from the major markets of the Nation, but I think that in the scintillating sixties of the 20th century the good people of California, which claims to be fast on its way to becoming our Nation's largest State, might take mild offense if they heard their neighbors to the north saying that they are far removed from the large markets of the United States. We in South Dakota would be eternally grateful if we had markets adjacent to us that were even one-tenth the size of those available in California. No; this testimony does not bring tears to my eyes.

While the Senate is bestowing its sympathy on the tragic plight confronting the sad-eyed and heavy-hearted people of the Pacific Northwest, I earnestly hope that it will reserve a modicum of its solicitude for the upper Missouri basin, which has given far more of its productive acres to Federal hydroelectric projects than has the Pacific Northwest and has received far less in return. I asked the Corps of Engineers to prepare some figures for me comparing the land acquisition figures for the North Pacific division with the land acquisition figures for the Missouri River division. This chart also includes total construction costs for the various hydroelectric projects in these two areas. I ask unanimous consent that this chart may appear at this point in the RECORD.

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

Analysis of land costs for hydroelectric projects (as of June 30, 1962)

NORTH PACIFIC DIVISION

Name and location of project	Land area (acres)			Land costs			Types of land	Construction costs		Total project cost
	Private	Government owned	Total	To Jan. 30, 1962	To complete	Total [1]		To date	Remaining	
COMPLETED PROJECTS										
Albeni Falls Reservoir, Idaho [2]	13,379	5,140	18,519	$2,219,391	----------	$2,219,391	Urban, 50 percent; tillable, 50 percent.	$28,632,398	----------	$30,851,789
Bonneville lock and dam, Oregon [2]	7,270	723	7,993	4,664,707	----------	4,664,707	Urban, 3 percent; timber, 60 percent; tillable, 27 percent; grazing, 10 percent.	78,574,688	----------	83,239,395
Chief Joseph Dam, Wash. [2]	10,029	1,857	11,886	667,721	----------	667,721	Grazing, 90 percent; tillable, 5 percent; urban, 5 percent.	143,981,522	----------	144,649,243
Detroit Reservoir, Oreg. [2] (including Big Cliff).	4,239	3,039	7,278	1,349,212	----------	1,349,212	Timber, 90 percent; urban, 10 percent.	61,380,488	----------	62,729,700
Hills Creek Reservoir, Oreg. [2]	1,593	1,258	2,851	2,317,540	----------	2,317,540	Timber, 95 percent; tillable, 5 percent.	44,006,600	$1,077,628	45,800,000
Ice Harbor lock and dam, Washington. [2]	7,921	588	8,509	678,382	$300	678,682	Grazing, 90 percent; tillable, 10 percent.	121,299,318	1,722,000	123,700,000
Lookout Point Reservoir, Oreg. (including Dexter). [2]	7,107	3,235	10,342	2,317,540	----------	2,317,540	Timber, 70 percent; tillable, 25 percent; urban, 5 percent.	85,533,012	----------	87,855,552
McNary lock and dam, Oregon-Washington. [2]	25,345	3,548	28,893	10,873,658	3,000	10,876,658	Grazing, 15 percent; tillable, 71 percent; urban, 14 percent.	275,358,542	7,764,800	294,000,000
The Dalles, Oreg.-Wash. [2]	6,854	183	7,037	32,160,025	5,000	32,165,025	Grazing, 85 percent; tillable, 14 percent; urban, 1 percent.	213,480,496	1,271,000	246,916,521
UNCOMPLETED PROJECTS										
Cougar Reservoir, Oreg.	82	1,700	1,782	8,300	----------	8,300	Timber, 100 percent.	37,990,600	16,701,100	54,700,000
Green Peter-Foster Reservoir, Oreg.	7,505	870	8,375	3,587,062	2,149,000	5,736,062	Timber, 90 percent; tillable, 5 percent; urban, 5 percent.	4,962,700	62,401,238	73,100,000
John Day lock and dam, Oregon-Washington.	37,121	8,070	45,191	5,061,456	10,226,932	15,288,388	Grazing, 81 percent; tillable, 12 percent; urban, 7 percent.	62,605,044	322,106,568	400,000,000
Lower Monumental lock and dam, Washington.	9,129	317	9,446	225,508	2,220,400	2,445,908	Grazing, 75 percent; tillable, 24 percent; urban, 1 percent.	8,468,392	146,085,700	157,000,000

See footnotes at end of table.

Analysis of land costs for hydroelectric projects (as of June 30, 1962)—Continued

MISSOURI RIVER DIVISION

Name and location of project	Land area (acres)				Land costs			Types of land	Construction costs		Total project cost
	Private	Indian	Government owned	Total	To June 30, 1962	To complete	Total [1]		To date	Remaining	
COMPLETED PROJECTS											
Fort Randall, S. Dak.[2]	96,345	17,415	173,	113,933	$5,835,775	$6,238	$5,842,013	Grazing, 59 percent; tillable, 17 percent; timber, 24 percent.	$183,719,625	$4,938,362	$194,500,000
Fort Peck, Mont.[2] (including 2d powerplant).	168,016	--------	422,069,	590,085	2,085,926	----------	2,085,926	Grazing, 91 percent; timber, 6 percent; tillable, 3 percent.	154,117,074	1,870,800	158,073,800
Garrison Reservoir, N. Dak. and Mont.[2]	304,047	152,519	6,534,	463,100	21,388,024	51,976	21,440,000	Grazing, 44 percent; tillable, 38 percent; timber, 17 percent; urban, 1 percent.	266,273,076	3,286,924	291,000,000
Gavins Point Reservoir, S. Dak. and Nebr.	34,652	--------	--------	34,652	2,828,897	47,103	2,876,000	Grazing, 35 percent; tillable, 47 percent; timber, 18 percent.	44,812,889	561,300	48,250,189
UNCOMPLETED PROJECTS											
Big Bend Reservoir, S. Dak.	22,468	20,874	1,743	45,085	721,395	6,181,605	6,903,000	Grazing, 63 percent; tillable, 17 percent; timber, 20 percent.	29,409,905	75,687,095	112,000,000
Oahe Reservoir, N. Dak.-S. Dak., 2 of 7 units producing power.	242,733	154,170	13,097	410,000	21,495,450	2,836,550	24,332,000	Grazing, 80 percent; tillable, 5 percent; timber, 15 percent.	267,865,350	52,802,650	345,000,000

[1] Exclusive of Government acquisition costs.

[2] In power production.

Mr. MUNDT. Madam President, the figures on land acquisition are, indeed, interesting, to say the least. They show that for projects either completed or under construction in the North Pacific division, 168,102 acres of land will ultimately be required, while for the projects in the upper Missouri basin the required acreage will total 1,656,855 acres.

This means that the States of Montana, North Dakota, and South Dakota have given up nearly 10 times the number of productive acres—acres which produced crops, livestock, timber, and local tax base—for Federal hydroelectric dams than have our good friends from Washington, Oregon, and Idaho, yet no one is suggesting that we should have a regional preference wall built around eastern Montana, North Dakota, and South Dakota for the over 2 million kilowatts of power that will be generated by the Federal plants in our region.

I cannot avoid the conclusion that the Pacific Northwest is, indeed, being granted some very special treatment and some highly valuable rights by the regional preference arrangement proposed in S. 3153. It is being given a distinct competitive advantage over all other States and all other regions which have Federal power production facilities located within their boundaries. A competitive advantage, I may say, that promises to pay real dividends from the standpoint of future industrial and economic development.

It is my earnest belief that this bill should be recommitted for further study and consideration, because the claims made in its support simply do not comport with the facts. But if it is the will of this body to adopt this bill, then I am prepared to ask my colleagues that they also provide geographic protection for the Federal power produced in my area and for all other States and areas in which Federal power-production facilities are situated. I have already had amendments printed which provide for uniform treatment respecting Federal power, and if this measure is not recommitted I intend to offer those amendments and ask for a rollcall vote at the appropriate time.

Mr. COTTON. Madam President, the proposed legislation, the so-called regional preference bill, S. 3153, is deeply disturbing to me. It has major implications for the entire Nation which cannot be overlooked.

Initially, I was inclined to regard this bill as a kind of back-fence argument on the west coast between the Pacific Northwest, where tremendous quantities of electric power are generated cheaply at federally built dams, and southern California, which must rely on the more expensive steam generation of electricity. But much more, in fact, is involved, and I want to address my comments to the effects that the principle of this legislation would have on the rest of the country.

Behind this bill lies recent technological advances which now make it possible to transmit large blocks of electric power economically over very long distances. The Bonneville Power Administrator, Mr. Charles Luce, indicated that the economic transmission distance may extend for 2,000 miles. Under these circumstances, low-cost hydropower could be made available over a substantial region of the country, giving citizens some direct benefit from the billions which they have paid for the Federal power developments in the Northwest and elsewhere. We ought to be free to do this, provided that these benefits can be made available to all with sufficient safeguards to make sure that we do not exclude isolated islands in distant or sparsely settled areas that will thereby be forced to pay even higher electric rates or to compete against even greater odds than now.

The bill turns its back on this possibility. It is not designed to spread the benefits of low-cost power, but instead to confine them.

As I understand the bill, it draws a line around and in some cases through portions of half a dozen States, reaching as far east as Montana and Wyoming, and defines that area as the Pacific Northwest. Then it provides that all present and future Federal power produced in that region shall belong to that region exclusively; that it shall be used for present and future private industry as well as for public purposes, and that no power can be exported across the region's border, even for public purposes, unless the Northwest permits it, and then only on a severely restricted basis.

On that point, let me declare it bewildering from any national point of view, and certainly from a New Englander's view, that Federal power which has been developed and paid for by all the people could thus be reserved for only a privileged few and denied to all others. In my State of New Hampshire, in fact in all of New England, there are no Federal powerplants. Many other States share with us this "have not" status. Under the precedent which this legislation would set, no "have not" States or regions could ever get any firm Federal power from any of the Federal plants located in the "have" regions, even though their tax dollars helped build them.

According to data in the hearings, half of all the hydroelectric power developed by the Federal Government is in the Northwest. The bill would restrict all that power to an area comprising less than six States. That power would be locked up tight in a Northwest power preserve.

To date, the Nation's taxpayers have invested $1.7 billion in Federal power facilities in the Northwest. The Bonneville Power Administration, which runs the Federal system there, is operating in the red and is losing millions of dollars each year. Thus, the power is being sold to privileged northwesterners at below-cost rates. No wonder they want to keep it to themselves—all of it.

The determination as to what power is available for export, when it may be available, who can have it, where the exact borderlines of the preserve shall be located, and many other powers, would be left to the discretion of the Secretary of the Interior. The bill

would give the Secretary virtually dictatorial power over half the Federal hydroelectric power in the Nation, and would usurp much of the control over the Federal power policy which now properly resides in Congress.

This is what Senate bill 3153 proposes.

It is important to point out that the Bonneville Power Administration, which markets the Federal power in the Pacific Northwest, is not the sole source of power in the region. More than 150 non-Federal generating plants also serve the area, and provide about 40 percent of the region's total power supply. This is more than a statistic. It means that the Bonneville Power Administration does not have a utility responsibility for the area. It is under no legal or moral obligation to provide 100 percent of the region's needs for electric power now and into the future. It operates solely as a wholesale supplier of large blocks of power.

The role of Bonneville is thus in sharp contrast to the role of the Tennessee Valley Authority, which has a complete utility responsibility for its area, and is the sole source of electric power for its service area. In the case of TVA, Congress has limited its service area by statute in much the same way as most public utilities have limited and defined service areas under their franchises. As an original proponent of an area limit for TVA, I can state that its purpose was to define the area in which it was to be the sole supplier of power so that TVA could plan, budget, and build efficiently to meet the growing demands for power within its area.

The TVA area limitation—16 U.S.C. 831n-4—clearly and expressly permits the sale and transmission of blocks of power to other utilities outside the service area. It thus permits TVA to do what the bill would bar in the Pacific Northwest, and the TVA area limitation is, in fact, a sound precedent for the defeat of the bill.

I should like to call upon my colleagues in the Senate to search their souls as they contemplate what such a proposal as this could do to the Nation. In full conscience, we must consider how such a bill would affect all of the United States. We must rise above local interests; we must look beyond the administration's nose as it tries to satisfy conflicting demands among Federal power supporters; we must regard the proposed legislation from the viewpoint of all the people of all our 50 States, and we must look to the future welfare of the Nation.

With these obligations in mind, the bill poses many questions which call for answers based on equality, justice, and the general welfare. The conflicting and contradictory nature of some of these questions reflects the confusion and contradictions in the bill itself.

First. Why should the United States set aside tax-subsidized power that belongs to all the people and reserve it exclusively for just a few people?

Second. When it is economically feasible to transmit electric energy 2,000 miles, why should not the power from all Federal generating installations in all sections of the country be made available to all the people within reach?

Third. Why should Congress lock up all present and future Federal power in the Northwest, permitting the Northwest to lure more industry and payrolls from other areas with its below-cost electric power?

Fourth. Why should the Senate fall prey to the contention that somehow and for some reason the situation in the Northwest is unique and therefore deserves a special handout? We must bear in mind that the bill not only reserves present Federal power for present Northwest customers but also applies to all future Federal power and all future Northwest customers. Nor are the provisions limited to Federal hydroplants. Coal-fired steamplants and maybe even Federal nuclear plants also would be reserved in the privileged sanctuary of the Northwest.

Fifth. Why should the Senate Interior Committee have to adopt an amendment to the bill with regard to power from Hungry Horse Dam on the basis that "existing rights, established by prior legislation should not be infringed upon" when this very bill itself infringes upon the existing rights of customers outside the fences which would be erected by this bill?

Sixth. Why should Congress permit a Chinese wall to be erected around one region in the Northwest and not permit similar Chinese walls around every other region in which a Federal electric plant is located?

Seventh. Why should Congress give any Secretary of the Interior the discretionary power of a czar over half the Federal hydroelectric power in the Nation?

Eighth. Why should Congress create economic or marketing regions which would ignore State borders, and could form superstates under the control of an executive department of the Government?

Ninth. Could the Senate allow the Northwest to have its way, and then reject the similar demands for regional protection, or for exclusive regional rights? These demands are now before us in amendments. They come from the State of Montana, from the State of Arizona, from the Missouri River basin, from the northern California region of the Central Valley project, and unquestionably will come from many other regions of origin of Federal power.

Tenth. Why should the law of preference be abrogated in just one region, for the purpose of satisfying purely local special interests?

Eleventh. Why should the Congress consider any bill that penalizes the great majority of the people, to give more special privileges to an already privileged few?

I submit that in reaching responsible answers to these questions, we can make no finding with respect to this bill except that it is highly dangerous to the national welfare.

The principle of the bill is vicious.

The use of Federal money and Federal power would be confined to certain States and regions. States and regions, like my own, that do not have and are not blessed with the potentiality for power development, would find themselves completely starved by the creation of special privilege facilities whose benefits would be confined to more fortunate sections of the country, despite the fact that they are paid for by our people. Such a situation would be so monstrous that it would compel only one solution: Complete Federal power over the entire Nation. Make no mistake about it, that is what this bill aims at. That is why it must be defeated.

ORDER FOR ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that when the Senate concludes its business tonight, it adjourn to meet at 11 a.m. tomorrow.

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

COMMITTEE MEETINGS DURING SENATE SESSION TOMORROW

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Judiciary Committee be permitted to sit during the session of the Senate tomorrow.

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

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Judiciary Committee's subcommittee on the nomination of Thurgood Marshall to be a judge of the U.S. circuit court be permitted to meet during the session of the Senate tomorrow morning.

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

Mr. MANSFIELD. Madam President, I ask unanimous consent that the Public Works Committee's Subcommittee on Roads be permitted to meet during the session of the Senate tomorrow morning.

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

PACIFIC NORTHWEST POWER PREFERENCE

The Senate resumed the consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes.

Mr. MANSFIELD. Madam President, after discussing the matter with the distinguished minority leader and others interested, I am about to propound a unanimous-consent agreement: I ask unanimous consent that at the conclusion of the morning-hour business tomorrow, there go into effect the following time limitation: 2 hours on each amendment—or 1 hour to a side—and 4 hours on the bill.

Mr. SYMINGTON. Let me ask which bill will be the subject of the proposed agreement.

Mr. MANSFIELD. The Northwest power bill.

Mr. SYMINGTON. I thank the majority leader.

The PRESIDING OFFICER. Is there objection to the proposed agreement?

Mr. DIRKSEN. And to include not only amendments, but also motions?

Mr. MANSFIELD. Yes, including motions to recommit.

The PRESIDING OFFICER. Is there objection to the proposed unanimous-consent agreement? The Chair hears none, and it is so ordered.

The agreement as subsequently reduced to writing is as follows:

UNANIMOUS-CONSENT AGREEMENT

Ordered, That, effective on Wednesday, August 8, 1962, at the conclusion of routine morning business, during the further consideration of the bill (S. 3153) to guarantee electric consumers in the Pacific Northwest first call on electric energy generated at Federal plants in that region and to guarantee electric consumers in other regions reciprocal priority, and for other purposes, debate on any amendment, motion, or appeal, except a motion to lay on the table, shall be limited to 2 hours, to be equally divided and controlled by the mover of any such amendment or motion and the majority leader: *Provided*, That in the event the majority leader is in favor of any such amendment or motion, the time in opposition thereto shall be controlled by the minority leader or some Senator designated by him: *Provided further*, That no amendment that is not germane to the provisions of the said bill shall be received.

Ordered further, That on the question of the final passage of the said bill debate shall be limited to 4 hours, to be equally divided and controlled, respectively, by the majority and minority leaders: *Provided*, That the said leaders, or either of them, may, from the time under their control on the passage of the said bill, allot additional time to any Senator during the consideration of any amendment, motion, or appeal.

THE YOUTH CONSERVATION CORPS

Mr. HUMPHREY. Madam President, I ask unanimous consent to have printed in the body of the RECORD an editorial relating to the Youth Conservation Corps. The editorial was published in the Washington Post.

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

[From the Washington Post, June 17, 1962]

YOUTH CORPS

It is a pity that the bill to create a Youth Conservation Corps, warmly supported by President Kennedy, has been mired in that legislative quicksand, the House Rules Committee. The measure won approval in the Committee on Education and Labor. It has considerable backing among Congressmen, Republicans as well as Democrats. A great many national organizations interested in youth welfare and job opportunities have pressed heartily for its adoption. We think the House ought to be given a chance to debate it and decide whether to put it into effect.

The proposal seems to us thoroughly sensible and constructive. It would establish two bodies—a 12,000-member corps based on the highly successful Civilian Conservation Corps of New Deal days which would give youngsters between 16 and 22 years of age a chance to engage in healthful and useful outdoor work such as reforestation; and a 25,000-member "Home Town Peace Corps" in which young people could work on local public projects while living at home.

Here is a formula for dealing with dropouts and delinquents which is much more likely to be helpful than pushing them around, subjecting them to curfews and antiloitering ordinances or denouncing them as beatniks. Surely it is worth a try on a small scale as the bill proposes. Let the House act on it.

Mr. HUMPHREY. Madam President, it is my hope that this measure will soon receive action by Congress and will become public law.

A NEW BASIS FOR CONCLUDING A NUCLEAR TEST BAN AGREEMENT

Mr. HUMPHREY. Madam President, for the second time in the last 8 or 9 months, shock waves from Soviet nuclear explosions are reverberating throughout the Arctic wastes around Novaya Zemlya. By exploding a weapon second in magnitude only to the 50-megaton monster of last October, the Russians have proved once more that their interest lies in terror and intimidation, rather than in technical progress. Once again, press reports indicate that the Soviet leadership cannot look the Russian people in the eye: as was the case last year, the Russian man-in-the-street is the last person in the world to learn of the resumption of Soviet nuclear testing. The contrast between Soviet furtiveness and our own frank, yet reluctant, decision to resume testing this spring is too obvious to be dwelt upon. According to certain press reports, traces of radioactive fallout from the current Soviet test series may show up in U.S. milk supplies "in the next 10 to 14 days." How much longer will the world be exposed to such insidious and heedless experiments, when a basis already exists for bringing them to a halt forever? Clearly, Madam President, the time is at hand for both the Soviet Union and the United States to live up to their responsibility not only to their own national security, but also to the safety of mankind.

Madam President, the security of the United States is clearly the overriding concern of all of us in the Congress, all in the executive branch, and all in every level of the government in this country. We in this Chamber know very well that the burdens imposed upon the American people are for the sake of keeping this country and the entire free world militarily strong and free.

The American people have shown by their willingness to shoulder these burdens that they, too, completely understand the need for this country to be strong when it is faced by a challenge which is both ideological and military in nature. However, I sometimes think that in our preoccupation with our own defense, we tend to forget that the weapons we rely upon for national security are at the same time a risk to our civilization and to our way of life.

War by accident—by miscalculation—will always remain a definite possibility and must be constantly borne in mind in our thinking about military problems. In this country we have taken many unilateral steps to diminish the chances that war by accident or miscalculation will ever occur.

We must also bear in mind that nuclear war becomes increasingly likely as the number of countries which independently possess and control nuclear weapons continues to grow. It is almost axiomatic that suspicion, misunderstanding, miscalculation, and plain mistakes will increase—some say geometrically—as the number of governments which can unilaterally push a button to start a nuclear war increases in number.

This is one of the very important reasons why I have always supported our Government's efforts to secure an adequately monitored, nuclear-test-ban agreement. I have also felt that if we could achieve a ban on nuclear testing, this would be a very important step toward curtailing the spread of national nuclear weapons capabilities. Indeed, without such an agreement the "*n*th country" problem will never be solved.

It is not the only step that could be taken. There are others which are important also, but the nuclear test ban has always struck me as one type of agreement which would provide a platform on which to build other arms-control and disarmament agreements. The problems of monitoring a nuclear-test-ban agreement are difficult, but they are not so difficult as the inspection of many other kinds of conceivable disarmament arrangements.

The above does not exhaust the advantages to be derived from a test-ban agreement. An end to radioactive fallout would be desirable, whatever one thinks of the dangers to mankind represented by fallout. Clearly, as we move on into the nuclear age, the amount of contamination from the peaceful uses of atomic energy will increase; and it would be desirable, as a general principle, to keep to a minimum the unnecessary contributions to the reservoir of background radiation in the human environment.

Moreover, a beginning toward controlling the nuclear arms race between the two superpowers could be made through a nuclear test ban. Not only the development of a control system, but also the practical experience of a working arms-control agreement would have a catalytic effect in promoting further agreements of the same type.

The President and his principal advisers on national-security affairs in both this administration and the last administration have believed that an agreement banning nuclear weapons tests under adequate safeguards would be in the interests of the United States. As President Kennedy stated on March 2, 1962, when he announced the resumption of U.S. nuclear tests in the atmosphere:

> Our real objective is to make our own tests unnecessary, to prevent others from testing, to prevent the nuclear arms race from mushrooming out of control, to take the first steps toward general and complete disarmament.

To prevent the spread of nuclear weapons to additional countries is one area where the United States and the Soviet Union appear to have a clear common interest. In fact, in this respect, Soviet and American language is identical. Yet, at the 18-Nation Disarmament Conference now going on at Geneva, the Soviet attitude toward a nuclear-test-ban agreement, which would halt the spread of nuclear weapons, has not been encouraging. The Soviet Union has opposed the location of any internationally operated control

posts on its territory, and it has accepted the principle of onsite inspection only if it invites the inspection team in each case. In other words, an international inspection team would be invited across the Soviet border to have what amounts to a cup of tea. Tea and sympathy would be the only practical result of such a performance. Obviously, the proposal of the Soviet Union is not acceptable.

The U.S. position has been based up to now on the United States-United Kingdom draft treaty submitted on April 18, 1961, which was slightly modified in later discussions. This draft provides that the control posts in the United States and U.S.S.R. would be operated one-third by U.S. nationals, one-third by Soviet nationals, and one-third by nationals of other countries. This draft also provides for a number of obligatory onsite inspections in cases where earth tremors shown by seismograph readings raise suspicions of a nuclear explosion.

The principal recent political development in this area at the 18-Nation Disarmament Conference was the tabling on April 16, 1962, of a memorandum by the 8 non-NATO, non-Warsaw Pact delegations—in other words, the nonalined powers. This memorandum suggests that nationally operated seismic stations should be the principal basis for a control system, working in conjunction with an international commission of scientists. It contains a statement concerning onsite inspections which has been interpreted by the United States as making them obligatory and by the Soviet Union as making them invitational. The pertinent passage of the eight-nation memorandum states that:

> All parties to the treaty should accept the obligation to furnish the Commission with the facts necessary to establish the nature of any suspicious and significant event.
>
> And further:
>
> Should the Commission find that it was unable to reach a conclusion on the nature of a significant event * * * the party on whose territory that event had occurred should consult with the Commission as to what further measures of clarification, including verification in loco, would facilitate the assessment. The party concerned would * * * give speedy and full cooperation to facilitate the assessment.

Frankly, I do not understand how the Soviet Union can interpret these words in the sense that the party carrying the burden of proof can impose a veto on the movements of an international inspection team—up to the maximum number of inspections provided for in the treaty. As I have said before, inspection by invitation is a meaningless social convention. Clearly, no Senator in this Chamber could accept it and look his constituents in the eye next fall, or next election year, or any time in the foreseeable future.

Nevertheless, certain new technical developments indicate the feasibility of a simpler control system than was proposed in our draft treaty of April 18, 1961. The first of these key developments is a reassessment indicating an improved capability for long-range seismic detection which will make it possible to detect, at long distances, earth tremors which might have been caused by nuclear explosions. From their research and experience, our technical experts have concluded that a widely spaced network of a smaller number of stations than we originally proposed could detect earth tremors even in the low kiloton yield.

I digress to note that the Soviet Union's recent tests were monitored and recorded by the United States long before it was known that there was a 40- or 50-megaton explosion in the atmosphere within the past few days. The Atomic Energy Commission has informed the world that we were able to detect earlier low kiloton yield explosions in the Soviet Union, explosions that were not reported by the Soviet Union. So our detection system has again demonstrated its capability.

The second key technical development is the determination that the number of earthquakes which might produce earth tremors comparable to an underground nuclear test of a given magnitude has been reduced severalfold from the previous estimate.

It should be noted that our previous estimate was decidedly off in terms of the number of earth tremors that are anticipated in a particular area of the Soviet Union.

These developments are significant in several ways. First, the increase in the long-range detection capability makes it possible to develop a simplified and more economical system of internationally supervised but largely nationally manned stations. This system would have a detection capability not significantly different from that originally contemplated for the stations proposed in the April 18, 1961, United States-United Kingdom treaty draft. This system would cost far less to construct and operate, would be simpler to manage, more efficient in its operations, and could be put into effect in a much shorter period of time. Second, the decrease in the number of unidentified earth tremors with which a detection system will have to cope will make it possible to decrease the number of onsite inspections required for verifying that the observed earth tremors are caused by earthquakes.

Despite these welcome scientific advances, it would be futile for the Soviet negotiators to assert that national detection systems would suffice to establish the nature of each and every unidentified seismic event. The fact is—and I cannot emphasize this point too strongly—that these developments do not provide a means of determining from seismic data, in all cases, that a particular observed earth tremor is an earthquake rather than an underground explosion. They do not and cannot eliminate the need for an international system of verification and control, however ardently the Soviet spokesmen might want to draw the teeth of any conceivable test ban treaty.

With these few, but essential, caveats, I am personally gratified to learn that new technical findings have permitted us to adjust our control proposals for a nuclear test ban agreement in a direction which might be less expensive, more manageable, more efficient, and which also might and should bring agreement somewhat nearer. I have long urged that research in this area be pushed vigorously. Now that this research has yielded certain definitive results, it is incumbent upon us to keep our control requirements in line with the latest technological developments. For example, as automation becomes increasingly important in our civilization, we should determine how inspection techniques can be improved through the process of using automated equipment. Scientists, in fact, are looking into the application of modern computer techniques in the interpretation of data produced by seismographs.

Every time that new findings about natural forces in the earth and in space are made, we should immediately look for a way of applying these new findings to the problems of arms control and disarmament.

I think it is entirely proper, when new discoveries are made which show that the number of unidentified earth tremors would be far less than previously expected, that we should trim our inspection requirements accordingly. What this discovery means is that there are fewer chances of an underground nuclear explosion being concealed in the midst of naturally occurring earthquakes. We should, therefore, be able to reduce our requirements for onsite inspections to verify the nature of such unidentified events.

We can also reduce our requirements for the numbers of control posts to detect these earth tremors. Why? Because of improvements in detection devices and because our capability for long-range detection of seismic events is far superior to what we once thought it would be. Consequently, there can be a considerable reduction in the number of control posts deemed necessary inside the borders of the Soviet Union, and, indeed, in other areas of the world.

At his news conference last Wednesday, President Kennedy referred to these technical developments and described in broad outline the position we would take at Geneva. He said:

> We are completing a careful review of the technical problems associated with an effective test-ban treaty. This review was stimulated by important new technical assessments. These assessments give promise that we can work toward an internationally supervised system of detection and verification for underground testing which will be simpler and more economical than the system which was contained in the treaty which we tabled in Geneva in April 1961.

The President continued:

> I must emphasize that these new assessments do not affect the requirement that any system must include provision for onsite inspection of unidentified underground events. It may be that we shall not need as many as we have needed in the past. But we find no justification for the Soviet claim that a test-ban treaty can be effective without onsite inspection.
>
> We have been conducting a most careful and intensive review of our whole position with the object of bringing it squarely in line with the technical realities. I must express the hope that the Soviet Government, too, will reexamine its position on this matter of inspection. In the past it has accepted the principle, and if it would return to this earlier position we, for our part, will be able to engage in an attempt to reach

agreement on the number of onsite inspections which is essential.

Thus, the President has challenged the Soviet Union to accept the principle of obligatory onsite inspections. If it does so, we will then be prepared to negotiate a simpler, more efficient, and more economical control system for a test-ban treaty. While not technically foolproof, such a system would adequately serve the interests of all parties concerned, it could halt the dangerous proliferation of nuclear weapons, and it would respect in every instance the national sovereignty of the signatory powers. It should be negotiated and signed as soon as possible.

Senators will note that President Kennedy said that this control system would be "internationally supervised." This might mean, for example, that an international control organization would arrange for the communication of data, specify calibration procedures, supply time signals, and set standards for the equipment. It might also help train the personnel utilized at the various stations and provide additional personnel to assist these stations. It would receive data from each of the stations and coordinate that data with data received from other stations. Some of its personnel would be assigned to stations as observers, and others could make periodic visits to the stations.

These are examples of what we mean by international supervision. If the Soviet Union is really interested in negotiation, we will consider other ideas of international supervision. Let me assure the Members of this body, however, that if other ideas are to be put forward by the United States at Geneva, there will be further consultation here with leaders of both Houses of Congress and with all appropriate congressional committees.

Madam President, I have insisted, as chairman of the Subcommittee on Disarmament, that these negotiations be frequent and continuous. It is my view that any change in American policy on the subject of disarmament must be carefully discussed with Members of Congress, particularly those who have responsibility in committee assignments for atomic energy, for the armed services, and for foreign relations.

Some people question the idea of adjusting our control requirements to the actual technical situation. To call such adjustments concessions is a misnomer.

I have noticed that in any discussion of the Geneva disarmament talks, the comment in the press, radio, or television indicates we are prepared to make concessions, which is a way of saying that we are prepared to retreat from our former positions and thereby to sacrifice our national security. Let me give an example of how wrong this interpretation of our position can be.

If a million units of penicillin were first thought necessary to cure pneumonia and new scientific discoveries showed that 500,000 units would do the job, we would not think of labeling this reduction in the treatment a concession to pneumonia.

We would call it a great medical advance. We would take into consideration the new scientific data, the new medical information developed thereby. There are involved in the matter of a test ban agreement significant new improvements in detection and control, on the lines of the analogy I have used. We are adjusting our position to the technical realities. If this makes negotiation of a test ban treaty easier, so much the better for us. Because of new improvements in the detection and control systems—particularly in the field of seismographic operations and facilities—we can have a more prudent and more reliable inspection system.

Madam President, our new test ban proposals have been the subject of extensive review by the President with his top advisers in the national security area, including the Secretary of Defense, the Chairman of the AEC, the Director of CIA, the Secretary of State, and the Director of the Arms Control and Disarmament Agency. The proposals were concurred in by all of these officials. The alternatives which the President and his advisers considered were presented to the Joint Committee on Atomic Energy and to the Disarmament Subcommittee of the Senate Committee on Foreign Relations both while they were under consideration and before a final decision was made.

The committee and the subcommittee were informed of the attitude of the executive branch and were assured that no major change in the U.S. position will be made, over and above the suggestions which have been placed before the committees, unless there is further consultation.

I wish to commend the executive branch for following this procedure. I wish also to state that I intend, as the chairman of the Disarmament Subcommittee, to invite members of the Armed Services Committee and the Joint Committee on Atomic Energy to sit in on hearings on disarmament subjects in the future as I did in this present instance. A number of us have responsibilities in this area. We should work together so that the executive branch can obtain the combined judgment of Senators who are most directly concerned. In this way we can fulfill our duty to the Nation while serving the interest of our constituents and our fellow human beings in every corner of the globe.

Madam President, I ask unanimous consent that certain articles and editorials relating to the recent nuclear test series may be printed in the RECORD at this point.

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

[From the New York Times, Aug. 3, 1962]

LEGISLATORS BACK U.S. TEST-BAN PLAN—ADMINISTRATION'S NEW OFFER TO MOSCOW SATISFIES JOINT ATOM UNIT IN CONGRESS

(By John W. Finney)

WASHINGTON, August 2.—The administration won general support today from the Joint Congressional Atomic Energy Committee for its new approach to a test-ban agreement with the Soviet Union.

Committee members, who in the past have represented the center of opposition to any concessions on terms for a test ban, said they were satisfied that the administration did not contemplate any significant retreat from the principles of international controls and inspection.

[The first reaction in Moscow was cool to President Kennedy's offer to revise the U.S. terms.]

The administration's spokesman on Capitol Hill was Ambassador Arthur H. Dean, U.S. representative to the disarmament and test-ban negotiations in Geneva,

MEMBERS REASSURED

Mr. Dean will return to Geneva tomorrow. He will carry a promise by the United States to modify its terms for a ban if the Soviet Union would agree to the principle of international inspection on its territory.

But before he left the administration saw to it that Mr. Dean, accompanied by State Department, disarmament agency and Defense Department officials, appeared before the Joint Atomic Energy Committee, a potential source of opposition at home.

In his 90 minutes of testimony behind closed doors, Mr. Dean reassured and notified the committee members about the new proposals to be offered by the administration.

Representative CHET HOLIFIELD, of California, the committee chairman, said after the meeting that the committee was "substantially in accord with what the President said yesterday."

The President said that if the Soviet Union would accept on-the-spot inspections, the United States would be prepared to offer such modifications as a reduced number of control posts and inspections and a national control system which would be internationally monitored or supervised.

The administration thus won the first and a critical round in its new bargaining offer, which for the moment it was keeping deliberately conditional and vague.

GESTURE TO NEUTRALS

In modifying American proposals, the administration wanted to return to Geneva with an offer that would put the Soviet Union on the spot, particularly as it prepared to renew atmospheric testing. It was also making a gesture to the neutralist bloc, which has been pressing for a compromise.

At the same time, the administration did not want to appear to go so far as to alienate the congressional forces that must ultimately pass on any treaty.

In principle, the administration has moved toward the demands of the neutral nations and the Soviet bloc for acceptance of national control systems to monitor a test ban. But it was vague about what was meant by international supervision or monitoring of national control stations.

Both during and after the hearings, Mr. Dean declined to be specific on the nature of the international supervision. He explained to the committee members that this would be a point of negotiation with the Soviet Union.

Committee members, however, came away from the meeting reassured that the administration would insist upon some form of international supervision that would prevent control stations in the Soviet Union from withholding or tampering with detection information.

ACCEPTANCE NOT EXPECTED

If committee members were not particularly concerned about the apparent shift in American position away from demands for internationally manned control stations, it was largely because they were convinced that the Soviet Union would not accept U.S. demands for onsite inspection to check on suspicious events detected by the control stations.

Committee members felt that all discussion about modifications and compromise would prove fruitless.

The feeling that the new U.S. offer will not lead to an immediate break in the negotiations is said to be widely shared

within the administration. Disarmament officials believe the Soviet Union will not retreat from its opposition to international inspections, at least until it has completed its new test series.

The only openly critical reaction to the administration's new approach came from Representative CRAIG HOSMER, of California, a ranking Republican on the committee.

In a statement issued before the hearing, Mr. HOSMER said "The deliberate vagueness" of the administration proposals "hides from the U.S. public just what is in the President's mind and denies Americans the opportunity to determine just how far the administration intends to go in caving in and surrendering to Soviet demands for a one-sided treaty upon which it could cheat and gain overwhelming surprise nuclear weapons superiority while the United States and other free world nations bask in a false feeling of security."

[From the New York Times, Aug. 3, 1962]

SOVIET REACTION COOL

Moscow, August 2.—The first Soviet reaction was cool today to President Kennedy's expressed readiness to modify U.S. terms for agreement on banning nuclear tests.

The account of the President's news conference yesterday sent by the Washington bureau of Tass, the official Soviet press agency, stressed the U.S. continued insistence on onsite inspection for controlling observance of a test-ban treaty.

The Tass report did not mention Mr. Kennedy's willingness to accept a system of national control posts subject to international supervision. It said the U.S. position still does not take into account the latest scientific achievements that permit detection of underground nuclear blasts by means of national detection systems.

POSITIONS CALLED UNCHANGED

"Positions remain unchanged" was the headline used tonight by Izvestia, the Government newspaper, over the Tass dispatch.

The Soviet Union has insisted that national means of detection are adequate to police a test ban. The United States has insisted on a system of on-the-spot inspection to investigate unidentified underground explosions. The Russians have charged that the United States demands are a pretext for spying on Soviet rocket bases.

Tass quoted from Mr. Kennedy's opening statement in which he said: "It may be that we shall not need as many (onsite inspections) as we have needed in the past. But we find no justification for the Soviet claim that a test-ban treaty can be effective without onsite inspection."

EARLIER INDICATION

The Soviet Union was not hopeful about any United States shift was indicated in earlier dispatches on a strategy meeting held in Washington Monday.

The Tass report on the conference at which President Kennedy met with Arthur H. Dean, the U.S. delegate to the Geneva disarmament conference, and other disarmament advisers to discuss modifications in U.S. proposals was printed in the Soviet Union press under such headlines as "White House maneuvers" and "New Plot."

Soviet newspaper headlines usually reflect an editorial position in contrast to U.S. headlines, which usually give the gist of an article.

[From the Washington Post, Aug. 3, 1962]

NEW BID FOR A TEST BAN

President Kennedy has made a strong new bid for a nuclear test ban in his offer to modify previous U.S. demands for controls to guard against secret atomic explosions. In its last unsuccessful negotiations the United States had held out for 19 control posts in the Soviet Union. Now the President appears to be saying that, if the U.S.S.R. will accept the principle of onsite inspection, the United States would be willing to rely upon a system of national control posts "internationally monitored or supervised" and to negotiate on the question of the number of onsite inspections to be permitted.

While this shift of ground should notably enhance the outlook for an agreement, it can scarcely be regarded as a concession. Rather, it is an adjustment of the U.S. position, as the President noted at his news conference, "squarely in line with the technical realities." In other words, the previous offer made by this country was based on scientific data which seemed to indicate that a more elaborate control system would be necessary to prevent cheating. Improved scientific data now show that fewer control centers and onsite inspections are necessary for this purpose. The United States would not be negotiating in good faith if it should continue to demand more rigid and far-reaching controls than are actually needed for reasonable security against violations.

The President wisely refused to spell out how far the administration would be willing to go in relying upon national control posts and in reducing onsite inspections. These are questions that must be threshed out at Geneva. But he has opened up a large field for negotiation and demonstrated this country's urgent desire for a test-ban treaty. If any comparable flexibility is evident on the Soviet side, a hopeful new approach can be made.

It would be a mistake, however, to minimize the obstacles that remain. Onsite inspection continues to be a vital element in the American policy and an obnoxious idea to the Russians. With the most effective kind of seismic instruments to detect underground shocks, there would remain strong possibilities of controversy over whether a given disturbance might have been caused by an earthquake or by an underground bomb. In the case of such a dispute, the country not guilty of any infraction of the ban would doubtless welcome inspectors to verify the facts. But if a country had violated the proposed test ban, it would be loath to admit inspectors. Consequently, it would be hazardous to make the movements of the inspectors upon an invitation from, or the consent of, the country under suspicion.

Here is the nub of the chief nuclear issue to be negotiated at Geneva. Will the Soviet Union now return to its previous offer of three onsite inspections a year? No doubt that will depend upon how eager Moscow is for a test-ban treaty. With the United States now nearer to the views advanced by the neutral nations, at least the Soviet Union will be under pressure to make a comparable shift in the interests of halting the tests which are contributing so much to the arms race and to the anxiety of the world.

[From the New York Times, Aug. 1, 1962]

DISARMAMENT AND SECURITY

President Kennedy is holding top-level conferences with his military and diplomatic advisers to review our disarmament policy. The aim is, if possible, to devise a new strategy, starting with modifications of our stand on a nuclear test ban that is the key to further agreements on actual disarmament and even solution of some cold war burning issues.

The President is now weighing two major decisions. One is whether to offer further concessions to the Soviets on test ban controls to break the deadlock. The other is whether to end our Pacific tests before they can be completed because of three rocket failures in high-altitude experiments.

There is tremendous pressure on the President from both scientists and diplomats, especially in neutralist quarters, to do both. The recent scientific advances in detecting underground explosions, such as the French test in the Sahara and our own tests in Nevada, have convinced even high administration officials that it is now possible to simplify the international control system, which the Soviets reject as "espionage," and to reduce the number of annual onsite inspections. And the psychological disadvantage of extending the test period beyond the tentative deadline first suggested by the President is cited as reason for ending the tests now.

The United States has certainly neither reason nor any intention to obstruct or delay a test-ban agreement. Such an agreement would be a first step toward averting a nuclear war which President Kennedy has again characterized as "insane." For that reason the United States has made continuous concessions whenever scientific developments made them possible, and it may well be able to make more.

But all concessions must be subject to one overriding consideration. That is the security of both this Nation and the free world. Should the balance of military and especially nuclear power ever be tipped against us, the Communist world might well be tempted to plunge into an atomic Armageddon. That is why, with all readiness to make further concessions, the United States and the West generally must continue to insist on an international control system of both a test ban and all disarmament steps to prevent Soviet cheating. That is why all concessions must be kept within the bounds of scientific certitude that violations can and will be detected and this country will not be put at a disadvantage.

[From the Washington Sunday Star, July 29, 1962]

DETECTION ADVANCE SPURS TEST-BAN TALK

(By Bernard Gwertzman)

President Kennedy and his top advisers wrestled most of last week with an urgent and thorny question—should the United States reduce its inspection requirements for a nuclear test-ban treaty with the Soviet Union?

At present, discussions about such a ban have reached an impasse in Geneva. The Soviet Union refuses any form of international inspection, and has announced a new series of tests that probably will start very soon.

Normally, in view of general world tensions, this would not be a time when the United States would alter its long-established test-ban policy. Preliminary findings from a long-awaited Defense Department study, however, have developed new information. This has led to the urgent round of high-level discussions here and in London about a change in the West's stand.

FROM ARPA REPORT

The information came to light on July 7, when the Advanced Research Projects Agency (ARPA) of the Defense Department released a preliminary report on Project Vela, a 2-year intensive study of earthquakes and underground nuclear explosions. The report said:

Sensitive seismic devices can be operated in abandoned oil wells or at the bottom of the ocean with considerably more accuracy and range than on the land.

New methods may make it easier to tell the difference between a small-scale underground explosion (1 kiloton or lower) and an earthquake.

New "depth of focus" techniques can tell how deep an explosion was, making it easier to learn if a seismic disturbance was man-

made (usually less than a mile deep) or an earthquake.

It may be possible to detect a nuclear explosion from as far as 3,000 miles away. (Last week, it was learned that a U.S. seismic device detected a secret French underground explosion in the Sahara, 5,000 miles away.)

THE WEST'S PRESENT POSITION

The Pentagon scientists emphasized that their findings were still preliminary, but disarmament officials immediately realized the impact of the report.

Presently, the West insists on a nuclear test ban treaty that would provide a network of manned control posts around the world. Nineteen such posts would be on Soviet soil, and 16 on American territory. These posts would have seismic devices to record any earth disturbances.

The West also wants the right to hold from 12 to 20 onsite inspections a year. Such inspections would be held if a control post could not verify a particular explosion was an earthquake. Although once approving this double-inspection plan, the Russians now reject it completely.

It is obvious that the control posts would not be needed on Soviet or American territory if devices in neutral countries, or in the ocean, could detect them just as well. Likewise, if these devices could, without a doubt, detect the difference between an earthquake and a nuclear explosion, few, if any, onsite inspections would be needed.

Apparently taking the Pentagon report as his cue, Arthur H. Dean, the top U.S. delegate at Geneva, indicated on July 15 that the West might drop its control station requirement. This view—obviously premature—was disavowed by the State Department. Observers noted, however, that the Department was more embarrassed than angry by Mr. Dean's remarks.

KENNEDY COMMENTS

At his press conference last week, President Kennedy said Mr. Dean's statement did not reflect American policy at this time. He said top officials were studying the Vela data and would make appropriate recommendations.

Mr. Kennedy originally intended to make a decision by the end of the week, but he and his advisers wanted to discuss the matter further this week. A White House announcement on Friday, after a top-level meeting, said the President requested supplemental assessments.

These reports—presumably on diplomatic and military matters—will also be discussed with Mr. Dean, who was asked by the President to return for these policy talks.

It was learned last week that the top policymakers on disarmament feel in no rush to dispose of more than 3 years of scientific study that has supported the control-station policy.

William C. Foster, the director of the Arms Control and Disarmament Agency, was called before two congressional committees last week to explain the administration's view.

SEES SOME MODIFICATION

In an interview on Tuesday, Mr. Foster said the ARPA report might lead to some modification of the present "elaborate system" of detection. When all the data are analyzed, he said, the United States would present the results to the Geneva conference.

Improvements in detection, he added, might allow somewhat fewer onsite inspections, and possibly fewer control stations. But he indicated that the basic framework of inspection should remain.

This "conservative" approach to the Vela report will disappoint many scientists who believe the United States could now propose abolishing the control-post system on Soviet territory.

They will argue—as they have in the past—that present instruments are sensitive enough to detect possible explosions from beyond Soviet territory. Thus, so long as onsite inspections can be made on Soviet territory, the posts are not necessary.

The policymakers considered this approach last week but apparently will vote against it. They reportedly feel such a plan would be misunderstood by Congress as a sign of "softness" to the Russians, and might be a bad precedent at a time when the West is demanding strict inspection over all phases of disarmament.

Instead, the policymakers seem to favor a network of fewer stations, possibly including several unmanned stations controlled only by electronic subsurface instruments.

Congressional leaders, wary of any radical shift in policy, have pressured the administration to remain firm. Senator HUMPHREY, chairman of the Senate Disarmament Subcommittee, called a press conference after talking with Mr. Foster and said there would be no change in the demand to have onsite inspections.

The ARPA report was received with considerable interest in Great Britain. The British generally have supported more flexible test-ban terms than the United States.

[From the New York Times, July 20, 1962]

DEAN BIDS SOVIET JOIN MOVE TO BAR ACCIDENTAL WAR—U.S. DELEGATE AT GENEVA SAYS STOCKPILING OF ARMS INCREASES THE DANGER

GENEVA, July 19.—The United States urged today that immediate action be taken to reduce the threat of war "by accident, miscalculation or failure of communications."

Arthur H. Dean, of the United States, warned the 17-nation disarmament conference here that the "danger of inadvertent war had acquired a new dimension because of the growth of stockpiles of modern weapons."

Measures for reducing this danger, he declared, would not be a substitute for disarmament.

However, he added, "they would facilitate our efforts to reach agreement in the general disarmament field and would also bring increased stability to the process of initiating general disarmament."

Mr. Dean made his appeal when the delegates came together as a committee of the whole. They met to discuss steps for facilitating negotiations on a treaty for general and complete disarmament by reducing international tensions.

ZORIN ASSAILS GERMANS

Valerian A. Zorin of the Soviet Union bitterly attacked the West German Government while he was pressing for an accord seeking to stop the spread of nuclear weapons.

West German militarists, he charged, are designating the Soviet Army as the "enemy," while they are demanding nuclear arms.

Mr. Dean characterized the Soviet attack on Bonn as slanderous. Sir Michael Wright of Britain said the accusations were unjustified and only served to distract the conference.

At the session's outset the U.S. delegate accused the Soviet Union of "bowdlerizing" the conference records.

By having insisted on "very substantial deletions" f om the verbatim account of an earlier committee meeting, the Soviet delegation had "completely" distorted the record, Mr. Dean said.

DRAFTED BY DEAN AND ZORIN

The Soviet delegation had had the United Nations Secretariat, which staffs the conference, delete all the statements in which he had warmly endorsed a declaration condemning war propaganda. He and Mr. Dean, as the conference's cochairmen, had drafted the declaration.

"The committee of the whole," Mr. Zorin said at that time, "will be entitled to record a success when it adopts this declaration."

* * * * *

[From the New York Times, July 18, 1962]

CONFUSION AT GENEVA

The Geneva disarmament talks have resumed in the usual atmosphere of confusion. For the Soviet Union, Mr. Zorin opened with minor changes in position, which he termed an "act of good will." But if good will was intended, it was not increased by the almost simultaneous release of Premier Khrushchev's boasts about his power to destroy us. If we believe the Premier, he has an antimissile missile so precise it could be used as an atomic fly swatter out in space, plus a global rocket nothing can stop. To cap this clumsy exercise in rocket-rattling, the Soviet press distorted the position of the American newspaper editors who interviewed the Premier. More candor in the Soviet press would be a more convincing sign of Kremlin good will than anything Mr. Zorin said at Geneva.

The United States has contributed its meed to the confusion. Chief American delegate Arthur H. Dean's hint that this country may yet accept a system of national control posts, such as Moscow has proposed, drew a prompt State Department repudiation. The entire incident was bewildering and maladroit. It must raise serious question about how well U.S. policy was thought through before the discussions.

The net result for the moment is to leave the impression that neither of the world's major nuclear powers is ready to yield an inch on the major issue of how to ban nuclear tests. Continuation of these frozen positions will, of course, doom the talks to the futility that has attended all previous efforts. That will mean we will continue with endless rounds of testing and ever-increasing radioactive contamination of the atmosphere. It will also mean that the two great powers are holding the door open for others to join the atomic arms race until nuclear weapons eventually become as common as artillery is today. Can any sensible policymaker in Washington or Moscow really believe that such a course will increase the security of either the United States or the Soviet Union?

ATTACK ON FBI CHIEF J. EDGAR HOOVER

Mr. HICKENLOOPER. Madam President, the speech made yesterday by W. H. Ferry, vice president of the Fund for the Republic, at the Western States' Democratic Conference, attacking FBI Chief J. Edgar Hoover, was reprehensible.

I read in this morning's New York Times that the luncheon speaker, Mr. Ferry, at the Democratic conference in Seattle accused the respected Mr. Hoover of "sententious poppycock" in building a false legend of communism's strength.

I have known and respected Mr. Hoover for many years. His work in defense of America, against organized crime in our country, against the Nazis in World War II, and against the Communists today is a monument to the dedication of one man.

I am amazed that any speaker, at any Democratic rally, would refer to J. Edgar Hoover's work as a "mischiefmaking tapestry of legend and illusion if there ever was one."

I am sure repudiation of this attack will be forthcoming shortly from Democratic national headquarters. At least, I fervently and sincerely hope it will.

Madam President, in connection with these remarks I ask unanimous consent to have printed in the RECORD the article from the New York Times of August 7, written by Wallace Turner, reporting on this rather surprising statement made at Seattle.

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

FUND OFFICIAL ATTACKS FBI CHIEF ON RED "LEGENDS"

(By Wallace Turner)

SEATTLE, WASH., August 6.—The vice president of the Fund for the Republic accused J. Edgar Hoover today of "sententious poppycock" in building a false legend of communism's strength.

W. H. Ferry, of Santa Barbara, Calif., the fund official, referred to the Director of the Federal Bureau of Investigation in a luncheon address at the Western States' Democratic Conference.

He said he was speaking of "a mischief-making tapestry of legend and illusion if there ever was one." He recalled President Kennedy's speech at Yale University urging that legends and myths about Government and business be avoided.

"What is the legend that haunts and cripples us here (in considering communism)?" Mr. Ferry asked. "Is it that the Communists are 9 feet tall, craftier than Satan, the most expert managers the world has ever seen, not human beings like ourselves but a race apart, determined to put man and God into jail forever."

SCOFFS AT OLD LINE

The legend "shrinks in the washing," Mr. Ferry asserted, as he cited Communist problems in Yugoslavia, China, and in Soviet agriculture. He described Mr. Hoover as "the indubitable mandarin of anticommunism in the United States" and "our official spy-swatter."

Mr. Hoover's warnings against Soviet espionage are "an old line of the FBI chief," he went on.

"Its success year after year is a tribute to the trance into which his sermons throw Americans, not excepting Congressmen," he commented.

Noting that "Congress never grudges Mr. Hoover a penny," Mr. Ferry asked whether "in these persistent reports about espionage and sabotage, is he delicatedly telling us that he isn't up to the job, that Red spies are running loose despite his best efforts?"

He scoffed at a statement he attributed to Mr. Hoover that the Communists had an advance guard in the United States with the capacity to destroy the American freedom.

"Our institutions are nowhere nearly as fragile as Mr. Hoover thinks they are," he said.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 7, 1962, he presented to the President of the United States the following enrolled bills:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities; and

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes.

ADJOURNMENT UNTIL 11 A.M. TOMORROW

Mr. HUMPHREY. Madam President, if there is no further business to come before the Senate, I move, in accordance with the previous order, that the Senate stand in adjournment until 11 o'clock a.m. tomorrow.

The motion was agreed to; and (at 6 o'clock and 30 minutes p.m.) the Senate adjourned, under the previous order, until tomorrow, Wednesday, August 8, 1962, at 11 o'clock a.m.

NOMINATIONS

Executive nominations received by the Senate August 7, 1962:

ATOMIC ENERGY COMMISSION

The following-named persons to be members of the Atomic Energy Commission for the terms indicated:

James T. Ramey, of Illinois, for the remainder of the term expiring June 30, 1964, vice John S. Graham, resigned.

John Gorham Palfrey, of New York, for a term of 5 years expiring June 30, 1967, vice Loren Keith Olson, term expired.

IN THE NAVY

The following-named officers of the staff corps of the Navy, as indicated, for temporary promotion to the grade of rear admiral, subject to qualification therefor as provided by law:

MEDICAL CORPS

Martin T. Macklin
William N. New

SUPPLY CORPS

Elton W. Sutherling
William A. Evans
Bernhard H. Bieri, Jr.

CHAPLAIN CORPS

James W. Kelly

CIVIL ENGINEER CORPS

Alexander C. Husband

DENTAL CORPS

Frank M. Kyes

HOUSE OF REPRESENTATIVES

TUESDAY, AUGUST 7, 1962

The House met at 12 o'clock noon.

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

James 5: 16: *The supplication of a righteous man availeth much.*

Almighty God, in whose fellowship our spirits are renewed and exalted, grant that in these moments, set aside for prayer, we may find ourselves fortified and sustained as we encounter grave and critical days in world affairs.

May we never become hysterical and panic stricken when we think of the magnitude of the issues that are involved or feel the agony of suspense as we anxiously wait for the better and brighter days of peace and good will.

We humbly confess that we do not know what value and relevancy our prayers may have in the course and issue of events but we are appropriating by faith the testimony of the ancient apostle that "the supplication of a righteous man availeth much."

Give us a deeper and profounder insight into Thy ways and will and may we understand that the secret of knowing that we are being divinely guided is to be found in our willingness to obey and follow Thee.

Hear us in Christ's name. Amen

THE JOURNAL

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

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Miller, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills and a joint resolution of the House of the following titles:

On August 2, 1962:

H.R. 6374. An act to clarify the application of the Government Employees Training Act with respect to payment of expenses of attendance of Government employees at certain meetings, and for other purposes; and

H.R. 9520. An act to continue for 2 years the suspension of duty on certain alumina and bauxite.

On August 6, 1962:

H.R. 2129. An act for the relief of John Calvin Taylor;

H.R. 2187. An act for the relief of Augustin Ramirez-Trejo;

H.R. 2198. An act for the relief of Carlos Sepulveda Abarca;

H.R. 2664. An act for the relief of Mrs. Irena Ratajczak;

H.R. 3000. An act for the relief of Lea Min Wong;

H.R. 3501. An act for the relief of Mrs. Hasmik Arzoo;

H.R. 3821. An act for the relief of Ivy Gwendolyn Myers;

H.R. 4718. An act for the relief of Bogdan Kusulja;

H.R. 6833. An act for the relief of Frantisek Tisler;

H.R. 6967. An act to provide for the incorporation of certain nonprofit corporations in the District of Columbia, and for other purposes;

H.R. 8214. An act to permit the use of certain construction tools actuated by explosive charges in construction activity on the U.S. Capitol Grounds;

H.R. 8992. An act to amend administrative provisions of title 38, United States Code, relating to the Department of Medicine and Surgery in the Veterans' Administration;

H.R. 9186. An act for the relief of Eladio Aris (also known as Eladio Aris Carvallo);

H.R. 9522. An act for the relief of certain members of the U.S. Marine Corps who incurred losses pursuant to the cancellation of a permanent change of station movement;

H.R. 10069. An act to amend section 216 of title 38, United States Code, relating to prosthetic research in the Veterans' Administration;

H.R. 10184. An act to amend section 130 (a) of title 28, United States Code, so as to reconstitute the Eastern Judicial District of Wisconsin to include Menominee County, Wis.;

H.R. 10525. An act for the relief of Francis L. Quinn;

H.R. 10526. An act making appropriations for the Treasury and Post Office Departments, the Executive Office of the President, and certain independent agencies for the fiscal year ending June 30, 1963, and for other purposes;

H.R. 11127. An act for the relief of Ernst Haeusserman;

H.R. 11735. An act authorizing the change in name of the Beardstown, Ill., flood control project, to the Sid Simpson flood control project; and

H.J. Res. 417. Joint resolution to designate the lake formed by Terminus Dam on the Kaweah River in California as Lake Kaweah.

MESSAGE FROM THE SENATE

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

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

THE HENRY C. DWORSHAK DAM AND RESERVOIR

Mr. HARDING. 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 Idaho?

There was no objection.

Mr. HARDING. Mr. Speaker, the State of Idaho was shocked and grieved late last month at the sudden passing of our senior Senator Henry D. Dworshak who had represented Idaho in the Halls of the U.S. House of Representatives and Senate for nearly 24 years.

The people he served so long will miss his concern and interest in their problems. We in the Idaho congressional delegation who worked with him regard his death as a personal loss.

Conscientious in discharging his legislative responsibilities to the State and the Nation, Senator Dworshak served in a manner which reflected great credit on our western area. There are those who would disagree with the Senator's political philosophy, but few would question his dedication, high ideals, and integrity.

At his death he was the 10th ranking Republican member of the U.S. Senate. He held important posts on the Appropriations, Atomic Energy, and Interior Committees.

The respect with which he was held in Washington as well as Idaho is demonstrated by these statements of regret:

President John F. Kennedy: "Senator Henry C. Dworshak was a man who served his State honorably and with dignity for almost a quarter century. I knew him to be one of the hardest working men in all of the Congress. I mourn his passing."

Senate Democratic Leader MICHAEL J. MANSFIELD: "Mrs. Mansfield and I extend to Mrs. Dworshak and her family our deepest condolences; and we know that the Senate will be far poorer because of the passing of Henry Dworshak."

Senate Republican Minority Leader EVERETT DIRKSEN: "He was uncompromising toward evil wherever he found it. His chuckling laugh was as hearty and as contagious as that of an Idaho lumberjack as he was coming out of the timber after a long stay there. He had the courage of a crusader and the determination of a missionary."

Senator FRANK CHURCH: "Senator Dworshak's long tenure in Washington is a fine example of public service honorably rendered. Few, indeed, are the men, throughout the whole history of my State, who have dedicated so many years to so faithful a discharge of the public trust."

Congresswoman GRACIE PFOST: "I had known Senator Dworshak for many years. While we sat on the opposite sides of the political aisle, and we disagreed on many policies and issues, I always had the greatest respect for his integrity and energy as a legislator on the national scene."

Gov. Robert E. Smylie: "Senator Dworshak's untimely death is a great loss to all Idaho and to the Nation. He was Idaho's most distinguished public servant and his loss will be deeply mourned throughout the State and Nation."

Republican Minority Leader in the House, CHARLIE HALLECK: "Henry Dworshak was a strong, courageous exponent of those things in which he believed. But as firm as he was in his convictions, I never knew him to be anything but completely fair toward those with whom he differed on principle. And above all, may I say that never, to my knowledge, did anyone ever question his sincerity or his honesty."

Robert McLaughlin: "He was truly a great American who unselfishly gave of his energies for the causes in which he believed."

Senator HUBERT HUMPHREY: "Mr. Dworshak was a voice of honest conservatism in Congress who was known for his frankness and courage. The American political system needs these honest differences of opinion."

Ezra Taft Benson: "The passing of Senator Henry C. Dworshak is a truly great loss to Idaho, the Nation, and the free world. He was a valiant fighter for constitutional principles."

Congressman J. EDGAR CHENOWETH: "It was a distinct privilege to have Senator Dworshak as a friend. He was truly a great American. He was a man who believed in the fundamental principles of our Government and was willing to fight for them. I never heard anyone question his sincerity or his motives."

Republican State Chairman John O. McMurray: "Henry Dworshak was truly one of the greatest Senators in Idaho's history. He was a true patriot in every sense of the word, a bulwark of his party, and the most devoted of all public servants. His passing will leave a great void."

State Democratic Chairman Lloyd Walker: "There have, of course, been disagreements and campaigns in the past, but at no time could or did anyone ever question the love and devotion which Senator Dworshak so clearly held for the people of Idaho. The Republican Party has lost a trusted leader and we have all lost a fine citizen and neighbor."

Former Gov. LEN JORDAN, of Boise: "The Senator's death is an extremely tragic loss for Idaho, the West and the Nation. He was a public servant of real stature, a dedicated man who believed in constitutional government. He was fearless in the defense of right."

Madison County Democratic Central Committee Chairman Howard Potter: "I have not always agreed with Senator Dworshak, but I recognize him to be a great statesman, a sincere political leader and a true friend of all Idahoans. Republicans and Democrats alike mourn his passing and will miss his devoted leadership."

More than any other achievement in his political career, Senator Dworshak would probably be most proud of his role in the area of reclamation, particularly his efforts on the Palisades project.

The Senator recognized, as do all westerners, that water is the key to thriving communities, prosperous business centers, and productive farmland. Water has transformed overnight what previously had been merely desert or semiarid lands.

As early as 1941, Senator Dworshak, who then held the seat I now hold in the House, began the long, hard steps necessary to secure congressional authorization for the Palisades project.

Approval had to be sought from the Corps of Engineers, the Bureau of Reclamation and the Secretary of Interior. On December 9, 1941, approval was forthcoming.

However, with Pearl Harbor and a Second World War requiring all of the Nation's efforts for defense, construction of this vital project had to be delayed for several years.

When the Nation could once again concentrate on domestic needs, it was Congressman Dworshak, as a member of the House Appropriations Committee, who secured the first appropriation of $250,000 to complete engineering and provide construction plans for the Palisades project in 1945.

Again in 1946 Congressman Dworshak succeeded in winning approval of $1,450,000 to provide for the preliminary construction facilities at the Palisades Dam site.

The years 1947 and 1948 found him continuing this effort as a member of the Senate Appropriations Committee, where he obtained $650,410 and $930,750 for the construction of powerline and relocation of highways at the Palisades Dam.

A serious delay in the construction of the project arose over the finding by Bureau of Reclamation officials in early 1949 that because of plan changes, the Palisades project would have to be reauthorized by the Congress.

At that time Senator Dworshak was not serving in the Senate or the House, but upon his return in late October of that year resumed his fight for this desperately needed water which would result from the project.

Within 1 month from the time the Bureau of the Budget approval made final action by the Congress possible, Senator Dworshak was able to obtain favorable action by the Senate.

In view of the fact that Senator Dworshak devoted nearly a quarter of a century of his life to Idaho and the Nation in the House and the Senate, in view of the fact he was a great proponent of western reclamation; and in view of the vital part he played in winning congressional approval of the Palisades project I believe there would be no more fitting memorial or tribute to this man than for the Palisades Dam and Reservoir to bear his name.

Therefore, I urge the House to designate the Palisades Dam and Reservoir,

the Henry C. Dworshak Dam and Reservoir and hope that early approval will be forthcoming on the resolution I am introducing today for this purpose.

OUTLAW STRIKES IN DEFENSE

Mr. DORN. 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 South Carolina?

There was no objection.

Mr. DORN. Mr. Speaker, I have today introduced a bill which will make it unlawful for employers or employees to strike in any plant or activity essential to the national defense of the United States. Our soldiers, sailors, marines, and airmen standing guard throughout the world are not permitted to strike. The least we can do at home is to see that they get the weapons to defend themselves and to defend our country without delays, walkouts, and strikes. The American people have been shocked recently with strikes at our nuclear plants, submarine bases, and other defense installations essential to our national security.

The wages and working conditions of employers and employees at our nuclear and other defense plants are far superior to the operating conditions of our men in Thailand, Laos, and Vietnam.

Mr. Speaker, if it is right to take the lives of our young men in defense of our country, it is also right to require employers and employees working in essential defense industries to remain on the job. The world situation is critical. It is urgent that Congress meet this threat to our national security at this session.

PUBLICITY ACCOMPLISHMENTS OF SECRETARY OF LABOR ARTHUR GOLDBERG

Mr. BECKER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. BECKER. Mr. Speaker, yesterday I addressed myself to the great publicity accomplishments of the Attorney General. Today, I would like to compliment the Secretary of Labor, Mr. Arthur Goldberg, for his great accomplishments in the field of publicity. Hardly a day goes by when the American people do not read about Mr. Goldberg, shooting all over the country, interesting himself in one labor dispute after another.

Why, last year he was reported to have made great strides in settling the Metropolitan Opera strike. This was hailed by opera lovers everywhere.

But this week, I read in the papers that strike idleness in 1962 is 60 percent above 1961 period. Perhaps, if less attention and effort was paid to creating images through publicity, and this same energy and talent devoted to the job, perhaps Mr. Goldberg, could accomplish part of his mission.

I notice also by the press that President Kennedy stated in his press conference:

> I don't think there has been an increase in strikes.

This was in response to a question why he has not sent up a labor message to Congress.

It seems, that with all the publicity, both the Secretary of Labor and the President could get together on the facts, and then perhaps the interests of the American people might be given some consideration and get the country moving, forward, that is.

OVERTIME PAY FOR CUSTOMS AGENTS

Mr. GROSS. 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 Iowa?

There was no objection.

Mr. GROSS. Mr. Speaker, in view of the fact that debate is not permitted on the Private Calendar I would like to call the attention of Members of the House to several bills on today's Private Calendar which would provide overtime pay to customs agents. Some of these bills go back several years. Some of the claimants are widows.

Mr. Speaker, the Treasury Department in almost all cases is opposed to the payment of overtime in this manner, and it seems to me there ought to be some clear policy established by Congress with respect to payments of this kind.

Mr. Speaker, I am going to object to some of the bills and I understand my colleague, the gentleman from Illinois [Mr. ANDERSON], will object to others of these bills, until some policy in this respect can be worked out that is fair.

SUBCOMMITTEE ON HEALTH AND SAFETY, COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the Subcommittee on Health and Safety of the Committee on Interstate and Foreign Commerce be permitted to sit today during general debate.

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

There was no objection.

NATIONAL CAPITAL HOUSING AUTHORITY—MESSAGE FROM THE PRESIDENT OF THE UNITED STATES

The SPEAKER laid before the House the following message from the President of the United States, which was read and, together with the accompanying papers, referred to the Committee on the District of Columbia.

To the Congress of the United States:

In accordance with the provisions of section 5(a) of Public Law 307, 73d Congress, approved June 12, 1934, I transmit herewith for the information of the Congress the report of the National Capital Housing Authority for the fiscal year ended June 30, 1961.

JOHN F. KENNEDY.

THE WHITE HOUSE, *August 7, 1962.*

PRIVATE CALENDAR

The SPEAKER pro tempore (Mr. ALBERT). This is Private Calendar day. The Clerk will call the first bill on the Private Calendar.

MRS. WILLIAM W. JOHNSTON

The Clerk called the bill (H.R. 9942) for the relief of Mrs. William W. Johnston.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

CLARA B. FRY

The Clerk called the bill (H.R. 7615) for the relief of Clara B. Fry.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MARGARET MACPHERSON, ANGUS MACPHERSON, RUTH MACPHERSON, AND MARILYN MACPHERSON

The Clerk called the bill (H.R. 1660) for the relief of Margaret MacPherson, Angus MacPherson, Ruth MacPherson, and Marilyn MacPherson.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

CARLETON R. MCQUOWN, THOMAS A. PRUETT, AND JAMES E. ROWLES

The Clerk called the bill (H.R. 4950) for the relief of Carleton R. McQuown, Thomas A. Pruett, and James E. Rowles.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DANIEL WALTER MILES

The Clerk called the bill (H.R. 7469) for the relief of Daniel Walter Miles.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MRS. MARY E. O'ROURKE

The Clerk called the bill (H.R. 3624) for the relief of Mrs. Mary E. O'Rourke.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 6709) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

THEODORE ZISSU

The Clerk called the bill (H.R. 8550) for the relief of Theodore Zissu.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

ARIE ABRAMOVICH

The Clerk called the bill (S. 2736) for the relief of Arie Abramovich.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

Mr. WALTER. Mr. Speaker, I will have to object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. HEMPHILL. I object, Mr. Speaker.

The SPEAKER pro tempore. This bill requires two objections. Is there further objection? The Chair hears none.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrant of arrest, and bonds, which may have issued in the case of Arie Abramovich. From and after the date of the enactment of this Act, the said Arie Abramovich shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued.

With the following committee amendment:

At the end of the bill, change the period to a colon and add the following: *"Provided,* That nothing in this Act shall be construed to waive the provisions of section 315 of the Immigration and Nationality Act.

The committee amendment was agreed to.

Mr. GROSS. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. GROSS: On page 1, line 8, after the word "deportation" insert the word "solely".

The amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed. A motion to reconsider was laid on the table.

ALFRED C. ALTUM

The Clerk called the bill (H.R. 6822) for the relief of Alfred C. Altum.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the limitations of time prescribed in section 2104 of title 38, United States Code, shall not apply with respect to any claim for mustering-out payment under chapter 43 of title 38, United States Code, filed with the Secretary of the Navy by Alfred C. Altum, former storekeeper, third class, United States Navy (service number 3587345) within the six-month period which begins on the date of enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

COMBEST B. SILLS

The Clerk called the bill (H.R. 8062) for the relief of Combest B. Sills.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

GEORGE H. PETERS

The Clerk called the bill (H.R. 8549) for the relief of George H. Peters.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

MARVIN M. GREENLEE

The Clerk called the bill (H.R. 10111) for the relief of Marvin M. Greenlee.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

There was no objection.

ANGELO A. RUSSO

The Clerk called the bill (H.R. 10678) for the relief of Angelo A. Russo.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Angelo A. Russo, of Burlington, Massachusetts, the sum of $200. Such sum represents reimbursement to the said Angelo A. Russo for paying out of his own funds judgments rendered against him in the third district court of Eastern Middlesex, Massachusetts, as a result of an accident occurring when Angelo A. Russo was operating a Government vehicle in the course of his duties as an employee of the Corps of Engineers, Department of the Army: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

NORMAN R. THARP

The Clerk called the bill (H.R. 1410) for the relief of Norman R. Tharp.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Norman R. Tharp, Falls Church, Virginia, a civilian employee of the Department of the Air Force, is hereby relieved of liability to the United States in the sum of $940.80. Such sum represents the aggregate amount of salary overpayments received by him from the United States for the period beginning August 24, 1958, and ending July 9, 1960, as a result of administrative error and without fault on his part. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for the amount for which liability is relieved by this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

INTERNATIONAL BROTHERHOOD OF TEAMSTERS, CHAUFFEURS, WAREHOUSEMEN, AND HELPERS OF AMERICA LOCAL 863 PENSION FUND

The Clerk called the bill (H.R. 8205) to provide tax relief to the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 pension fund and the contributors thereto.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the International Brotherhood of Teamsters,

Chauffeurs, Warehousemen, and Helpers of America Local Union 863 pension fund, created January 10, 1955, and retroactively effective to September 1, 1954, as a result of an agreement between the International Brotherhood of Teamsters, Chauffeurs, Warehousemen, and Helpers of America Local 863 and the A. & P. Contract Carriers Association, which fund has never been operated in a manner which would jeopardize the interests of its beneficiaries, shall be deemed to have met the requirements of section 401(a) of the Internal Revenue Code of 1954 and shall be deemed to have been and to be exempt from tax under section 501(a) of the Internal Revenue Code of 1954 for the period beginning September 1, 1954, and ending December 31, 1956.

With the following committee amendments:

Page 1, line 9, and page 2, lines 1 and 2, strike "which fund has never been operated in a manner which would jeopardize the interests of its beneficiaries,".

Page 2, line 7, strike "December 31, 1956." and insert: "December 31, 1956, but only if it is shown to the satisfaction of the Secretary of the Treasury or his delegate that the trust has not in this period been operated in a manner which would jeopardize the interest of its beneficiaries."

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REXFORD R. CHERRYMAN

The Clerk called the bill (H.R. 10720) for the relief of Rexford R. Cherryman, of Williamsburg, Va.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Navy is authorized and directed to pay, out of current appropriations available for the payment of severance pay, to Rexford R. Cherryman, who was discharged from the United States Navy on June 30, 1959, an amount equal to the difference between (a) the amount of severance pay which would have been paid to him upon his discharge from the United States Navy if the computation of such severance pay had been based upon his actual commissioned service in the United States Navy, and (b) the amount of severance pay actually paid to him.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CARL ADAMS

The Clerk called the bill (H.R. 11058) for the relief of Carl Adams.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Carl Adams, of Mexico, Missouri, is hereby relieved of liability to the United States in the amount of $550.34, the amount by which he was overpaid as a regular clerk in the postal service during the periods from October 1, 1953, to August 23, 1957, inclusive, and from October 4, 1958, to April 15, 1960, inclusive. Such overpayments were made as a result of an administrative error on the part of the Post Office Department in determining the longevity increases to which he was entitled. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Carl Adams, of Mexico, Missouri, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

THOMAS C. BARRINGER

The Clerk called the bill (H.R. 10196) for the relief of Thomas C. Barringer.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Thomas C. Barringer, of McLean, Virginia, is hereby relieved of liability to the United States for excess salary payments received by him, covering the period June 14, 1959, through December 9, 1961, as a result of an administrative error in the determination of his longevity step increases. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Thomas C. Barringer, of McLean, Virginia, an amount equal to the aggregate of the amounts paid by him, or withheld from sums otherwise due him, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ISABEL K. LANNING

The Clerk read the bill (H.R. 11183) for the relief of Isabel K. Lanning.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Isabel K. Lanning, of Spokane, Washington, is hereby relieved of liability to the United States for excess salary payments received by her, covering the period January 12, 1958, through December 9, 1961, as a result of an administrative error in the determination of her longevity step increases. In the audit and settlement of the accounts of any certifying or disbursing officer of the United States, credit shall be given for any amount for which liability is relieved by this Act.

SEC. 2. The Secretary of the Treasury is hereby authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Isabel K. Lanning, of Spokane, Washington, an amount equal to the aggregate of the amounts paid by her, or withheld from sums otherwise due her, in complete or partial satisfaction of the liability to the United States specified in the first section: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provision of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, lines 8 and 9, strike "in excess of 10 per centum thereof".

The committee amendment was ageed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MERRITT-CHAPMAN & SCOTT CORP.

The Clerk called the bill (S. 2572) for the relief of the Merritt-Chapman & Scott Corp.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Merritt-Chapman and Scott Corporation, of Cleveland, Ohio, the sum of $192,500. The payment of such sum shall be in full satisfaction of all claims of the said Merritt-Chapman and Scott Corporation against the United States for compensation for damages sustained by such corporation when, on August 5, 1959, a federally owned aircraft assigned to the 128th Fighter Group of the Wisconsin Air National Guard, General Mitchell Field, Milwaukee, Wisconsin, crashed into a barge owned by the said Merritt-Chapman and Scott Corporation while such barge was anchored in Milwaukee Harbor, Milwaukee, Wisconsin: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MARY J. PAPWROTH

The Clerk called the bill (H.R. 11334) for the relief of Mary J. Papwroth.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Civil Service Retirement Act, Mary J. Papwroth shall be held and considered to have received congressional employee salary at the rate of $9,455.88 per annum on the day prior to her employment with the International Atomic Energy Agency (which employment ended December 4, 1960) if the additional deposit due to civil service retirement and disability fund by reason of the enactment of this Act is paid to the United States Civil Service Commission not later than the ninetieth day following the date of enactment of this Act. Notwithstanding any other provision of law, annuity benefits payable by reason of the enactment of this Act shall be paid from the civil service retirement and disability fund.

With the following committee amendment:

Page 1, line 4, strike "Papwroth" and insert "Papworth".

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Mary J. Papworth."

A motion to reconsider was laid on the table.

MR. ANT MRS. GORDON C. BRYANT

The Clerk called the bill (H.R. 10604) for the relief of Mr. and Mrs. Gordon C. Bryant.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Mr. and Mrs. Gordon C. Bryant, of Thomasville, Georgia, jointly, the sum of $10,000, as a gratuity by reason of the death of their son, Bobby Jack Bryant, steelworker third class (5190447, United States Navy), on June 22, 1961, as the result of negligence of personnel of the United States Navy while he was working on a pipeline at Midway Island: *Provided,* That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendments:

Page 1, line 6, strike "$10,000" and insert "$5,000".

Page 2, line 1, strike "in excess of 10 per centum thereof".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

HENRY ARMSTRONG, ADMINISTRATOR OF THE ESTATE OF ELLA ARMSTRONG

The Clerk called the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Iowa?

Mr. TOLL. Mr. Speaker, I object.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. GROSS and Mr. ANDERSON of Illinois objected and the bill was recommitted to the Committee on the Judiciary.

MARIA ODELIA CAMPOS

The Clerk called the bill (H.R. 1450) for the relief of Maria Odelia Campos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 203(a)(3) and 205 of the Immigration and Nationality Act, the minor child Maria Odelia Campos, shall be held and considered to be the natural-born alien child of Zeferino Antonio and Lucy Maria Campos, lawfully resident aliens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was order to be engrossed and read a third time, was read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Maria Odelia Campos."

A motion to reconsider was laid on the table.

MRS. JANE R. MOORE

The Clerk called the bill (H.R. 2659) for the relief of Mrs. Jane R. Moore.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mrs. Jane R. Moore shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Mrs. Jane R. Moore. From and after the date of the enactment of this Act, the said Mrs. Jane R. Moore shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JOAO DE FREITAS FERREIRA DE VASCONCELOS

The Clerk called the bill (H.R. 3125) for the relief of Joao de Freitas Ferreira de Vasconcelos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Joao de Freitas Ferreira de Vasconcelos, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Manuel Vasconcelos, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendments:

On page 1, line 7, after the name "Mrs. Manuel Vasconcelos" insert the following: ", citizens".

On page 1, line 7, after the words "the United States" change the colon to a period and strike out the remainder of the bill.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MAURIZIO PLACIDI

The Clerk called the bill (H.R. 6653) for the relief of Maurizio Placidi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Maurizio Placidi, shall be held and considered to be the natural-born alien child of Aurora Placidi, a citizen of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

With the following committee amendment:

On page 1, line 7, after "United States" change the colon to a period and strike out the remainder of the bill.

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STELLA ROSA PAGANO

The Clerk called the bill (H.R. 7437) for the relief of Stella Rosa Merello.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Stella Rosa Merello shall be held and considered to be the minor natural-born alien child of Mr. and Mrs. Luigi Pagano, citizens of the United States.

With the following committee amendment:

On page 1, line 4, strike out the name "Stella Rosa Merello" and substitute in lieu thereof the name "Stella Rosa Pagano."

The committee amendment was agreed to.

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

The title was amended so as to read: "A bill for the relief of Stella Rosa Pagano."

A motion to reconsider was laid on the table.

KAZIMIERZ KRUPINSKI

The Clerk called the bill (H.R. 10796) for the relief of Kazimierz Krupinski.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provision of section 212(a)(9) of the Immigration and Nationality Act, Kazimierz Krupinski may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act: *Provided,* That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DR. KWAN HO LEE

The Clerk called the bill (S. 1174) for the relief of Dr. Kwan Ho Lee.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Doctor Kwan Ho Lee shall be held and considered to have been lawfully admitted to the United States for permanent residence as of December 13, 1952.

SEC. 2. The time Doctor Kwan Ho Lee has resided and has been physically present in the United States since December 13, 1952, shall be held and considered to meet the residence and physical presence requirements of section 316 of the Immigration and Nationality Act, as amended.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

STEPHEN S. CHANG

The Clerk called the bill (S. 1849) for the relief of Stephen S. Chang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Stephen S. Chang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of October 2, 1954, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

On page 1, line 6, strike out the date "October 2, 1954" and substitute in lieu thereof the language "the date of the enactment of this Act."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SU-FEN CHEN

The Clerk called the bill (S. 2208) for the relief of Su-Fen Chen.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Su-Fen Chen shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Su-Fen Chen. From and after the date of the enactment of this Act, the said Su-Fen Chen shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. ELIZABETH LOVIC

The Clerk called the bill (S. 2455) for the relief of Mrs. Elizabeth Lovic.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (4) of section 212(a) of the Immigration and Nationality Act, Mrs. Elizabeth Lovic may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General be deposited as prescribed by section 213 of that Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MR. AND MRS. ALFREDO HUA-SING ANG

The Clerk called the bill (S. 2614) for the relief of Mr. and Mrs. Alfredo Hua-Sing Ang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Mr. and Mrs. Alfredo Hua-Sing Ang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fees. Upon the granting of permanent residence to such aliens as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct the required numbers from the appropriate quota or quotas for the first year that such quota or quotas are available.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

RENATO GRANDUC AND GRAZIA GRANDUC

The Clerk called the bill (S. 2769) for the relief of Renato Granduc and Grazia Granduc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Renato Granduc and Grazia Granduc shall be held and considered to be the natural-born alien minor children of Captain William L. O'Neal and Mary Granduc O'Neal, citizens of the United States: *Provided,* That the natural parents of the said Renato Granduc and Grazia Granduc shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SUSPENSION OF DEPORTATION OF IOANNIS CONSTANTELIAS

The Clerk called the resolution (S. Con. Res. 76) withdrawing suspension of deportation of Ioannis Constantelias.

There being no objection, the Clerk read the resolution, as follows:

Resolved by the Senate (the House of Representatives concurring), That the Congress, in accordance with section 246(a) of the Immigration and Nationality Act (8 U.S.C.A. 1256(a)), withdraws the suspension of deportation in the case of Ioannis Constantelias (A-2044661) which was previously granted by the Attorney General and approved by the Congress.

The resolution was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

MISS ANKA GRAHOVAC

The Clerk called the bill (H.R. 1427) for the relief of Miss Anka Grahovac.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Anka Grahovac shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

Amend the title so as to read: "A bill for the relief of Ann Super, formerly Anka Grahovac."

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following:

"That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Ann Super, formerly Anka Grahovac, shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Steve Super, citizens of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

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

The title of the bill was amended to read: "A bill for the relief of Ann Super, formerly Anka Grahovac."

A motion to reconsider was laid on the table.

GENNARO PRUDENTE

The Clerk called the bill (H.R. 3619) for the relief of Gennaro Prudente.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of section 212(a)(4) of the Immigration and Nationality Act, Gennaro Prudente may be admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act.

With the following committee amendment:

On page 1, line 7, at the end of the bill, change the period to a colon and add the following: "*Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PAGONA PASCOPOULOS

The Clerk called the bill (H.R. 3719) for the relief of Pagona Pascopoulos.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Pagona Pascopoulos shall be held and considered to be the natural-born minor alien child of Peter Pascopoulos, a citizen of the United States: *Provided*, That the natural parents of Pagona Pascopoulos shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALDO FRANCESCO CARBONE

The Clerk called the bill (H.R. 4478) for the relief of Aldo Francesco Carbone.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That notwithstanding the provision of section 212(a)(1) of the Immigration and Nationality Act, Aldo Francesco Carbone may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of such Act: *Provided*, That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the Immigration and Nationality Act: *Provided further*, That this exemption shall apply only to a ground for exclusion of which the Department of State or the Department of Justice had knowledge prior to the enactment of this Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOTIOS SAKELAROPOULOS KAPLAN

The Clerk called the bill (H.R. 4628) for the relief of Fotios Sakelaropoulos Kaplan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Fotios Sakelaropoulos Kaplan shall be held and considered to be the natural-born alien child of Mrs. Helen Kaplan, a citizen of the United States: *Provided*, That the natural parents of Fotios Sakelaropoulos Kaplan shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FOTINI CONSTANTINOS VOGGAS

The Clerk called the bill (H.R. 5331) for the relief of Fotini Constantinos Voggas.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Fotini Constantinos Voggas shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Fotini Constantinos Voggas. From and after the date of the enactment of this Act, the said Fotini Constantinos Voggas shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONVEYING MINERAL INTERESTS IN SOUTH CAROLINA

The Clerk called the bill (H.R. 7364) to provide for the conveyance of certain mineral interests of the United States in property in South Carolina to the record owners of the surface of that property.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Interior shall convey to those persons who, on the date of enactment of this Act, are the record owners of the surface rights thereof, all of the right, title, and interest of the United States in and to the real property consisting of fifty-three and

three-tenths acres and more particularly described in the conveyance entered into between Gus Loskoski and Ola Loskoski as grantors and L. T. Vaughn and Sheron K. Vaughn as grantees, which conveyance is recorded in the office of the clerk of court for Anderson County, South Carolina, in deed book A-9 at page 257. Such conveyance shall be made only if application is made therefor by a record owner of the surface rights within one year after the date of enactment of this Act and upon payment to the United States by such record owner of the fair market value, as determined by the Secretary, of the right, title, and interest of the United States being conveyed under this Act.

With the following committee amendment:

Page 2, strike out all of lines 7, 8, and 9 and insert in lieu thereof the following: "the sum of $200 to reimburse the United States for the administrative cost of the conveyance plus the fair market value of the minerals as determined by the Secretary."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

HANNA GHOSN

The Clerk called the bill (S. 296) for the relief of Hanna Ghosn.

There being no objection the Clerk read the bill as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Hanna Ghosn shall be held and considered to be the minor natural-born alien child of Mrs. Louisa Assaff, a United States citizen: *Provided,* That the natural parents of Hanna Ghosn shall not by virture of such parentage be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

ASSUNTA BIANCHI

The Clerk called the bill (S. 1882) for the relief of Assunta Bianchi.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Assunta Bianchi, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Bernard A. Lange, citizens of the United States: *Provided,* That the natural mother of Assunta Bianchi shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and the motion to reconsider was laid on the table.

SUSAN GUDERA AND OTHERS

The Clerk called the bill (S. 2751) for the relief of Susan Gudera, Heinz Hugo Gudera, and Catherine Gudera.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that this bill may be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

MRS. JULIANE C. ROCKENFELLER

The Clerk called the bill (S. 2807) for the relief of Mrs. Juliane C. Rockenfeller.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding the provisions of paragraph (3) of section 212(a) of the Immigration and Nationality Act, Mrs. Juliane C. Rockenfeller may be issued an immigrant visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act: *Provided,* That a suitable and proper bond or undertaking, approved by the Attorney General, be deposited as prescribed by section 213 of the said Act. This Act shall apply only to grounds for exclusion under such paragraph known to the Secretary of State or the Attorney General prior to the date of the enactment of this Act.

The bill was ordered to be read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

YIANNOULA VASILIOU TSAMBIRAS

The Clerk called the bill (S. 2675) for the relief of Yiannoula Vasiliou Tsambiras.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Yiannoula Vasiliou Tsambiras, shall be held and considered to be the natural-born alien child of Jerry Simos and Helen Chamber Simos, citizens of the United States: *Provided,* That the natural parents of the said Yiannoula Vasiliou Tsambiras shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SIEU-YOEH TSAI YANG

The Clerk called the bill (S. 2835) for the relief of Sieu-Yoeh Tsai Yang.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Sieu-Yoeh Tsai Yang shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of the status of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That, the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond, which may have issued in the case of Sieu-Yoeh Tsai Yang. From and after the date of the enactment of this Act, the said Sieu-Yoeh Tsai Yang shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BARTOLA MARIA S. LA MADRID

The Clerk called the bill (S. 3039) for the relief of Bartola Maria S. La Madrid.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Bartola Maria S. La Madrid shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That the Attorney General is authorized and directed to cancel any outstanding orders and warrants of deportation, warrants of arrest, and bond which may have issued in the case of Bartola Maria S. La Madrid. From and after the date of the enactment of this Act, the said Bartola Maria S. La Madrid shall not again be subject to deportation by reason of the same facts upon which such deportation proceedings were commenced or any such warrants and orders have issued."

The committee amendment was agreed to.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SOON TAI LIM

The Clerk called the bill (H.R. 2125) for the relief of Soon Tai Lim.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in the administration of the Immigration and Nationality Act, Soon Tai Lim shall be deemed to be a nonquota immigrant and may be issued a visa and admitted to the United States for permanent residence if he is found to be otherwise admissible under the provisions of that Act.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof, the following: "That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Soon Tai Lim, shall be held and considered to be the natural-born alien minor child of Mr. Shi Kyun Lim, a citizen of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MRS. SUN YEE

The Clerk called the bill (H.R. 5317) for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou).

There being no objections, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That Mrs. Sun Yee (also known as Mrs. Tom Goodyou), the widow of a United States citizen, shall be deemed to be within the purview of section 101(a)(27)(A) of the Immigration and Nationality Act, and the provisions of section 205 of that Act shall not be applicable in this case.

Amend the title so as to read: "A bill for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee."

With the following committee amendments:

On page 1, line 4, after the word "citizen," insert the following: "and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee,".

On page 1, line 7, strike out the words "this case" and substitute in lieu thereof the words "their cases".

The committee amendments were agreed to.

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

The title was amended to read as follows: "A bill for the relief of Mrs. Sun Yee (also known as Mrs. Tom Goodyou) and her children, Male Har Yee, Shee Bell Yee, and Male Jean Yee."

A motion to reconsider was laid on the table.

DARIO TACQUECHEL

The Clerk called the bill (H.R. 7582) for the relief of Dario Tacquechel.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Dario Tacquechel shall be held and considered to have been lawfully admitted to the United States for permanent residence as of September 2, 1953.

The bill was ordered to be engrossed and read a third time, was read the third time and passed, and a motion to reconsider was laid on the table.

KIM JUNG IM

The Clerk called the bill (H.R. 9589) for the relief of Kim Jung Im.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Kim Jung Im, shall be held and considered to be the natural-born alien child of Mr. and Mrs. Wilmer J. Mensink, citizens of the United States: *Provided*, That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CHARLES GAMBINO

The Clerk called the bill (H.R. 11914) for the relief of Charles Gambino.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, the minor child, Charles Gambino, shall be held and considered to be the natural-born alien child of Angelo Curto and Rose Curto, citizens of the United States.

With the following committee amendments:

Page 1, line 6, strike out "Angelo Curto and".

Page 1, line 6, strike out "citizens" and insert "a citizen".

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

ALICE AMAR FROEMMING

The Clerk called the bill (S. 2844) for the relief of Alice Amar Froemming.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Alice Amar Froemming shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available: *Provided*, That the natural father of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

FRANCIS X. FOLEY AND DORIS W. FOLEY, HIS WIFE

The Clerk called the bill (H.R. 1659) for the relief of Francis X. Foley.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

MRS. HELEN VESELENAK

The Clerk called the bill (H.R. 8000) for the relief of Mrs. Helen Veselenak.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the requirements relating to time in section 202(h)(1)(B) and 202(p) of the Social Security Act that proof of support be filed by the dependent parent of an insured individual within a specified period after the date of such individual's death in order to qualify for parent's insurance benefits on the basis of such individual's wages and self-employment income shall not apply with respect to the application of Mrs. Helen Veselenak, Byesville, Ohio, for parent's insurance benefits under section 202(h) of such Act on the basis of the wages and self-employment income of her son Joseph Veselenak, Junior (Social Security Account Number 275-16-7991), if she files such application, together with such proof of support, within the six-month period beginning on the date of the enactment of this Act.

With the following committee amendment:

Page 1, line 3, after "requirements" insert the words "relating to time".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

DWIGHT W. CLARAHAN

The Clerk called the bill (H.R. 9995) for the relief of Dwight W. Clarahan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Dwight W. Clarahan, of Sigourney, Iowa, the sum of $227.02 in full settlement of all his claims against the United States for the difference between the salary which he was paid and the salary to which he was lawfully entitled as an employee in the Sigourney, Iowa, post office, during the period from April 1, 1948, through April 1, 1950. Such underpayment was the result of administrative error, which was not corrected within the time allowed by statute because of the failure of the postmaster at Sigourney to comply with a memorandum directing corrective action: *Provided*, That no part of the amount appropriated in this Act in excess of 10 per centum thereof shall be paid or delivered to or received by any agent or attorney on account of services rendered in connection with this claim, and the same shall be unlawful, any contract to the contrary notwithstanding. Any person violating the provisions of this Act shall be deemed

guilty of a disdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

Page 2, line 5, strike "in excess of 10 per centum thereof".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

JUDY JOSEPHINE ALCANTARA

The Clerk called the bill (H.R. 1463) for the relief of Josephine Abuan.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Josephine Abuan shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

With the following committee amendment:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, for the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Judy Josephine Alcantara shall be held and considered to be the natural-born alien minor child of Mr. and Mrs. Camilo George Alcantara, citizens of the United States: *Provided,* That the natural parents of the beneficiary shall not, by virtue of such parentage, be accorded any right, privilege, or status under the Immigration and Nationality Act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The title was amended to read as follows: "A bill for the relief of Judy Josephine Alcantara."

A motion to reconsider was laid on the table.

JACQUES TAWIL

The Clerk called the bill (H.R. 1678) for the relief of Jacques Tawil.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, for the purposes of the Immigration and Nationality Act, Jacques Tawil shall be held and considered to have been lawfully admitted to the United States for permanent residence as of the date of the enactment of this Act, upon payment of the required visa fee. Upon the granting of permanent residence to such alien as provided for in this Act, the Secretary of State shall instruct the proper quota-control officer to deduct one number from the appropriate quota for the first year that such quota is available.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

KENYON B. ZAHNER

The Clerk called the bill (H.R. 10501) for the relief of Kenyon B. Zahner.

Mr. ANDERSON of Illinois. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Illinois?

There was no objection.

HENRY E. KEISER

The Clerk called the bill (H.R. 11552) for the relief of Henry E. Keiser.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That sections 15 through 20, inclusive, of the Federal Employees Compensation Act are hereby waived in favor of Henry E. Keiser of Seattle, Washington, and his claim for compensation and disability benefits arising out of injuries alleged to have been received by him on or about October 24, 1945, in an automobile accident, while in the performance of his duties as an employee of the Department of the Navy, shall be acted upon under the remaining provisions of such Act if he files such claim with the Bureau of Employees' Compensation, Department of Labor, within the six-month period which begins on the date of enactment of this Act: *Provided,* That no benefits shall accrue by reason of the enactment of this Act for any period prior to its enactment, except in the case of such medical or hospitalization expenditures as may be deemed reimbursable.

With the following committee amendment:

Page 1, lines 3 and 4, strike "Employees" and insert "Employees' ".

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

SHELBURNE HARBOR SHIP & MARINE CONSTRUCTION CO., INC.

The Clerk called the bill (H.R. 11773) for the relief of the Shelburne Harbor Ship & Marine Construction Co., Inc.

There being no objection, the Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Shelburne Harbor Ship and Marine Construction Company, Incorporated (hereafter in this Act referred to as the "company"), of Shelburne, Vermont, is hereby relieved of all liability to pay to the United States the principal amount of $19,793.76, together with all accrued interest thereon. Such liability of the company arose from an order of March 10, 1958, of the Renegotiation Board with respect to profits of the company from a contract between the company and the Department of the Navy.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. HEMPHILL. Mr. Speaker, I ask unanimous consent that the further call of bills on the Private Calendar be dispensed with.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

HENRY ARMSTRONG, ADMINISTRATOR OF THE ESTATE OF ELLA ARMSTRONG

Mr. TOLL. Mr. Speaker, I ask unanimous consent that the bill (H.R. 6940) for the relief of Henry Armstrong, administrator of the estate of Ella Armstrong, be restored to the Private Calendar on its next call.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

COMMITTEE ON APPROPRIATIONS

Mr. CANNON. Mr. Speaker, as the Members of the House are aware, the Committee on Appropriations has been endeavoring to report out the annual supply bills at the rate of one a week.

However, we are now in a position to report out two bills this coming week. The military construction appropriation bill for the fiscal year 1963 has already been scheduled for floor action on Tuesday, August 14. In order to report out the public works appropriation bill in the same week we would like permission to consider it on the floor on Thursday, August 16. It will be reported by the full committee on Tuesday, the 14th. So, instead of waiting 3 days, we would like to bring it to the floor with 2 days' notice.

Therefore, Mr. Speaker, I ask unanimous consent that it be in order for the Committee on Appropriations to report to the House the public works bill which will be reported by the full committee on Tuesday, August 14, and to bring it to the floor on Thursday, August 16, in order to get two bills passed next week instead of one.

The SPEAKER pro tempore. In order to consider it on Thursday of that week?

Mr. CANNON. In order to consider it on Thursday of that week.

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

Mr. GROSS. Mr. Speaker, reserving the right to object, I trust that all of the information that the committee has with respect to this bill will be available as promptly as possible so that in view of the shortness of time Members may do their best to acquaint themselves with the action taken by the committee.

Mr. CANNON. Yes; the hearings are now available, and on Tuesday, August 14, the bill itself, as well as the report, will be available to any Member of the House.

Mr. GROSS. Mr. Speaker, I withdraw my reservation.

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

There was no objection.

UNIFORM LIMITED PARTNERSHIP ACT IN THE DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11019) to provide that the Uniform Limited Partnership Act shall apply in the District of Columbia.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act to provide for the formation of limited partnerships in the District of Columbia and to make uniform the law with respect thereto, shall be in effect in the District of Columbia on and after the date of the enactment of this Act.

LIMITED PARTNERSHIP DEFINED

SECTION 1. A limited partnership is a partnership formed by two or more persons under the provisions of section 2, having as members one or more general partners and one or more limited partners. The limited partners as such shall not be bound by the obligations of the partnership.

FORMATION

SEC. 2. (1) Two or more persons desiring to form a limited partnership shall—

(a) sign and swear to a certificate, which shall state—

I. the name of the partnership,

II. the character of the business,

III. the location of the principal place of business,

IV. the name and place of residence of each member; general and limited partners being respectively designated,

V. the term for which the partnership is to exist,

VI. the amount of cash and a description of and the agreed value of the other property contributed by each limited partner,

VII. the additional contributions, if any, agreed to be made by each limited partner and the times at which or events on the happening of which they shall be made,

VIII. the time, if agreed upon, when the contribution of each limited partner is to be returned,

IX. the share of the profits or the other compensation by way of income which each limited partner shall receive by reason of his contribution,

X. the right, if given, of a limited partner to substitute an assignee as contributor in his place, and the terms and conditions of the substitution,

XI. the right, if given, of the partners to admit additional limited partners,

XII. the right, if given, of one or more of the limited partners to priority over other limited partners, as to contributions or as to compensation by way of income, and the nature of such priority,

XIII. the right, if given, of the remaining general partner or partners to continue the business on the death, retirement, or insanity of a general partner, and

XIV. the right, if given, of a limited partner to demand and receive property other than cash in return for his contribution;

(b) file for record the certificate in the Office of the Recorder of Deeds of the District of Columbia.

(2) A limited partnership is formed if there has been substantial compliance in good faith with the requirements of paragraph (1).

BUSINESS WHICH MAY BE CARRIED ON

SEC. 3. A limited partnership may carry on any business which a partnership without limited partners may carry on.

CHARACTER OF LIMITED PARTNER'S CONTRIBUTION

SEC. 4. The contributions of a limited partner may be cash or other property, but not services.

A NAME NOT TO CONTAIN SURNAME OF LIMITED PARTNER; EXCEPTIONS

SEC. 5. (1) The surname of a limited partner shall not appear in the partnership name, unless—

(a) it is also the surname of a general partner, or

(b) prior to the time when the limited partner became such the business had been carried on under a name in which his surname appeared.

(2) A limited partner whose name appears in a partnership name contrary to the provisions of paragraph (1) is liable as a general partner to partnership creditors who extend credit to the partnership without actual knowledge that he is not a general partner.

LIABILITY FOR FALSE STATEMENTS IN CERTIFICATE

SEC. 6. If the certificate contains a false statement, one who suffers loss by reliance on such statement may hold liable any party to the certificate who knew the statement to be false—

(a) at the time he signed the certificate, or

(b) subsequently, but within a sufficient time before the statement was relied upon to enable him to cancel or amend the certificate, or to file a petition for its cancellation or amendment as provided in section 25(3).

LIMITED PARTNER NOT LIABLE TO CREDITORS

SEC. 7. A limited partner shall not become liable as a general partner unless, in addition to the exercise of his rights and powers as a limited partner, he takes part in the control of the business.

ADMISSION OF ADDITIONAL LIMITED PARTNERS

SEC. 8. After the formation of a limited partnership, additional limited partners may be admitted upon filing an amendment to the original certificate in accordance with the requirements of section 25.

RIGHTS, POWERS, AND LIABILITIES OF A GENERAL PARTNER

SEC. 9. (1) A general partner shall have all the rights and powers and be subject to all the restrictions and liabilities of a partner in a partnership without limited partners, except that without the written consent or ratification of the specific act by all the limited partners, a general partner or all of the general partners have no authority to—

(a) do any act in contravention of the certificate,

(b) do any act which would make it impossible to carry on the ordinary business of the partnership,

(c) confess a judgment against the partnership,

(d) possess partnership property, or assign their rights in specific partnership property, for other than a partnership purpose,

(e) admit a person as a general partner,

(f) admit a person as a limited partner, unless the right so to do is given in the certificate,

(g) continue the business with partnership property on the death, retirement, or insanity of a general partner, unless the right so to do is given in the certificate.

RIGHTS OF A LIMITED PARTNER

SEC. 10. (1) A limited partner shall have the same rights as a general partner to—

(a) have the partnership books kept at a principal place of business of the partnership, and at all times to inspect and copy any of them,

(b) have on demand true and full information of all things affecting the partnership, and a formal account of partnership affairs whenever circumstances render it just and reasonable, and

(c) have dissolution and winding up by decree of court.

(2) A limited partner shall have the right to receive a share of the profits or other compensation by way of income, and to the return of his contribution as provided in sections 15 and 16.

STATUS OF PERSON ERRONEOUSLY BELIEVING HIMSELF A LIMITED PARTNER

SEC. 11. A person who has contributed to the capital of a business conducted by a person or partnership erroneously believing that he has become a limited partner in a limited partnership is not, by reason of this exercise of the rights of a limited partner, a general partner with the person or in the partnership carrying on the business, or bound by the obligations of such person or partnership: *Provided,* That on ascertaining the mistake he promptly renounces his interest in the profits of the business, or other compensation by way of income.

ONE PERSON BOTH GENERAL AND LIMITED PARTNER

SEC. 12. (1) A person may be a general partner and a limited partner in the same partnership at the same time.

(2) A person who is a general, and also at the same time a limited, partner shall have all the rights and powers and be subject to all the restrictions of a general partner, except that, in respect to his contribution, he shall have the rights against the other members which he would have had if he were not also a general partner.

LOANS AND OTHER BUSINESS TRANSACTIONS WITH LIMITED PARTNER

SEC. 13. (1) A limited partner also may loan money to and transact other business with the partnership, and, unless he is also a general partner, receive on account of resulting claims against the partnership, with general creditors, a pro rata share of the assets. No limited partner shall in respect to any such claim—

(a) receive or hold as collateral security any partnership property, or

(b) receive from a general partner or the partnership any payment, conveyance, or release from liability, if at the time the assets of the partnership are not sufficient to discharge partnership liabilities to persons not claiming as general or limited partners.

(2) The receiving of collateral security, or a payment, conveyance, or release in violation of the provisions of paragraph (1) is a fraud on the creditors of the partnership.

RELATION OF LIMITED PARTNERS INTER SE

SEC. 14. Where there are several limited partners the members may agree that one or more of the limited partners shall have a priority over other limited partners as to the return of their contributions, as to their compensation by way of income, or as to any other matter. If such an agreement is made it shall be stated in the certificate, and in the absence of such a statement all the limited partners shall stand upon equal footing.

COMPENSATION OF LIMITED PARTNER

SEC. 15. A limited partner may receive from the partnership the share of the profits or the compensation by way of income stipulated for in the certificate: *Provided,* That after such payment is made, whether from the property of the partnership or that of a general partner, the partnership assets are in excess of all liabilities of the partnership except liabilities to limited partners on account of their contributions and to general partners.

WITHDRAWAL OR REDUCTION OF LIMITED PARTNER'S CONTRIBUTION

SEC. 16. (1) A limited partner shall not receive from a general partner or out of partnership property any part of his contribution until—

(a) all liabilities of the partnership, except liabilities to general partners and to limited partners on account of their contributions, have been paid or there remains property of the partnership sufficient to pay them,

(b) the consent of all members is had, unless the return of the contribution may be rightfully demanded under the provisions of paragraph (2), and

(c) the certificate is canceled or so amended as to set forth the withdrawal or reduction.

(2) Subject to the provisions of paragraph (1) a limited partner may rightfully demand the return of his contribution—

(a) on the dissolution of a partnership, or

(b) when the date specified in the certificate for its return has arrived, or

(c) after he has given six months' notice in writing to all other members, if no time is specified in the certificate either for the return of the contribution or for the dissolution of the partnership.

(3) In the absence of any statement in the certificate to the contrary or the consent of all members, a limited partner, irrespective of the nature of his contribution, has only the right to demand and receive cash in return for his contribution.

(4) A limited partner may have the partnership dissolved and its affairs wound up when—

(a) he rightfully but unsuccessfully demands the return of his contribution, or

(b) the other liabilities of the partnership have not been paid, or the partnership property is insufficient for their payment as required by paragraph (1a) and the limited partner would otherwise be entitled to the return of his contribution.

LIABILITY OF LIMITED PARTNER TO PARTNERSHIP

SEC. 17. (1) A limited partner is liable to the partnership—

(a) for the difference between his contribution as actually made and that stated in the certificate as having been made, and

(b) for any unpaid contribution which he agreed in the certificate to make in the future at the time and on the conditions stated in the certificate.

(2) A limited partner holds as trustee for the partnership—

(a) specific property stated in the certificate as contributed by him, but which was not contributed or which has been wrongfully returned, and

(b) money or other property wrongfully paid or conveyed to him on account of his contribution.

(3) The liabilities of a limited partner as set forth in this section can be waived or compromised only by the consent of all members; but a waiver or compromise shall not affect the right of a creditor of a partnership, who extended credit or whose claim arose after the filing and before a cancellation or amendment of the certificate, to enforce such liabilities.

(4) When a contributor has rightfully received the return in whole or in part of the capital of his contribution, he is nevertheless liable to the partnership for any sum, not in excess of such return with interest, necessary to discharge its liabilities to all creditors who extended credit or whose claims arose before such return.

NATURE OF LIMITED PARTNER'S INTEREST IN PARTNERSHIP

SEC. 18. A limited partner's interest in the partnership is personal property.

ASSIGNMENT OF LIMITED PARTNER'S INTEREST

SEC. 19. (1) A limited partner's interest is assignable.

(2) A substituted limited partner is a person admitted to all the rights of a limited partner who has died or has assigned his interest in a partnership.

(3) An assignee, who does not become a substituted limited partner, has no right to require any information or account of the partnership transactions or to inspect the partnership books; he is only entitled to receive the share of the profits or other compensation by way of income, or the return of his contribution, to which his assignor would otherwise be entitled.

(4) An assignee shall have the right to become a substituted limited partner if all the members (except the assignor) consent thereto or if the assignor, being thereunto empowered by the certificate, gives the assignee that right.

(5) An assignee becomes a substitued limited partner when the certificate is appropriately amended in accordance with section 25.

(6) The substituted limited partner has all the rights and powers, and is subject to all the restrictions and liabilities of his assignor, except those liabilities of which he was ignorant at the time he became a limited partner and which could not be ascertained from the certificate.

(7) The substitution of the assignee as a limited partner does not release the assignor from liability to the partnership under sections 6 and 17.

EFFECT OF RETIREMENT, DEATH, OR INSANITY OF A GENERAL PARTNER

SEC. 20. The retirement, death, or insanity of a general partner dissolves the partnership, unless the business is continued by the remaining general partners—

(a) under a right so to do stated in the certificate, or

(b) with the consent of all members.

DEATH OF LIMITED PARTNER

SEC. 21. (1) On the death of a limited partner his executor or administrator shall have all the rights of a limited partner for the purpose of settling his estate, and such power as the deceased had to constitute his assignee a substituted limited partner.

(2) The estate of a deceased limited partner shall be liable for all his liabilities as a limited partner.

RIGHTS OF CREDITORS OF LIMITED PARTNER

SEC. 22. (1) On due application to a court of competent jurisdiction by any judgment creditor of a limited partner, the court may charge the interest of the indebted limited partner with payment of the unsatisfied amount of the judgment debt; and may appoint a receiver, and make all other orders, directions, and inquiries which the circumstances of the case may require.

(2) The interest may be redeemed with the separate property of any general partner, but may not be redeemed with partnership property.

(3) The remedies conferred by paragraph (1) shall not be deemed exclusive of others which may exist.

(4) Nothing in this Act shall be held to deprive a limited partner of his statutory exemption.

DISTRIBUTION OF ASSETS

SEC. 23. (1) In settling accounts after dissolution the liabilities of the partnership shall be entitled to payment in the following order:

(a) Those to creditors, in the order of priority as provided by law, except those to limited partners on account of their contributions, and to general partners.

(b) Those to limited partners in respect to their share of the profits and other compensation by way of income on their contributions.

(c) Those to limited partners in respect to the capital of their contributions.

(d) Those to general partners other than for capital and profits.

(e) Those to general partners in respect to profits.

(f) Those to general partners in respect to capital.

(2) Subject to any statement in the certificate or to subsequent agreement, limited partners share in the partnership assets in respect to their claims for capital, and in respect to their claims for profits or for compensation by way of income on their contributions respectively, in proportion to the respective amounts of such claims.

WHEN CERTIFICATE SHALL BE CANCELED OR AMENDED

SEC. 24. (1) The certificate shall be canceled when the partnership is dissolved or all limited partners cease to be such.

(2) A certificate shall be amended when—

(a) there is a change in the name of the partnership or in the amount or character of the contribution of any limited partner,

(b) a person is substituted as a limited partner,

(c) an additional limited partner is admitted,

(d) a person is admitted as a general partner,

(e) a general partner retires, dies, or becomes insane, and the business is continued under section 20,

(f) there is a change in the character of the business of the partnership,

(g) there is a false or erroneous statement in the certificate,

(h) there is a change in the time as stated in the certificate for the dissolution of the partnership or for the return of a contribution,

(i) a time is fixed for the dissolution of the partnership, or the return of a contribution, no time having been specified in the certificate, or

(j) the members desire to make a change in any other statement in the certificate in order that it shall accurately represent the agreement between them.

REQUIREMENTS FOR AMENDMENT AND FOR CANCELLATION OF CERTIFICATE

SEC. 25. (1) The writing to amend a certificate shall—

(a) conform to the requirements of section 2(1)(a) as far as necessary to set forth clearly the change in the certificate which it is desired to make, and

(b) be signed and sworn to by all members, and an amendment substituting a limited partner or adding a limited or general partner shall be signed also by the member to be substituted or added, and when a limited partner is to be substituted, the amendment shall also be signed by the assigning limited partner.

(2) The writing to cancel a certificate shall be signed by all members.

(3) A person desiring the cancellation or amendment of a certificate, if any person designated in paragraphs (1) and (2) as a person who must execute the writing refuses to do so, may petition the United States District Court for the District of Columbia to direct a cancellation or amendment the eof.

(4) If the court finds that the petitioner has a right to have the writing executed by a person who refuses to do so, it shall order the Recorder of Deeds of the District of Columbia where the certificate is recorded to record the cancellation or amendment of the certificate; and where the certificate is to be amended, the court shall also cause to be filed for record in said office a certified copy of its decree setting forth the amendment.

(5) A certificate is amended or canceled when there is filed for record in the office of the Recorder of Deeds of the District of Columbia where the certificate is recorded—

(a) a writing in accordance with the provisions of paragraph (1) or (2), or

(b) a certified copy of the order of court in accordance with the provisions of paragraph (4).

(6) After the certificate is duly amended in accordance with this section, the amended certificate shall thereafter be for all purposes the certificate provided for by this Act.

PARTIES TO ACTIONS

SEC. 26. A contributor, unless he is a general partner, is not a proper party to proceedings by or against a partnership, except where the object is to enforce a limited partner's right against or liability to the partnership.

NAME OF ACT

SEC. 27. This Act may be cited as the "Uniform Limited Partnership Act".

RULES OF CONSTRUCTION

SEC. 28. (1) The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this Act.

(2) This Act shall be so interpreted and construed as to effect its general purpose to make uniform the law of those States which enact it.

(3) This Act shall not be so construed as to impair the obligations of any contract existing when the Act goes into effect, nor to affect any action on proceedings begun or right accrued before this Act takes effect.

RULES FOR CASES NOT PROVIDED FOR IN THIS ACT

SEC. 29. In any case not provided for in this Act the rules of law and equity, including the law merchant, shall govern.

PROVISIONS FOR EXISTING LIMITED PARTNERSHIPS

SEC. 30. (1) A limited partnership formed under any statute of this State, prior to the adoption of this Act, may become a limited partnership under this Act by complying with the provisions of section 2: *Provided,* That the certificate sets forth—

(a) the amount of the original contribution of each limited partner, and the time when the contribution was made, and

(b) that the property of the partnership exceeds the amount sufficient to discharge its liabilities to persons not claiming as general or limited partners by an amount greater than the sum of the contributions of its limited partners.

(2) A limited partnership formed under any statute of this State, prior to the adoption of this Act, until or unless it becomes a limited partnership under this Act, shall continue to be governed by the provisions of Thirty-first Statutes at Large, page 1415, chapter 854, sections 1498–1506, 1508, 1510–1528, as amended, except that such partnership shall not be renewed unless so provided in the original agreement.

REPEAL

SEC. 31. Except as affecting existing limited partnerships to the extent set forth in section 30, Thirty-first Statutes at Large, page 1415, chapter 854, sections 1498–1506, 1508, 1510–1528, as amended, is hereby repealed.

With the following committee amendments:

On page 19, line 8, following the word "formed", strike "under any statute of this State", and insert in lieu thereof the following: "under the Act approved March 3, 1901, as amended,".

On page 19, line 21, following the word "formed", strike "under any statute of this State", and insert in lieu thereof the following: "under the Act approved March 3, 1901, as amended,".

The committee amendments were agreed to.

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

Mr. WHITENER. I would be happy to yield to the gentleman from Iowa.

Mr. GROSS. What is the difference between this bill, H.R. 11019, and H.R. 12675? They both deal with partnerships, do they not?

Mr. WHITENER. Yes. But there is as much difference in the two bills as there is between an airplane and an automobile. One deals with limited partnerships, and one deals with general partnerships, which are entirely different types of legal creatures.

Mr. GROSS. One deals with limited partnerships and the other deals with general partnerships; are those the words the gentleman used?

Mr. WHITENER. That is right. This bill deals with limited partnerships. It is the Uniform Limited Partnership Act which is now in effect in 40 States of the Union, including Maryland, Virginia, and Iowa.

Mr. GROSS. I thank the gentleman.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to substitute the Uniform Limited Partnership Act for the present law in the District—act of March 3, 1901, 31 Stat. 1415; District of Columbia Code, 1961 edition, sections 41–101 and the following.

Present law has not been revised in the 60 years of its existence, and despite the growth of multiple and complex business and professional interrelationships, no effort has been made to modernize the law to facilitate the organization of limited partnerships which would have practical application in the expanding economy.

The Uniform Act was approved by the National Conference of Commissioners on Uniform State Laws—chosen from the legal profession—46 years ago, and since then the Uniform Act, approved by the American Bar Association, has been adopted and is in effect in 40 States, including Maryland and Virginia.

H.R. 11019 incorporates the Uniform Act in its entirety, and its enactment would conform the District's law to that of other jurisdictions. The bill repeals present law with respect to limited partnerships formed subsequent to the effective date of its enactment, and substitutes a precise and comprehensive formula for establishing limited partnerships, carefully delineating the rights and obligations of the limited partners inter se and in relation to the partnership as a whole.

The bill also provides for filing of certificate of limited partnership, and any amendment or cancellation thereof, with the recorder of deeds. Present law contains a provision, anomalous in these times, requiring the filing of the certificate of limited partnership in the office of the clerk of the U.S. District Court for the District of Columbia.

Need for the adoption of the Uniform Act was stressed at the hearings because:

First. Of the inadequacy of existing law under which limited partnerships may be formed only for mercantile, mechanical, or manufacturing businesses, and have not more than six limited partners who must contribute cash in order to obtain limited liability. H.R. 11019 would enable the use of limited partnerships in various fields, such as real estate, construction, and ownership.

Second. To meet economic growth in this area, businessmen and investors have long been forced to resort to more unusual and complex forms of business arrangements to achieve some of the benefits of limited partnership form of business organization. The bill would obviate such arrangements.

Third. Of desire for uniformity in this area, bringing the law of the District into conformity with that of Virginia and Maryland, so that business ventures may be conducted in any one or all three jurisdictions without difficulty, and the disparity among their laws will be eliminated.

No opposition to the bill was expressed at the hearings. It is endorsed by the Bar Association of the District of Columbia, the Board of Commissioners of the District of Columbia, and by the Metropolitan Washington Board of Trade.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

Mr. WHITENER. Mr. Speaker, I ask unanimous consent that I may insert in the RECORD at the time of consideration of each of these bills an explanatory statement.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

FORMATION OF PARTNERSHIPS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (H.R. 12675) to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act to provide for the formation of partnerships in the District of Columbia and to make uniform the law with respect thereto shall be in effect in the District of Columbia on and after the date of the enactment of this Act.

PART I

Preliminary provisions

SECTION 1. NAME OF ACT.—This Act may be cited as the "Uniform Partnership Act".

SEC. 2. DEFINITION OF TERMS.—In this Act, "court" includes every court and judge having jurisdiction in the case.

"Business" includes every trade, occupation, or profession.

"Person" includes individuals, partnerships, corporations, and other associations.

"Bankrupt" includes bankrupt under the Federal Bankruptcy Act or insolvent under any law of the District of Columbia.

"Conveyance" includes every assignment, lease, mortgage, or encumbrance.

"Real property" includes land and any interest or estate in land.

SEC. 3. INTERPRETATION OF KNOWLEDGE AND NOTICE.—(1) A person has "knowledge" of a fact within the meaning of this Act not only when he has actual knowledge thereof, but also when he has knowledge of such other facts as in the circumstances show bad faith.

(2) A person has "notice" of a fact within the meaning of this Act when the person who claims the benefit of the notice—

(a) states the fact to such person, or

(b) delivers through the mail, or by other means of communication, a written statement of the fact to such person or to a proper person at his place of business or residence.

SEC. 4. RULES OF CONSTRUCTION.—(1) The rule that statutes in derogation of the common law are to be strictly construed shall have no application to this Act.

(2) The law of estoppel shall apply under this Act.

(3) The law of agency shall apply under this Act.

(4) This Act shall be so interpreted and construed as to effect its general purpose to make uniform the law of those jurisdictions which enact it.

(5) This Act shall not be construed so as to impair the obligations of any contract existing when the Act goes into effect, nor to affect any action or proceedings begun or right accrued before this Act takes effect.

SEC. 5. RULES FOR CASES NOT PROVIDED FOR IN THIS ACT.—In any case not provided for in this Act the rules of law and equity, including the law merchant, shall govern.

PART II

Nature of a partnership

SEC. 6. PARTNERSHIP DEFINED.—(1) A partnership is an association of two or more persons to carry on as coowners a business for profit.

(2) But any association formed under any other statute of this jurisdiction, or any statute adopted by authority, other than the authority of this jurisdiction is not a partnership under this Act, unless such association would have been a partnership in this jurisdiction prior to the adoption of this Act; but this Act shall apply to limited partnerships except insofar as the statutes of the District of Columbia relating to such partnerships are inconsistent herewith.

SEC. 7. RULES FOR DETERMINING THE EXISTENCE OF A PARTNERSHIP.—In determining whether a partnership exists, these rules shall apply:

(1) Except as provided by section 16 persons who are not partners as to each other are not partners as to third persons.

(2) Joint tenancy, tenancy in common, tenancy by the entireties, joint property, common property, or part ownership does not of itself establish a partnership, whether such coowners do or do not share any profits made by the use of the property.

(3) The sharing of gross returns does not of itself establish a partnership, whether or not the persons sharing them have a joint or common right or interest in any property from which the returns are derived.

(4) The receipt by a person of a share of the profits of a business is prima facie evidence that he is a partner in the business, but no such inference shall be drawn if such profits were received in payment—

(a) as a debt by installments or otherwise,

(b) as wages of an employee or rent to a landlord,

(c) as an annuity to a widow or representative of a deceased partner,

(d) as interest on a loan, though the amount of payment varies with the profits of the business,

(e) as the consideration for the sale of the goodwill of a business or other property by installments or otherwise.

SEC. 8. PARTNERSHIP PROPERTY.—(1) All property originally brought into the partnership stock or subsequently acquired by purchase or otherwise, on account of the partnership, is partnership property.

(2) Unless the contrary intention appears, property acquired with partnership funds is partnership property.

(3) Any estate in real property may be acquired in the partnership name. Title so acquired can be conveyed only in the partnership name.

(4) A conveyance to a partnership in the partnership name, though without words of inheritance, passes the entire estate of the grantor unless a contrary intent appears.

PART III

Relations of partners to persons dealing with the partnership

SEC. 9. PARTNER AGENT OF PARTNERSHIP AS TO PARTNERSHIP BUSINESS.—(1) Every partner is an agent of the partnership for the purpose of its business, and the act of every partner, including the execution in the partnership name of any instrument, for apparently carrying on in the usual way the business of the partnership of which he is a member binds the partnership, unless the partner so acting has in fact no authority to act for the partnership in the particular matter, and the person with whom he is dealing has knowledge of the fact that he has no such authority.

(2) An act of a partner which is not apparently for the carrying on of the business of the partnership in the usual way does not bind the partnership unless authorized by the other partners.

(3) Unless authorized by the other partners or unless they have abandoned the business, one or more but less than all the partners have no authority to—

(a) assign the partnership property in trust for creditors or on the assignee's promise to pay the debts of the partnership,

(b) dispose of the goodwill of the business,

(c) do any other act which would make it impossible to carry on the ordinary business of a partnership,

(d) confess a judgment,

(e) submit a partnership claim or liability to arbitration or reference.

(4) No act of a partner in contravention of a restriction on authority shall bind the partnership to persons having knowledge of the restriction.

SEC. 10. CONVEYANCE OF REAL PROPERTY OF THE PARTNERSHIP.—(1) Where title to real property is in the partnership name, any partner may convey title to such property by a conveyance executed in the partnership name; but the partnership may recover such property unless the partner's act binds the partnership under the provisions of paragraph (1) of section 9, or unless such property has been conveyed by the grantee or a person claiming through such grantee to a holder for value without knowledge that the partner, in making the conveyance, has exceeded his authority.

(2) Where title to real property is in the name of the partnership, a conveyance executed by a partner, in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provisions of paragraph (1) of section 9.

(3) Where title to real property is in the name of one or more but not all the partners, and the record does not disclose the right of the partnership, the partners in whose name the title stands may convey title to such property, but the partnership may recover such property if the partners' act does not bind the partnership under the provisions of paragraph (1) of section 9, unless the purchaser or his assignee is a holder for value, without knowledge.

(4) Where the title to real property is in the name of one or more or all the partners, or in a third person in trust for the partnership, a conveyance executed by a partner in the partnership name, or in his own name, passes the equitable interest of the partnership, provided the act is one within the authority of the partner under the provision of paragraph (1) of section 9.

(5) Where the title to real property is in the names of all the partners a conveyance executed by all the partners passes all their rights in such property.

SEC. 11. PARTNERSHIP BOUND BY ADMISSION OF PARTNER.—An admission or representation made by any partner concerning partnership affairs within the scope of his authority as conferred by this Act is evidence against the partnership.

SEC. 12. PARTNERSHIP CHARGED WITH KNOWLEDGE OF OR NOTICE TO PARTNER.—Notice to any partner of any matter relating to partnership affairs, and the knowledge of the partner acting in the particular matter, acquired while a partner or then present to his mind, and the knowledge of any other partner who reasonably could and should have communicated it to the acting partner, operate as notice to or knowledge of the partnership, except in the case of a fraud on the partnership committed by or with the consent of that partner.

SEC. 13. PARTNERSHIP BOUND BY PARTNER'S WRONGFUL ACT.—Where, by any wrongful act or omission of any partner acting in the ordinary course of the business of the partnership or with the authority of his copartners, loss or injury is caused to any person, not being a partner in the partnership, or any penalty is incurred, the partnership is liable therefor to the same extent as the partner so acting or omitting to act.

SEC. 14. PARTNERSHIP BOUND BY PARTNER'S BREACH OF TRUST.—The partnership is bound to make good the loss:

(a) Where one partner acting within the scope of his apparent authority receives money or property of a third person and misapplies it; and

(b) Where the partnership in the course of its business receives money or property of a third person and the money or property so received is misapplied by any partner while it is in the custody of the partnership.

SEC. 15. NATURE OF PARTNER'S LIABILITY.—All partners are liable—

(a) jointly and severally for everything chargeable to the partnership under sections 13 and 14,

(b) jointly for all other debts and obligations of the partnership; but any partner may enter into a separate obligation to perform a partnership contract.

SEC. 16. PARTNER BY ESTOPPEL.—(1) When a person, by words spoken or written or by conduct, represents himself, or consents to another representing him to anyone, as a partner in an existing partnership or with one or more persons not actual partners, he is liable to any such person to whom such representation has been made, who has, on the faith of such representation, given credit to the actual or apparent partnership, and if he has made such representation or consented to its being made in a public manner he is liable to such person, whether the representation has or has not been made or communicated to such person so giving credit by or with the knowledge of the apparent partner making the representation or consenting to its being made.

(a) When a partnership liability results, he is liable as though he were an actual member of the partnership.

(b) When no partnership liability results, he is liable jointly with the other persons, if any, so consenting to the contract or representation as to incur liability, otherwise separately.

(2) When a person has been thus represented to be a partner in an existing partnership, or with one or more persons not actual partners, he is an agent of the persons consenting to such representation to bind them to the same extent and in the

same manner as though he were a partner in fact, with respect to persons who rely upon the representation. Where all the members of the existing partnership consent to the representation, a partnership act or obligation results; but in all other cases it is the joint act or obligation of the person acting and the persons consenting to the representation.

SEC. 17. LIABILITY OF INCOMING PARTNER.—A person admitted as a partner into an existing partnership is liable for all the obligations of the partnership arising before his admission as though he had been a partner when such obligations were incurred, except that this liability shall be satisfied only out of partnership property.

PART IV

Relations of partners to one another

SEC. 18. RULES DETERMINING RIGHTS AND DUTIES OF PARTNERS.—The rights and duties of the partners in relation to the partnership shall be determined, subject to any agreement between them, by the following rules:

(a) Each partner shall be repaid his contributions, whether by way of capital or advances to the partnership property and share equally in the profits and surplus remaining after all liabilities, including those to partners, are satisfied; and must contribute toward the losses, whether of capital or otherwise, sustained by the partnership according to his share in the profits.

(b) The partnership must indemnify every partner in respect of payments made and personal liabilities reasonably incurred by him in the ordinary and proper conduct of its business or for the preservation of its business or property.

(c) A partner, who in aid of the partnership makes any payment or advance beyond the amount of capital which he agreed to contribute, shall be paid interest from the date of the payment or advance.

(d) A partner shall receive interest on the capital contributed by him only from the date when repayment should be made.

(e) All partners have equal rights in the management and conduct of the partnership business.

(f) No partner is entitled to remuneration for acting in the partnership business, except that a surviving partner is entitled to reasonable compensation for his services in winding up the partnership affairs.

(g) No person can become a member of a partnership without the consent of all the partners.

(h) Any difference arising as to ordinary matters connected with the partnership business may be decided by a majority of the partners; but no act in contravention of any agreement between the partners may be done rightfully without the consent of all the partners.

SEC. 19. PARTNERSHIP BOOKS.—The partnership books shall be kept, subject to any agreement between the partners, at the principal place of business of the partnership, and every partner shall at all times have access to and may inspect and copy any of them.

SEC. 20. DUTY OF PARTNERS TO RENDER INFORMATION.—Partners shall render on demand true and full information of all things affecting the partnership to any partner or the legal representative of any deceased partner or partner under legal disability.

SEC. 21. PARTNER ACCOUNTABLE AS A FIDUCIARY.—(1) Every partner must account to the partnership for any benefit, and hold as trustee for it any profits derived by him without the consent of the other partners from any transaction connected with the formation, conduct, or liquidation of the partnership or from any use by him of its property.

(2) This section applies also to the representatives of a deceased partner engaged in the liquidation of the affairs of the partnership as the personal representatives of the last surviving partner.

SEC. 22. RIGHT TO AN ACCOUNT.—Any partner shall have the right to a formal account as to partnership affairs—

(a) if he is wrongfully excluded from the partnership business or possession of its property by his co-partners,

(b) if the right exists under the terms of any agreement,

(c) as provided by section 21,

(d) whenever other circumstances render it just and reasonable.

SEC. 23. CONTINUATION OF PARTNERSHIP BEYOND FIXED TERM.—(1) When a partnership for a fixed term or particular undertaking is continued after the termination of such term or particular undertaking without any express agreement, the rights and duties of the partners remain the same as they were at such termination, so far as is consistent with a partnership at will.

(2) A continuation of the business by the partners or such of them as habitually acted therein during the term, without any settlement or liquidation of the partnership affairs, is prima facie evidence of a continuation of the partnership.

PART V

Property rights of a partner

SEC. 24. EXTENT OF PROPERTY RIGHTS OF A PARTNER.—The property rights of a partner are (1) his rights in specific partnership property, (2) his interest in the partnership, and (3) his right to participate in the management.

SEC. 25. NATURE OF A PARTNER'S RIGHT IN SPECIFIC PARTNERSHIP PROPERTY.—(1) A partner is coowner with his partners of specific partnership property holding as a tenant in partnership.

(2) The incidents of this tenancy are such that:

(a) A partner, subject to the provisions of this Act and to any agreement between the partners, has an equal right with his partners to possess specific partnership property for partnership purposes; but he has no right to possess such property for any other purpose without the consent of his partners.

(b) A partner's right in specific partnership property is not assignable except in connection with the assignment of rights of all the partners in the same property.

(c) A partner's right in specific partnership property is not subject to attachment or execution, except on a claim against the partnership. When partnership property is attached for a partnership debt the partners, or any of them, or the representatives of a deceased partner, cannot claim any right under the homestead or exemption laws.

(d) On the death of a partner his right in specific partnership property vests in the surviving partner or partners, except where the deceased was the last surviving partner, when his right in such property vests in his legal representative. Such surviving partner or partners, or the legal representative of the last surviving partner, has no right to possess the partnership property for any but a partnership purpose.

(e) A partner's right in specific partnership property is not subject to dower, curtesy, or allowances to widows, heirs, or next of kin.

SEC. 26. NATURE OF PARTNER'S INTEREST IN THE PARTNERSHIP.—A partner's interest in the partnership is his share of the profits and surplus, and the same is personal property.

SEC. 27. ASSIGNMENT OF PARTNER'S INTEREST.—(1) A conveyance by a partner of his interest in the partnership does not of itself dissolve the partnership, nor, as against the other partners in the absence of agreement, entitle the assignee, during the continuance of the partnership, to interfere in the management or administration of the partnership business or affairs, or to require any information or account of partnership transactions, or to inspect the partnership books; but it merely entitles the assignee to receive in accordance with his contract the profits to which the assigning partner would otherwise be entitled.

(2) In case of a dissolution of the partnership, the assignee is entitled to receive his assignor's interest and may require an account from the date only of the last account agreed to by all the partners.

SEC. 28. PARTNER'S INTEREST SUBJECT TO CHARGING ORDER.—(1) On due application to a competent court by any judgment creditor of a partner, the court which entered the judgment, order, or decree, or any other court, may charge the interest of the debtor partner with payment of the unsatisfied amount of such judgment debt with interest thereon; and may then or later appoint a receiver of his share of the profits, and of any other money due or to fall due to him in respect of the partnership, and make all other orders, directions, accounts, and inquiries which the debtor partner might have made, or which the circumstances of the case may require.

(2) The interest charged may be redeemed at any time before foreclosure, or in case of a sale being directed by the court may be purchased without thereby causing a dissolution:

(a) With separate property, by any one or more of the partners, or

(b) With partnership property, by any one or more of the partners with the consent of all the partners whose interests are not so charged or sold.

(3) Nothing in this Act shall be held to deprive a partner of his right, if any, under the exemption laws, as regards his interest in the partnership.

PART VI

Dissolution and winding up

SEC. 29. DISSOLUTION DEFINED.—The dissolution of a partnership is the change in the relation of the partners caused by any partner ceasing to be associated in the carrying on as distinguished from the winding up of the business.

SEC. 30. PARTNERSHIP NOT TERMINATED BY DISSOLUTION.—On dissolution the partnership is not terminated, but continues until the winding up of partnership affairs is completed.

SEC. 31. CAUSES OF DISSOLUTION.—Dissolution is caused: (1) Without violation of the agreement between the partners—

(a) by the termination of the definite term or particular undertaking specified in the agreement,

(b) by the express will of any partner when no definite term or particular undertaking is specified,

(c) by the express will of all the partners who have not assigned their interests or suffered them to be charged for their separate debts, either before or after the termination of any specified term or particular undertaking,

(d) by the expulsion of any partner from the business bona fide in accordance with such a power conferred by the agreement between the partners;

(2) In contravention of the agreement between the partners, where the circumstances do not permit a dissolution under any other provision of this section, by the express will of any partner at any time;

(3) By any event which makes it unlawful for the business of the partnership to be carried on or for the members to carry it on in partnership;

(4) By the death of any partner;

(5) By the bankruptcy of any partner or the partnership;

(6) By decree of court under section 32.

SEC. 32. DISSOLUTION BY DECREE OF COURT.—(1) On application by or for a partner the court shall decree a dissolution whenever—

(a) a partner has been declared a lunatic in any judicial proceeding or is shown to be of unsound mind,

(b) a partner becomes in any other way incapable of performing his part of the partnership contract,

(c) a partner has been guilty of such conduct as tends to affect prejudicially the carrying on of the business,

(d) a partner willfully or persistently commits a breach of the partnership agreement, or otherwise so conducts himself in matters relating to the partnership business that it is not reasonably practicable to carry on the business in partnership with him,

(e) the business of the partnership can only be carried on at a loss,

(f) other circumstances render a dissolution equitable.

(2) On the application of the purchaser of a partner's interest under sections 27 and 28—

(a) after the termination of the specified term or particular undertaking,

(b) at any time if the partnership was a partnership at will when the interest was assigned or when the charging order was issued.

SEC. 33. GENERAL EFFECT OF DISSOLUTION ON AUTHORITY OF PARTNER.—Except so far as may be necessary to wind up partnership affairs or to complete transactions begun but not then finished, dissolution terminates all authority of any partner to act for the partnership—

(1) with respect to the partners—

(a) when the dissolution is not by the act, bankruptcy or death of a partner; or

(b) when the dissolution is by such act, bankruptcy or death of a partner, in cases where section 34 so requires;

(2) with respect to persons not partners, as declared in section 35.

SEC. 34. RIGHT OF PARTNER TO CONTRIBUTION FROM COPARTNERS AFTER DISSOLUTION.—Where the dissolution is caused by the act, death, or bankruptcy of a partner, each partner is liable to his copartners for his share of any liability created by any partner acting for the partnership as if the partnership had not been dissolved unless—

(a) the dissolution being by act of any partner, the partner acting for the partnership had knowledge of the dissolution, or

(b) the dissolution being by the death or bankruptcy of a partner, the partner acting for the partnership had knowledge or notice of the death or bankruptcy.

SEC. 35. POWER OF PARTNER TO BIND PARTNERSHIP TO THIRD PERSONS AFTER DISSOLUTION.—(1) After dissolution a partner can bind the partnership except as provided in paragraph (3)—

(a) by any act appropriate for winding up partnership affairs or completing transactions unfinished at dissolution;

(b) by any transaction which would bind the partnership if dissolution had not taken place, provided the other party to the transaction,

(I) had extended credit to the partnership prior to dissolution and had no knowledge or notice of the dissolution; or

(II) though he had not so extended credit, had nevertheless known of the partnership prior to dissolution, and, having no knowledge or notice of dissolution, the fact of dissolution had not been advertised in a newspaper of general circulation in the place (or in each place if more than one) at which the partnership business was regularly carried on.

(2) The liability of a partner under paragraph (1)(b) shall be satisfied out of partnership assets alone when such partner has been prior to dissolution—

(a) unknown as a partner to the person with whom the contract is made; and

(b) so far unknown and inactive in partnership affairs that the business reputation of the partnership could not be said to have been in any degree due to his connection with it.

(3) The partnership is in no case bound by any act of a partner after dissolution—

(a) where the partnership is dissolved because it is unlawful to carry on the business, unless the act is appropriate for winding up partnership affairs; or

(b) where the partner has become bankrupt; or

(c) where the partner has no authority to wind up partnership affairs; except by a transaction with one who,

(I) had extended credit to the partnership prior to dissolution and had no knowledge or notice of his want of authority; or

(II) had not extended credit to the partnership prior to dissolution, and, having no knowledge or notice of his want of authority, the fact of his want to authority had not been advertised in the manner provided for advertising the fact of dissolution in paragraph (1)(b)(II).

(4) Nothing in this section shall affect the liability under section 16 of any person who after dissolution represents himself or consents to another representing him as a partner in a partnership engaged in carrying on business.

SEC. 36. EFFECT OF DISSOLUTION ON PARTNER'S EXISTING LIABILITY.—(1) The dissolution of the partnership does not of itself discharge the existing liability of any partner.

(2) A partner is discharged from any existing liability upon dissolution of the partnership by an agreement to that effect between himself, the partnership creditor and the person or partnership continuing the business; and such agreement may be inferred from the course of dealing between the creditor having knowledge of the dissolution and the person or partnership continuing the business.

(3) Where a person agrees to assume the existing obligations of a dissolved partnership, the partners whose obligations have been assumed shall be discharged from any liability to any creditor of the partnership who, knowing of the agreement, consents to a material alteration in the nature or time of payment of such obligations.

(4) The individual property of a deceased partner shall be liable for all obligations of the partnership incurred while he was a partner but subject to the prior payment of his separate debts.

SEC. 37. RIGHT TO WIND UP.—Unless otherwise agreed the partners who have not wrongfully dissolved the partnership or the legal representative of the last surviving partner, not bankrupt, has the right to wind up the partnership affairs: *Provided, however*, That any partner, his legal representative or his assignee, upon cause shown, may obtain winding up by the court.

SEC. 38. RIGHTS OF PARTNERS TO APPLICATION OF PARTNERSHIP PROPERTY.—(1) When dissolution is caused in any way, except in contravention of the partnership agreement, each partner, as against his copartner and all persons claiming through them in respect of their interests in the partnership, unless otherwise agreed, may have the partnership property applied to discharge its liabilities, and the surplus applied to pay in cash the net amount owing to the respective partners. But if dissolution is caused by expulsion of a partner bona fide under the partnership agreement and if the expelled partner is discharged from all partnership liabilities, either by payment or agreement under section 36(2), he shall receive in cash only the net amount due him from the partnership.

(2) When dissolution is caused in contravention of the partnership agreement the rights of the partners shall be as follows:

(a) Each partner who has not caused dissolution wrongfully shall have—

(I) all the rights specified in paragraph (1) of this section, and

(II) the right, as against each partner who has caused the dissolution wrongfully, to damages for breach of the agreement.

(b) The partners who have not caused the dissolution wrongfully, if they all desire to continue the business in the same name, either by themselves or jointly with others, may do so, during the agreed term for the partnership and for that purpose may possess the partnership property, provided they secure the payment by bond approved by the court, or pay to any partner who has caused the dissolution wrongfully, the value of his interest in the partnership at the dissolution, less any damages recoverable under clause (2)(a)(II) of this section, and in like manner indemnify him against all present or future partnership liabilities.

(c) A partner who has caused the dissolution wrongfully shall have—

(I) if the business is not continued under the provisions of paragraph (2)(b) all the rights of a partner under paragraph (1), subject to clause (2)(a)(II) of this section,

(II) if the business is continued under paragraph (2)(b) of this section, the right as against his copartners and all claiming through them in respect of their interests in the partnership to have the value of his interest in the partnership, less any damages caused to his copartners by the dissolution, ascertained and paid to him in cash, or the payment secured by bond approved by the court, and to be released from all existing liabilities of the partnership; but in ascertaining the value of the partner's interest the value of the goodwill of the business shall not be considered.

SEC. 39. RIGHTS WHERE PARTNERSHIP IS DISSOLVED FOR FRAUD OR MISREPRESENTATION.—Where a partnership contract is rescinded on the ground of the fraud or misrepresentation of one of the parties thereto, the party entitled to rescind is, without prejudice to any other right, entitled—

(a) to a lien on, or right of retention of, the surplus of the partnership property after satisfying the partnership liabilities to third persons for any sum of money paid by him for the purchase of an interest in the partnership and for any capital or advances contributed by him; and

(b) To stand, after all liabilities to third persons have been satisfied, in the place of the creditors of the partnership for any payments made by him in respect of the partnership liabilities; and

(c) To be indemnified by the person guilty of the fraud or making the representation against all debts and liabilities of the partnership.

SEC. 40. RULES FOR DISTRIBUTION.—In settling accounts between the partners after dissolution, the following rules shall be observed, subject to any agreement to the contrary:

(a) The assets of the partnership are—

(I) the partnership property,

(II) the contributions of the partners necessary for the payment of all the liabilities specified in clause (b) of this paragraph.

(b) The liabilities of the partnership shall rank in order of payment, as follows:

(I) Those owing to creditors other than partners,

(II) Those owing to partners other than for capital and profits,

(III) Those owing to partners in respect of capital,

(IV) Those owing to partners in respect of profits.

(c) The assets shall be applied in the order of their declaration in clause (a) of this paragraph to the satisfaction of the liabilities.

(d) The partners shall contribute, as provided by section 18(a), the amount necessary to satisfy the liabilities; but if any, but not all, of the partners are insolvent, or, not being subject to process, refuse to contribute,

the other partners shall contribute their share of the liabilities, and, in the relative proportions in which they share the profits, the additional amount necessary to pay the liabilities.

(e) An assignee for the benefit of creditors or any person appointed by the court shall have the right to enforce the contributions specified in clause (d) of this paragraph.

(f) Any partner or his legal representative shall have the right to enforce the contributions specified in clause (d) of this paragraph, to the extent of the amount which he has paid in excess of his share of the liability.

(g) The individual property of a deceased partner shall be liable for the contributions specified in clause (d) of this paragraph.

(h) When partnership property and the individual properties of the partners are in possession of a court for distribution, partnership creditors shall have priority on partnership property and separate creditors on individual property, saving the rights of lien or secured creditors as heretofore.

(i) Where a partner has become bankrupt or his estate is insolvent the claims against his separate property shall rank in the following order:

(I) Those owing to separate creditors,

(II) Those owing to partnership creditors,

(III) Those owing to partners by way of contribution.

SEC. 41. LIABILITY OF PERSONS CONTINUING THE BUSINESS IN CERTAIN CASES.—(1) When any new partner is admitted into an existing partnership, or when any partner retires and assigns (or the representative of the deceased partner assigns) his rights in partnership property to two or more of the partners, or to one or more of the partners and one or more third persons, if the business is continued without liquidation of the partnership affairs, creditors of the first or dissolved partnership are also creditors of the partnership so continuing the business.

(2) When all but one partner retire and assign (or the representative of a deceased partner assigns) their rights in partnership property to the remaining partner, who continues the business without liquidation of partnership affairs, either alone or with others, creditors of the dissolved partnership are also creditors of the person or partnership so continuing the business.

(3) When any partner retires or dies and the business of the dissolved partnership is continued as set forth in paragraphs (1) and (2) of this section, with the consent of the retired partners or the representative of the deceased partner, but without any assignment of his right in partnership property, rights of creditors of the dissolved partnership and of the creditors of the person or partnership continuing the business shall be as if such assignment had been made.

(4) When all the partners or their representatives assign their rights in partnership property to one or more third persons who promise to pay the debts and who continue the business of the dissolved partnership, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(5) When any partner wrongfully causes a dissolution and the remaining partners continue the business under the provisions of section 38(2)(b), either alone or with others, and without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(6) When a partner is expelled and the remaining partners continue the business either alone or with others, without liquidation of the partnership affairs, creditors of the dissolved partnership are also creditors of the person or partnership continuing the business.

(7) The liability of a third person becoming a partner in the partnership continuing the business, under this section, to the creditors of the dissolved partnership shall be satisfied out of partnership property only.

(8) When the business of a partnership after dissolution is continued under any conditions set forth in this section, the creditors of the dissolved partnership, as against the separate creditors of the retiring or deceased partner or the representatives of the deceased partner, have a prior right to any claim of the retired partner or the representative of the deceased partner against the person or partnership continuing the business on account of the retired or deceased partner's interest in the dissolved partnership or on account of any consideration promised for such interest or for his right in partnership property.

(9) Nothing in this section shall be held to modify any right of creditors to set aside any assignment on the ground of fraud.

(10) The use by the person or partnership continuing the business of the partnership name, or the name of a deceased partner as part thereof, shall not of itself make the individual property of the deceased partner liable for any debts contracted by such person or partnership.

SEC. 42. RIGHTS OF RETIRING OR ESTATE OF DECEASED PARTNER WHEN THE BUSINESS IS CONTINUED.—When any partner retires or dies, and the business is continued under any of the conditions set forth in section 41 (1), (2), (3), (5), (6), or section 38(2)(b), without any settlement of accounts as between him or his estate and the person or partnership continuing the business, unless otherwise agreed, he or his legal representative, as against such persons or partnership, may have the value of his interest at the date of dissolution ascertained, and shall receive as an ordinary creditor an amount equal to the value of his interest in the dissolved partnership with interest, or, at his option or at the option of his legal representative, in lieu of interest, the profits attributable to the use of his right in the property of the dissolved partnership; provided that the creditors, or the representative of the retired or deceased creditors of the dissolved partnership as against the separate partner, shall have priority on any claim arising under this section, as provided by section 41(8) of this Act.

SEC. 43. ACCRUAL OF RIGHT TO ACCOUNT.—The right to an account of his interest shall accrue to any partner, or his legal representative, as against the winding up partners or the surviving partners or the person or partnership continuing the business, at the date of dissolution, in the absence of any agreement to the contrary.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to establish statutory authority for the formation and conduct of partnerships in the District of Columbia, and to make the law more certain and uniform with respect thereto by enacting into law the Uniform Partnership Act, already in effect in three-fourths of the States.

Existing law in the District of Columbia was enacted over 60 years ago—act of March 3, 1901, 31 Stat. 1414; District of Columbia Code, 1961 edition, sections 41–201 through 41–204—and has been in effect without change or modification since. Inadequate of itself, nevertheless it will be retained as a desirable supplement to the more basic and fundamental provisions of H.R. 12675.

The Uniform Partnership Act was approved by the National Conference of Commissioners on Uniform State Laws in 1914, and by the American Bar Association the following year. Since then, it has been adopted by and is in effect in 39 States, including Maryland—in 1916—and Virginia—in 1918.

The present statutory law in the District of Columbia is most inadequate and extremely limited in application. It applies solely to the composition by a partner of his liability to a partnership creditor upon dissolution of the partnership.

This aspect of partnership law, though important, is only a small part of the general body of partnership law as developed through the centuries by courts in this country and abroad. Existing law in the District does not cover the more basic and fundamental facets of partnership law such as, first, the nature of the partnership relationship itself; second, the relationship of the partners inter se; third, the property rights of partners; fourth, the dissolution and termination of the partnership; and, fifth, relations of the partners to third persons dealing with the partnership other than the composition of liability therewith upon dissolution of the partnership. These are embodied in the Uniform Partnership Act embraced within H.R. 12675.

Uniformity of law becomes a practical necessity in a metropolitan area such as this, where the zone of commercial activity spans three separately governed jurisdictions. Frequently, residents of Virginia and Maryland desire to join together with District of Columbia residents to conduct a partnership business which may be located in any one or all three jurisdictions. Enactment of the reported bill would eliminate many incongruities and inequities implicit in such circumstances by bringing the law of the District into conformity with the laws of its neighboring States, Maryland and Virginia.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

CONCERNING GIFTS TO MINORS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 11018) to amend the act concerning gifts to minors in the District of Columbia, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act concerning gifts of securities to minors in the District of Columbia", approved August 3, 1956 (70 Stat. 1028; D.C. Code, sec. 21–214), is amended to read as follows:

"SECTION 1. As used in this Act, the following terms shall have the meaning ascribed to each:

"(1) 'Adult': one who has attained the age of twenty-one years.

"(2) 'Bank': any person or association of persons carrying on the business of banking, whether incorporated or not, in the District of Columbia.

"(3) 'Broker': one who is lawfully engaged in the business of effecting transactions in securities for the account of others; a bank which effects such transactions; and one who is lawfully engaged in buying and selling securities for his own account, through a broker or otherwise, as a part of a regular business.

"(4) 'Court': The United States District Court for the District of Columbia.

"(5) 'Custodial property':

"(A) All securities and money, under the supervision of the same custodian for the same minor as a consequence of a gift or gifts made to the minor in the manner prescribed in this Act;

"(B) The income from the custodial property; and

"(C) The proceeds, immediate and remote, from the sale, exchange, conversion, investment, reinvestment, or other disposition of such securities, money, and income.

"(6) 'Custodian': one so designated in the manner prescribed in this Act.

"(7) 'Guardian of a minor': the general guardian, guardian, tutor, or curator of the minor's property, estate or person.

"(8) 'Issuer': one who places or authorizes the placing of his name on a security (other than as a transfer agent) to evidence that it represents a share, participation or other interest in his property or in an enterprise or to evidence his duty or undertaking to perform an obligation evidenced by the security, or who becomes responsible for or in place of any such person.

"(9) 'Legal representative': the executor or the administrator, general guardian, committee, conservator, tutor, or curator of a person's property or estate.

"(10) 'Member of a minor's family': any of the minor's parents, grandparents, brothers, sisters, uncles, and aunts, whether of the whole blood or the half blood, or by or through legal adoption.

"(11) 'Minor': one who has not attained the age of twenty-one years.

"(12) 'Security': any note, stock, treasury stock, bond, debenture, evidence of indebtedness, certificate of interest or participation in an oil, gas, or mining title or lease or in payments out of production under such a title or lease, collateral trust certificate, transferable share, voting trust certificate, or, in general, any interest or instrument commonly known as an interim certificate, receipt, or certificate of deposit for, or any warrant or right to subscribe to or purchase, any of the foregoing. 'Security' does not include a security of which the donor is the issuer. A 'security' is in 'registered form' when it specifies a person entitled to it or to the right it evidences and its transfer may be registered upon books maintained for that purpose by or on behalf of the issuer.

"(13) 'Transfer agent': one who acts as authenticating trustee, transfer agent, registrar, or other agent for an issuer in the registration of transfers of its securities or in the issue of new securities or in the cancellation of surrendered securities.

"(14) 'Trust company': a bank authorized to exercise trust powers.

"SEC. 2. (a) An adult may, during his lifetime, make a gift of a security or money, to one who is a minor on the date of the gift, if the subject of the gift is a security—

"(1) in registered form, by registering it in the name of the donor, another adult, or a trust company followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act';

"(2) not in registered form, by delivering it to an adult other than the donor or a trust company, accompanied by a statement of gift in the following form, in substance, signed by the donor and the designated custodian:

"GIFT UNDER THE DISTRICT OF COLUMBIA UNIFORM GIFTS TO MINORS ACT

"I, (name of donor), hereby deliver to (name of custodian) as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act, the following security(ies); (insert an appropriate description of the security or securities delivered sufficient to identify it or them).

(signature of donor)

Dated:_____

(Name of custodian) hereby acknowledges receipt of the above described security(ies) as custodian for the above minor under the above Act.

(signature of custodian)

Dated:_____

"(3) If the subject of the gift is money, by paying or delivering it to a broker or a bank for credit to an account in the name of the donor, another adult, or a bank with trust powers, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'.

"(b) Any gift made in the manner prescribed in subsection (a) may be made to only one minor.

"(c) A donor who makes a gift to a minor as prescribed in subsection (a) shall promptly do all things within his power to put the subject of the gift in the possession and control of the custodian, but neither the donor's failure to comply with this subsection, nor his designation of an ineligible person as custodian, nor renunciation by the person designated as custodian shall affect the consummation of the gift.

"SEC. 3. (a) A gift made as prescribed in this Act shall be irrevocable and convey to the minor indefeasibly vested legal title to the security or money, given, but no guardian of the minor shall have any right, power, duty, or authority with respect to the custodial property except as provided in this Act.

"(b) By making a gift in the manner prescribed in this Act, the donor incorporates in his gift all the provisions thereof and grants to the custodian, and to any issuer, transfer agent, bank, broker, or third person dealing with a custodian, the respective powers, rights, and immunities provided in this Act.

"SEC. 4. (a) Only one person may be the custodian. He shall collect, hold, manage, invest, and reinvest the custodial property.

"(b) The custodian shall pay over to the minor for expenditure by him, or expend for the minor's benefit, so much of or all the custodial property as the custodian deems advisable for the support, maintenance, education, and benefit of the minor in the manner, at the time or times, and to the extent that the custodian in his discretion deems suitable and proper, with or without court order, with or without regard to the duty of himself or of any other person to support the minor or his ability to do so, and with or without regard to any other income or property of the minor which may be applicable or available for any such purpose.

"(c) The court, on the petition of a parent or guardian of the minor or of the minor, if he has attained the age of fourteen years, may order the custodian to pay over to the minor for expenditure by him or to expend so much of or all the custodial property as is necessary for the minor's support, maintenance, or education.

"(d) To the extent that the custodial property is not so expended, the custodian shall deliver or pay it over to the minor on his attaining the age of twenty-one years or, if the minor dies before attaining that age, he shall thereupon deliver or pay it over to the estate of the minor.

"(e) The custodian, notwithstanding statutes restricting investments by fiduciaries, shall invest and reinvest the custodial property as would a prudent person of discretion and intelligence who is seeking a reasonable income and the preservation of capital, except that he may, in his discretion and without liability to the minor or his estate, retain a security given to the minor in the manner prescribed in this Act.

"(f) The custodian may sell, exchange, convert, or otherwise dispose of custodial property in the manner, at the time or times, for the price or prices, and upon the terms he deems advisable. He may vote in person or by general or limited proxy a security which is custodial property. He may consent, directly or through a committee or other agent, to the reorganization, consolidation, merger, dissolution, or liquidation of an issuer, a security which is custodial property, and to the sale, lease, pledge, or mortgage of any property by or to such an issuer, and to any other action by such an issuer. He may execute and deliver any and all instruments in writing which he deems advisable to carry out any of his powers as custodian.

"(g) The custodian shall register each security which is custodial property and in registered form in the name of the custodian, followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'. He shall hold all money which is custodial property in an account with a broker or in a bank in the name of the custodian, followed, in substance, by the same words. He shall keep all other custodial property separate and distinct from his own property in a manner to identify it clearly as custodial property.

"(h) The custodian shall keep records of all transactions with respect to the custodial property, and make them available for inspection at reasonable intervals by a parent or legal representative of the minor or by the minor, if he has attained the age of fourteen years.

"(i) A custodian shall have and hold as powers in trust, with respect to the custodial property, in addition to the rights and powers provided in this Act, all the rights and powers which a guardian has with respect to property not held as custodial property.

"SEC. 5. (a) A custodian shall be entitled to reimbursement from the custodial property for his reasonable expenses incurred in the performance of his duties.

"(b) A custodian may act without compensation for his services.

"(c) Unless the custodian is a donor, he may receive from the custodial property reasonable compensation for his services determined by one of the following standards in the following order:

"(1) A direction by the donor when the gift is made;

"(2) Any statute of the District of Columbia applicable to custodians;

"(3) Any statute of the District of Columbia applicable to guardians;

"(4) An order of the court.

"(d) Except as otherwise provided in this Act, a custodian shall not be required to give a bond for the performance of his duties.

"(e) A custodian not compensated for his services shall not be liable for losses to the custodial property unless they result from his bad faith, intentional wrongdoing, or gross negligence or from his failure to maintain the standard of prudence in investing the custodial property provided in this Act.

"SEC. 6. (a) Only an adult member of the minor's family, a guardian of the minor, or a trust company shall be eligible to become successor custodian. A successor custodian

shall have all the rights, powers, duties, and immunities of a custodian designated in the manner prescribed by this Act.

"(b) A custodian, other than the donor, may resign and designate his successor by—

"(1) executing an instrument of resignation designating the successor custodian; and

"(2) causing each security which is custodial property and in registered form to be registered in the name of the successor custodian followed, in substance, by the words: 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act'; and

"(3) delivering to the successor custodian the instrument of resignation, each security registered in the name of the successor custodian, and all other custodial property together with any additional instruments required for the transfer thereof.

"(c) A custodian, whether or not a donor, may petition the court for permission to resign and for the designation of a successor custodian.

"(d) If the person designated as custodian is not eligible, renounces or dies before the minor attains the age of twenty-one years, the guardian of the minor shall be successor custodian. If the minor has no guardian, a donor, his legal representative, the legal representative of the custodian, an adult member of the minor's family, or the minor, if he has attained the age of fourteen years, may petition the court for the designation of a successor custodian.

"(e) A donor, the legal representative of a donor, an adult member of the minor's family, a guardian of the minor or the minor, if he has attained the age of fourteen years, may petition the court that, for cause shown in the petition, the custodian be removed and a successor custodian be designated or, in the alternative, that the custodian be required to give bond for the performance of his duties.

"(f) Upon the filing of a petition as provided in this section, the court shall grant an order, directed to the persons and returnable on such notice as the court may require, to show cause why the relief prayed for in the petition should not be granted and, in due course, grant such relief as the court finds to be in the best interests of the minor.

"SEC. 7. (a) The minor, if he has attained the age of fourteen years, or the legal representative of the minor, an adult member of the minor's family, or a donor or his legal representative may petition the court for an accounting by the custodian or his legal representative.

"(b) The court, in a proceeding under this Act or otherwise, may require or permit the custodian or his legal representative to account and, if the custodian is removed, shall so require and order delivery of all custodial property to the successor custodian and the execution of all instruments required for the transfer thereof.

"SEC. 8. No issuer, transfer agent, bank, broker, or other person acting on the instructions of or otherwise dealing with any person purporting to act as a donor or in the capacity of a custodian shall be responsible for determining whether the person designated by the purported donor or purporting to act as a custodian has been duly designated or whether any purchase, sale, or transfer to or by or any other act of any person purporting to act in the capacity of custodian is in accordance with or authorized by this Act, and shall not be obliged to inquire into the validity or propriety under the provisions of this Act of any instrument or instructions executed or given by a person purporting to act as a donor or in the capacity of a custodian, and shall not be bound to see to the application by any person purporting to act in the capacity of a custodian of any money or other property paid or delivered to him.

"SEC. 9. (a) The provisions of this Act shall be construed to effectuate the general purpose thereof to make uniform the law of those States which enact such provisions.

"(b) This Act shall not be construed as providing an exclusive method for making gifts to minors.

"SEC. 10. If any provision of this Act or the application thereof is held invalid, the other provisions or applications of such provisions shall not be affected thereby.

"SEC. 11. This Act may be cited as the 'District of Columbia Uniform Gifts to Minors Act'."

SEC. 2. (a) All laws or parts of laws in conflict with any provision of this Act are hereby repealed.

(b) The amendments made to the Act of August 3, 1956 (70 Stat. 1028; D.C. Code, secs. 21–214 et seq.), by the first section of this Act shall not affect any right or liability under such Act of August 3, 1956, existing on December 31, 1962.

SEC. 3. This Act shall take effect January 1, 1963.

With the following committee amendments:

On page 2, line 12, strike out "and money" and insert in lieu thereof ", money, life insurance and annuity contracts".

On page 2, line 21, following the word "money," insert "life insurance and annuity contracts,".

On page 3, immediately after line 13, insert the following:

" 'Life insurance and annuity contracts': shall include only insurance and annuity contracts on the life of a minor or a member of the minor's family as herein defined."

On page 3, lines 14, 18, and 20, strike out "(10)", "(11)", and "(12)", and insert in lieu thereof "(11)", "(12)", and "(13)" respectively.

On page 4, line 2, strike out the word "an" and insert in lieu thereof: "a security, or any certificate of interest of participation in, any temporary or."

On page 4, lines 10 and 15, strike out "(13)" and "(14)", and insert in lieu thereof "(14)" and "(15)", respectively.

On page 4, line 18, strike out "or money" and insert in lieu thereof ", money, life insurance or annuity contract".

On page 5, immediately before line 5, insert the following:

"(3) If the subject of the gift is a life insurance or annuity contract, the ownership of the contract shall be registered by the donor of such contract in his own name or in the name of an adult member of the guardian of the minor, followed by the words minor's family or in the name of any 'as custodian for (name of minor) under the District of Columbia Uniform Gifts to Minors Act', and such contract shall be delivered to the person in whose name it is thus registered as custodian. If the contract is registered in the name of the donor, as custodian, such registration shall of itself constitute the delivery required by this section."

On page 5, line 5, strike out "(3)" and insert in lieu thereof "(4)".

On page 6, line 7, strike out "or money" and insert in lieu thereof ", money, life insurance or annuity contract".

On page 6, line 14, immediately after "broker," insert "insurance company,".

On page 7, line 13, immediately after "or pay" insert "it".

On page 9, immediately after line 8, insert the following:

"(j) If the subject of the gift is a life insurance or annuity contract, the custodian shall have all of the incidents of ownership in the contract which he may hold as custodian to the same extent as if he were the owner thereof personally. The designated beneficiary of any such contract held by a custodian shall be the minor or, in the event of his death, the minor's estate."

On page 10, lines 11 and 12, strike out "member of the minor's family".

On page 10, line 22, immediately after "registered form" insert "and each life insurance or annuity contract".

On page 11, line 5, immediately after "successor custodian," insert "each life insurance or annuity contract registered in the name of the successor custodian,".

On page 12, line 20, immediately after "broker," insert "insurance company,".

The committee amendments were agreed to.

Mr. WHITENER. Mr. Speaker, the purpose of the bill is to substitute the "Uniform" Gifts to Minors Act for the present District of Columbia "Model" Gifts to Minors Act, approved August 3, 1956—70 Stat. 1028; District of Columbia Code, 1961 edition, sections 21–204 and the following. The effect will be to broaden the old "model" present law to permit gifts of money and insurance, as well as securities, to a minor; to enlarge the choice of custodians; and to permit compensation to said custodians.

Early experience in various States—14—with the Model Act led to the drafting of a shorter, improved version, called the Uniform Gifts to Minors Act, which was approved by the National Conference of Commissioners on Uniform State Laws and by the American Bar Association, and is the basis of H.R. 11018. The Uniform Act has had almost nationwide acceptance. As of today it has been enacted and is in effect in 47 States; only three—Alaska, Georgia, and New Jersey—and the District of Columbia still use the earlier model law.

H.R. 11018, as reported, defines "custodial property" to mean "securities, money, life insurance, and annuity contracts." Eight of the States which have adopted the Uniform Act, Illinois, Kentucky, New Hampshire, North Carolina, Ohio, Wisconsin, Massachusetts, and Michigan—likewise include "insurance" in their Uniform Acts. It is recommended by the American Life Convention and the Life Insurance Association of America, having a combined membership of 306 life insurance companies—representing 94 percent of the legal reserve life insurance business in the United States—150 of which do business in the District of Columbia.

The committee intends the phrase "life insurance" to include endowment policies, it having been advised by the local insurance associations that this is a proper interpretation of said language in this jurisdiction. The specific amendments reported with respect to insurance follow closely the provisions in the North Carolina and Kentucky statutes, and they restrict the life insurance under the bill to insurance on the life of a minor or a member of the minor's family.

With respect to custodians, the bill, as reported, provides that the donor may select as custodian any adult person in whom he has confidence, and this includes banks and trust companies. These, as well as the guardian of the minor, may also qualify as successor custodian.

Under present law, a custodian receives no compensation unless he is a court appointed guardian, and the property is held by him as guardian. To compensate the nonfamily types of custodians, permitted under the reported bill, provision is made to permit compensation to the custodians.

As with present law, the bill provides that the gifts permitted under the bill vest indefeasible legal title in the minor, and may not be revoked by the donor. The bill also follows the Uniform Act by broadening existing law to permit gifts of money for investment under the "prudent man" rule prescribed in section 4(e).

No opposition to the bill was expressed in the public hearings held. In addition to those mentioned, the Bar Association of the District of Columbia, the Association of Stock Exchange Firms of New York, and the Board of Commissioners of the District of Columbia also urge the passage of this bill.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

REPORTS OF COLLISIONS IN DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill—H.R. 8737—to amend section 10 of the District of Columbia Traffic Act, 1925, as amended, so as to require reports of collisions in which motor vehicles are involved, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (a) of section 10 of the District of Columbia Traffic Act, 1925, as amended (43 Stat. 1124; sec. 40-609(a), D.C. Code, 1951 ed.), is amended (a) by adding at the end of the first paragraph the following: "In addition to the preceding requirements with respect to the action to be taken immediately in cases involving personal injury or substantial damage to property, every person who, in the District of Columbia, operates a motor vehicle which is involved in a collision with any person or object, shall, within forty-eight hours from the time such collision occurs, make a written report thereof to the Chief of Police, on a form prescribed by him. Such written report shall be made without regard to the extent or amount of the damage or degree of personal injury resulting from such collision. In the event the operator of a motor vehicle involved in a collision is injured or otherwise disabled to such an extent as to render him incapable, in the opinion of his attending physician, of making any report of the collision within the time required by this subsection, such operator shall make such report within forty-eight hours after the date on which, in the opinion of his attending physician, he can reasonably be expected to have recovered from his injury or other disability to the extent of being able to prepare and submit the required report."; and (b) by striking "substantial" in the third paragraph.

SEC. 2. Nothing in this Act shall be construed so as to affect the authority vested in the Commissioners by Reorganization Plan Numbered 5 of 1952 (66 Stat. 824). The performance of any function vested by this Act in the Commissioners or in any office or agency under the jurisdiction and control of said Commissioners may be delegated by said Commissioners in accordance with section 3 of such plan.

With the following committee amendments:

Page 2, beginning line 1, strike out the words "with any person or object, shall, within forty-eight hours from the time such collision occurs" and substitute in lieu thereof the words "which has resulted in damage to the property of any one person in excess of $100 or in bodily injury to or in the death of any person, shall immediately".

Page 2, line 5, strike out the words "extent or amount of the damage or".

Page 2, line 10, strike out the words "within the time" and substitute in lieu thereof the word "as".

The committee amendments were agreed to.

Mr. WHITENER. Mr. Speaker, at present, only those motor vehicle collisions in the District of Columbia which involve personal injury are required to be reported to the Police Department. In addition, collisions which result in property damage in excess of $100 must be reported to the District of Columbia Safety Responsibility Officer, who functions as part of the Department of Motor Vehicles. However, these reports do not reach the Police Department, and hence the only motor vehicle accidents not involving personal injury which come to the attention of the District of Columbia Police Department are those which are voluntarily reported to them.

This situation came to our attention a year or more ago, when it developed in a hearing that the Police Department was unable to furnish statistics as to the frequency of motor vehicle accidents in a certain heavily traveled area of the city, because only those accidents resulting in personal injury would necessarily have been reported to them.

We were informed that during fiscal year 1962, some 9,000 motor vehicle accidents involving substantial property damage in the District of Columbia were never reported in any way to the Police Department. This situation is unsatisfactory for several important reasons.

The safety responsibility officer's chief function is to ascertain the financial ability of the drivers of the vehicles in collisions to satisfy claims which are brought against them as a result, and in some cases to take steps which may lead to the suspension or revocation of drivers' permits. While this is of course a useful and important service, the fact remains that the Safety Responsibility Division cannot initiate court action against any of the drivers in these 9,000 accidents per year, and in many such cases, particularly those involving repeat offenders, legal prosecution is the only adequate means of serving the interest of public safety.

Also, the Police Department's accident reports are made available to the Bureau of Traffic Engineering of the District of Columbia Highway Department, where they serve as an invaluable guide to the identification of dangerous areas in the city's street system. The reports to the safety responsibility officer, on the other hand, are said not to be suitable for this purpose, and hence 9,000 possible indications of need for correction of perilous street conditions are lost each year.

I feel that these conditions should not be allowed to continue, and that the protection of the public demands the improvements which will be possible only when all such motor vehicle accidents are required to be reported immediately to the Chief of Police.

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

Mr. Speaker, will the gentleman give us a brief explanation of the purpose of this bill?

Mr. WHITENER. I am happy to. At present in the District of Columbia only those motor vehicle collisions which involve personal injury are required to be reported to the Police Department. In addition, collisions which result in property damage in excess of $100 must be reported to the safety responsibility officer through a functionary of the Department of Motor Vehicles. These reports do not reach the Police Department and therefore the only motor vehicle accidents not involving personal injury which come to the attention of the Police Department are those which are voluntarily reported to them.

Briefly, I can tell the gentleman that according to the testimony before the committee there were some 9,000 motor vehicle accidents involving substantial property damage in the District of Columbia during 1962 fiscal year which were never reported to the Police Department. This came up in the hearings on another matter before the subcommittee of which I am the chairman and hence this bill was introduced. While we feel that the reporting to the Safety Responsibility Division is important from the standpoint of civil damages and statistical data as to highway safety we also feel that the Police Department should be the recipient of this information where the damage exceeds $100 to the property of any person involved.

Mr. GROSS. The bill states as follows, "shall immediately make a written report thereof to the Chief of Police, on a form prescribed by him."

I take it that in the case of an accident involving an estimated damage of $100 or more, it would be sufficient for the person or persons involved in the accident to go to any precinct police station, and this would meet the requirement of making a report to the Chief of Police?

Mr. WHITENER. There is no question about that. In many cases the report can be made at the scene of the collision to the investigating officer.

Mr. GROSS. There is nothing in the bill to that effect. It says only that the report must be made to the Chief of

Police. The bill does not state that the report can be made to the investigating officer or to any precinct station. I am confident the gentleman is correct and it is my purpose only to establish legislative intent.

Mr. WHITENER. We have to presuppose as we use the words "Chief of Police" that we are referring to the Department. That is the intent, and I am sure that there will be no problem created by the legislation such as the gentleman means to convey.

Mr. GROSS. The gentleman probably cannot answer this question and I am not addressing it to him, but I assume that had the accident in which a Mr. Powers, an employee at the White House, and his family, was involved last Friday evening, using a White House car and an Army chauffeur to drive him to the President's rest haven up at Camp David, occurred in the District the details would have been reported to the police since there was at least one serious injury. I am sure the gentleman from North Carolina and the gentleman from Iowa regret injury to anyone in an accident, but otherwise we seem to be unable to find out how White House cars and White House rest havens are being used for the weekend pleasure of White House employees and their families. So if this bill will require a reporting of information that the public might not otherwise obtain, I am glad to support the legislation.

Mr. WHITENER. I am not familiar with the case the gentleman mentions.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

MUNICIPAL COURT FOR THE DISTRICT OF COLUMBIA

Mr. WHITENER. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (H.R. 12708) to increase the jurisdiction of the municipal court for the District of Columbia in civil actions, to change the names of the court, and for other purposes, and ask unanimous consent that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the court established by the first section of the Act entitled "An Act to consolidate the Police Court of the District of Columbia and the Municipal Court of the District of Columbia, to be known as 'the Municipal Court for the District of Columiba', to create 'the Municipal Court of Appeals for the District of Columbia', and for other purposes", approved April 1, 1942, as amended (56 Stat. 190; D.C. Code, sec. 11–751), hereafter shall be known as the "District of Columbia Court of General Sessions". Whenever reference is made in any Act of Congress (other than this Act or the amendments made by this Act) or in any regulation to the Municipal Court for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of General Sessions.

SEC. 2. Subsection (a) of section 4 of such Act, approved April 1, 1942, as amended (D.C. Code, sec. 11–755(a)), is amended to read as follows:

"(a) The District of Columbia Court of General Sessions, as established by this Act, shall consist of the criminal, civil, and small claims and conciliation, and domestic relations branches. The court and each judge thereof shall have and exercise the same powers and jurisdiction as were heretofore had or exercised by the Municipal Court for the District of Columbia or the judges thereof on the day before the effective date of this amendatory subsection, and in addition the said court shall have exclusive jurisdiction of civil actions commenced after the effective date of this amendatory subsection, including such actions against executors, administrators and other fiduciaries, in which the claimed value of personal property or the debt or damages claimed, does not exceed the sum of $10,000 exclusive of interest and costs, and, in addition, shall have jurisdiction of all cross-claims and counterclaims interposed in all actions over which it has jurisdiction regardless of the amount involved: *Provided, however,* That nothing herein shall deprive the United States District Court for the District of Columbia of jurisdiction over counterclaims, cross-claims, or any other claims whether or not arising out of the same transaction or occurrence and interposed in actions over which the United States District Court for the District of Columbia has jurisdiction. The District of Columbia Court of General Sessions shall also have jurisdiction over all cases properly pending in the Municipal Court for the District of Columbia on the effective date of this amendatory subsection."

SEC. 3. Subsection (a) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11–756(a)), is amended to read as follows:

"(a) If, in any action, other than an action for equitable relief, pending on the effective date of this amendatory subsection or thereafter commenced in the United States District Court for the District of Columbia, it shall appear to the satisfaction of the court at or subsequent to any pretrial hearing but prior to trial thereof that the action will not justify a judgment in excess of $10,000, the court may certify such action to the District of Columbia Court of General Sessions for trial. The pleadings in such action, together with a copy of the docket entries and of any orders theretofore entered therein, shall be sent to the clerk of the said Court of General Sessions, together with any deposit for costs, and the case shall be called for trial in that court promptly thereafter; and shall thereafter be treated as though it had been filed originally in the said Court of General Sessions, except that the jurisdiction of that court shall extend to the amount claimed in such action, event though it exceed the sum of $10,000."

SEC. 4. Subsection (c) of section 5 of such Act approved April 1, 1942, as amended (D.C. Code, sec. 11–756(c)), is amended to read as follows:

"(c) The District of Columbia Court of General Sessions shall have the power to compel the attendance of witnesses by attachment and any judge thereof shall have the power in any case or proceeding whether civil or criminal to punish for disobedience of any order, or contempt committed in the presence of the court by a fine not exceeding $50 or imprisonment not exceeding thirty days. At the request of any party subpenas for attendance at a hearing or trial in the District of Columbia Court of General Sessions shall be issued by the clerk of the said court. A subpena may be served at any place within the District of Columbia, or at any place without the District of Columbia that is within one hundred miles of the place of the hearing or trial specified in the subpena. The form, issuance and manner of service of a subpena shall be as prescribed by Rule 45 of the Federal Rules of Civil Procedure."

SEC. 5. (a) Section 1114 of the Act entitled "An Act to establish a code of law for the District of Columbia", approved March 3, 1901 (31 Stat. 1189; D.C. Code, sec. 11–1520), is hereby repealed.

(b) The paragraph relating to witness fees under the heading "District of Columbia" in the Act entitled "An Act making appropriations to supply deficiencies in the appropriations for the fiscal year ending June thirtieth, nineteen hundred and two, and for prior years, and for other purposes", approved July 1, 1902 (32 State 552, 561; D.C. Code, sec. 11–1520a), is amended by striking "cases in the police court of the District of Columbia" and inserting in lieu thereof "criminal cases in the District of Columbia Court of General Sessions".

(c) The fees and travel allowances to be paid any witness compelled by subpena to attend any branch of the District of Columbia Court of General Sessions other than the criminal branch shall be the same amount as paid a witness compelled to attend before the United States District Court for the District of Columbia.

SEC. 6. The court established by section 6 of the Act of April 1, 1942 (56 Stat. 190; D.C. Code, sec. 11–771), hereafter shall be known as the "District of Columbia Court of Appeals". Wherever reference is made in any Act of Congress (other than this Act) or in any regulation to the Municipal Court of Appeals for the District of Columbia, such reference shall be held to be a reference to the District of Columbia Court of Appeals.

SEC. 7. This Act shall take effect on the first day of the first month which begins after the sixtieth day following the date of its enactment.

Mr. WHITENER. Mr. Speaker, the pending measure, H.R. 12708, a bill to increase the jurisdiction of the municipal court for the District of Columbia, to change its names, and for other purposes, is a clean bill. Following hearings on the original bill, H.R. 12202, by a subcommittee of the Committee on the District of Columbia, changes were approved by the subcommittee and H.R. 12708 was introduced.

The purposes of H.R. 12708 are the following: First, to change the name of the municipal court of the District of Columbia to the District of Columbia Court of General Sessions; second, to change the jurisdiction of the court as to the value in controversy by increasing the amount from the present maximum of $3,000 to $10,000; to give the court of general sessions the power to secure the attendance of witnesses within a radius of 100 miles of the place of the hearing or trial; and third, to change the name of the municipal court of appeals of the District of Columbia to the District of Columbia Court of Appeals.

The present maximum jurisdiction amount for the municipal court was established at $3,000 by the act of April 1, 1942—56 Stat. 190. In 1958, when Congress was studying methods of relieving the U.S. district courts of their increasing burden, it was proposed that the jurisdictional amount of the U.S. district courts be increased to a minimum of $10,000.

Such legislation—Public Law 85-554; 72 Stat. 415—was approved and the new jurisdictional minimum has been operative in other U.S. district court jurisdictions but not in the District of Columbia.

The question of increasing the jurisdictional amount of the municipal court of the District of Columbia from $3,000 to $10,000 and the proposal to empower the court to secure attendance of witnesses within a radius of 100 miles came before the Judicial Conference for the District of Columbia in May 1960. Thereafter, study committees were set up to review the problems involved in the proposed changes and to make recommendations for legislative action. The study committee recommendations were reviewed and further views and recommendations were expressed by the judicial council, the judicial conference and the bar association. The pending bill, H.R. 12708, represents the product of this careful legislative effort.

At hearings on the legislation, the committee was advised that the bill was approved by the Judicial Conference for the District of Columbia, the Bureau of the Budget, the Commissioners for the District of Columbia, and the bar association. Favorable testimony was received by the committee in behalf of the chief judge of the U.S. District Court for the District of Columbia, and the chief judge of the U.S. Court of Appeals for the District of Columbia. Similar approval and support for the bill was expressed by representatives of the municipal court of appeals and the municipal court for the District of Columbia. No witness nor any communication to the committee expressed any objection to the legislation.

The first section of the bill provides that the municipal court established by the act of April 1, 1942, shall be known as the District of Columbia Court of General Session. This, the committee believes, is in keeping with the dignity and importance of the court.

Section 2 of the bill provides that the court of general sessions and its judges shall have the same powers and jurisdictions as were available to the court immediately preceding the effective date of these amendments. In addition, the court shall have exclusive jurisdiction of civil actions, including actions against executors, administrators and other fiduciaries where the value in controversy does not exceed $10,000, exclusive of interest and costs. The court of general sessions shall also have jurisdiction of all cross-claims and counterclaims interposed in all actions regardless of the amount of such claims. The section also assures that the U.S. District Court for the District of Columbia shall continue to exercise the same powers as to all actions over which it has jurisdiction.

Section 3 provides that in any action for other than equitable relief, pending on the effective date of these amendments or commenced thereafter in the U.S. District Court for the District of Columbia, if the court is satisfied at or after any pretrial hearing but before trial that the action will not justify a judgment in excess of $10,000, the court may certify the action to the District of Columbia Court of General Sessions. In such case, the pleadings, docket entries, court orders, and any deposit for costs shall be sent to the clerk of the court of general sessions. The case shall be treated as though it had been originally filed in the court of general sessions which shall have jurisdiction even though the amount claimed is in excess of $10,000.

Under the terms of section 4, the court of general sessions is given the power to compel the attendance of witnesses in cases pending before it and enforce its orders. The court may serve subpenas within a 100-mile radius of the place of hearing or trial. The procedure for the service of subpena shall be as prescribed in rule 45 of the Federal Rules of Civil Procedure.

Section 5 of the bill repeals the present provisions of law as to the payment of fees and travel allowances to witnesses in civil cases who are compelled to attend the municipal court of the District of Columbia and provides that such fees and travel allowances shall be the same as in cases before the U.S. District Court for the District of Columbia. This section also continues the present witness fees for the court of general sessions as are provided for the municipal court in criminal cases.

Section 6 of the bill provides for the changing of the name of the "District of Columbia Municipal Court of Appeals" to the "District of Columbia Court of Appeals."

Section 7 provides the effective date for the act. This date is the first day of the first month which begins 60 days after the enactment of the bill.

This bill, H.R. 12708, was reported to the House by the full Committee on the District of Columbia, all members present concurring in recommendation of its approval by the House.

Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

AMENDMENT OF FOREIGN SERVICE BUILDINGS ACT, 1926

Mr. MADDEN. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 741 and ask for its immediate consideration.

The Clerk read the resolution, as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

CALL OF THE HOUSE

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

The SPEAKER pro tempore. Evidently a quorum is not present.

Mr. DAVIS of Tennessee. 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. 190]

Abernethy	Gilbert	Mosher
Andersen, Minn.	Goodell	Moss
	Granahan	Moulder
Avery	Grant	Multer
Baring	Gray	Nedzi
Barrett	Green, Oreg.	O'Brien, N.Y.
Bass, N.H.	Griffiths	O'Hara, Mich.
Battin	Gubser	Osmers
Blitch	Hansen	Powell
Bolling	Harrison, Va.	Purcell
Boykin	Harrison, Wyo.	Randall
Breeding	Harsha	Reece
Brewster	Harvey, Ind.	Riley
Bromwell	Healey	Rogers, Tex.
Broomfield	Hébert	Santangelo
Buckley	Hoffman, Ill.	Saund
Cannon	Hoffman, Mich.	Schadeberg
Casey	Hull	Scott
Celler	Ichord, Mo.	Scranton
Chamberlain	Inouye	Seely-Brown
Clark	Jarman	Shelley
Coad	Jonas	Sheppard
Collier	Jones, Mo.	Shipley
Colmer	Karsten	Shriver
Conte	Kearns	Smith, Miss.
Cook	Kilburn	Smith, Va.
Corman	King, Utah	Spence
Cunningham	Kitchin	Stephens
Curtis, Mass.	Kyl	Stratton
Curtis, Mo.	Landrum	Taber
Derwinski	Lankford	Thompson, La.
Diggs	Latta	Thompson, N.J.
Dingell	Lesinski	Thornberry
Dole	Loser	Tuck
Dooley	McSween	Tupper
Dulski	McVey	Van Zandt
Durno	Macdonald	Weis
Ellsworth	Martin, Mass.	Whitten
Farbstein	Martin, Nebr.	Wickersham
Findley	Mason	Winstead
Flood	Merrow	Yates
Flynt	Minshall	Younger
Frazier	Moeller	Zelenko
Garland	Moore	
Giaimo	Moorhead, Pa.	

The SPEAKER pro tempore. On this rollcall, 303 Members have answered to their names, a quorum.

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

AMENDING THE FOREIGN SERVICE BUILDINGS ACT

The SPEAKER pro tempore. The Chair recognizes the gentleman from Indiana [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH]; and pending that I yield myself such time as I may require.

Mr. Speaker, House Resolution 741 provides for the consideration of H.R. 11880, a bill to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations for the acquisition of sites and buildings in foreign countries for use by the United States, and for other purposes. The resolution

provides for an open rule with 2 hours of general debate.

The purpose of H.R. 11880 is to authorize an appropriation of $31,806,000 for the purchase, construction, major alteration, and long-term leasing of buildings overseas needed by the Department of State in connection with the operation of its 293 posts. The amount authorized in the reported bill will make available to the Department sufficient funds to carry out the 2-year building program justified to the committee. The bill also authorizes the appropriation of such additional sums as may be necessary for the operational activities of the building program such as maintenance, repair, and furnishing. Finally, the bill deletes from existing law all references to the Foreign Service Buildings Commission.

Mr. Speaker, I urge the adoption of House Resolution 741.

Mr. SMITH of California. Mr. Speaker, I yield myself such time as I may consume.

Mr. Speaker, House Resolution 741 provides for the consideration of H.R. 11880, on an open rule with 2 hours of general debate.

The purpose of H.R. 11880 is to authorize an appropriation of $31,806,000 for the purchase, construction, major alteration and long-term leasing of buildings overseas which are maintained by the Department of State in connection with the operation of its 293 posts. This is a 2-year building program. In addition to this money there will be approximately $11 million per year for alterations, repairs and the like.

There is undoubtedly some waste in this program. There are undoubtedly some buildings that will cost more than perhaps we should pay to construct them. But this is the type of program, in my opinion, that is extremely difficult to police. Certainly the Members of the House individually are not able to go around the world and check on the building of these various buildings to determine whether the cost is correct or whether we especially need them. In that regard we rely upon the committee.

The report, in my opinion, is a very good report. I think the testimony of the members of the committee before the Committee on Rules was entirely honest and straightforward.

When this program was originally submitted to the committee on a 4-year basis with $100 million requested, they sent it back to the administration, as I understand it, and said, "We will not do it on a 4-year basis, we are going to reduce this to a period of 2 years. You are asking for too much money." The administration came in with the request for a little over $40 million, and the committee has reduced that to about $32 million.

They have said in all honesty that there are too many people overseas. If they provide fewer facilities for them they think there may be less desire to send more people overseas.

I was impressed by the gentleman from Indiana [Mr. ADAIR] who stated that in his 10 years on this committee he believes this is the most thorough review this program has ever had. The gentleman from Ohio [Mr. HAYS] was very straightforward in saying that the committee intended to police this program to see that there are no waste or unnecessary expenditures therein. We will probably have some questions on Africa, as to whether the buildings there are necessary.

I think the program was considered in a very able way by the committee. I support the bill, and I know of no objection to the rule.

Mr. MADDEN. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

Mr. HAYS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes.

The motion was agreed to.

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 11880, with Mr. DAVIS of Tennessee in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

Mr. HAYS. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I well realize that this piece of legislation is not one which will grip the Committee with consuming interest all the way through it, but I will say that the subcommittee of which I am chairman was faithful in its attendance. We did hear the administration witnesses and examined them thoroughly.

As has been stated in the debate on the rule, we told them to submit a 2-year program, that we felt 4 years was too long for us to give an authorization and try to police it. They did come back with a 2-year program.

We were concerned with the foreign buildings. We hope that we can reduce the amount of money we pay out in rents and quarters allowance and by acquisition we can save the Government money.

In the case of Africa which caused the most questioning in the Committee on Rules, we pointed out that we are paying at the present time in Africa the sum of $1,236,802 for leases. Many of these leases are written in such a way that when they expire, the rental goes up. Space is in very short supply in Africa and rentals are exceedingly high. We have a 2-year program of $5,747,000 for residential buildings which will take care of about half of the personnel that are presently in Africa. I might say, we lectured the Department at length about keeping the number of personnel down. If this building program is carried through, it will result in an annual savings in rents of $707,303 per year; or in 8 years we will have saved enough to pay for the cost of the building program.

The committee felt that this makes sense. We, therefore, have cut the requests for Africa less percentagewise than in any other area.

There were some questions about the situation in Paris. This is a matter to which the committee has given a good deal of study. The problem in Paris as it exists today is that the offices for American personnel are scattered all over the city. We own a lot of property in Paris. There are four different major locations. It is proposed to consolidate and to dispose of some of the property so as to get away from so much driving around from place to place, by consolidating our activities in one place. Although the total appropriation in the bill may seem large, actually the sale of property, the money from which will revert to the Treasury will cut that down to a rather negligible figure.

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

Mr. HAYS. I yield to the gentleman.

Mr. CEDERBERG. With reference to this Paris situation, can the gentleman enlighten us on just what is contemplated? As a member of the appropriations subcommittee handling this very same question, I wonder if the Department of State has really come to a decision as to what they are going to do in the way of consolidation and whether the matter of a new residence for the Ambassador has come up for discussion.

Mr. HAYS. As the gentleman, perhaps, knows, we have an embassy residence on the Avenue Gabrielle. At the moment it is proposed to sell that at quite a good price which is, I believe, approximately a million dollars. We also own property known as the Rothschild property which is about two doors from the chancellery. This property will need extensive rehabilitation, if it is to become usable. But, at the moment it is standing there almost unused. It is one of the most valuable pieces of real estate in Paris. Even by spending a considerable amount of money—more than we will get from the Avenue Gabrielle property—to rehabilitate it, it will be property which will be worth more and which, in my opinion, will go up in value all the time.

The gentleman is familiar with the situation in the Bois de Boulogne where the NATO building is. The French Government has just about agreed to let us have a piece of property directly across the circle which is now part of a park where we can put up an office building so that the people who are directly concerned with the NATO operations will be able to save a lot of time instead of having to drive through Paris from the Talleyrand Palace and other places through heavy traffic. This way they can merely walk across the street to NATO headquarters. But it is the opinion of the subcommittee that it will make a difference of about a million dollars which will be released from the sale of the property from what this program would cost not including the cost of construction of a new office building.

Mr. CEDERBERG. The reason I raise the question is because on this matter of consolidation, I believe, we have about five properties there now and, if I understand correctly, on the Avenue Gabrielle where the main Embassy is at the present time, that will remain intact and we will build another building to be used for the NATO building.

Mr. HAYS. That is correct.

Mr. CEDERBERG. So we will still have two buildings instead of five?

Mr. HAYS. That is right. Then the Ambassador's residence will be moved to the Rothschild property, which is about a half block from the chancellery. This will not require travel through heavy traffic.

Mr. CEDERBERG. The reason I have questioned the Ambassador's residence is because I recognize that in the neighborhood of the present Ambassador's residence you have a traffic problem that does cause some concern. However, in 1948 we paid $1,459,000 for this building and the gentleman knows that if we were to restore the present property it would cost another million and a half. I am taking figures from the hearings in the gentleman's committee. So the expense would be considerable.

I was over there with my colleague, the gentleman from California [Mr. LIPSCOMB]. We went through that Rothschild property. It seemed to us that this would be a good place to build an office building. I understand, however, that they want to be closer to NATO. I realize there are a lot of employees of the present Embassy working under almost intolerable conditions, but I have a deep and serious concern about the fact that we would have some $4 million tied up in a residence for the Ambassador, and that just seems to me exorbitant.

Mr. HAYS. I am sure the gentleman knows the nature of the property. It would be used not only for a residence but many offices would be in the area, so we would get some additional office space. It looks high as the gentleman states it, and his figures are as sound as anything any of us have, but when the gentleman realizes that the purchase of this property was made with counterpart funds, and they are funds we could not use except for acquisitions of this kind that we would probably have lost on conversion, the price is not so high, especially when it is realized we can sell the Avenue d'Ilena property.

Another factor that has to be considered is that it must be in keeping with other buildings in the area—the British Embassy is next to ours. Another factor is adequate space for conferences at the Presidential level and the secretarial level, a problem which arose, as the gentleman will remember, when former President Eisenhower was there with his staff.

The figures look high as the gentleman states them, but as you evaluate them further they do not seem so high.

Another factor that has to be taken into consideration is the Paris Beaux Arts Commission. While the Rothschild mansion may be a shell, French authorities do not want it turned into a high-rise office building.

Mr. CEDERBERG. I realize there is some question with the Beaux Arts people, but I understood that the office could be erected on the back side of the Rothschild property. I had understood the project could be handled so it would be in line with the regulations.

Mr. HAYS. The exterior would have to conform at least to the wishes of the Beaux Arts Commission. You cannot build a high-rise office building within the limitations. I do not know whether the gentleman is familiar with the site by the NATO building. There is space for an office building there no matter what we do with the Rothschild site.

Mr. CEDERBERG. If the gentleman will yield for another question, there is no escaping the fact that the present property needs modernizing; I think it certainly needs it. Is there any thought of moving the entire Embassy out to this NATO area now that we are getting this international complex out there?

Mr. HAYS. If there is, it has not been brought out. We feel this is a sensible solution. The committee was unanimous in its decision as was the subcommittee, and I am sure this can be testified to by the gentlewoman from Ohio [Mrs. BOLTON], and the gentleman from Ohio [Mr. ADAIR], who were very regular in attendance.

We were convinced that is the feasible thing to do, with a very little cash expenditure when you consider what we would be taking in.

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

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

Mr. BARRY. The gentleman stated that this property was purchased with counterpart funds. Would the construction of a new building in NATO and the repair of the Rothschild Building be also with counterpart funds?

Mr. HAYS. We put in the report we expected them to use local currency funds whenever it was available and feasible. I understand there will be an amendment submitted which will write that into the bill. The committee is prepared to accept that amendment. We thought putting it in the report would do the job, but if it is written into the bill, that is fine with me and fine with the other members of the committee, because we consulted with them. Exactly what local currency funds are available in France I do not know, but I think there is sufficient that would probably see this thing through.

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

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

Mr. GROSS. On page 2 of the report it is stated that the subcommittee recommends $31,806,000. On page 5 of the report there is a table which states that the committee recommendation is $27,250,000. Can the gentleman tell me why this difference in figures?

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

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

Mr. ADAIR. I have a copy of the bill here and I may say to the gentleman if he will turn to page 2 of the bill, paragraphs (F) and (G) will total to the amount necessary to increase the $27 million figure to the $31.8 million figure.

Mr. GROSS. So it is then as the committee report states on page 2, $31,806,000?

Mr. HAYS. Yes. That includes the U.S. Information Agency funds. The first figure included only the State Department.

Mr. GROSS. Is this the total expenditure for these buildings or is there other money authorized to be expended by way of counterpart funds that do not show up here?

Mr. HAYS. No. I will say to the gentleman we had intended, and had written into the bill, a continuing authorization for maintenance and repairs. In other words, under the present law, if the wind blows the roof off a building, they have to have money authorized and appropriated to fix it. We met with some questions and resistance in the Rules Committee, I will be very frank with the gentleman, so the committee has an amendment authorizing a specific fund for annual maintenance and repairs for 2 years. I propose at the proper place to offer that amendment. It will be on page 3, line 8, of the bill and will make specific authorization for each of the fiscal years 1963 and 1964. That will run in the neighborhood of $11 million a year. So that the total amount authorized and including new construction, the U.S. Information Agency, maintenance and repairs will total $53 million.

Mr. GROSS. The maintenance and repair item is in addition to the $31 million?

Mr. HAYS. Yes. The $31,806,000 is for acquisition and new construction.

Mr. GROSS. That will total around $50 million.

That would be, then, the total expenditure for new construction, for maintenance and repair, and for renovation and remodeling; is that approximately correct?

Mr. HAYS. That is correct.

Mr. GROSS. What is the situation then with respect to counterpart funds? Will they be purchased out of these funds?

Mr. HAYS. That is right. The local currency funds are held by the Treasury. If we authorize $53 million and if the Committee on Appropriations appropriates substantially that amount, wherever they use local currency funds, it would actually be a bookkeeping transaction. They would take dollars appropriated and pay the Treasury for the like amount of local currency funds and use that currency in construction.

I might tell the gentleman the total amount expended over the years for this program is about 85 percent in local currency funds and not in dollars. Page 4 of the committee report gives the details. We have had a very fine record on that. We have accumulated a substantial amount of property around the world for which we are not paying rent and which we obtained with money which we could not otherwise have used.

I might say further that out of around $241 million total expenditures—all but about $32 million have been local currency funds. About $209 million have been local currency funds.

Mr. GROSS. If the gentleman will yield further, we can thank the farmers of this country and their surpluses disposed of under Public Law 480 for some help in this direction—a small part of the help in this direction?

Mr. HAYS. Yes; very definitely. I would anticipate—and I am speaking

only for myself—that there would be some Public Law 480 funds used in this particular program.

Mr. GROSS. I would hope so.

Mr. HAYS. And, the amendment will provide that to the maximum extent possible they be used. We hope that that will represent a very high and substantial amount.

Mr. GROSS. The gentleman spoke of space and rentals. I do not want to take all of the gentleman's time. Does the gentleman care to yield further?

Mr. HAYS. I would be glad to yield further to the gentleman from Iowa.

Mr. GROSS. The gentleman spoke of space being scarce and rentals high in Africa. The space would not be so scarce and the rentals so high if this Government did not have so many people over there. Does the gentleman agree or disagree with that statement?

Mr. HAYS. The gentleman will agree, and I am sure the distinguished gentleman from Iowa has probably read the hearings more thoroughly than anyone not on the committee.

Mr. GROSS. Yes, I have read the hearings, I will say to the gentleman and they are the most informative that have come out of the Foreign Affairs Committee in years. I commend the gentleman from Ohio and his subcommittee.

Mr. HAYS. The gentleman I think would find in the hearings that the chairman of the subcommittee who is now speaking lectured the representatives of the various agencies and departments repeatedly about the number of people they have. I think we have made some impression upon them, and we are going to keep on doing it, because I could not agree more that many of these African countries, as small as they are, with a small population require a certain basic number of people to run any kind of embassy, but there is no use ballooning the staffs. Therefore, we have made it perfectly clear that within a period of 2 years they are going to get into serious trouble if that situation is not corrected and if these staffs are not brought within reasonable figures.

Mr. GROSS. Is there any evidence of a change in this sort of a situation—and I gleaned this from your hearings—in the request for a $70,000 residence for the Ambassador in Uganda as well as a $175,000 house for the Ambassador in Somalia? Did the committee take a position with respect to changing those plans?

Mr. HAYS. Yes. The committee told them that it thought these figures were too high. I am sure the gentleman can gather this from the hearings: No one was harder on them than I was.

Mr. GROSS. I agree with that. The gentleman repeatedly made his position clear.

Mr. HAYS. But, taking Somalia, for example, it looks like a high figure, and it is a high figure. But one has to take into consideration the fact that there is no water supply, no sewage system, and there is no electricity for this Ambassador's residence and compound. We have to provide our own electrical plant, water system, and a sewage disposal system. These items are what runs the price up in that particular instance. I am against that kind of money being expended in any country like that. We made it clear to them that we expect those figures to be cut down. I am sure the gentleman read about the fight with reference to the Ambassador's residence in Cypress where they wanted $300,000 for the Ambassador's residence.

We told them that this was ridiculous and to forget the plans which they had for such construction, and to obtain some new ones and start over and cut it down at least by 50 percent or better.

If these people who represent the Department will do as we suggest—and frankly I say this without any fear of reservation—they will all try, and if I am chairman of the subcommittee when they come back in the next Congress and they have not done as the subcommittee has indicated or tried to save money, and hold down costs, they will have a real rough time getting any funds at all on which to operate in the future.

Mr. GROSS. Mr. Chairman, I hope that through this and other devices they will be impressed with the necessity of getting rid of some of the surplusage of personnel they have in these foreign countries. As the gentleman from Ohio well stated in the hearings time after time, "You have altogether too many chiefs for the number of Indians you have." I hope the committee will bear down and bear down hard upon this surplus of personnel overseas that brings about unnecessary spending to house and otherwise take care of them.

With respect to Somalia, the gentleman made a very good point in the hearings, I thought, that within 10 years or even less, there may be no Somalia as an independent country, as an entity. If that is true then this Government is going to spend a lot of money to really no good purpose.

Mr. HAYS. Mr. Chairman, I might tell the gentleman an interesting little story about that, and I think I shall take a minute to do it. He might be interested to know that the deskman for Africa came up and wanted me to delete that remark from the hearings because it might offend somebody in Somalia. I said, in the first place, I do not think anybody in Somalia is going to read these hearings; if they do and they are offended by an actual statement of fact, that is just too bad; they would have to be offended.

In other words, the people from the Department did not dictate to the subcommittee. We listened to them, we criticized them, sometimes we sympathized with them. But I think, and I am sure my colleagues on the gentleman's side of the aisle can testify, we made an impression on them.

Mr. GROSS. I thank the gentleman for yielding so much of his time and for his frankness in dealing with this subject.

Mrs. BOLTON. Mr. Chairman, I yield myself such time as I may require.

Mr. Chairman, I simply want to say that I echo in every regard what the chairman of the subcommittee has said. I have been on this committee some time and I can truthfully say that we have never had such thorough hearings, nor have we ever had such a responsive group from the administration. They listened to our complaints and assured us they would conform. We are going to see how much they really digested of what they were given.

The gentleman from Ohio [Mr. HAYS] is an exceedingly hard taskmaster, but he is exceedingly just. There were several times when he and I disagreed, but that is all right, too. The justice of his final word has been very much appreciated in the Department as well as by the other members of the subcommittee.

Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. ADAIR].

Mr. ADAIR. Mr. Chairman, I would urge the committee and the House to adopt this bill. It is a very carefully thought out and worked over piece of legislation. There are two or three things, perhaps, that might be pointed out about it in addition to what has already been said.

In the first place, when this legislation was brought before the subcommittee, it called for a 4-year program costing in the neighborhood of $100 million. It was immediately sent back with the admonition that we did not want that much of a program. When it was returned to us as a 2-year program, it called for the approximate amount of $40 million for the building and long-term leasehold aspects of it.

As has been pointed out, the subcommittee reduced that part of the bill to something over $31 million, a reduction of between $8 and $9 million.

The question always presents itself, I suppose, as to whether an authorization of this sort should be for the world at large without any regional political boundaries or whether it should be made for specific countries. The subcommittee chose neither. It chose, upon reflection and discussion, to make this authorization available by regions of the world. Those who are interested may refer to page 5 of the report and there find the five regions of the world, the amount of the executive request, and the committee recommendations for these various regions. It was felt, Mr. Chairman, that by this device certain elasticity and flexibility would be provided to the Committee on Appropriations to work within these boundaries. We would not be hampering them by tying them down to specific countries but we would be giving them the opportunity to work within these regions of the world. That is what we desire to do.

Reference has been made here earlier this afternoon to the use of local foreign currencies. It has been suggested that possibly an amendment along this line would be offered, and it is my intention to offer such an amendment. In the hearing before the Committee on Rules the gentleman from Kansas [Mr. AVERY] and others suggested that although we have wording in the report and although the hearings are replete with statements that local currencies would be used, and although the record indicates that such has been the case in the past, many

would feel more assurance if we did actually write into the legislation the stipulation that these currencies must be used to the extent possible. Therefore, at the appropriate time this will be done.

Mr. Chairman, I should like to conclude by echoing a statement that has been made here today, that is, that I think within the experience of most of us now serving on the Committee on Foreign Affairs this proposal has received the most careful consideration by all odds of any such proposals as have come before us. We went over the situations country by country, city by city, and project by project. It is true that in many of these areas, and I would refer particularly to some of the newly independent nations of Africa, the costs seem excessive, but we made the closest inquiry upon these matters. We required assurance that the U.S. Government was not paying more than other countries or other individuals. In case after case we went into it on this basis. So that although the costs do seem high, as the chairman of the subcommittee has indicated, in practically all instances we believe they are comparable with costs for similar developments in the respective countries.

On the basis of the study that has been made and the assurances which have been given, and upon the further basis of the amendments which are to be offered, I would urge the adoption of this legislation.

Mr. HAYS. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. MONAGAN].

Mr. MONAGAN. Mr. Chairman, I rise in support of this bill.

This is really a housekeeping bill. It is something that we as a nation are compelled to consider and act upon as a result of the many branches of our Foreign Service which represent us throughout the world. Certainly, it costs us a great deal of money but it is a necessity for the proper carrying on of our diplomatic service that the members of the Foreign Service and the office in which they do their work should be physically adequate. This is a somewhat complex matter because the buildings with which we are concerned are located all over the world. Many of them are situated in Africa, as the chairman has said, and the need for action there has come suddenly.

The birth of these new governments is something over which we have no control. That is beyond our power, but it is necessary, when governments are created, that we have representatives to deal with them and, therefore, this housekeeping or functional activity is necessary.

I want to express my appreciation too for the careful manner in which the hearings on this bill were conducted. I am proud to be on this committee which has so carefully gone into this very complex and difficult matter. The chairman was extremely cautious and extremely searching in his questioning of the witnesses who appeared before the subcommittee.

I should like to say too that the representatives of the Department of State were, in my opinion, exceedingly forthright and frank and cooperative. They are not often the recipients of bouquets on this floor, but I should like to be an exception to the rule and pass on a few compliments. I feel that the procedure in this committee might well serve as a model for other relations between the executive and legislative branches of Government in important matters such as the considerations with which this bill is concerned.

With reference to the use of foreign currency which was previously referred to, I should like to point out the table on page 4 of the committee report which shows that throughout the years from 1946 until the present time, the sum of $209 million has been appropriated for the use of foreign currency as against a U.S. dollar appropriation of $32,525,000. This is an important and constructive use of counterpart and has saved us many dollar expenditures.

I should like to say, too, that the Public Law 480 funds which the gentleman from Iowa [Mr. GROSS] referred to amount to $9,150,000 and that this sum in foreign currencies is in addition to the amounts contained in the table to which I refer.

There is one other point which I should like to mention and it is an important point. That is the interest that the committee has had, and this interest is set forth specifically on page 5 of the report, in requiring that buildings abroad be furnished with materials and equipment of American manufacture. Certainly, we do not want to be chauvinistic about this matter, but the fact remains there are many times when it is unnecessary that exclusively foreign materials be bought for our buildings and there are many times instead when it is appropriate from an esthetic point of view that American furniture and American equipment be used in these buildings. This has been pointed out in our report and, I am sure that the representatives of the department will bear this in mind in future purchases. It has importance at a time when we are concerned with our balance of payments.

So, Mr. Chairman, I believe this is a very constructive bill. I would call to the attention of the committee in closing the table on page 5, in which there is set forth a division of authorizations into regions and where the African countries, the American republics and so forth are considered separately rather than on a worldwide basis. I think this contributes to clearer thinking and better legislation than otherwise might be the case.

The CHAIRMAN. The time of the gentleman has expired.

Mrs. BOLTON. Mr. Chairman, I yield 2 minutes to the gentleman from New York [Mr. BARRY].

Mr. HAYS. Mr. Chairman, I yield myself 1 minute.

Mr. Chairman, I take this time to say just one word about something I forgot that the gentleman from Connecticut [Mr. MONAGAN] brought out, that is the matter of furnishings and equipment for some of these embassies.

We made it very plain to the people in the State Department that an American Embassy was a bit of America abroad. When we found that they were buying their silver, for example, in Peru, their glassware in Sweden or some other foreign country, and the same with other things, we told them that American silver and glass manufacturers had a product which is beautiful, which is unique, and which should be used in the Embassy. I cited as an example the British Embassy here in Washington. They are very proud to serve visitors on British china and other products of the British Empire. I do not see any reason why we should not be proud to have our Embassy not exclusively using everything American, but at least a substantial part. It would have an effect on the outflow of gold, but also it would reflect some of the art and industry of America.

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Iowa [Mr. GROSS].

Mr. GROSS. Mr. Chairman, I think the cart is before the horse in this bill and I doubt very much that I can support it to the tune of $53 million.

When I say the cart is before the horse, I think Congress ought to have some clear assurance that the State Department and other agencies will cut the personnel they have overseas before we build residences, apartments, and embassies to accommodate the surplus.

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

Mr. GROSS. I yield.

Mr. ADAIR. It can be said that by the reduction the committee has made in some of the requests in all probability a reduction in personnel will result; in other words, if there are not places to house people in a good many of these countries abroad, the newly independent ones particularly, in my opinion they are not going to send people there. I think that will serve as a governor upon the number of people.

Mr. GROSS. I will say to the gentleman that I am pleased to see the ranking members of the Appropriations Subcommittee on the floor at this time, the gentleman from New York [Mr. ROONEY] and the gentleman from Ohio [Mr. BOW]. It is my hope that when this bill is approved and goes to the Appropriation Committee for funds that they wade in, as I am sure they will, and find out the why of this overstaffing in so many oversea posts.

Mr. ADAIR. As I pointed out to others this afternoon, we certainly would welcome a very close scrutiny on the part of the Subcommittee on Appropriations that deal with this matter. We have tried by this legislation to set guidelines and general philosophy, but there is certainly plenty of room for the Committee on Appropriations to operate in.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. GROSS. I yield to the gentlewoman from Ohio.

Mrs. BOLTON. I want to make it very clear that the State Department itself does not occupy all of this property. You will note in the report that the Department of Agriculture, the USIA, and various other departments, including

Defense, have representatives over there. Instead of making it necessary for them to go out on their own and find housing for these people, which would be difficult, we have taken them all into this bill and we are insisting on a cut of personnel.

Mr. GROSS. I may say to the gentlewoman from Ohio that my remarks are not confined to the State Department. They are directed to all other agencies, including the Peace Corps, which I notice is coming in for quarters in some of these compounds and residences that are in existence and proposed to be built.

Mrs. BOLTON. I thank the gentleman for his assistance.

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

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

Mr. HAYS. This committee has no jurisdiction over authorizing money to pay the salaries of personnel. That is a continuing authorization. The committee headed by the gentleman from New York [Mr. ROONEY] and the gentleman from Ohio [Mr. BOW] has done a very good job in holding these figures down. I told the witnesses I did not mean any reflection of the two gentleman I just mentioned. However, these were ceilings and on past performance we expect they may not get up to the ceiling. I will say to the gentleman from New York [Mr. ROONEY] that his committee passes on the amounts to be allocated for salaries. I am sure the gentleman has read this in the testimony. When we questioned them about the number of people at a post, we found a minor number of them were State Department people. There were people over there from every other agency of Government. I am talking from memory now, but in Liberia we found in that country of a few million population that there were 501 American personnel.

Mr. GROSS. That is right.

Mr. HAYS. Which is one for every 2,000 Liberians. Again I am speaking from memory, but I think Mr. ROONEY and Mr. Bow had only authorized money for a very small number. The rest of the 501 came from the Department of Agriculture, the Department of Commerce, AID, and other departments and agencies. I think the State Department is getting into a crossfire not only from this subcommittee but also from the Subcommittee on Appropriations.

Mr. GROSS. What we are doing here, at least to some extent, is providing accommodations, residence, and what have you for all of these people.

Mr. HAYS. I may say to the gentleman not nearly all of them were State. We told them that they would have to cut their personnel down to fit the buildings.

Mr. GROSS. Your hearings show—and correct me if I am wrong—that 4 years ago the State Department had one officer in Brazzaville, however it is pronounced. I cannot pronounce any number of these names.

Mr. HAYS. The gentleman is right.

Mr. GROSS. Today, how many? Ten officers of one description or another. Do I understand that with other and lesser American employees and natives it all adds up to 501 people on our payroll in Brazzaville?

Mr. HAYS. No. That was in Liberia. I may say to the gentleman I brought that out in committee because I had been in Brazzaville 4 years ago. There was one person at that time. Now there are 32. But let me say I am not defending them because I was rough on them. Brazzaville is directly across the river from Léopoldville. Brazzaville is the capital of the Congo, which we knew as the French Congo.

The explanation was—and I think it was at least partially justified—that they had more people over there because of the sensitivity of the situation across the river. Once that quieted down they would not need nearly so many on the French side of the Congo. But these are two separate countries. You can cross the river there within 15 or 20 minutes by boat. This is the reason we have some people over there, which is another country where they are safe and where they can conduct their business without shooting in the streets, and what have you.

Mr. GROSS. In connection with Dakar—if that is the way it is pronounced—you questioned State Department officials and they stated that aside from the Deputy Chief of Mission they had two political officers, an economic officer as well as an administrative officer. I do not know whether one of those was the labor officer or not. You questioned whether there should be a labor officer in such a post, and so do I.

Mr. HAYS. I say to the gentleman again that I did question them. I again say that we have no authority in this committee to make them cut down. If they have too many at many of these posts, and I am sure, based upon what I have heard on the floor year in and year out, that the members of the Committee on Appropriations and others think so. I cannot say anything else to the gentleman.

Mr. GROSS. I agree with the gentleman. But it adds up to one thing: We are building housing accommodations for a substantial number of unnecessary employees and with servants' quarters so they will have them at their beck and call. Some of them never had it so good.

Then, there is another reason why there is apparently some overstaffing, which reason is to be found on page 86 of the hearings when Mr. Dumont said "Whether we like it or not in the Foreign Service, we have people come in under the recommendation of the Government—Agriculture, Members of Congress—and we have to take care of them. We are glad to take care of them. A lot of them are chores." Perhaps Congress can take credit for at least a little of this.

I am not opposed to oversea travel on the part of Members of Congress if those who engage in it work at the job of trying to ascertain how the taxpayers' money is being spent. I think the value of some of the traveling showed up in the questioning by various members of the subcommittee in eliciting information that we did not previously have out of the Foreign Affairs Committee. So I do not think all of this is bad. It is the outright junketing to which I take exception.

Mr. HAYS. If the gentleman will yield further, Mr. Dumont had a pretty rough time in the committee. He was probably a little provoked in what he said and, perhaps, what he said was right. But I will say this to the gentleman: I have traveled a good deal. As the gentleman said, many of the questions there came about because I had some personal knowledge of the situation. But in all the traveling I have done I have stayed exactly two nights at an American Embassy or American consulate. During all the rest of the time—the other 14 years—I have stayed at hotels. I will say something else which we have done: When I have traveled as chairman of the subcommittee, if there was any entertainment, we always sent out a telegram requesting that such entertainment be kept to a minimum. But on one occasion I remember in one of the African countries the Chief of State gave a dinner for us and we felt we had to reciprocate. I think it did some good. We found it was going to take most of the amount that the post had for representation. I ordered the staff to pay for the cost of that, which I think came to $150, out of counterpart funds authorized to us, and not to take it from the Embassy. Whenever the gentleman talks about freeloaders the gentleman is not talking about the chairman of this subcommittee, or others.

I think, anyway, what Mr. Dumont said is exaggerated. I have observed members of other committees who were traveling and I think they do the same as I do; they stay in hotels, and pay their bills out of funds allocated to them, so that it does not come out of the State Department's pocket.

Mr. GROSS. Mr. Chairman, I will say in conclusion that I think the bill is pretty rich under the circumstances. I do not see how I can support it. I hope that the Appropriations Subcommittee when it gets to the business of providing the cash will use a sharp pruning knife on it.

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

Mr. GROSS. I yield.

Mr. BARRY. I would like to say to the gentleman that even though the costs may appear high, especially in Africa, a great deal of it is for land costs. It may surprise us in America to think of land costs being high in some of these cities in Africa, but the fact is that they are high and if the United States wants to be represented in a location where other nations' embassies are, in the heart of the city, we have got to pay those costs.

Mr. HAYS. Mr. Chairman, I yield 5 minutes to the gentlewoman from New York [Mrs. KELLY].

Mrs. KELLY. Mr. Chairman, I am very happy to be a member of the Committee on Foreign Affairs and also happy to be a member of this Subcommittee on State Department Organization and Foreign Operations. I am proud to have the gentleman from Ohio [Mr. HAYS], as chairman of this subcommittee. In addition, the following members serve on

the subcommittee: the gentleman from Wisconsin [Mr. ZABLOCKI], the gentleman from New York [Mr. FARBSTEIN], the gentleman from California [Mr. SAUND], the gentleman from Connecticut [Mr. MONAGAN], the gentlewoman from Ohio [Mrs. BOLTON], the gentleman from Indiana [Mr. ADAIR], and the gentleman from Connecticut [Mr. SEELY-BROWN].

We worked diligently in bringing to the House an outstanding bill. The administration requested $110 million for a period of 4 years. The subcommittee wisely decided on a 2-year authorization. The administration requested authorization of approximately $62 million. This request was reduced to $31 million.

Mr. Chairman, I would like to answer some of the questions raised by my colleague the gentleman from Iowa [Mr. GROSS]. There may be a large number of people representing the United States in many small countries. Nevertheless I only wish that we had one or more additional in Cuba before the Castro takeover and in Peru before the elections, including representatives of labor, so that we would know more what has happened or is expected to happen.

Mr. Chairman, I see on the floor the very able chairman of the Appropriations Subcommittee, the gentleman from New York [Mr. ROONEY]. I think he performs very nobly in his position. The seniority he has attained as a Member of the House and as chairman of the subcommittee is a tribute to the great service he has rendered to his country. I want to say to the Members of this House that I hope he will pay sympathetic attention to the revision of the Foreign Service Act by the Committee on Foreign Affairs for I feel that in some cases reductions on specific embassy projects have been too deep. I understand he has granted practically every cent requested by the State Department for the administration of our embassies abroad, which I think was very noble of him, but also I think some items should be increased, such as representation allowances for our ambassadors.

When I was in Yugoslavia, the amount allocated to our Ambassador at that time for entertainment was only $1,000. He had to take money out of his own pocket for entertainment in that country. I was very happy to reimburse him for my stay at the Embassy since hotels were not available. This was embarrassing to the Ambassador.

I have heard that our present Ambassador to France was forced to resign for the very same reason, finances. I think the time has come when we would like to have our ambassadors given a sufficient amount of money to run their embassies and that personal wealth should not be the basis for the selection of ambassadors. There are many in this country, meritorious civil servants, who would like to serve at these posts but are prevented because of their financial limitations.

Mr. Chairman, I think this is an outstanding bill. The committee did a very good service to our country by offering it and I hope it will pass as it was brought to the floor.

Mrs. BOLTON. Mr. Chairman, I yield such time as he may require to the gentleman from Indiana [Mr. BRUCE].

Mr. BRUCE. Mr. Chairman, I shall take only a minute or two to say that I do share some of the apprehensions expressed by the gentleman from Iowa [Mr. GROSS]. Also I would like to express my appreciation as a Member of the House to the chairman of this subcommittee and the members of the subcommittee for a very thorough and penetrating hearing.

As I read the hearings, for one of the few times I became encouraged at the decisiveness of the questioning. Anyone who could read these hearings and reach the conclusion that the subcommittee was a rubberstamp of the State Department or the Executive would be reading between the lines better than I could.

I want to express my thanks to the chairman and the members of the subcommittee for a very thorough piece of work in these hearings and in presenting this proposal.

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

Mrs. BOLTON. Mr. Chairman, I yield 5 minutes to the gentleman from Indiana [Mr. HARVEY].

Mr. HARVEY of Indiana. Mr. Chairman, I should like to direct this question to the chairman of the subcommittee, the gentleman from Ohio. I am sure the gentleman from Ohio recalls that several years ago we served together on a subcommittee that investigated the facility needs of our Foreign Service in the Middle East. I am sure the gentleman's interest in this problem has been a continuing one since that time.

At that time we found a great deal of diversity of opinion as to what type of facilities were needed and the extent of the facilities neded for the Information Agency. I have not had an opportunity to study the hearings, but I note that some of the provisions of authorization in here are for the Information Agency. I wonder if the gentleman would tell me just a bit in brief as to what type of facilities is proposed here and whether he feels that a better scheduling of the plans and arrangements for the use of these facilities is in being than has prevailed in the past.

Mr. HAYS. I may say to the gentleman that because of other commitments of the full committee, and I want to be very candid and honest about this, the subcommittee just simply did not have the time to go into the U.S. Information Agency request in detail as we did the others. We asked the building people what was the minimum amount they could usefully use, and they came up with a figure. Most of it is for reading rooms, places for dissemination of information about the United States. Most of the money will be used in new places where we have not had such facilities, such as in Africa. In their justifications they point out that there is need in these newly created nations for the dissemination of information. Also, being very candid, these new countries have one vote apiece in the United Nations. Not all the work of selling our point of view in the United Nations is done in the United Nations. A considerable amount of it is done in the nations themselves. We felt that the way they outlined their needs the money would be well spent, and we allotted it. We do plan on going into this in much greater detail in the next session, when they will be coming up with a bill for the fiscal years 1965 and 1966.

Mr. HARVEY of Indiana. I am not in any way criticizing the gentleman or the subcommittee. I hope he understands that. By way of suggestion I am saying that I think there is probably a considerable need in some of the nations that have recently become members of the United Nations to have more adequate facilities there. I am also at the same time suggesting that possibly some of the rather obvious errors we made in our initial efforts in this area can be overcome, and that we will thereby not continue making some of the mistakes we made in the past.

Mr. HAYS. I well recall this at the time it started in 1949, and I have followed this very closely since then.

Mr. HARVEY of Indiana. I am sure the gentleman has.

Mr. HAYS. I am sure the gentleman will agree they made a lot of mistakes then, and have continued to do so, but they have improved over the years.

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

Mr. HARVEY of Indiana. I yield to the gentleman from Indiana.

Mr. ADAIR. May I say to the gentleman from Indiana that most of this information service money provided in this bill goes for three categories.

Principally, it goes for information centers where information relative to our Nation and our philosophy can be disseminated and made available to the peoples of the countries in which these centers are located. There is a little money for cultural centers and a little money for residences of public relations officers. In those three categories, however, lie almost all of the money, with emphasis on information centers.

Mr. HARVEY of Indiana. I thank the gentleman. In conclusion, I want to reiterate the fact that too often in the past we have been guilty of the error of feeling that if we hire so many people and build so many buildings, we are going to solve the problems. If there has been any one area where we have been remiss, it has been in this area and that is evidenced by the reaction I get from people in whom I have a good deal of confidence who have returned from visits to these various areas who have complained to me that they do not feel that we, as a country, have been putting forth our best image—that we have not projected ourselves properly and while they are not entirely critical, they feel in many respects we have done a good job, but there is always a feeling that we have not done nearly as good a job as we can. So I hope that we will improve in our tactics and our efforts as we move along.

The CHAIRMAN. The time of the gentleman has expired.

Mr. MORSE. Mr. Chairman, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MORSE. Mr. Chairman, although I will support H.R. 11880, I would like to call to the attention of this body an example of what I regard as a totally indefensible policy that concerns the furnishing of our embassies throughout the world.

I was troubled when I read in the New York Times of Friday, July 20, 1962, an article appearing on page 11 of that issue, entitled "Elegance Prevails in U.S. Embassies Throughout the World." In the course of the article, which appeared under the byline of Charlotte Curtis, appears a very disturbing paragraph. Let me read it:

Although most furnishings ordered by the State Department are designed and made in the United States, some are bought abroad. Most of the sterling silver platters, trays, and flatware used in the official buildings abroad are made in Lima, Peru.

I cannot help but wonder what our American silversmiths, many of whom are located in my home State of Massachusetts, might think upon reading this report. I am reliably informed that for many years other nations have been pirating American patterns, producing exact duplicates which are heavy in silver but otherwise of inferior quality. Can the purchase by the State Department of Peruvian silver for use in our embassies be regarded as other than discrimination against the silverware industry of the United States which helps to pay the taxes that contribute to the support of those very embassies?

Although I supported the Trade Expansion Act which this House passed recently, I am convinced that the purchasing policies of the State Department require an immediate examination, as well as a continuing review.

And, it seems to me, when guests at our embassies abroad examine their shrimp forks, they should reasonably expect to find that they are American-made products, and I will welcome an explanation of this purchasing policy by the Secretary of State.

Mrs. BOLTON. Mr. Chairman, I have no further requests for time.

The CHAIRMAN. All time has expired.

The Clerk will read.

The Clerk read as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 4 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 295), is amended by adding at the end thereof the following new subsection:

"(d) In addition to amounts authorized before the date of enactment of this section, there is hereby authorized to be appropriated to the Secretary of State—

"(1) for acquisition, by purchase or construction (not including acquisition of leaseholds) of sites and buildings in foreign countries under this Act, and for major alterations of buildings acquired under this Act, the following sums—

"(A) for use in Africa, not to exceed $10,500,000, of which not to exceed $6,000,000 may be appropriated for the fiscal year 1963;

"(B) for use in the American Republics, not to exceed $4,300,000, of which not to exceed $1,800,000 may be appropriated for the fiscal year 1963;

"(C) for use in Europe, not to exceed $7,500,000, of which not to exceed $2,250,000 may be appropriated for the fiscal year 1963;

"(D) for use in the Far East, not to exceed $2,250,000, of which not to exceed $2,000,000 may be appropriated for the fiscal year 1963;

"(E) for use in the Near East, not to exceed $2,800,000, of which not to exceed $2,100,000 may be appropriated for the fiscal year 1963;

"(F) for facilities for the United States Information Agency, not to exceed $1,854,000, of which not to exceed $759,000 may be appropriated for the fiscal year 1963; and

"(G) for facilities for agricultural and defense attaché housing, not to exceed $800,000, of which not to exceed $400,000 may be appropriated for the fiscal year 1963;

"(2) for acquisition of leaseholds under this Act, for payments under such leaseholds, and for contingencies, not to exceed $1,802,000, of which not to exceed $802,000 may be appropriated for the fiscal year 1963 for leaseholds; and

"(3) such additional sums as may be necessary to carry out the other purposes of this Act.

Sums appropriated pursuant to this authorization shall remain available until expended."

SEC. 2. (a) Section 2 of the Foreign Service Buildings Act, 1926 (22 U.S.C. 293), is repealed.

(b) The first section of such Act (22 U.S.C. 292) is amended—

(1) by striking out ", subject to the direction of the commission hereinafter established,";

(2) by striking out "under such terms and conditions as in the judgment of the commission may best protect the interests of the United States,";

(3) by striking out ", to the extent deemed advisable by the commission,"; and

(4) by striking out ", which buildings shall be appropriately designated by the commission, and the space in which shall be allotted by the Secretary of State under the direction of the commission" and inserting a period and the following: "The space in such buildings shall be allotted by the Secretary of State".

(c) Section 3 of such Act (22 U.S.C. 294) is amended—

(1) by striking out ", subject to the direction of the commission," and "in the judgment of the commission,"; and

(2) by inserting immediately before the period at the end thereof the following: "and without regard to section 3648 of the Revised Statutes of the United States (31 U.S.C. 529)".

(d) Section 4 of such Act (22 U.S.C. 295) is amended by striking out ", subject to the direction of the commission,".

(e) Section 9 of such Act (22 U.S.C. 300) is amended—

(1) by striking out "with the concurrence of the Foreign Service Buildings Commission,"; and

(2) by striking out ", as in the judgment of the Commission may best serve the Government's interest".

(f) Section 1(e) of Reorganization Plan Numbered II of May 9, 1939 (53 Stat. 1432), is repealed.

(g) All references to the Foreign Service Buildings Commission, originally established by the Foreign Service Buildings Act, 1926, in all laws of the United States are hereby repealed.

Mr. HAYS (during the reading of the bill). Mr. Chairman, this is a short bill, and I ask unanimous consent that the bill be considered as read and open for amendment at any point.

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

There was no objection.

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

The Clerk read as follows:

Amendment offered by Mr. HAYS: On page 3, strike out lines 8 and 9 and insert in lieu thereof the following:

"(3) for use to carry out the other purposes of this Act, not to exceed $22,093,000, of which not to exceed $10,893,000 may be appropriated for the fiscal year 1963."

Mr. HAYS. Mr. Chairman, this amendment, as I said in general debate, sets a specific ceiling for money to carry on the necessary maintenance, repairs, and other operating expenses for the next 2 years. We encountered some opposition to an open-end authorization in the Committee on Rules, and I gave an implied promise that we would correct that situation. This amendment attempts to do that. I want to say in all candor this is a ceiling. We did not go over these item by item, but we do know that the Appropriations Subcommittee will. This is a maximum amount that they can appropriate. They can appropriate any amount under that that they think is necessary to carry on these functions.

Mr. Chairman, I ask that the amendment be adopted.

Mrs. BOLTON. Mr. Chairman, will the gentleman yield?

Mr. HAYS. I yield to the gentlewoman.

Mrs. BOLTON. May I say that the committee members on our side are happy to accept this amendment.

Mr. HAYS. I thank my colleague.

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

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

Mr. GROSS. I understand that the gentleman cannot commit the conferees on this bill, if a conference is called for, and a conference probably will be necessary in view of the upping nature of the other body. I wonder if the gentleman can give us any assurance—this bill being $8 million below the administration's request—whether we could have assurance that the conferees will stand firm against the other body putting that money into the bill?

Mr. HAYS. I will say to the gentleman as chairman, and I assume I will be, of the House conferees, you can have every assurance that we will stand firm. In the conference on foreign aid, the other body came down $690 million and we went up $3,500,000. So I think that was a pretty good deal—$3,500,000 for $690 million—and I expect to be about as generous in compromising with the other body on this bill as we were on that bill.

Mr. GROSS. I thank the gentleman for his statement.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

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

The Clerk read as follows:

Amendment offered by Mr. ADAIR: On page 3, line 11, immediately before the quotation mark insert the following new sentence: "To the maximum extent feasible, expenditures under this Act shall be made out of foreign currencies owned by or owed to the United States."

Mr. ADAIR. Mr. Chairman, this is the amendment to which I made reference earlier in the debate. It simply would write into law an understanding we have with representatives of the State Department. As was said earlier this was suggested in the Rules Committee. We on the committee had felt that the matter was sufficiently well understood. However, it was suggested that to assure that foreign currencies were continued to be used to the extent possible it might have a wholesome effect to have it stated in the bill. That is the purpose of the amendment. I urge its adoption.

The CHAIRMAN. The question is on the amendment.

The amendment was agreed to.

Mr. HAYS. Mr. Chairman, I move to strike out the last word and ask unanimous consent to proceed out of order.

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

There was no objection.

NEAR-TRAGIC AIRPLANE ACCIDENT

Mr. HAYS. Mr. Chairman, I just wanted to remark that I am very happy to have the Chairman of the Committee of the Whole with us today. We have been reading in the newspapers recently of tragic airplane accidents, and we read of the near-tragic accident last evening in which our Chairman and one other Member were involved, an accident which could have been another disaster save for the intervention of the Almighty. He and 66 passengers and crew were spared.

Our Chairman was a member of my NATO committee last year and did yeoman service. I am always glad to have him with me, for he seems to bear a charmed life. He was present when the shooting occurred here several years ago and a number of Members were shot down, among them the Chairman who is presiding today. Fortunately his wound turned out to be not serious and he recovered rapidly.

So my advice to you if you are going on a trip is to take the gentleman from Memphis with you to insure your safety.

The CHAIRMAN. Thank you.

Under the rule the Committee rises.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. DAVIS of Tennessee, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 11880) to amend the Foreign Service Buildings Act, 1926, to authorize additional appropriations, and for other purposes, pursuant to House Resolution 741, he reported the bill back to the House with sundry amendments adopted in the Committee of the Whole.

The SPEAKER. Under the rule, the previous question is ordered.

Is a separate vote demanded on any amendment? If not the Chair will put them en gross.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken and the Speaker announced that the ayes appeared to have it.

Mr. GROSS. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Pursuant to the previous order of the House further proceedings on the bill will be postponed until tomorrow.

Mr. GROSS. Mr. Speaker, I withdraw my point of order.

WARS OF NATIONAL LIBERATION

The SPEAKER. Under previous order of the House, the gentleman from Florida [Mr. SIKES] is recognized for 30 minutes.

Mr. SIKES. Mr. Speaker, I wish to discuss a matter of current singular importance in the national defense—the development of our capability to counteract the wars of national liberation so glowingly praised by Chairman Khrushchev. I recognize that a great deal of thought and effort, numerous studies, and other activities are in progress in this area. My investigation of the present situation leads to the conclusion that there is some confusion and misunderstanding in the minds of civilians as well as the military with regard to the relationship of the Air Forces counterguerrilla organization and the missions of the other services. In essence, the Air Force considers their counterinsurgency organization to be an aspect of one of their longstanding missions, that of conducting air operation in support of the ground forces.

I consider it most important that there be an air element in our modern-day counterguerrilla forces.

The Air Force, in April of last year established the so-called Jungle Jim organization at Eglin Air Force Base. This original Jungle Jim unit, equipped with propeller-driven aircraft specially modified for low-altitude, unprepared field operations, has practiced incessantly in developing techniques of airlifting personnel into guerrilla-infested areas, and identifying and attacking guerrilla units from the air.

The Jungle Jim unit has recently been succeeded by the Special Air Warfare Center with the mission of developing tactics and techniques for the application of airpower in operations against guerrillas. This organization is intended to provide a capability of accomplishing only those tasks which logically fall within the airpower spectrum. In order to support these tasks, the Air Force proposes to develop equipment, tactics, and techniques which would apply the scientific and technical capabilities of the United States to counterinsurgency air problems.

I might digress at this point to state that we cannot ever expect to meet Communist aggression throughout the world on a man-to-man basis. Accordingly, we must seek other areas in which to gain superiority. Our acknowledged technical and operational capabilities in the air warfare spectrum certainly deserve consideration as a counter to the Communist hordes.

This is not to say that we can expect miraculous results from airpower or any other approach in countering guerrilla operations. It is a slow, tedious task. However, there are specific airpower missions which can make major contributions in securing mobility for friendly forces, and delaying, harassing, and inflicting casualties on the insurgents. In order to accomplish these objectives the Air Force counterinsurgency organization will contain airlift, reconnaissance, and strike capabilities. Primarily, their purpose will be to train indigenous forces in order that local defense capabilities may be developed. Also, they will be able to conduct counterinsurgency operations on their own in support of host countries requesting this type of assistance. The organization will have no infantry capabilities. On the other hand, because of the remote areas in which these forces will be operating, the ground support personnel will have to be trained to protect themselves. The organization will also have combat control teams consisting of airmen who are trained parachutists who will have the job of marking airdrop and air-landing zones, and establishing airheads in the case of an airborne or air assault operation.

Eglin Air Force Base has been selected as the home of the Special Air Warfare Center. This center, commanded by Brig. Gen. Gilbert L. Pritchard, has two subordinate operations: a combat applications group whose purpose will be to seek out and develop equipment, tactics, and procedures for air operations in the counterinsurgency field, and an air commando group which will train Air Force personnel to apply these tactics and procedures in field operations.

The air commando group traces its parentage to the versatile and highly successful air commando organization of Col. Philip Cockran in the World War II Burma campaign. This successful application of airpower to surmount dense, virtually impassable, jungles and defeat an enemy who was living on the land is an inspiration to the present-day air commando unit.

The air commando unit will draw from the large reservoir of highly experienced and skilled pilots in the Air Force inventory. We can count on their years of training in propeller-driven aircraft to enable them to quickly orient themselves in this activity.

I am proud that the Air Force has chosen the unique Eglin Air Force Base area, with its 464,831 acres of superb training facilities as the home of this extremely important adjunct of our

national defense capability. Eglin, in addition to its unequaled environmental testing facilities, has large areas suitable for exercises under both controlled conditions and those which might be expected to occur in the developing nations.

The total Eglin complex represents an investment of about $900 million. Not only is there the completely modern heavy bomber base at Eglin main base, but scattered throughout the reservation are a number of auxiliary airstrips ideally suited for training in counter-insurgency operations.

In summary, we must be prepared to meet the Communist challenge throughout the spectrum of warfare. Air Force recognition of the fact that this spectrum extends from guerrilla operations to thermonuclear warfare and their vigorous approach to all phases of the problem is a source of great personal satisfaction to me.

PUERTO RICO

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. BOW] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BOW. Mr. Speaker, the Congress has in the past and will again in the future be called upon to give attention to the political status of Puerto Rico.

President Kennedy has suggested that action should be taken to determine the ultimate solution to its status.

Gov. Muñoz Marín will convene the legislative assembly to put before it the need to hold a plebiscite.

The President and the Governor of Puerto Rico have every right to discuss these matters. The legislative assembly has the right to direct that a plebiscite be held.

However, the final determination will be the legislative responsibility of the U.S. Congress.

I suggest, Mr. Speaker, that orderly procedure would require that Congress be fully informed during the progress of these proceedings and that hearings also be held by the appropriate committees of Congress and that before a plebiscite be held, a resolution be passed by the Congress indicating that it be the sense of Congress that such plebiscite be submitted to the people of Puerto Rico.

Mr. Speaker, I believe in the political maturity of the people of Puerto Rico. I believe in the right of the people of Puerto Rico to express their desired political status. They have since the days of Public Law 600 proven their ability of self-government and have made rapid strides in their development.

My great concern is the probability of a plebiscite held without congressional accord that might later be found unacceptable. Such a situation would be to the detriment of all concerned and cause a serious blight on the long history of our relations with our loyal and patriotic citizens of Puerto Rico.

I trust that we approach this historic action with careful appraisal of all of the many problems it entails.

I call to the attention of the House an editorial from the newspaper El Mundo, of San Juan, P.R., of July 30, 1962, which I believe to be a sound approach:

PINPOINTING

Due to their vital and far-reaching results it is necessary to pinpoint, without delay, different aspects of the projected plebiscite.

Firstly, there is no reason to push these proceedings with undue haste especially since they have lain abandoned and ignored for so many years.

It is absurd to speed up the plebiscite as if it were a boat race. Such a step, of exceptional importance to the life of a country, requires time for thought and analysis. Time to orient. Time to think deeply of the far-reaching results of the vital decision to be taken.

We fail to understand the haste with which the legislative assembly is to be convened and even the idea of holding the plebiscite before the year ends.

We believe that the plebiscite requires at least several months to set up and could never be held before April 1963.

This is no matter to be disposed of in fit of rage as a question of little importance to which risks and errors are of no account.

Secondly, it must be made clear why this plebiscite is initiated in Puerto Rico, without the prior intervention of the Congress of the United States.

For obvious reasons, during many years we favored that the plebiscite should be originally sponsored by the Congress.

A plebiscite proposed by the Congress would mean prior recognition besides all the moral and effective support of the Nation. In fact, its results would bind the Congress.

On the other hand, a plebiscite originating in Puerto Rico, even with all the moral force it would muster, is not binding on the Congress.

Puerto Rico, however, cannot keep on disregarding an ultimate solution to its political status. We Puerto Ricans must know and are under the obligation to settle, once and for all, where we are going and what we are going to be. Thus, we must put our demands before the nation with the support of all the Puerto Rican people. A people that need to establish their destiny as the most important step toward the solution of all their other problems.

In the third place, a plebiscite is the supreme responsibility of all the people and should not be aired among the passions of political partisanship.

If the plebiscite is to be promoted and agitated among the political parties, it would be best not to hold it at all because that would mean deceiving the right of the people to settle its political future without the fatal pressures of opportunism and compromise.

Governor Muñoz-Marín will convene the legislative assembly to put before it the need to hold a plebiscite.

Whose need is it? Is it the need of the governing party? Does the so-called Commonwealth need to buttress itself as a political formula? Or, as it should be, is it not the need and the supreme obligation of the people of Puerto Rico to settle its political destiny?

The Governor has told President Kennedy that it would be convenient to show the whole world and especially Latin America, that Puerto Rico supports, through a plebiscite, this accommodating formula.

This is no legitimate reason to justify a plebiscite. The ultimate solution of our political destiny should not be used as a show for such and such a purpose.

The only reason to hold a plebiscite is the vital need of Puerto Ricans to settle what we are to be, now and forever. And this decision must be made on the basis of eternal formulas which would run no risk of withering or growing as transitory things.

That is why we have always insisted that the plebiscite must be held on the basis of statehood or independence since these are not formulas that would merely grow because in practice each means sovereignty. And if we have said that we would accept the plebiscite hindered by the ballast of Commonwealth it is only because we refuse to believe that, in this grave hour when we are about to settle our destiny forever, Puerto Ricans will disgrace themselves by voting for accommodating and transitory formulas subject to the seesaw of political partisanship.

We have already heard highly authorized voices from the Congress of the United States asking whether Puerto Rico wants a sweetened independence on the basis of an easy plebiscite to be shown to the world as evidence of American democracy and how it operates in Puerto Rico.

These voices would never dare to use such language were we to demand our inalienable right to settle our destiny within the time-honored and sovereign formulas of statehood or independence.

We proudly accept the plebiscite to definitely settle our political status. We repudiate the idea of a plebiscite based exclusively on the so-called need to buttress and to give more prestige to an accommodating formula.

DISARMAMENT COMMITTEE AT GENEVA

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. HIESTAND] may extend his remarks at this point in the RECORD.

Mr. SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. HIESTAND. Mr. Speaker, I wish to bring to your attention a recent statement by Secretary of State Rusk. He told the 18-nation Disarmament Committee at Geneva on July 24:

The U.S. does not insist on foolproof arrangements in a disarmament agreement and is ready to share certain risks.

This statement, Mr. Speaker, is tragically absurd and should be repudiated.

This country cannot afford to leave any loose ends when considering a disarmament agreement. I am shocked by Secretary Rusk's admission that this country is willing to share certain risks in a disarmament plan.

I do not like the militant nature of today's world any more than the ivory tower boys, but I realize that the surest way to invite disaster is to disarm by sharing certain risks without foolproof arrangements. The Soviet Union has shown itself to be wholly unreliable in honoring treaties and international agreements.

The Soviet Union's decision to resume nuclear testing is evidence they are only stringing us along at Geneva. The President said recently that we are very reluctant to test again. In my opinion, we must do whatever is necessary to protect ourselves—including nuclear testing. While I realize that disarmament negotiations seem to have become a permament fixture of our tense world, we

must never consider accepting any agreement that does not give us absolute guarantees.

The Secretary has also pointed out that studies are underway in the United States on all aspects of disarmament and that new possibilities were continually under consideration.

Mr. Speaker, I must emphasize that, in my opinion, the Secretary of State should, in the Nation's interest, repudiate his certain-risks statement.

ANOTHER BOOST

Mr. KEITH. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. MORSE] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MORSE. Mr. Speaker, the following editorial from my hometown newspaper, the Lowell Sun, describes the finest sort of teamwork between private, civic, and Federal efforts in solving the economic problems besetting so many communities:

ANOTHER BOOST

The expansion of Lowell Industrial Park through the reclamation of 63 acres of what might be called wasteland provides another insurance policy for the future of the city and the area in general.

There is a potential of 2,500 jobs according to the plans and expectations of the Lowell Industrial Commission and the Area Redevelopment Administration. A grant of $166,500 by the Federal Government has already been approved and there should not be too great a delay in getting this land, with roads and utility installations, ready for bids by industry.

According to the present needs of industry, this area is unquestionably one of the best in New England. Major highways stretch in all four directions of the compass and access to the city will be simple, convenient, and fast when the connector is opened several weeks hence.

Route 3, going north and south, and Route 495, running east and west, offer just about the best combination of modern, two-barreled roads at this intersection. For that reason, it is probable that Lowell industrial agents will have little difficulty in attracting industry.

And if Lowell and the nearby towns are going to have an additional 2,500 jobs right in their own backyard, we need have no fear about the economic stability of the area in the immediate future.

CAPTIVE NATIONS WEEK

Mr. HAYS. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. ST. GERMAIN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ST. GERMAIN. Mr. Speaker, there are few individuals in our Nation who have taken a more active interest in the tragic difficulties which are faced by those who suffer under Communist oppression than has Mayor Robert F. Wagner, of New York City.

On Tuesday, July 17, the city of New York commemorated Captive Nations Week. Mayor Wagner was in Europe on that occasion visiting the divided city of Berlin. He was struck, as I was on my visit to that city last fall, with the awesome separation of the free from the enslaved which is symbolized by the Communist-erected wall which partitions the city.

Mr. Speaker, I will insert a cablegram, which Mayor Wagner sent to the Captive Nations Week observance, and the address delivered at the ceremony by Acting Mayor Paul R. Screvane at this point in the RECORD:

FRANKFURT, GERMANY,
July 16, 1962.

Hon. PAUL R. SCREVANE,
Acting Mayor, City of New York,
New York, N.Y.:

I know that tomorrow you will be officiating at a gathering on the steps of city hall, observing Captive Nations Week. My heart is with you.

I have just looked over the wall in Berlin and into the eyes of tyranny and slavery. There the tyrant forces have sought to build a structure high enough and strong enough to separate the free from the enslaved and to keep the enslaved from escaping to freedom. That wall in itself is a monument to slavery. In the name of the people of New York City, you are proclaiming Captive Nations Week. I join with you in vowing in the name of freedom's cause shall prevail against the total threat of slavery and enslavement. On the basis of what I have seen we may all be confident that one day all who love and still hope for freedom will enjoy its blessings.

ROBERT F. WAGNER.

CAPTIVE NATIONS WEEK

(By Acting Mayor Paul R. Screvane)

As acting mayor of the city of New York, I am honored to continue the tradition established last year by Mayor Wagner in proclaiming "Captive Nations Week" and holding this ceremony on the steps of city hall.

New York can rightly claim, in one sense, the proud title of being the capital city of the free world. It has earned this right, not only for its preeminence in many social, economic and cultural fields, but through the historic tradition it has established for all the world of hospitality and sanctuary for the homeless and friendless stranger. The upraised arm of the Statue of Liberty at the gates to our city beckons and bids the newest refugee from Cuba and Hungary welcome with the same humanity with which this city has welcomed its new arrivals for nearly three centuries. New York City has been the gateway to a new life for most of the millions who sought freedom from oppression by coming to this land of the United States. Many have remained here and, with the tender threads of memory, tradition and language, still keep a web of sympathy stretched between this, their new homeland, and the distant places whence came many of them and their forefathers.

The last 20 years has witnessed the greatest flood of refugees from tyranny in the whole history of mankind. Except for the barbed wire and watchtowers which wall in the totalitarian world, millions more would certainly have fled to the freedom they are denied. For those who escape and for that who long to escape, America remains a living beacon to their hopes.

In commemorating Captive Nations Week, we are, thus, living up to both our noblest traditions and highest ideals. It is a frightening thought that through modern technology, ill used, modern tyranny has become far more sinister and total than any tyranny dreamt of, by Nero or Caligula. There has never been a tyranny as complete as that fostered by the modern totalitarian state.

But it is unlikely there has ever been a time in history in which the love of liberty, which we sometimes take for granted, has burned as clearly and fervently as it does behind the walls which enemies of freedom have built as unknowing prisons for themselve. No wall can last as long as man's love of liberty. Eventually the walls will come down and tyranny, which is contrary to the spirit of man, must crumble with them.

In celebrating this Captive Nations Week, we are not acting as New Yorkers alone, but as Americans. We are carrying out the letter and the spirit of the congressional resolution of 1959 which established Captive Nations Week and the proclamation of President John F. Kennedy which he has issued again this year.

In his Fourth of July speech on the steps of Independence Hall in Philadelphia, President Kennedy issued a new declaration of interdependence of all free nations and eloquently reaffirmed America's dedication to the freedom of the peoples behind the Iron Curtain. He said that the union of the Atlantic world "would serve as a nucleus for the eventual union of all freemen, those who are now free and those who are vowing that someday they will be free."

And the President went on to explain the great issue which differentiates us from the Communists. He said: "If there is a single issue which divides the world it is independence—the independence of Berlin, or Laos, or Vietnam; the longing for independence behind the Iron Curtain, the peaceful transition to independence in those newly emerging areas whose troubles some hope to exploit."

"This Nation," the President concluded, "conceived in a revolution, nurtured in liberty, maturing in independence, has no intention of abdicating its leadership in that worldwide movement for independence to any nation or society committed to systematic human oppression."

The spirit of these words is a legacy that has been handed down to us from the days of Thomas Jefferson and Thomas Paine. It is today the continuing spirit and principle of American foreign policy. It is today the cause to which we rededicate ourselves during this commemoration of Captive Nations Week.

SET-ASIDES FOR SMALL BUSINESS IN THE CONSTRUCTION INDUSTRY MUST BE CONTINUED

Mr. HAYS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. MULTER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MULTER. Mr. Speaker, 15 bills have been introduced in the Congress of the United States which provide that the program under which Government contracts are set aside for small business concerns shall not apply to construction, maintenance, and repair procurements. The number of these bills indicates that the program, commonly known as the construction set-aside program, has engendered some controversy.

I shall directly demonstrate that it is based on erroneous information, doctored statistics, and misconceptions. I shall further demonstrate that, if enacted, these bills would be harmful to the Government, harmful to small business, harmful to the building construction in-

dustry, harmful to labor, and harmful to the country as a whole.

First, I should like the RECORD to show that under existing SBA size standards 90 percent of the construction industry contractors qualify as small business concerns. It follows, that those who oppose the construction set-aside program are doing battle for and on behalf of only 10 percent of the industry, and that all that sound and fury concerning the alleged injustices of the set-aside program in the construction industry originates with a handful of firms, the giants of the industry, who are using the Associated General Contractors of America—AGC—as their mouthpiece.

Who, you may ask, is this vociferous AGC, which seeks the elimination of the small contractor from the American scene? Does it speak for the industry, as it alleges that it does? Does its views on the construction set-aside program square with those of the 455,000 small construction contractors whose livelihood the AGC is threatening?

There are, Mr. Speaker, some 479,000 construction firms in the United States. Of these, only 7,300, or less than 2 percent, are AGC members, and the AGC does not speak even for all of these. In fact, the small contractors among the AGC members are frightfully aware of the AGC's assault upon their livelihood. Their deep concern is expressed in the multitude of letters pouring in from all over the country. Of these, I shall take the liberty of reading but three or four. One such letter, for instance, reads:

> It has been brought to my attention, that there are organizations, working to abolish the small business set-aside program.
>
> I trust that the Small Business Administration will do everything in its power to keep this program in operation.

Another letterwriter states briefly:

> We have heard that some pressure is being brought about to discontinue the set-a-side [sic] program for small business. We ask that you do everything you can so that this program is continued.

Another correspondent says:

> We understand that there has been a movement to try and abandon the Small Business Administration set-aside program. Being in this small business capacity, we are definitely opposed to this good program being abandoned.
>
> If this is done, it will put the bulk of the construction work back under the control of the major companies in their respective fields, leaving the smaller contractors to again fight a losing battle for survival.

Other letters from AGC members go even further, and directly disavow the position taken by their organization. One such letter, for instance, states:

> For some time we have been following the controversy between the Associated General Contractors and the Small Business Administration involving the reserving of the smaller construction contracts for the smaller firms.
>
> As our letter indicates, we are members of the Associated General Contractors and are a relatively small organization. Our views are not at all represented by the National Associated General Contractors organization. This is an extremely competitive field today, and a small organization with limited resources has a very difficult time surviving the cutthroat competition.
>
> I think you will find that all the noise and commotion is being caused by 5 or 10 percent of the AGC membership that represents the large, long-entrenched organizations that have the resources to survive in these competitive times and would like nothing better than to see their weaker and smaller competitors fall by the wayside.

A director of the Portland, Oreg., chapter of the AGC feels that the program has never been fully presented to the AGC membership. AGC opposition, he says, is that of the "large contractors who dominate the thinking and actions of the AGC."

I could go on reading many more such letters, but I believe that this sampling sufficiently conveys the idea that the AGC is out to establish a monopoly for its big wire pullers and that its small members know it and fear it.

The AGC's assumed position as an alleged spokesman for the construction industry has, thus, been severely shaken. In fact, a recent survey conducted by the SBA has clearly demonstrated that the AGC speaks neither for the industry nor for its small members. Although it does speak, it does not speak the truth.

Invited by the SBA to join it in an industrywide survey regarding AGC's members' views on the construction set-aside program, the AGC dodged participation. SBA thereupon proceeded with the survey on its own, polled 976 small business construction firms, including 401 AGC members.

Of these, Mr. Speaker, 86.7 percent favored the small business set-aside program while only 7 percent were against it.

How many small contractors were coerced into being AGC's yesmen I cannot say. I do venture to say that of the relatively few votes against the program, the majority came from the industry barons who, notwithstanding the set-aside program, are still receiving the lion's share of the dollar value of all Government construction contracts.

Although representing but 10 percent of the industry, big business is still receiving over 60 percent of all construction awards; and not only would they like to keep it thus, but their insatiable appetite is still growing.

Mr. Speaker, the sad truth is that at a time when 90 percent of the industry—all small business firms—is receiving less than 40 percent of all military construction awards; and, worse yet, when its share is still on the decline, a concerted effort is underway to accelerate this decline still further.

There was a time when small business concerns were awarded 72.8 percent of the dollar value of all military construction procurements. That was in fiscal year 1958.

A hue and cry was then raised against the small contractor, and successfully.

We knew then, as we know today, that giving in to big business clamor would ultimately result in the displacement of the little fellow. We were right. Immediately after suspension, in May 1959, of the construction set-aside program, the small business share of military construction contracts declined from the previous 72.8 to 65 percent. When it dropped still further to 50 percent in fiscal year 1960, the Department of Defense agreed to the reactivation of the set-aside program for construction contracts. But, even after this was done, an increase to only 54 percent was achieved in fiscal year 1961. Moreover, this small increase was only temporary. Since then a steep decline has set in anew, and during the first 9 months of fiscal year 1962 the figure sank to 39.6 percent.

These statistics speak for themselves. The small business share of military construction is still steadily declining and small construction firms, representing 90 percent of the industry's membership, are rapidly being displaced from Government work by the monopolists of the industry.

The construction set-aside program, Mr. Speaker, constitutes but one means, if not the only effective one, of arresting this dangerous trend. Without it, the figures cited would doubtlessly plunge to new lows.

The proposal, therefore, to discontinue the construction set-aside program is most inappropriate.

Such a step would be entirely inconsistent with the repeatedly expressed intent of Congress that small business shall share equitably in Government contracts. It would also be inconsistent with the expressed desire of the President of the United States that all Government procurement agencies adopt every feasible measure to increase the small business share of the procurement dollar.

In the light of this, and in the face of the continuing decline in the small business share of Government procurement, now is certainly not the time to tamper with the construction set-aside program. In its present phase it is a new program. It is, therefore, necessary that it be given a fair trial. It has been operational only since the latter part of 1960, and it is too young yet to be appraised properly as regards its effects on either large or small business.

The large construction firms and AGC know this to be true. In fact, I believe that their primary concern is really not the military construction program, although they would not mind gobbling this up too. The real purpose of their maximum effort, Mr. Speaker, is much bigger. It is designed to nip in the bud possible and well justified efforts that must be made to extend the set-aside program into those areas where big construction firms have today an almost absolute monopoly. I refer to the proposed programs for school construction, for highway construction, and for public housing.

The Honorable RUSSELL B. LONG, the distinguished Senator from Louisiana, in a hearing held by the Senate Select Committee on Small Business said:

> Why did you leave out Capehart housing? I know that down our way Capehart housing is one area where you should have made small business get some of it. It is a program in which one big fellow can get it all. If you break it up into 100 units at a time, the small fellows can get it.

Why should not Capehart housing be included? That is one thing small business can do. (Hearings, Senate Select Committee on Small Business, 87th Cong., 1st sess., June 21, 1961, p. 25.)

That question, Mr. Speaker, was and still is a good one, and the answer thereto, supplied by SBA's capable Deputy Administrator for Procurement, Mr. Irving Maness, is simply that Capehart housing is now being excluded from the set-aside program solely because the military construction set-aside has created such a furor and controversy that SBA does not want to add new fuel to the already burning fires.

Let there be no mistake about it. The giants of the construction industry are not really concerned with the measly share of military construction awards made to the small construction firms of the country. The truth of the matter is that they are not dissatisfied with their present near monopolization of all Government construction contracts, including highway and public housing construction. Their clamor serves but one purpose, and one purpose only—to frighten the little fellow from reaching out for a share of Capehart housing and highway construction. This is now big business' exclusive domain, which it has, thus far, succeeded in keeping to itself. Theirs is, therefore, a policy of intimidation.

If you do not believe that their aim is monopoly on housing and school construction, read please the resolution adopted last January by the Montana Building Chapter of AGC. There, they openly state that they are determined "to prevent the set-aside program of the Small Business Administration from being extended to—the public housing program, the proposed school construction program—or future Federal construction programs that would in the future be awarded under this set-aside program."

Read please, also, a fairly recent issue of the Constructor, an official AGC publication. There, again, it is openly stated:

SBA is increasing the already devastating competition in the industry by bringing in many new small firms, and now is getting into the highway program.

No one can doubt the true purpose of this anti-set-aside campaign. The cat is out of the bag. The issues raised are artificial, the criticisms unfounded, the statistics in support thereof manufactured. The only thing that is not fictitious in this whole sordid matter is the purpose to destroy the set-aside program.

Although the issues raised are artificial, the arguments advanced in support thereof are even more so. They are based, as I said before, on erroneous or misinterpreted statistics, erroneous and misleading assumptions, and outright untruths. I shall not take up your time with the many inane and self-defeating accusations broadcast by the AGC in a widely distributed pamphlet of February 1962, entitled "What Every Taxpayer Should Know About the Small Business Administration." I will limit myself to the refutation of those statements which, without knowledge of the facts one might take seriously. Here they are:

First. They falsely claim that small contractors performing set-aside contracts are less efficient.

It is asserted that the small business set-aside program, as it relates to the construction industry, is subsidizing inefficient and marginal small business contractors at the expense of solid and responsible businessmen. Paralleling this allegation is the one that the set-aside program is bringing new contractors into a field in which competition is already acute and where the existing firms are by no means fully occupied. This, it is alleged, is accomplished by grants of loans to people who cannot obtain them elsewhere, because they are unable to show the loans would be sound investments. These firms, it is further said, are without sufficient skills, knowledge, and background, and, therefore, inferior in job performance; and they are only able to compete as a result of SBA's issuance of certificates of competency.

The facts are, of course, otherwise. SBA is not setting up anybody in business, nor does it make business loans unless there is a reasonable assurance that the loan can and will be repaid in full.

You are aware, no doubt, that the law does not authorize the making of a direct loan to a small business loan applicant, unless his inability to obtain such from a private lending institution has been satisfactorily evidenced. Those who interpret this as an indication that SBA is financing bad credit risks, overlook the fact that credit standing is not the sole determining factor of a bank's loan policies. The maturity length of loans, for instance, has a great effect upon their lending willingness. It is common knowledge that banks do not customarily make commercial loans in excess of 3 or 4 years. In fact, we hear repeatedly from the banks that bank examiners scrutinize their portfolios, and if they find too many long-term loans, these become criticized assets. This is one of the foremost reasons given by banks to prospective small business borrowers of reasonably good credit standing requiring loans for 7, 8, or up to 10 years. It is in cases like these, and where there is reasonable assurance of repaymnt of the loan, that SBA steps in and renders the necessary financial assistance. More often than not it is done in conjunction with private lending institutions on a participating or a deferred basis.

All loans, whether granted by SBA alone or in conjunction with a private lending institution must be of such sound value and so secured that there is reasonable assurance of repayment. In no event does SBA extend credit to a borrower who is considered a poor credit risk.

Please note, Mr. Speaker, in this connection, that due to the prudence exercised by SBA in this respect, the dollar rate of loss evaluated as of December 31, 1961, was only 1.6 percent in construction loans as against 1.3 percent of all other business loans. These figures are most significant in view of the false impression created by AGC and its satellites that 18 percent of SBA's construction loans will result in a dead loss. This is just not true.

Furthermore, the law and regulations require that all bidders, large or small, must be responsible and competent.

A new company finds it most difficult to prove its competency. Part of the proof of competency is past successful operation in the very field of business in which the award is to be made.

Part of the proof of responsibility is evidence of financial ability to perform. Just as the procurement office must find these facts, so too must the SBA official find them in order either to issue a certificate of competency or to approve an application for a loan.

The two applications by the same firm are rarely simultaneous or coincidental or dependent one on the other.

Second. They falsely assert that set-asides lower performance standards.

Neither is there any valid basis for big business' assertion that furnishing assistance to small business concerns lowers performance standards. The fact that a contractor obtained a contract under a set-aside procurement, or the fact that a contractor has an SBA loan, has no bearing whatsoever on his efficiency. His efficiency must be established in advance of either event.

I invite your attention to the fact that construction work inspection is a responsibility of the contracting agency and is carried on to the same degree with all contractors, large or small. This was established beyond question at a hearing before the House Appropriations Subcommittee last May, and at a February joint meeting of staff members of the Senate Committee on Banking and Currency and the Senate Select Committee on Small Business with representatives of the Small Business Administration, the Department of Defense, and the General Services Administration.

The Department of Defense and General Services Administration representatives indicated that contracts awarded under the construction set-aside program have been satisfactorily performed; that inspection by the procuring agency during the performance of the contract, as well as the inspection after the completion of the job, is the same in set-aside contracts as in other construction contracts entered into by the Government; and that these contractors are bonded by private bonding companies in the same manner under set-aside contracts as in other construction contracts.

Generally, the decision whether a particular firm can handle a contract is made by the contracting officer. The great bulk of the small concerns to which such contracts have been awarded, obtained them not because of SBA's intervention, but because the contracting officer made a favorable finding respecting their ability to perform. In these cases SBA did not participate in the award decision.

Where there is a doubt as to the capability of a small contractor—and such doubts are sometimes expressed by contracting officers—SBA pursuant to section 8(b)(7) of the Small Business Act, is empowered to certify that a small

business concern has the capacity and credit to perform a specific contract. Such certification must be accepted by the procuring agency as conclusive.

In carrying out this certificate of competency program, SBA conducts a thorough and careful investigation and analysis of a small business concern's financial and technical ability to perform the specific contract. A certificate of competency will not be issued unless this investigation and analysis establish a reasonable assurance that the contract will be satisfactorily performed.

In the construction industry, where from 1953 to date SBA issued some 30 certificates of competency, not one of the contracts involved in these certifications have been terminated for default. This, I suggest, sufficiently proves that SBA does not certify competency unless it is there, nor does it bring into the program inefficient contractors.

It is, therefore, absurd to charge that the construction set-aside program places Government defense construction in the hands of less capable, less efficient contractors. Admiral Peltier, in testimony before the House Appropriations Subcommittee last May, was asked:

> To what degree do you exercise the same prerogative of checking competence in the award and set-aside with small business as compared to what you had in the regular routine procedure where you selected contractors in the usual way?

His answer was:

> We make the same check. Since so many people in the construction field are small business, they are competent. There is no question about that.

Third. They falsely claim that construction set-asides result in higher costs to the Government.

Another AGC misrepresentation relates to the claim that construction set-asides result in additional costs to the Government.

To my knowledge, there is no evidence to support this view. The evidence is to the contrary. People who make this allegation do not seem to realize that protection against unreasonable prices lies in the fact that pertinent regulations authorize the contracting officer to reject all bids and readvertise any proposed procurement, including a small business set-aside, if he determines that the prices submitted are unreasonable. The final determination in this regard rests with the Government procuring agency. Once all bids are rejected, the award based on the new bidding must go to the lowest competent, responsible bidder, big or small.

In this connection it is to be noted that the Government engineers designing the technical specifications for a construction contract, normally prepare an advance estimate of the costs involved. In fact, such an estimate is required in case of construction contracts which are expected to cost more than $10,000. The estimate, which is kept secret until the bids are opened, provides contracting officers with reliable guidance in determining whether the lowest bid received represents a reasonable price. This safeguard is just as effective in the set-aside program as it is in every other procurement program.

The procurement agencies of the Government have repeatedly asserted that they have no evidence that the small business construction set-aside program involves additional costs to the taxpayer. Former Secretary of the Navy Connally, in testifying not so long ago before the Senate Procurement Committee said:

> I do not know of a case where the Navy or the Government has wound up paying more money for an item as a result of doing business with small business firms.

And, in a report to the Senate Small Business Committee, on February 5, 1962, the Department of Defense included the following statement:

> Some questions have, in fact, been raised as to whether we have not overemphasized the role of small business in our construction programs at the cost of paying unreasonable prices to effectuate set-asides. We have, however, conducted a thorough review of construction contracts awarded during the 6 months ending June 1961, and have concluded that this allegation is unfounded.

And just the other day, on July 19, 1962, to be specific, in a hearing before the Senate Armed Services Committee, the Assistant Secretary of the Department of Defense, the Honorable Thomas D. Morris, reiterated that there is no evidence bearing out a charge of higher cost to the Government as a result of set-asides.

Where, then, does the higher prices allegation by those who parrot the AGC line stem from? I believe that it stems from the isolated few instances where a large contractor has submitted a lower, nonresponsive bid on a set-aside procurement. Since under a small business set-aside unsolicited bids by large contractors cannot be accepted, and large contractors are aware thereof, some have submitted lower than normal bids knowing that they can do so with impunity, for they cannot be called upon to perform at the low bid price. These ineligible large firms are, thus, free to bid unrealistically or even at a loss in order to discredit the bids offered by small firms who are bound by the prices they quote.

On the other hand, the records affirmatively disclose that during the last fiscal year alone, the SBA certificate of competency program saved our Government $4.5 million and at the same time provided employment to 1,360 workers who might have had no jobs.

Fourth. They also claim there is too much subcontracting.

Still another irresponsible complaint made against construction set-asides is that small firms which receive the contract subcontract too much of the work.

The AGC knows that in the construction industry a prime contractor rarely handles the whole project himself. They have no reason to believe that small construction firms subcontract more of the work than is customary in the industry. No less than their large competitors, these small firms assume all of the risks and burdens of prime contractors, and they deserve recognition as such. The fact is that the larger the contractor, the more the subcontracting.

Fifth. They falsely assert that SBA makes the set-asides.

Another charge, a double-barreled one, is that first, SBA arbitrarily determines the size of contracts to be set aside for small business; and second, SBA takes away from contracting authorities most of their discretionary power.

Neither of these charges is true. The dollar value is not one of the criteria.

Congress in sections 2(a) and 15 of the Small Business Act declared it to be the Government policy, and directed that all Government agencies utilize all means properly available to set aside a portion of all Government contracts exclusively for small business participation so as to assure small businesses the opportunity to bid on and receive a fair share thereof.

In order to effectuate this congressional mandate small business set-aside criteria have been developed not by SBA alone, but by it in cooperation with the military and civilian agencies of the Government.

The program is a relatively simple one. Its purpose being to assure small business the opportunity to bid on and receive a fair share of Government contracts, SBA has assigned representatives to as many major Government purchasing offices as can be covered by the agency's limited staff. These SBA representatives and the purchasing officials screen proposed purchases. Some of the agencies have small business specialists. These men are not employed by or resonsible to SBA. They are responsible only to the agency employing them. The representatives of the procurement agency and those of SBA jointly determine whether small firms can supply the items or services. They jointly evaluate the small business competition; and, if there is a reasonable expectation that sufficient responsible small business competition can be obtained, earmark the purchases for bidding by small firms. If they do not find at least three responsible and competent small business firms who will bid, there is no set-aside. If at least three do not bid, the set-aside is revoked.

Although the above procedure is followed in setting aside maintenance, repair, and construction contracts, AGC is persistently fostering a misunderstanding to the effect that all construction contracts between $2,500 and $500,000 are automatically set aside for small business. It is claimed, or at least suggested, that procurement officials have been deprived of discretion with respect to the award of such contracts. That is untrue, for no purchase can be set aside for small business by anyone but the procuring agency. SBA can only recommend, period.

When the set-aside program was first established, it was necessary for the SBA procurement center representative to review each procurement and to initiate individual set-aside action on each procurement meeting the established statutory and regulatory criteria for a set-aside—the availability of a sufficient

number of qualified small business concerns to assure competition at fair and reasonable prices. Furthermore, it was necessary to repeat this action even when the same items were purchased recurrently and there had been no changes in conditions which justified the original set-aside. This resulted in a duplication of effort. In order to simplify and expedite the program the Congress amended the Small Business Act in 1958 to authorize set-asides, not only with respect to individual awards or contracts, but also for classes of awards or contracts.

Now, where SBA has reason to believe that the criteria are generally applicable to a class of contracts, it requests the procurement agency to treat each contract in such class as if it had been the subject of a specific set-aside recommendation by SBA. In no respect does this impair the right of procurement officials to reject a recommendation. In fact, they can and do call SBA's attention to those contracts in which the particular circumstances would not justify a set-aside. Where warranted the recommendation is rescinded.

In cases of disagreement section 15 of the Small Business Act specifically provides that—

> The matter shall be submitted for determination to the Secretary or the head of the appropriate department or agency.

Thus, all SBA can do in such cases is to appeal. The final authority is in the procuring agency.

The application of this procedure to construction contracts is merely an extension of the class recommendations made in other industries for items such as adhesives, ready-mix asphalt, boxes and crates, cement, various types of containers, and for services such as dry-cleaning, janitorial, guard, and watchman services.

As the procurement agencies gained experience in the field of construction, it became apparent that the class set-aside procedures are applicable to the bulk of construction contracts between $2,500 and $500,000. Accordingly it was agreed that the contracting officer should consider each requirement for construction within these dollar limitations as if SBA had made a specific recommendation to restrict it to small business. But he still retains full jurisdiction to exercise his own discretion.

An analysis prepared by the Department of Defense covering the first half of calendar year 1961 illustrates the workings of the system. During this period the Department of Defense awarded 5,291 construction contracts under $500,000. In approximately 20 percent of these cases the Department of Defense determined with the concurrence of SBA that the governing facts would not justify a set-aside. This record will hardly sustain the contention either that SBA arbitrarily determines the size of contracts to be set aside for small business or that it is taking away from the contracting authorities most of their discretionary power.

Sixth. Another falsehood is the claim that the small business size criteria are unrealistic.

Complaints have been voiced by the AGC and its minions, regarding SBA's definition of "small business" in the construction industry, especially that the criteria established are unrealistic.

In the construction industry, SBA's former size criteria were independent ownership and operation, nondominance in the field, and annual average receipts for the past 3 years not exceeding $5 million. SBA changed its size definition, effective as of August 1, 1962, thus allowing firms with average annual receipts of up to and including $7½ million to qualify as small construction firms. Although the changed definition will give an additional number of contractors an opportunity to participate in Government construction, the AGC is continuing its drum beating.

Anyone having a just complaint as to size standards may present it and get a full hearing and relief, if justified, either on a specific case basis or on an industrywide basis.

Seventh. Labor opposition is not justified.

In a separate category entirely is the grievance voiced by some representatives of labor against the construction set-aside program. This, Mr. Speaker, is the most painful aspect of this entire matter. The AGC and the enemies of labor have succeeded in persuading some labor representatives that labor's interests lie with the large construction firms. I am confident, however, that when all the facts are bared and understood, better judgment will prevail and the few opposing labor leaders will realize that their interest and that of the public lies not in the destruction, but in the support of the small construction firms of the country.

Let us examine for a moment the allegations concerning labor.

(a) They mistakenly assert that small contractors are not required to pay prevailing wage scales.

They say that contractors performing set-aside contracts are not required to pay prevailing wage scales and therefore the set-aside program is undermining union wage rates.

This criticism is as unjust as it is untrue. Nothing could be further from the truth, and labor should be well aware of that. Witness the legislative program of 1962 of their building and construction trades department presented at the eighth annual legislative conference held March 5–8 at the Sheraton Park Hotel in Washington, D.C.

Although they there opposed the set-aside program, they did not do so on the wage account, but for the alleged and equally unjustified reason that the program causes unemployment.

If unemployment, however, is labor's concern, little do they realize that their opposition to the small business set-asides equally spells the death knell of the labor set-asides, a measure designed solely to alleviate unemployment in labor surplus areas. Their position, then, is contrary to their very own vital interests and demonstrates incomprehensible shortsightedness. This is why I say that if all facts are bared, and the impact of the proposed bills understood, the misguided will retreat from their too hastily occupied position.

But until then let me return to the alleged detrimental impact of the set-asides on wages.

The small construction concerns are not enjoying any preferential treatment as regards compliance with the prevailing wage provisions of the Davis-Bacon Act—49 Stat. 1011. Compliance therewith is required, regardless of size, of all contractors performing Government construction contracts in excess of $2,000. I am confident that there is no method whereby a small construction contractor can legally avoid the provisions of the act. Labor in response to my request has failed to identify a single instance where that has occurred.

(b) They also mistakenly say that set-asides cause unemployment of union labor.

Since the wage charge falls of its own weight, it is asserted that the set-aside program hurts the members of building trade unions who become unemployed.

Let me analyze that validity of this complaint.

First, the matter of whether or not employees are unionized or not has, as the Congress well knows, nothing whatsoever to do with whether a Government contract is awarded by the method of set-aside or otherwise. Unionization is a matter for consideration by the industry and the trade unions, and there are simply no grounds for the assumption that set-asides have an effect on unionization. But, they do have an effect upon employment. In fact, they constitute one of this administration's most effective weapons in its struggle against the continuing national plight of unemployment. Based on past experience, I concluded that if the objectives of the set-aside program were to be achieved, there would be an increased need, and not a lessening one, for construction workers, especially in areas other than metropolitan.

The law very properly requires set-asides in labor distress areas even at higher prices in order to give work where otherwise there would be none.

I do not stand alone in this view on the beneficial effect of the set-aside program on the employment situation. Only recently the Oklahoma Department of Highways and the Oklahoma Highway Commission submitted a joint resolution to the Congress, urging confinement of highway construction bidding to small business as one means of alleviating unemployment in that State.

Any hopes anybody may have that an increase in construction contracts awards to large firms will result in an increased demand for labor are illusionary. Experience shows that large concerns are often able to perform additional contracts with their existing labor force, whereas small concerns are almost always hiring additional labor when awarded a Government contract.

CONCLUSION

In closing, I should like to reiterate emphatically, Mr. Speaker, that opposition to the construction set-aside program stems from only a few large contractors and association officers and

directors, not rank and file members, of the various branches of AGC. Letters I have seen bear this out fully.

I exhort the opponents of the program to ask themselves what would happen if set-asides were really to be discontinued and construction contracts awarded on the basis of competitive bidding open to small and large firms alike.

Theoretically the idea sounds great. The fact of the matter, however, is that large companies have the mobility which enables them to enter any State of the Union where contracts are available and bring with them many of their employees, and bid against the local small contractor. This possibility is denied to the little firm by virtue of its very smallness. Thus, deprived by the powerful outsider of its local opportunities and unable to seek work elsewhere, the small contractor is doomed to economic extinction.

This, Mr. Speaker, is the reason why I, the SBA, and 90 percent of the construction industry feel that in the face of the continuing decline in the small business share of Government procurement, the program must be maintained and strengthened as well.

The alternative, I submit, is a stunting of the economic growth of the industry, and absolute concentration thereof in the hands of a few. I urge you to believe me when I say that the 90 percent of the construction industry cannot be preserved unless the actual and potential capacity of small business is encouraged and fostered under the set-aside program. Small business has the technical know-how and resourcefulness but is in no position to compete with big business. It looks to this Congress to help it stay viable and share in the defense and well-being of our country.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CUNNINGHAM (at the request of Mr. ARENDS) from August 7 through August 14, on account of official business.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

(The following Members (at the request of Mr. KEITH) and to include extraneous matter:)

Mr. JOHANSEN.

Mr. GLENN.

Mr. FINO.

(The following Members (at the request of Mr. HAYS) and to include extraneous matter:)

Mr. MULTER.

Mr. POWELL.

Mr. MORRIS K. UDALL.

Mr. BARING.

ENROLLED BILL SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 2206. An act to authorize the construction, operation, and maintenance by the Secretary of the Interior of the Fryingpan-Arkansas project, Colorado.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1771. An act to improve the usefulness of national bank branches in foreign countries;

S. 2869. An act to amend chapter 31 of title 38, United States Code, to afford additional time during which certain veterans blinded by reason of a service-connected disability may be afforded vocational rehabilitation training;

S. 2978. An act to authorize the Foreign Claims Settlement Commission of the United States to investigate the claims of citizens of the United States who suffered property damage in 1951 and 1952 as the result of the artificial raising of the water level of Lake Ontario;

S. 3109. An act to amend chapter 17 of title 38, United States Code, in order to authorize hospital and medical care for peacetime veterans suffering from noncompensable service-connected disabilities; and

S. 3525. An act to authorize the Administrator of General Services, in connection with the construction and maintenance of a Federal office building, to use the public space under and over 10th Street SW., in the District of Columbia, and for other purposes.

BILLS PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on August 6, 1962, present to the President, for his approval, bills of the House of the following titles:

H.R. 3822. An act for the relief of Ahsabet Oyunciyan; and

H.R. 10904. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies, for the fiscal year ending June 30, 1963, and for other purposes.

ADJOURNMENT

Mr. HAYS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 2 o'clock and 28 minutes p.m.) the House adjourned until tomorrow, Wednesday, August 8, 1962, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2377. A communication from the President of the United States, transmitting an amendment to the budget for the fiscal year 1963 involving an increase in the amount of $80 million for the Agency for International Development (H. Doc. No. 503); to the Committee on Appropriations and ordered to be printed.

2378. A letter from the Secretary of Defense, relative to the loan of one destroyer to the Government of Pakistan, pursuant to section 7 of Public Law 87-387; to the Committee on Armed Services.

2379. A letter from the Secretary of the Army, transmitting the annual report of the U.S. Soldiers' Home for the fiscal year 1961, pursuant to an act approved March 3, 1883, as amended (24 U.S.C. 59 and 60); to the Committee on Armed Services.

2380. A letter from the Comptroller General of the United States, transmitting a report on the examination of the pricing of spare engines for fire-crash vehicles under Department of the Air Force fixed-price prime contracts with Continental Motors Corp. (Continental), Muskegon, Mich.; to the Committee on Government Operations.

2381. A letter from the Assistant Secretary of the Interior, transmitting a draft of a proposed bill entitled "A bill to authorize the acquisition of lands for addition to the Adams National Historic Site"; to the Committee on Interior and Insular Affairs.

2382. A letter from the executive secretary, National Music Council, New York, N.Y., transmitting the financial report of the National Music Council for the year ending April 30, 1962, pursuant to Public Law 873, 84th Congress; to the Committee on the Judiciary.

2383. A letter from the Administrator, National Aeronautics and Space Administration, transmitting a report to the Committee on Science and Astronautics of the House of Representatives pursuant to section 3 of the act of July 21, 1961 (75 Stat. 216, 217), and submitted to the Speaker of the House of Representatives pursuant to rule XL of the Rules of the House of Representatives; to the Committee on Science and Astronautics.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII, reports of committees were delivered to the Clerk for printing and reference to the proper calendar, as follows:

Mr. PRICE: Committee on Armed Services. H.R. 5423. A bill to amend title 10, United States Code, to authorize the Secretary of the Navy to take possession of the naval oil shale reserves, and for other purposes; with amendment (Rept. No. 2141). Referred to the Committee of the Whole House on the State of the Union.

Mr. PRICE: Committee on Armed Services. S. 2020. An act to amend part IV of subtitle C of title 10, United States Code, to authorize the Secretary of the Navy to develop the South Barrow gasfield, naval petroleum reserve No. 4, for the purpose of making gas available for sale to the native village of Barrow and to other non-Federal communities and installations, and for other purposes; without admendment (Rept. No. 2142). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BARING:

H.R. 12789. A bill to direct the Secretary of the Interior to convey to the city of Henderson, Nev., at fair market value, certain public lands in the State of Nevada; to the Committee on Interior and Insular Affairs.

By Mr. BELL:

H.R. 12790. A bill to provide, for purposes of income taxes under the Internal Revenue Codes of 1939 and 1954, that awards received under the Japanese-American Evacuation Claims Act of 1948 shall not be included in gross income; to the Committee on Ways and Means.

By Mr. BREWSTER:

H.R. 12791. A bill to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on Armed Services.

By Mr. DORN:

H.R. 12792. A bill to prohibit strikes in certain strategic defense facilities; to the Committee on Education and Labor.

By Mr. HOLLAND:

H.R. 12793. A bill to authorize modification of local participation in flood control projects; to the Committee on Public Works.

By Mr. JOELSON:

H.R. 12794. A bill to provide for the sale of the U.S. Animal Quarantine Station, Clifton, N.J., to the city of Clifton to provide for the establishment of a new station and for other purposes; to the Committee on Agriculture.

By Mr. MATHIAS:

H.R. 12795. A bill to provide that participation by members of the National Guard in the reenactment of the Battle of Antietam shall be held and considered to be full-time training duty under section 503 of title 32, United States Code, and for other purposes; to the Committee on Armed Services.

H.R. 12796. A bill to amend the act entitled "An act to provide for a mutual-aid plan for fire protection by and for the District of Columbia and certain adjacent communities in Maryland and Virginia, and for other purposes"; to the Committee on the District of Columbia.

By Mr. MOORE:

H.R. 12797. A bill for the relief of the State Centennial Commission of West Virginia; to the Committee on the Judiciary.

By Mr. MURPHY:

H.R. 12798. A bill to facilitate the entry of alien skilled specialists and certain relatives of U.S. citizens, and for other purposes; to the Committee on the Judiciary.

By Mr. O'HARA of Michigan:

H.R. 12799. A bill to provide Federal assistance for programs in the States for projects which will benefit older persons; to the Committee on Education and Labor.

H.R. 12800. A bill to extend for two additional years the temporary provisions of Public Laws 815 and 874, 81st Congress, to eliminate certain limitations on the applicability of such acts, and for other purposes; to the Committee on Education and Labor.

By Mr. SEELY-BROWN:

H.R. 12801. A bill to amend the Tariff Act of 1930; to the Committee on Ways and Means.

By Mr. SMITH of Iowa:

H.R. 12802. A bill to provide further for cooperation with States in administration and enforcement of certain Federal laws; to the Committee on Agriculture.

By Mr. WHARTON:

H.R. 12803. A bill to amend section 1461 of title 18 of the United States Code with respect to the mailing of obscene matter to minors, and for other purposes; to the Committee on the Judiciary.

H.R. 12804: A bill to protect postal patrons from obnoxious mail matter; to the Committee on Post Office and Civil Service.

By Mr. CRAMER:

H.J. Res. 844. Joint resolution proposing an amendment to the Constitution of the United States permitting nonsectarian religious observances founded upon the recognition of God in public schools or other public places, if participation therein is voluntary; to the Committee on the Judiciary.

By Mr. HARDING:

H.J. Res. 845. Joint resolution designating the dam and reservoir constructed as a part of the Palisades Dam and Reservoir Federal reclamation project, Idaho, as the "Henry C. Dworshak Dam and Reservoir"; to the Committee on Interior and Insular Affairs.

By Mr. ST. GERMAIN:

H.J. Res. 846. Joint resolution requesting and authorizing the President of the United States to officially proclaim the week beginning November 4, 1962, as National Folk Music Week; to the Committee on the Judiciary.

By Mr. THOMPSON of New Jersey:

H.J. Res. 847. Joint resolution authorizing the President of the United States to designate the period from November 26, 1962, through December 2, 1962, as National Cultural Center Week; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. HARDY:

H.R. 12805. A bill for the relief of Lt. Claude V. Wells; to the Committee on the Judiciary.

By Mr. KILBURN:

H.R. 12806. A bill for the relief of Bok Hi Lee; to the Committee on the Judiciary.

By Mr. MICHEL:

H.R. 12807. A bill for the relief of Eugene Ahrends; to the Committee on the Judiciary.

By Mr. MURPHY:

H.R. 12808. A bill for the relief of Elvira V. Sommers; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 12809. A bill for the relief of Tom You Hong, Wai Kuen Wong (also known as Alice Tom), and Peter Tom; to the Committee on the Judiciary.

EXTENSIONS OF REMARKS

Labor Dumps Baring for Stand Against Socialized Medicine

EXTENSION OF REMARKS

OF

HON. WALTER S. BARING

OF NEVADA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. BARING. Mr. Speaker, under leave to extend my remarks, I should like to have inserted in the CONGRESSIONAL RECORD a reprint of a speech I made which was reprinted and circulated by friends who have the same belief as I do regarding medicare under the social security system, which appears to me to be the start of socialized medicine.

This speech was made at the AFL–CIO convention in Las Vegas, Nev., which endorsed my opponent after I had been told in advance that such endorsement would be mine if I would vote for the King-Andersen bill:

NEVADA LABOR BOSSES DUMP CONGRESSMAN BARING FOR HIS COURAGEOUS STAND AGAINST SOCIALIZED MEDICINE PLAN

This will be the eighth time in 16 years that it has been my pleasure to appear before your group and seek labor's support for my candidacy for the Congress of the United States.

Seven times over a period of 14 years your group has overwhelmingly supported my candidacy. Labor has always joined with me and I with them in facing our common foe at election time. The results generally have been quite favorable but we have always had a pretty rough road to travel. The record of that 14 years speaks for itself.

Your national representatives have been high in their acclaim of my stand on matters affecting organized labor. Within the State itself, your leaders and members of the various locals have from time to time contacted me and have expressed their satisfaction with my representation not only of the State of Nevada, but of organized labor itself.

I have journeyed here for the purpose of receiving my eighth consecutive endorsement. I have read and heard of criticism in some quarters as to my standing on some present matters of legislation. Frankly, I was not too concerned. I attributed the apparent misunderstandings to an unfavorable press.

However, shortly after arriving in town I had a visit from two of the leaders of this State organization, and was advised by them that unless I came forward and made an out-and-out commitment to be in favor of the King-Anderson bill, otherwise known as medicare, my continuing support by your organization would be in jeopardy.

Let's see what my stand on this matter is.

The King-Anderson bill was introduced in both the House and the Senate, and in neither body were the proponents of the bill able to get it out of committee. (For your information, I did not serve on the House committee which had the bill under consideration. At the time the King-Anderson bill was introduced, it contained certain language and methods which I did not feel were in the interest of the majority of the people in either the State of Nevada or the United States of America. I therefore announced to the press that I was opposed to the King-Anderson bill in its original form. Let's see what happened.)

The proponents of the bill, who had the strong support of President Kennedy, and after consultation with him themselves decided that the bill in its original form had no chance of passing.

They amended and watered down the King-Anderson bill substantially through legislative maneuver, and put it on as a rider to the welfare bill in the Senate. The Senate defeated the measure by a narrow margin. Those voting against were 21 Democratic Senators, constituting a third of the Democrats in the Senate, and 31 Republican Senators. This bill has never been voted on in the House and will not be presented until the next session of the Congress.

I am as compassionate as anybody living for the fine elderly and needy people in our

country who are now in the golden years of their life, and I am very cognizant that we do have quite a problem in this sphere. Something must be worked out to help them, but the manner in which we act is the deciding point.

The King-Anderson bill wants to put medicare under the Social Security Act, which makes the whole program one of compulsory health insurance. This is not in line with the American way of life and while, as I have said, we must have something to help, it must be on a voluntary basis or else the whole program is labeled as socialized medicine.

Having served on the scene for 10 years, I have lived with this situation, for the subject matter is not a new one. It started under President Truman's administration, continued through President Eisenhower's administration, and the same forces are still fighting to pass this compulsory health insurance under this administration.

I want to point out to you that in each successive Congress from and including Truman's administration until now the majority of the legislators in the National Congress have turned compulsory health insurance down because of the fear of socialized medicine.

I want to say that I know the proponents of the King-Anderson bill personally, and that their intention is to have a public law passed and signed so that it is on the books, and then they will remove the age limit of 65 so that the bill will encompass everyone of all ages. This is unconstitutional, for it would become a direct change in our American way of life.

The bill itself, as it stands today, only covers those people who are presently under the social security system. Those who have never had any social security do not get the benefits, and I think a much more appropriate plan would be to perhaps cut down our budget on some unnecessary foreign aid spending and make outright grants to those people who actually are in need of medical care, then it would not be compulsory insurance.

It would answer the problem and, surely in view of the light that we are taking care of foreigners all over the globe, we could take care of our own elderly people.

Now, one of my Democratic opponents has openly stated that he will be a rubberstamp to the administration, and has stated that I talk as a Republican. My Republican opponent has publicly stated that I vote as a New Dealer. This is an unusual situation, and I'm telling you right here and now that both men are wrong.

I talk and vote as an American who believes in the Constitution of the United States, and I have stated publicly that I will conduct my campaign on an Americanism platform in defense of the Constitution.

How can anyone challenge this if he is a real American, unless he himself is a rubberstamp?

Where does loyalty start, to your country or to your party?

My party background is one of Jeffersonian Democracy, believing in States rights. I do not like to see centralized government become so strong that it is only a hop, skip, and a jump from socialism, and we all know what the next step is after socialism.

Thomas Jefferson said: "The best government is the least government." He also said: "I place economy among the first and foremost virtues, and public debt as the greatest of dangers to be feared. To preserve our independence we must not let our rulers load us with perpetual debt. If we run into such debts we must be taxed in our meat and drink, in our necessities and in our comforts, in our labor and our amusements. If we can prevent the Government from wasting the labor of the people, under the pretense of caring for them, they will be happy." I repeat, "under the pretense of caring for them"—for I think this to be a most important thought.

This country has become most lethargic, and most people have gone along over the past two decades thinking that Uncle Sam is a magician and can do this and that at will via the public expense method. Somebody has to pay these bills, and that somebody is you, or you and me.

The national debt is now $308 billion, and this makes our financial system a very lopsided and dangerous state of affairs. Yet, there is a group of very powerful thinkers who are now in high Government places—in fact, some 33 in number—who are left of center and are all members of the ADA, a group which propounds Fabian socialism.

They are mixed into both parties, so I am critical of this group as it exists in both parties. This is not political, it is bipartisan. They have almost discarded American patriotism and to their way of thinking, such great Americans as Patrick Henry, Henry Clay, Thomas Jefferson become nothing but "bums" or, if you please, modern-day John Birchers. And yet, since I was a boy I was taught that patriotism for my country was the highest and greatest thing that one could show.

You have heard this same group label me and other good Americans with some fantastic name such as McCarthyites, Birchers or anything else fantastic, so as to throw the blame and suspicion of what they are actually doing, stating that these ultra-ultra rightists are bad for the country.

Somebody has to challenge them and show how bad this group of leftists is for our country, for they are not Americans at heart but are power hungry and are desirous of creating a one-world welfare state. Instead of trying to keep America sound the way it grew up, on supply and demand, free enterprise, and labor, they have thoroughly brainwashed many unsuspecting citizens into thinking that the Government should take care of them.

Let me remind you what Abraham Lincoln said: "You cannot build character and courage by taking away a man's initiative and independence. You cannot help men permanently by doing for them what they could and should do for themselves." While Lincoln was a Republican, and I have now quoted Jefferson and Lincoln, I want you to know that I stand firm in both men's beliefs. They were good Americans.

Delegates to this convention, I made an open stand to the people I represent in Nevada, which means all the people. I am frankly alarmed at this sudden turn to the left in government, and I want to leave this thought with you today—that a government that is big enough to give you everything you want is a government big enough to take everything you've got.

I am not McCarthy reborn, as was expressed in one of our local morning newspapers. I am not a John Bircher, or any other fantastic name. I am a legislator who studies cause and effect, and I vote what I think will do the best good for the majority of the people.

Above all, let me state to you here today that I am not a rubberstamp, for if we had a rubberstamp Congress you would not need a Congress. You would be under a dictatorship form of government.

Men have disagreed, parties have disagreed, over the last 200 years, and this is a healthy condition if we want to preserve our American way of life.

During the 10 years that I have represented you in the Congress, I can proudly say that I have always represented you with dignity and honesty.

If after 10 years I cannot get your support, with you knowing how I have worked for the working people of America, then I cannot come into your convention and ask your support under the provision that I must vote for one particular piece of legislation, or else.

I repeat, delegates, that I am not a rubberstamp—I am a representative of all the people.

I thank you for allowing me to appear before you today and make my position known to you. Thank you again.

Independence Day of the Ivory Coast

EXTENSION OF REMARKS

OF

HON. ADAM C. POWELL

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. POWELL. Mr. Speaker, we take this opportunity to send warm felicitations to His Excellency, the President of the Republic of the Ivory Coast, Felix Houphouet-Boigny; and His Excellency, the Ambassador of the Ivory Coast to the United States, Konan Bédié, on the occasion of the second anniversary of the Ivory Coast's independence.

The Ivory Coast, which first became known to Europeans as a result of exploratory voyages by the Portuguese in the 14th and 15th centuries, was administered by France from the end of the 19th century until 1958. At that time its people voted in favor of the constitution of the Fifth French Republic, thus making the Ivory Coast an autonomous state in the French Community. On August 7, 1960, the Ivory Coast became an independent republic, while remaining in the French Community. Today its 3 million citizens, many descendants of ancient kingdoms, are striving to consolidate their young nation.

We were recently privileged to welcome the President of the Ivory Coast, M. Felix Houphouet-Boigny, who came on a state visit. President Houphouet-Boigny, formerly a physician, has become known to the world for his efforts to achieve freedom for the Ivory Coast and for his faith in cooperation with other nations. After the Second World War he was a founder and leader of the African Democratic Rally—RDA—an interterritorial political party which assumed the lead in the movement for independence of the French-African territories. For many years he represented the Ivory Coast in the French National Assembly. President Kennedy has praised his extraordinary efforts in promoting African unity and cooperation within the Council of the Entente, the Union of African and Malagasy States, and through a conference of 20 African nations held recently at Lagos, Nigeria. We trust that President Houphouet-Boigny's visit to the United States and the conversations between the two Presidents have strengthened the friendly relations between our two countries. President Houphouet-Boigny's visit followed a trip by Attorney General Robert Kennedy to the Ivory Coast, where he represented the United States at the first anniversary of that nation's independence last August.

The Ivory Coast has cooperated closely with France in its economic and social development. Attractive housing is being vastly expanded. The proportion of children receiving elementary education has increased ninefold during the last few years. Until 1958, higher education was available only in the universities of France or nearby Senegal; now a university is being established in Abidjan, the capital city of the Ivory Coast. Public health services are being strengthened both at Abidjan and in the interior administrative subdivisions. Meanwhile, an economic boom is in progress, and President Houphouet-Boigny, who successfully led the struggle for African emancipation, is now embarked on a bold experiment of cooperating with foreign governments and investors. We salute the Ivory Coast on the second anniversary of its independence.

Count Your Freedoms

EXTENSION OF REMARKS

OF

HON. ABRAHAM J. MULTER

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. MULTER. Mr. Speaker, I commend to the attention of our colleagues the following article written by our distinguished Secretary of Commerce, the Honorable Luther H. Hodges.

Secretary Hodges has reminded us of one of the most important freedoms we have under a democratic form of government: the freedom of choice.

The article, which appeared in the July 1, 1962, issue of This Week magazine, follows:

COUNT YOUR FREEDOMS

(By Luther H. Hodges, U.S. Secretary of Commerce)

(NOTE.—One of our most exciting American freedoms is one we seldom discuss: Freedom of choice. In a new kind of Fourth of July message, the Secretary of Commerce talks about its meanings for you.)

WASHINGTON.—When I was a boy in North Carolina, the Fourth of July was the most exciting holiday of the year. The whole town turned out for the races in the morning—sack races, three-legged races, and the wild race to capture a greased pig. Then we ate picnic lunches, bought lemonade at the refreshment stands and settled down for the speeches.

Thundering oratory was much admired in that pre-World War I time. We listened, entranced, to the rolling phrases celebrating the glorious declaration of liberation from tyranny and despotism which took place on July 4, 1776. The inspiring words still echoed in our minds hours later when brilliant fireworks exploded in the night sky.

The years passed and the Fourth of July emphasis gradually shifted from the independence as a Nation, won for us by our forefathers, to the precious individual freedoms that we ourselves must guard constantly against attack and erosion. The four freedoms of Franklin D. Roosevelt—freedom of speech, freedom of worship, freedom from want and freedom from fear—became the focus of our celebration.

This year I'd like to bring up a fifth freedom—a freedom we enjoy every minute of every day of our lives, yet one we rarely mention—freedom of choice.

What does this fifth freedom mean? Simply that in our personal, our business, and our community lives, we Americans have a range of free choices unmatched and almost undreamed of in many other parts of the world. For example:

FREEDOM OF CHOICE: WHERE WE LIVE

Americans are free to live wherever they please. One family moves from the city to a suburb. Another goes from a rented apartment to a house of its own. Still another heads west or north to a different State—in pursuit of a new job, a better school, fresher air, or merely a change of scene. People in many countries today do not have this freedom.

When I visited the Soviet Union in 1959 as one of nine State Governors, a man working in a factory told me, through an interpreter, that he came from a very beautiful, distant part of Russia where there were many vineyards.

"Would you like to work in the vineyards?" I asked.

"Oh yes," his face lit up.

"Then why don't you?" I inquired.

He shook his head. Later someone explained to me that in order to buy a railroad ticket to that distant place, the man would be required to show proof that he had a job there. But to obtain a job, he would have to be there. So the idea was hopeless, because he had no choice as to his location or his job.

Last fall in Berlin I noticed a dozen West Berliners standing on a mound near the East-West dividing line waving their handkerchiefs—some occasionally wiping away tears. I asked a woman to whom she was waving.

"To my daughter and her baby and my elderly mother," she told me.

I looked and saw another group of people 500 feet away in East Berlin—imprisoned behind the 7-foot wall topped by barbed wire and broken glass. The divided members of this family had written to each other making a date to wave at that particular time on that Sunday morning.

By contrast, our freedom to move about and live wherever we please is illustrated by a delightful letter received recently at the Department of Commerce census field office in Kansas City. A young woman, licensed to teach school anywhere in the State of Nebraska, asked the census people a simple and sensible question before accepting a job offer: "What city in Nebraska has the highest proportion of unmarried men between 30 and 40?"

FREEDOM OF CHOICE: WHAT WE BUY

The abundance of goods in our supermarkets and department stores is so overwhelming that we tend not to be aware of it until we travel to a place where scarcity prevails. In many parts of the Communist world there is outright famine today—no food to be had at any price. Even the poorest of our people, choosing an ice cream cone for a child from numerous flavors, has difficulty imagining mass starvation striking a country like a Biblical plague.

In East Germany, where the shops are nearly empty, a woman goes from queue to queue and spends half a day assembling the barest necessities for the next 24 hours. In the Soviet Union, everyone I saw appeared to be healthy and well-fed, but the diet is about 60 percent bread and 10 percent potatoes. Not much choice there. In fact, nearly everything of a luxury nature seemed to be pretty much out of reach of the average person.

But let us not be fat, dumb and happy about our good fortune. The graveyard of history is filled with the bones of people who became too complacent, and were overrun by the lean and hungry have-nots. We must help other nations, some of whose citizens exist on as little as $50 each year, to improve their lot. In so doing we will also help ourselves, because some day they will be able to buy automobiles and television sets from us.

FREEDOM OF CHOICE: HOW WE RUN A BUSINESS

The Americans who make and sell all those automobiles, desks, radios, and bicycles enjoy broad freedoms of choice which we call free enterprise. Of course, our commercial society is complex today and sometimes redtape and collisions of public and private interest tend to confuse us. I find this true in Government work, but the fundamental freedoms are always there and the goals are worth all our impatience and inconvenience.

An industrialist can make up his mind at lunch, "I'll build a front-wheel drive car that goes 150 miles an hour." A storekeeper can abruptly decide, "I'm bored with children's clothes—I'd rather sell hobby kits." A salesman can walk out of his job at an appliance company and look for work in the soft drink field. All three can set about their new projects that very afternoon, without the slightest thought of clearances, permits or authorizations.

The one person who exercises an ultimate veto over them is the consumer. He must freely choose to buy what they offer, or they'll soon have no factory, no store, no job. Essentially, ours is a consumer-controlled economy.

When I traveled in Communist countries, it took effort of will to grasp the idea that all business, trades, and industries are run and owned by the State. A workingman cannot casually change jobs. Neither can a factory operator make shirts instead of skirts, replace machinery or open new branches. These are official, not individual, choices.

FREEDOM OF CHOICE: THE WAY WE ADVERTISE

An important free choice of the American businessman is how he sells his product. He can put a sign in his window and hope the neighbors will see it. Or he can buy space in a publication or time on the air and, with the unique sales tool called advertising, try to sell to millions of people.

Of course this freedom is sometimes abused, but blanket criticism of advertising reflects a profound ignorance of its essential role in our economy. Without advertising to stimulate a constantly expanding demand for goods and services, we wouldn't be the wealthiest nation that has ever existed.

Under our system, profits make possible the investments that create jobs and increase production. To keep this cycle spiraling upward, potential demand must be transformed into actual sales. Advertising does this by informing purchasers of the choices offered them.

A single example will show the service rendered to our whole economy by the right kind of advertising. When the first man-made fabrics came out, they were referred to slightingly as "artificial silk" or "synthetic." The word "synthetic" was equivalent of "fake" and the public was disposed to think of the new materials as worthless.

But carefully thought-out advertising informed buyers of the special merits of each of the new fibers. The goods lived up to the promises made for them, and today the production of manmade fibers has reached an astonishing 2 billion pounds a year.

FREEDOM OF CHOICE: WHERE WE SELL

The American businessman can freely choose to sell locally or to faraway markets. Since the Department of Commerce began its current drive to raise our level of exports from 4 percent of our gross national product (Belgium-Luxembourg exports over 31 percent), many smaller businessmen have been amazed to learn that this choice is, as a practical matter, open to them.

One Midwest manufacturer of work clothes asked us if he really could sell his garments abroad. We put him in touch with agents in the United Kingdom and Germany. The

salesman he sent to England wrote enough orders to swamp the factory and saved Germany for a later trip.

The 10 American exhibitors at our London Trade Center's lamps and home-lighting show this March wrote $125,000 in initial orders. The hit of the show was the three-way light bulb and switch, an everyday item for us, but a novelty in Britain. American factories are now rushing three-way units for shipment abroad.

I feel that far too few of our businessmen are taking advantage of their freedom to sell overseas. A recent U.S. trade mission to eight new West African Republics ran into many German and French salesmen, wide awake to the commercial potential of these new markets, but not a single American. Yet a 10-percent increase in our exports would virtually eliminate the deficit in our international accounts and create new jobs and profits.

FREEDOM OF CHOICE: WHAT KIND OF TOWN

Finally, I want to talk about the choices a community can make. As citizens you are free to decide what kind of town yours will be—residential or industrial, fast growing or slow to change, a place where people come to study, retire, get rich or kick up their heels.

And when things go wrong, you can choose remedies. Certain areas today are sorely depressed because resources have been depleted, industries have moved away, or leaders of the community have grown careless and indifferent. When this happens, people can simply bemoan their fate and accept relief, or they can leave and start somewhere else. Or they can act in concert to improve their condition.

I think particularly of a Maryland city with a real can-do spirit. In 1960, Cambridge, on the Eastern Shore, was in a decline after the closing of a major food plant. More than 12 percent of the labor force was idle. Stores were failing. The prospects were indeed bleak when four young businessmen formed an industrial committee and by ringing doorbells collected $15,000, partly in $1 and $5 bills.

With this money, hard work, and enthusiasm, they "sold Cambridge" to a manufacturing company, two boat companies and a publishing house. Later, a new sewage system was needed to serve expanding industry. The new area redevelopment program of the Department of Commerce assisted the city with a $68,000 loan and a $204,000 grant, and 875 more new jobs came into being. The people of Cambridge are taxpayers again instead of tax users—because they chose to do something about their problems. They made their choice.

FREEDOM OF CHOICE: LET'S KEEP IT

I get impatient with people who say we Americans have lost our freedoms, lost our momentum, lost our way. We have not. Sometimes I wish for a little of that rousing Fourth of July oratory of my boyhood so we could feel again the heady excitement and throbbing sense of our destiny.

I think we need to remind ourselves that we are not forced to go where we are sent, do what we are told, or eat what we are given—because 186 years ago, we declared for life, liberty, and the pursuit of happiness.

And as we exercise our freedom of choice in scores of ways, we can, by the unselfishness and the farsightedness of our choices, assure the continuation of the freedoms we cherish and their extension to others.

Ready Reference Guide to Senate Press Aids

EXTENSION OF REMARKS

OF

HON. JOHN SPARKMAN

OF ALABAMA

IN THE SENATE OF THE UNITED STATES

Tuesday, August 7, 1962

Mr. SPARKMAN. Mr. President, the National Editorial Association, publisher of the National Publisher, has compiled for the first time a ready reference guide to Senate press aids. This guide appeared in the July 1962 National Publisher, which is distributed to newspapers nationwide.

I believe that publication of this list in the CONGRESSIONAL RECORD will be helpful to the many fine reporters who work in the Senate and House press, radio-TV, and periodical galleries, as well as to the many newspaper editors around the country who receive the CONGRESSIONAL RECORD by mail.

Accordingly, I ask unanimous consent to have printed in the CONGRESSIONAL RECORD the "Ready Reference Guide to Senate Press Aids."

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

READY REFERENCE GUIDE TO SENATE PRESS AIDS

(Revised through July 20, 1962)

President of the Senate, Vice President Lyndon B. Johnson; press secretary, George Reedy

State	Senator	Press contact
Alabama	Lister Hill, Democrat	Bob Smith.
	John Sparkman, Democrat	Grover C. Smith.
Alaska	E. L. (Bob) Bartlett, Democrat	Miss Mary Lee Council.
	Ernest Gruening, Democrat	George Sundborg.
Arizona	Carl Hayden, Democrat	Fritz Kessinger.
	Barry M. Goldwater, Republican	Tony S. Smith.
Arkansas	John L. McClellan, Democrat	Ralph Matthews.
	J. W. Fulbright, Democrat	Pat Fleming.
California	Thomas H. Kuchel, Republican	Warren Francis.
	Clair Engle, Democrat	Charles Bosley.
Colorado	Gordon L. Allott, Republican	Jack Ware.
	John A. Carroll, Democrat	Harmon Kallman.
Connecticut	Prescott Bush, Republican	David S. Clarke.
	Thomas J. Dodd, Democrat	James P. Boyd.
Delaware	John J. Williams, Republican	Miss Eleanor R. Lenhart.
	J. Caleb Boggs, Republican	William Hildenbrand.
Florida	Spessard L. Holland, Democrat	Oscar Elder.
	George A. Smathers, Democrat	William McHale.
Georgia	Richard B. Russell, Democrat	Earl Leonard.
	Herman Talmadge, Democrat	William H. Burson.
Hawaii	Hiram L. Fong, Republican	Miss Leila Villada.
	Oren E. Long, Democrat	Paul Southwick.
Idaho	Henry C. Dworshak, Republican	Edward Woozley.
	Frank Church, Democrat	Porter Ward.
Illinois	Paul H. Douglas, Democrat	Howard E. Shuman.
	Everett Dirkson, Republican	Harold E. Rainville.
Indiana	Homer E. Capehart, Republican	Gene Dawson.
	Vance Hartke, Democrat	John Munger.
Iowa	B. B. Hickenlooper, Republican	Dan O'Brien.
	Jack Miller, Republican	Loyal Meek.
Kansas	Frank Carlson, Republican	Miss Betty Rosness.
	James B. Pearson, Republican	John Conard.
Kentucky	John S. Cooper, Republican	Bailey Guard.
	Thruston B. Morton, Republican	Albert B. Brooke, Jr.
Louisiana	Allen J. Ellender, Democrat	C. B. Morrison.
	Russell B. Long, Democrat	William E. Leonard.
Maine	Margaret C. Smith, Republican	Bill Lewis.
	Edmund S. Muskie, Democrat	Donald Nicoll.
Maryland	J. Marshall Butler, Republican	Lee Edwards.
	J. Glenn Beall, Republican	Ben Whitehurst.
Massachusetts	Leverett Saltonstall, Republican	Charles Clapp.
	Benj. A. Smith II, Democrat	Robin L. Pell.
Michigan	Pat McNamara, Democrat	Edwin N. Winge.
	Philip A. Hart, Democrat	William B. Welch.
Minnesota	Hubert Humphrey, Democrat	Winthrop G. Griffith.
	Eugene J. McCarthy, Democrat	Clinton Boo.
Mississippi	James O. Eastland, Democrat	Courtney Pace.
	John Stennis, Democrat	Phil Stroupe.
Missouri	Stuart Symington, Democrat	Fred McGhee.
	Edward V. Long, Democrat	S. William Brown, Jr.
Montana	Mike Mansfield, Democrat	Raymond Dockstadter.
	Lee Metcalf, Democrat	Merrill Englund.
Nebraska	Roman L. Hruska, Republican	Dean Pohlenz.
	Carl T. Curtis, Republican	Lynn Mote.
Nevada	Alan Bible, Democrat	Alan Jarlson.
	Howard W. Cannon, Democrat	Chester B. Sobsey.
New Hampshire	Norris Cotton, Republican	Kenneth Roberts.
	Maurice Murphy, Jr., Republican	Norman E. Bailey.
New Jersey	Clifford P. Case, Republican	Sam Zagoria.
	H. A. Williams, Jr., Democrat	William E. Oriol.
New Mexico	Dennis Chavez, Democrat	Henry R. Smith.
	Clinton P. Anderson, Democrat	Howard Bray.
New York	Jacob K. Javits, Republican	Richard Aurelio.
	Kenneth B. Keating, Republican	Mrs. Vera R. Glaser.
North Carolina	Sam J. Ervin, Jr., Democrat	W. Hall Smith, Jr.
	B. Everett Jordan, Democrat	William B. Whitley.
North Dakota	Milton R. Young, Republican	Bill Wright.
	Quentin N. Burdick, Democrat	William O. Scouton.
Ohio	Frank J. Lausche, Democrat	Ray M. White.
	Stephen M. Young, Democrat	Herbert Jolovitz.
Oklahoma	Robert S. Kerr, Democrat	John Meek.
	A. S. Monroney, Democrat	Mrs. Beth Short.
Oregon	Wayne Morse, Democrat	Miss Phyllis Rock.
	M. B. Neuberger, Democrat	Lloyd Tupling.
Pennsylvania	Joseph S. Clark, Democrat	Bernard E. Norwitch.
	Hugh Scott, Republican	Eugene S. Cowen.
Rhode Island	John O. Pastore, Democrat	C. J. Maisano.
	Claiborne Pell, Democrat	Raymond N. Nelson.
South Carolina	Olin D. Johnston, Democrat	Thomas W. Chadwick.
	Strom Thurmond, Democrat	Harry S. Dent.
South Dakota	Karl E. Mundt, Republican	Walter Conahan.
	Joseph H. Bottum, Jr., Republican	John S. Arnold.
Tennessee	Estes Kefauver, Democrat	Charles Caldwell.
	Albert Gore, Democrat	Jack W. Robinson.
Texas	R. W. Yarborough, Democrat	Louie E. Mathis.
	John G. Tower, Republican	C. Herschel Schooley.
Utah	Wallace F. Bennett, Republican	Edwin C. Bliss.
	Frank E. Moss, Democrat	Grant W. Midgley.
Vermont	George D. Aiken, Republican	Charles Weaver.
	Winston L. Prouty, Republican	Robert Donihi.
Virginia	Harry Flood Byrd, Democrat	J. Heywood Bell.
	A. Willis Robertson, Democrat	William Foster.
Washington	W. G. Magnuson, Democrat	Carl Downing.
	Henry M. Jackson, Democrat	Brian Corcoran.
West Virginia	Jennings Randolph, Democrat	James W. Harris.
	Robert C. Byrd, Democrat	Louis I. Freed.
Wisconsin	Alexander Wiley, Republican	Herbert Kirstein.
	William Proxmire, Democrat	Jerry P. Clark.
Wyoming	Gale W. McGee, Democrat	Richard Cook.
	J. J. Hickey, Democrat	Miss Louise Love.

Unique Jewish Farm Colony

EXTENSION OF REMARKS

OF

HON. MILTON W. GLENN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. GLENN. Mr. Speaker, I wish to bring to the attention of my colleagues a very excellent article by Mr. Gary Shenfeld in the Atlantic City Press about a unique farm colony founded by Jewish refugees in south Jersey 80 years ago. One hundred refugee families from Russia settled a few miles west of Vineland and founded the first colony of Jewish farmers in this country. The area later developed into the three towns of Alliance, Norma, and Brotmanville.

These people persevered over almost indescribable hardships. Originally they lived in a large barracks under the worst of conditions when they arrived at Alliance, which is on the Maurice River in the southeast corner of Salem County, about 5 miles northwest of Vineland. The area was covered with woodland over its thousands of acres. The owners, the Leach brothers, cut off timber, sawed it into lumber and sold the land to the Alliance Land Trust for $15 an acre.

From the lumber the people erected shanties 14 feet square and 14 feet high, lined with one thin board and plastered inside. In the winter the settlers suffered from cold and in the summer they sweltered in the heat. Each shanty sold at $150.

The refugees chose the Alliance area because it was located on the Jersey Central Railroad, about 100 miles from New York and about 40 miles from Philadelphia. In the early days, in addition to farming, the settlers opened a cigar factory which operated only briefly, and also went into the tailoring of cheap summer coats and vests which proved profitable. Then berries and grapes came into bearing.

In the meanwhile, A. Brotman, of New York, took over the Gartman farm and built a large shop, eventually building up Brotmanville. While the farms were being cleared of stumps, the settlers were learning the rudiments of farming with the help of books and the advice of neighbors. Mostly they learned through experience. A major problem was education of the children. To get their children into Vineland High School, the immigrants had to pay the tuition personally. The youngsters usually rode their bicycles to school and when that was impossible a wagon had to be hired.

Originally there were four synagogues, and a Sabbath school was inaugurated. Later there were Friday night gatherings at the hall of the big synagogue where also was conducted a public library. There was a night school for adults.

Brushland was still being cleared as late as 1900. The farmers had no running water or electric lights. The "richer" homes might have a kitchen pump, but the water usually came from an outside well. Homes were heated with a wood range. Bathing was done in a homely washtub. Kolman Krassenstein ran a general store and post office, but the bulk of the shopping was done on the weekly horse-and-buggy trip to Vineland every Saturday.

Herman Eisenberg, raised in Norma and graduated from Rutgers and the University of Pennsylvania Law School, is now a Philadelphia lawyer. He recalls his early education in "the little red schoolhouse of Union Grove which consisted of two rooms housing all eight grades." There were four classes in each of the two rooms.

Jacob D. Spiegel, better known as "Jake," was the organizer of the Norma Athletic Association in 1904. In later years, according to Mr. Eisenberg, Jake was to be the guiding spirit of almost everything that took place in Norma. The NAA included residents of Norma, Alliance, and Brotmanville, with its main activity the baseball team.

Only two of the original settlers are left, William H. Levin, about 88, who lives across from the Alliance Cemetery, and Isaac Helig, about 86, who lives on Garden Road.

Mr. Spiegel said:

> Normally, the Jewish people are industrialists, businessmen, and tradesmen. Here, the only thing they had was a piece of land and a home. They worked in neighboring towns to supplement their incomes; in Vineland, Deerfield, and Sharptown's canneries to support themselves.

Elizabeth Rudnick Levin, daughter of one of the original settlers, married Dr. Samuel F. Levin. She was born in Alliance and graduated from Vineland High School. On the 50th anniversary of the immigrants' coming, Mrs. Levin wrote about the prematurely old women who plodded along, day after day through the hot summer, doing the work of man and beast. During the strawberry season, children trudged along with their mothers going from farm to farm under the blazing sun to pick the perishable berries for an insatiable market.

The only recreation of these women was the Saturday morning service at the synagogues and they made yearly contributions toward beautifying the interiors of the "schule."

Sam Berkowitz, who runs the Berkowitz Feed Mill in Norma, says that in the three little villages poultry and general farming are still the biggest industry although the poultry industry is going sour. There are three poultry dressing plants in the area, a pearl button factory and two feed mills.

Mrs. Herman Spector, a Norma resident, says that conditions have changed in the area but the land remains fertile. Many of the old farms have disappeared, replaced by poultry farms now threatened with extinction. New scientific methods of farming have proved that the sweet potato is not profitable enough for the farmer so the basic crops have changed to more garden vegetables.

The spirit of these settlers was summed up on their 50th anniversary when they wrote:

> Our farms are all paid for; we have a good name and credit in the bank, befitting industrious and thrifty people. We feel prosperous and can keep our heads up; we are employed steadily; we are our own bosses.
>
> We are well and fairly comfortable and happy. Even the crisis which played such havoc in the cities with our brethren who were gambling in real estate and in stocks and bonds didn't hurt us very much.
>
> We lost neither our heads nor our homes. Indeed, we have less temptations, albeit less luxuries. We lead a natural life.

Sermons could be written on that last sentence, "We lead a natural life." If every human being could say that, I am sure most of the world's ills would disappear and we could all enjoy "life, liberty, and the pursuit of happiness."

Needed: A Reappraisal of the Veterans Pension Principle

EXTENSION OF REMARKS

OF

HON. MORRIS K. UDALL

OF ARIZONA

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. MORRIS K. UDALL. Mr. Speaker, in recent months the Members of Congress have been the target of an effective, well-organized campaign by veterans of World War I to obtain signatures on a discharge petition which would bring their special pension bill, H.R. 3745, to the House floor. While I have many fine friends who endorse this legislation, I cannot in good conscience sign this discharge petition. Since I know many of my colleagues have wrestled with this same decision, I want to share with them my thoughts contained in a letter addressed to a veterans' barracks in my hometown.

The letter follows:

AUGUST 6, 1962.

Mr. ALFRED B. MILLER,
Public Relations Officer, Veterans of World War I, Tucson, Ariz.

DEAR MR. MILLER: Thank you for your letter of July 28 in response to my letter of July 18 addressed Mr. Paul Russell.

I am sure you appreciate the fact that at any time I am under pressure from conflicting groups on dozens of matters before the Congress. Those on one side are just as vigorous in presenting their views as those on the other. Your fine organization has been doing a good job of making its views known to the Congress, and I must commend your national officers for their effectiveness. Nevertheless, I must say that, as in all other matters, I would be fulfilling less than my public trust if I simply listened to their arguments and ignored what others are saying or failed to make a study of the broad implications involved in H.R. 3745.

A question that concerns me greatly is the premise on which non-service-connected veterans' pensions are based. I understand that veterans of the Civil War and Spanish-American War received pensions. Some of their widows are still living, and they are continuing to receive pensions. Now World War I veterans seek a special pension of their own, and they base their claim on the fact that veterans of previous wars received them. I say this is not sufficient reason and that it is time as a nation we took a second look at the veterans' pension concept. Because

we did a thing once doesn't mean that we must or should go on doing it forever.

The principle your organization advocates is this: A minimum of 3 months of military service in one particular war entitles a man to a special tax-free pension when he reaches 65 years of age. Does this make sense? I am not persuaded that it does.

Just to put this request in perspective, consider this fact: When World War I ended, most of its participants left the service and returned to civilian life. But a few remained and made a career of military service. In 1947 some of those who enlisted in 1917 retired after 30 years of active duty and service in two wars. Those who had risen to the rating of master sergeant retired with pensions of $185.63 per month. Now your organization is asking $102.37—or 55 percent of a 30-year pension—for those of their fellow servicemen who left the service 29 years earlier. What kind of sense does this make?

I have refused to sign the discharge petition for these reasons:

1. I don't believe this is the way to enact legislation unless there is clear evidence of bad faith on the part of a committee and its chairman. While some of the members of this committee have signed the discharge petition under great pressure from this veterans' group, a majority have not, and the chairman is firmly opposed to this legislation. I have a high regard for these colleagues of mine, I think they have served the veterans of this country exceedingly well, and I do not believe other Members of Congress have the specialized knowledge of veterans' legislation possessed by members of this committee.

2. I fail to see how one can justify paying veterans of one particular war (and not other wars) a pension merely for having served 90 days or more during that war (the average service in World War I was 12 months). If there were a way to compensate the men who died in that war, the sky would be the limit; but the men who came back from camp or overseas hale and hearty clearly have not earned the right to pensions for which other people must work all their lives.

3. There already is a law providing nonservice-connected old-age benefits to veterans (of all wars) who are in need.

4. There already are laws providing benefits to veterans with service-connected disabilities.

5. Veterans of the First World War comprise 15 percent of all U.S. veterans and have received 28 percent ($30 billion) of all expenditures for all veterans. In spite of the GI bill of World War II, veterans of World War I have received nearly twice as much per capita ($7,000 compared to $3,700) as veterans of the Second World War.

6. If the principle of pensions for war service is right, then there can be no logical ground for refusing pensions to veterans of World War II and the Korean war who now or in the future are of retirement age. If this bill passed, American taxpayers would pay out an additional $4.3 billion by 1966 and $11.6 billion by the year 2000. If World War II and Korean war veterans were to receive the same pension (and passage of this bill would certainly make this a likely possibility), the additional cost might ultimately exceed $100 billion, or more than half the total debt this Nation incurred fighting a war on two fronts from 1941 to 1945.

7. The American Legion, Amvets and other veterans' groups oppose this kind of veterans' pension and rightly believe the enormous cost of such a program (an extra $1 billion the first year alone) would incur the wrath of taxpayers and hurt other necessary veterans' legislation.

8. If improvements are needed in benefits for needy veterans or those with service-connected disabilities, this is the wrong way to make them.

In the past few months I have received hundreds of letters and petitions urging me to sign the discharge petition for H.R. 3745, the pension bill. Various arguments are used by sincere people who believe wartime service gives a man a right to a lifetime pension. Perhaps the main argument is that veterans of World War I were badly treated, that they never received anything like the generous educational opportunities received by veterans of World War II. In part, this is true. In the years between the two great wars this country came to recognize more of an obligation to the men who risk their lives in war. As a veteran of World War II, I know that this country was most generous in helping veterans complete their interrupted education and to find places for themselves once again in society. I can understand the regret of World War I veterans that they had not received similar opportunities.

However, these facts should be recalled:

1. The average length of service in World War II was 2½ years, compared to 12 months for World War I.

2. Seventy-seven percent of World War II veterans served overseas, compared with 50 percent of World War I veterans.

3. Educating a man to reenter normal civilian life is a proper function of a nation that has taken years out of that man's life; providing him a lifetime pension when he retires is a very different kind of thing having no direct relationship to his military service.

I am sorry to see you citing my support of foreign aid as a vote against World War veterans. I voted for foreign aid, most of which is military assistance, because I believe this program is a positive way to prevent another war and to protect our country—not to engage in free handouts or meaningless generosity to unappreciative people, which is the usual senseless charge made against this program. My vote for foreign aid was cast along with the votes of the patriotic leaders of both political parties, and I am somewhat displeased to have you suggest that I was placing the interests of our country second to the interests of nameless foreigners.

With regard to the American Legion position I am enclosing a statement that is self-explanatory. I recognize that some Legion chapters and departments support the bill, but the position of the organization nationally is very much in opposition.

The statement is made so often that the chairman of the Veterans' Affairs Committee is single-handedly holding up H.R. 3745 that I decided to look into this claim. I find, in the newspaper of your own organization, a list of Congressmen who reportedly have signed the discharge petition. Seven of them and only seven, are members of the Veterans' Affairs Committee. The ranking Republican member, Congressman WILLIAM H. AYRES, of Ohio, not only has refused to sign the petition but has been outspoken in opposing the bill. Of the 25 Congressmen on the committee 18 have refused to sign the petition. This is not evidence of one-man dictatorial rule.

In addition, I might comment that I have talked personally and privately with members of this committee, and I can assure you that their unwillingness to bring this bill out stems from their own judgment, and not from dictatorial pressure from the chairman.

H.R. 3745 would not give pensions to every World War I veteran, but it would to most. There are limitations, to be sure. To receive a pension a veteran must have annual income of less than $2,400, if single, or $3,600 if married. However, he can exclude from his income all pensions, annuities, social security payments and the like—the sources of most retirement income. Thus, this bill would provide a pension of $102.37 per month to a married veteran already receiving $5,000 of income, provided only that $1,401 of that income came from social security and other public or private annuity plans (including insurance policies).

I greatly regret that I cannot justify signing this discharge petition. Nothing would please me more than to be able to comply with the wishes of many good friends who have asked me to do so. Unfortunately, a sound case has not been made for this bill. There are no adequate answers yet provided to the questions that arise concerning such legislation. It doesn't make sense to enact pensions for one set of retired war veterans and not another. Extending the pension principle to yet another war, with demands of World War II and Korean war veterans around the corner, makes very little sense. Giving a man a tax-free pension because he served 3 months or more during wartime is a concept that needs far more complete study than this discharge procedure would permit. For these and other reasons I must repeat that I am not ready to throw over the standard committee processes of this Congress in order to pass H.R. 3745.

Sincerely,

MORRIS K. UDALL.

Key Targets of the Communists

EXTENSION OF REMARKS

OF

HON. AUGUST E. JOHANSEN

OF MICHIGAN

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. JOHANSEN. Mr. Speaker, no Members of this House regret more deeply than do his colleagues on the Committee on Un-American Activities the decision of Hon. GORDON H. SCHERER, of Ohio, to retire from office at the end of his present term.

As an extremely valuable addition to his uniformly useful service on this committee for the past 10 years, Congressman SCHERER has authored an informative article on current Communist activities in the United States which was published in the August 1962 issue of the American Legion magazine.

Because of the value of this article to Members of Congress and the American people, I include it in full under permission to extend and revise my remarks.

The article follows:

KEY TARGETS OF THE COMMUNISTS

(By Hon. GORDON H. SCHERER, Member of Congress)

A short time ago a professor in one of our midwestern universities was lecturing to his class in political science. After a few sarcastic references to the Committee on Un-American Activities, J. Edgar Hoover, and the Federal Bureau of Investigation, he smirkingly said: "This fellow Hoover talks out of both sides of his mouth. One day he admits that the membership of the Communist Party has reached an alltime low in this country. The next day, when he is before the Appropriations Committee of Congress asking for more money for the FBI, Hoover charges that the threat from internal communism in this country is greater than ever."

The professor then continued to parrot the Communist line. He said: "Since there are so few Communists in this country, why should we become so excited over them?

What possible harm can 10,000 Communists do in a nation of 180 million people?"

This professor was not a Communist although he belonged to some Communist-front organizations. Of course, his students did not know that. But here we have a man who, because of his position of influence—and there are thousands more like him in the United States—is doing more harm to this country than many in that group of 10,000 Communists.

In evaluating the extent of the danger of the threat from within, we must multiply this 10,000 many times because of synthetic Americans like the professor. We must be ever cognizant of the fact that most Communists operate from key and strategic positions where their subversive activities have the maximum effect on the greatest number.

Let me cite just a few of hundreds of examples from hearings of the Committee on Un-American Activities in order to prove the point which the professor either did not understand or did not want to understand.

Edward Yellin, a rather brilliant young man, while in college and most likely under the influence of a man like our professor, became a dedicated, fanatical Communist. Let's see how the Communist Party used him in its colonization program. First, we must understand what colonization is. It is a highly developed, successful technique of the Communist conspiracy. As an example, a well-educated young Communist with one or more university degrees makes application to a basic industry for a menial job in an industrial plant. In his application for employment he misrepresents his educational attainments by downgrading them. His job application shows only 1 year's attendance at high school whereas he has a master's degree. A person operating as a colonizer obtains a job on the assembly line where his Communist connections are unknown. He is then in a position to indoctrinate fellow workers and stir up strife and dissension in the plant, at the direction of the Communist apparatus.

It does not take much imagination to see that one red colonizer might be the cause of a slowdown, a strike, and even espionage and sabotage in a vital defense plant. Again, who can say that a single professor such as I have mentioned did not start a chain reaction like this in many directions over the years?

Getting back to Edward Yellin. When he was called before the Committee on Un-American Activities in Gary, Ind., in 1958, he defied the committee and refused to answer questions about his activities as a Communist colonizer in the Chicago area. He was subsequently convicted in the Federal court for contempt of Congress. (Mr. Yellin's appeal from same will be reargued in the Supreme Court in the new term beginning next October 1.) During the litigation he went back to college as a graduate student at the University of Illinois on a Ford Foundation scholarship. The following year—believe it or not—the National Science Foundation which was set up by the Congress in the interest of national defense gave Yellin a fellowship from taxpayers' money to continue his research.

This however was revoked after the Committee on Un-American Activities investigated the National Science Foundation's policies in granting fellowships.

During this investigation it was disclosed that one of the great universities in this country—some people refer to it as one of the more liberal—received from the Federal Treasury, through the National Science Foundation, over a 3-year period, $235,500 for scientific research projects. These projects were requested by and were under the supervision and direction of a professor who, when before our committee not too long ago, invoked the fifth amendment in refusing to answer questions concerning his membership in the Communist Party.

In another case, one Lee Lorch, a brilliant mathematician—but also an identified, hard-core Communist, who was fired from three universities, subsequently received a grant from the National Science Foundation.

Now the National Science Foundation has been set up by your Government primarily in the interests of national defense—and note I say in the interests of national defense—to advance scientific study and research in this country. Its action in granting a fellowship to Yellin seemed incomprehensible.

Professors in the university who knew about Yellin's conviction and Communist Party activities and who recommended him to the National Science Foundation for the fellowship, failed to disclose his conviction in their recommendations. Their excuse was that they were only interested in his proficiency as a scientist.

This same attitude was expressed by people with whom I discussed the award in the National Science Foundation. They said in substance that they were concerned only about Yellin's ability and suitability as a scientist; that some scientists were a different breed of cats than the rest of us, and that they would not give the Government the benefit of their scientific knowledge and research if we inquired too closely into their backgrounds and political beliefs.

To those who continue to peddle the Communist line that 10,000 Communists in this country are of little or no consequence, may I remind them that at the time Russia was taken over, less than one-seventh of 1 percent of the people in that unhappy country were Communists. Poland had only 4 percent. When Castro seized Cuba and took it behind the Iron Curtain, there were only a handful of Communists pulling the strings. Even today in Czechoslovakia, which has the largest percentage of Communists in any country in the world, we find it with only 11 percent.

It should be obvious to the least informed that, if the Communists had attempted to take Cuba by outward or military aggression, they would have failed miserably because we would have moved in with everything we had. Yet today, Havana is as Communist-dominated and controlled as are Peiping and Moscow. Why? Because a corporal's guard of Communists in key positions were able to enlist the help of thousands of Cubans and many Americans by concealing their identity and their real objective. Cuba was taken by internal subversion. Its people and their possessions were taken intact and put to use by international communism. It is now the base of operations for more takeovers in Central and South America.

There are other instances where a relatively few Communists in strategic positions in government were able to flip a country from the Western into the Communist orbit after just a few murders and assassinations. This is what happened in Iraq.

I'm sure that if one of the leftwing crowd accidentally got hold of this American Legion magazine and read this article in the dark of night where none of his ADA friends would catch him, he would say: "Well, none of these things can happen in these United States."

The leftwing crowd in England said the same thing. We all know that England has just completed a penetrating and extensive investigation of Communist infiltration into its Government agencies (called in England, the civil service). The results rocked the British Isles and shocked them out of their complacency. Even Prime Minister Macmillan who, like many people in this country, had heretofore not been too concerned about the Communist internal threat, did a rightabout-face.

Since the United States is the prime target in the current struggle with international communism, is anyone so naive as to believe that only the British are the targets of internal subversion?

In order to prove the tremendous danger of only a few Communists in Government, I am not going to beat an old bag of bones by dragging out the Hiss, Remington, Judith Coplon, Rosenberg, and Abel cases, etc. Instead, let's take a look at the dire results of one of the most recent penetrations of the Government service by just two security risks.

Not too many months ago Bernon Mitchell and William Martin, two brilliant young mathematicians, from good American homes, educated in our best universities, obtained highly sensitive jobs in the top-secret, hush-hush National Security Agency. They defected to the Soviet Union and revealed to the Kremlin that we had broken the Russians' secret code and that of other satellite nations. Of course, these countries immediately changed their codes. This meant months and perhaps years when the United States would be deprived of valuable intelligence information, since it might take that long to decipher their new codes.

In addition to their traitorous act, Mitchell and Martin went on radio and television in the Soviet Union and bitterly attacked and condemned the United States. Yes, they were only two men, but they did incalculable harm to the security of the United States and furnished volumes of effective, insidious propaganda to the Communists in the cold war.

Because the matter is still under investigation, I cannot name names at this time, but I do know that a disreputable character who for many years was, to say the least, closely associated with Communist causes, occupies a position today where he has high-level influence in agencies of this Government.

I am convinced in my own mind that not all of the failures in our missile launchings are due to oversights by our scientists and technicians. Recently, I listened to witnesses under oath who charged that defects found in a highly complex weapon resulted from sabotage in a plant where Communist activity is under investigation. The actual saboteur has not been found.

J. Edgar Hoover, who is perhaps the outstanding authority in this country on Communist objectives and techniques, said:

"Soviet espionage activities in this country expose the fallacy of so-called peaceful coexistence. In recent years, pseudoappeals for peace by Communists have been more than matched by intensified Communist espionage efforts in the United States. Using blackmail, bribery, and similar techniques, Communist agents, many with diplomatic immunity, are stepping up their efforts to obtain our military, scientific, and industrial secrets for use against us. * * * Foremost in the present battle plans of the Communist Party, U.S.A., are well-calculated efforts to embarrass the American economic system; to infiltrate and gain control in our labor organizations; and to secure footholds in basic American industries, such as transportation, manufacturing, communications, and chemicals. Success of these Red objectives will be destruction for our way of life."

The Defense Department, in requesting legislation to help it combat espionage and possible sabotage in defense plants, told the Committee on Un-American Activities:

"U.S. industry is a prime target of the Communist movement in the United States. It is a primary concern to the Communist movement that it obtain from American industry information concerning the defense structure of the United States, particularly with reference to modern weapons of war. To this extent, the Communist Party has

been consistently interested in penetrating defense industries where classified work is being performed and also basic industries which, while not engaged in classified work, may be in support of industries performing modern weapons manufacture.

"The potential for bringing defense production to a halt by sabotage of power facilities is enormous and the repercussions would be, I think, disastrous because, if the power itself is cut off, defense plants cannot produce, and we would thus be denying ourselves the weapons which are so essential to our national defense effort."

Here the Defense Department among other things makes the point that it is possible for one Communist in a key position in an electric powerplant in time of crisis to put out of commission not only defense plants but an entire city.

In connection with the Defense Department's request to give it legislative tools to enable it to deal with security risks in defense plants, the Committee on Un-American Activities conducted extensive hearings. I was told by representatives of the Defense Department that there are 2,000 potential espionage agents and potential saboteurs working in defense plants today.

The committee found that in the Pittsburgh area alone there were five plants which had vital defense contracts and in which the United Electrical, Radio, and Machine Workers of America, known as UE, had bargaining rights for employees. UE was expelled from the CIO because it was Communist dominated and controlled. Numerous officials of this organization were identified as members of the Communist apparatus.

Then again, let us look at Michael Mignon who at one time was an official of the American Communications Association. At the same time he was a functionary of the Community Party. The American Communications Association has also been expelled from the CIO, because it was Communist dominated and controlled. Michael Mignon, who later broke with the Communists, testified that the Communist apparatus wanted Communists working on our communications system so that in time of internal or external conflict with the Soviet Union, tielines and cables could be sabotaged in a matter of minutes.

Today this American Communications Association has bargaining rights for some of the employees of Western Union and Radio Corp. of America and of course this is because under provisions of the Labor Relations Act the companies have no alternative but to employ such people. These are the companies that operate and maintain the tielines coming out of the Pentagon and the nine transatlantic cables to Europe. Persons have been identified as Communists who are members of the American Communications Association, who are employed by Radio Corp. of America and Western Union, and whose job it is to maintain and operate these vital lines of communications.

Recently, the committee developed evidence to show that there are Communists who have radio operators' licenses from the Federal Communications Commission. These operators—whether working on ship or shore installations—are in a position to disrupt our whole Conelrad warning system should this country be attacked.

The Communists want the American people to believe that their party in this country is fading and dying. That is part of their current strategy.

To those who consider themselves loyal Americans yet continue to parrot this line—to those who argue that there are so few Communists left that we should abolish the Committee on Un-American Activities and weaken the Federal Bureau of Investigation—let me continue to present some additional cogent evidence.

The overwhelming majority of the men who serve in the merchant marine are hard-working, dedicated, loyal Americans, but the evidence is clear that a few are not. The question arises: How dangerous to our security are these very few?

When the courts held (due to a deficiency in the law) that the Coast Guard lacked authority to screen security risks off merchant vessels, hundreds who had been denied seamen's papers were again permitted on our ships. When the Committee on Un-American Activities started to correct or plug this loophole in the law the Communists and the leftwing sobsisters cried loudly. They charged the committee with trying to prevent men from earning a living because of their political beliefs.

It developed at the hearings just how dangerous a Communist could be aboard a merchant vessel. It was shown that we are building extremely costly and highly complex mechanisms and weapons to protect this Nation from potential Soviet aggression. Some of these are being shipped to various parts of the world. In a crisis one saboteur, with or without modern electronic devices, could sabotage these weapons on board a ship. In fact, he could sink the ship in the Panama Canal, the St. Lawrence Seaway, or one of our harbors, putting them out of commission for many, many months. There are still those, I repeat, who want to equate danger with numbers.

I can hear some diehards charge that very few of these 10,000 Communists in the United States hold key positions. Let me just give you one example of how effective a so-called "average Joe" Communist can be. Some 20 million pieces of vicious Communist propaganda are coming into this country each year through the U.S. mail.

One of the many techniques used in connection with Communist propaganda is to get nationality groups in this country to take a position on a current political issue involving the Soviet Union.

This nationality group is then flooded with propaganda directed to this issue. It is printed in the language of that group. It is addressed and mailed from Iron Curtain countries directly to individuals in this country.

"Average Joe" Communist is given the job of getting the names and current addresses of individuals belonging to their specific group. When he transmits such a list to his superiors, "average Joe" Communist completes one of his assignments and then eagerly waits for another.

Another key target of the Communists is the field of entertainment. It is a means by which they can reach millions of people with propaganda that subtly and cleverly presents the Communist program. The Communist Party line may be found in a lengthy soliloquy on social injustice. It may be presented in a movie which will be shown around the world, or it may be only a snide crack about patriotism delivered by a "sick" comedian in a popular night club. No detail or opportunity is missed by the Communists to use the play or movie for their purposes.

The script for a scene in a satire called for Stalin and Hitler to dance together, each holding a knife in the back of the other. The director of the play was a Communist. He removed the knife from the Communist leader's hand.

Of course, the Communists over the years also had a practical reason for snaring show people into the Communist apparatus. Show people made unusually good dupes for Communist-front activities within the entertainment field. Their talents were used to bring large sums of money into the coffers of the Communist Party. Many of them with sizable incomes contributed substantially to the Communist treasury. Robert Rossen, a prominent Hollywood director, for a time was a member of the Communist movie set. Eventually he became disenchanted and disillusioned with the Communist offensive. He testified that out of his salary he contributed $40,000 to Communist causes.

Again, we can see that, while only a comparatively few people in the entertainment field served Communist causes, yet the total effect of such service was tremendous.

Let me give you just one more example of the point I have been trying to make in this article before I close.

Two years ago the Committee on Un-American Activities was holding hearings in San Francisco. A substantial number of students, although a handful compared to the student body in the San Francisco Bay area, picketed the hearings. Most of them honestly felt hostile to the committee, largely as the result of some clever brainwashing by some leftwing professors and a few clergymen. The student picketing and demonstrations were turned into riots and mob violence by a handful of hardcore, trained Communist agents. These are the facts, in spite of what some of the "soft-on communism" clique contend. These demonstrations, like the ones against Eisenhower in Tokyo and against Nixon in Caracas were used by the Communist propaganda machine around the world in an effort to show that all students were opposed to the American Government and its activities. They were used to create hatred and ill will toward the United States. These demonstrations were effective propaganda battles in the cold war.

They were instigated and directed by an unbelievably few trained Communists who cleverly used others to do the job. The victory for international communism's propaganda assault throughout the world was tremendous.

We must never forget that big oaks from little acorns grow.

Don't plant or nurture any of those acorns unwittingly. Don't permit yourself to be used by the Communists in any way to advance Communist-inspired projects. To avoid being so used, you should be very careful about the organizations you join, the meetings you attend, the petitions you sign, contributions you make, and the use of your name.

More than one person has been embarrassed to learn, too late, that his name, his prestige, or his money was used to help push a cause that had its origin in top Communist circles. Before you become involved, check carefully the organization that wants your help and the people who are tied up with it. And if you have any doubts whatsoever, stay clear of it.

Many Red-inspired projects look innocent on the surface, some of them with expressed goals that are highly commendable. The party line in some cases will be so skillfully camouflaged that it hardly shows. However, some manifestations will always be apparent to the vigilant, and you have a responsibility to be vigilant about such things.

So that you can exercise intelligent vigilance, learn everything you can about communism, and get your education from qualified sources, not from people who are ill informed or who may be exploiting legitimate fears of communism for ulterior purposes. The more you know about communism, its history, and the way it operates, the easier it will be for you to spot organizations and individuals who do the bidding of the Communist Party.

To avoid giving any sort of help to Communist promotions, a negative approach is necessary. If the 10,000 Reds in this country want to call for things desired by the Kremlin, let it be clear that they speak for themselves. Since most Americans are by now aware that these people are determined to bury us, why should we assist in our own interment?

However, more than a negative approach is necessary if we are to turn the Red tide and win out in this struggle. There is one area in which we have to give due credit to the Communists, and that is their utter dedication to the cause represented by the Red conspiracy. Obviously it is a wrong cause and an evil one, but we cannot deny that Commuinsts work at promoting it in a way that, to most of us, is absolutely incredible.

The time has come when Americans are going to have to show some of the same kind of dedication. We have a nation and a way of life that should inspire such dedication.

We must understand that we are engaged in a life-or-death struggle for survival with the international Communist apparatus; that we cannot hope to prevail in this struggle unless all Americans in every field of endeavor are absolutely convinced beyond any doubt that we are not engaged in a popularity contest with a competing economic system; that we are not faced merely with certain annoying adjustments which should be made so that we may coexist with a different system of government; but that we are now in a death grip with an enemy the like of which, for debasement and inhumanity, the world has not seen since the time of the Dark Ages. We can ignore, appease, and negotiate with this enemy only at the cost of our survival.

This is the challenge of our day to all patriots of this Republic. We must accept this challenge. We shall either dedicate ourselves to it or, like the countries already behind the Iron Curtain, face slavery and eventual destruction.

The National Charity Lottery of Panama

EXTENSION OF REMARKS

OF

HON. PAUL A. FINO

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Tuesday, August 7, 1962

Mr. FINO. Mr. Speaker, in this country, it is all too often true that gambling is a pillar of organized crime. I would like to bring to the attention of the Members of this House the example of Panama in order to show that gambling does not have to serve such evil ends. The national charity lottery of Panama functions, as its name would indicate, to provide funds for the support of hospitals, welfare institutions, and orphanages.

The national charity lottery plays quite an important role in the everyday life of Panama, and although that nation has a population of only 1 million, gross receipts from the national charity lottery were over $34 million in 1961. In that year, the profit to the Government was close to $6 million.

In Panama, the gambling urge is centralized and channeled so as to achieve beneficial ends. Gambling dollars in Panama are not used to shore up racketeers as in the United States. Instead, they are used to promote the public welfare. When we realize the merits of a national lottery, we too will be able to siphon funds from the pockets of gangsters into the pockets of hard-pressed taxpayers.

Mr. Speaker, how much longer must the American taxpayer continue to be the victim of hypocrisy?

HOUSE OF REPRESENTATIVES

WEDNESDAY, AUGUST 8, 1962

The House met at 12 o'clock noon.

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

Psalm 85: 8: *I will hear what God the Lord will say unto me.*

Eternal God, in obedience to the promptings of Thy Holy Spirit and the pressures of our own human nature, we are turning to Thee in prayer that we may identify our minds and hearts with Thy gracious plans and purposes.

Inspire us with the wish and the will to listen eagerly to what Thou art waiting to say unto us for we humbly confess that we frequently have such conflicting thoughts and find ourselves wavering between opposite decisions.

Help us to banish all frets and fears and may we seek to repose and rest our distraught and disquieted spirits in a boundless trust in Thy divine wisdom and all-conquering love.

Daily Thou art placing at our command those moral and spiritual resources which will transform tragedy into triumph and sighing into song if we are only willing to make trial of them.

To Thy name we shall ascribe all the praise. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

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

S. 3491. An act to amend the Atomic Energy Act of 1954, as amended, and for other purposes.

PROVIDING FOR THE CONSIDERATION OF H.R. 8874 TO AUTHORIZE CERTAIN BANKS TO INVEST IN CORPORATIONS WHOSE PURPOSE IS TO PROVIDE CLERICAL SERVICES FOR THEM, AND FOR OTHER PURPOSES

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 748, Rept. No. 2143), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 8874) to authorize certain banks to invest in corporations whose purpose is to provide clerical services for them, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. It shall be in order to consider the substitute amendment recommended by the Committee on Banking and Currency now in the bill and such substitute for the purpose of amendment shall be considered under the five-minute rule as an original bill. At the conclusion of such consideration the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and any member may demand a separate vote in the House on any of the amendments adopted in the Committee of the Whole to the bill or committee substitute. The previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

PROVIDING FOR THE CONSIDERATION OF S. 1005, A BILL TO AMEND SECTION 10 AND SECTION 3 OF THE FEDERAL RESERVE ACT, AND FOR OTHER PURPOSES

Mr. DELANEY, from the Committee on Rules, reported the following privileged resolution (H. Res. 749, Rept. No. 2144), which was referred to the House Calendar and ordered to be printed:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (S. 1005) to amend section 10 and section 3 of the Federal Reserve Act, and for other purposes, and all points of order against said bill are hereby waived. After general debate, which shall be confined to the bill and continue not to exceed two hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit.

KENYON B. ZAHNER

Mr. FORRESTER. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 10501), for the relief of Kenyon B. Zahner.

The Clerk read the title of the bill.

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

There was no objection.

The Clerk read the bill, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $36,852 to Kenyon B. Zahner of Atlanta, Georgia, in full settlement of his claims against the United States for reimbursement of the wages lost because he was unlawfully deprived of his employment in the Government of the United States through the application of an unlawful standard as found by the United States District Court for the District of Columbia in a