EXTENSIONS OF REMARKS

Baltimore & Ohio Railroad Continues Record of Progress and Service in West Virginia—Morgantown (W. Va.)—Dominion-News Commends Recent Improvements in Main Line Between Clarksburg and Parkersburg—President Jervis Langdon, and Many West Virginians Have Made Notable Contributions to Transportation

EXTENSION OF REMARKS

OF

HON. JENNINGS RANDOLPH

OF WEST VIRGINIA

IN THE SENATE OF THE UNITED STATES

Friday, November 1, 1963

Mr. RANDOLPH. Mr. President, in 1838 the Baltimore & Ohio Railroad began construction of the first railroad tracks in West Virginia, building westward from Harpers Ferry. In the century and a quarter which has elapsed since then, the development of the railroad has provided significant contributions to the economy of West Virginia, and to the well-being of its citizens.

Among the responsible individuals who have been instrumental in the B. & O.'s success in the Mountain State were the late Charles W. Van Horn, of Lost Creek, W. Va., who was vice president in charge of operations for many years. Another leader was the former Governor of our State, the Honorable John J. Cornwell, of Romney, who for some time acted as general counsel of the line.

And, the concern for progress and service which was so evident in frontier days has not diminished with the years, but continues to expand and to bring forth achievement and benefit. A notable example of growth is the recent completion of important main line improvements in the B. & O. system between Clarksburg and Parkersburg, W. Va.

This improved line will provide a direct route for major freight shipments to the Southwest, through the St. Louis gateway, and correspondingly improved service to the businessmen and citizens of the Mountain State.

It has recently been my privilege to correspond with the president of the Baltimore & Ohio Railroad, Mr. Jervis Langdon, Jr., congratulating his efficient organization on recent additions and improvements. I likewise pointed out the immeasurable benefit which has come to West Virginia as a direct result of the enterprise and dependability of the B. & O.

I request that this correspondence be printed in the RECORD.

Mr. President, the experienced and respected editor and publisher of the Morgantown (W. Va.) Dominion News, Walter L. Hart, commented meaningfully on the contributions of the Baltimore & Ohio Railroad to the development in our State. In his October 31 editorial, "B. & O. Deserves Our Applause," Editor Hart stresses the importance of the new main line improvements. Further, he states that—

> We in West Virginia salute the railroad and hope, under its new management, it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves, including our own State of West Virginia.

I request that Mr. Hart's editorial be printed in the RECORD.

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

OCTOBER 29, 1963.

Mr. JERVIS LANGDON, Jr.,
President, Baltimore & Ohio Railroad Co., Parkersburg, W. Va.:

Sincerely regret Senate business here prevents my participation in your program-diner today. Your company has contributed much to the economic development of West Virginia and to the well-being of the citizens of our State. It is especially appropriate that in this centennial year the old B. & O. is the new B. & O. as it meets its responsibilities for improved transportation vital to the movement of coal and other traffic across our State and throughout an important part of the country. Congratulations and please convey my greetings to all in attendance.

JENNINGS RANDOLPH,
U.S. Senator.

THE BALTIMORE & OHIO RAILROAD CO.,
Baltimore, Md., October 30, 1963.

Hon. JENNINGS RANDOLPH,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: Thank you very much for your thoughtfulness in sending the telegram to me at Parkersburg yesterday. It arrived at the end of a luncheon we held on the special train which had come over from Clarksburg during the morning.

The project, I am sure, will be a great success and I look forward to a substantial increase in B. & O. traffic not only through northern West Virginia but to and from our stations in that great State.

Sincerely,

JERVIS LANGDON, Jr.,
President.

B. & O. DESERVES OUR APPLAUSE

We join with all progressive West Virginians in congratulating the Baltimore & Ohio railroad for its great main line improvement between Clarksburg and Parkersburg.

The prosperity—or lack of it—of this important railroad is of vital concern to every West Virginian because the B. & O. is a major taxpayer and in its continued progress all of us have a real stake.

This main line improvement makes it possible to haul all major freight items on the most direct route to the great Southwest through the St. Louis gateway. This is expected to greatly increase the revenues of the railroad.

Adding this to the forward look the railroad has adopted in pioneering on unit coal freight trains and other projects designed to make the railroad a better facility for its customers and therefore a more profitable enterprise certainly is most desirable from all standpoints.

We in West Virginia salute the railroad and hope under its new management it continues to make progressive moves designed to increase its service to the shippers of the world and in doing so become more valuable to all the areas it serves including our own State of West Virginia.

HOUSE OF REPRESENTATIVES

MONDAY, NOVEMBER 4, 1963

The House met at 12 o'clock noon.

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

Romans 13: 12: *Let us therefore cast off the works of darkness, and let us put on the armour of light.*

O Thou God of all comfort and Father of all mercies, whose spirit of compassion broods over stricken and struggling humanity, grant that in these days of world darkness our minds and hearts may be aglow with the light of lofty idealism.

Emancipate us from selfishness and complacency and give us hearts to feel and eyes to see that it is our moral responsibility to help mankind bear its burdens and carry on with courage and hope.

May we earnestly and sincerely seek Thy divine guidance as we pledge ourselves with wholehearted devotion to the great task that righteousness and justice, mercy and charity shall never pass from the earth.

Hear us in Christ's name. Amen.

THE JOURNAL

The Journal of the proceedings of Thursday, October 31, 1963, 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. 1129. An act for the relief of Thomas B. Bollers and Earlene Bollers.

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

S. 310. An act for the relief of Kaino Hely Auzis.

A WILD IDEA: SUPER STATE DEPARTMENT

Mr. CASEY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include extraneous matter.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

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

There was no objection.

Mr. CASEY. Mr. Speaker, I want to call your attention to an article in yesterday's Washington Star as well as the Washington Post concerning the memorandum submitted by Mr. George F. Kennan, former Ambassador to Yugoslavia, in which Mr. Kennan has sent a memorandum to a Senate committee stating that he is quite disturbed with congressional politics interfering with our foreign affairs and our foreign policy. He has particularly noted the House's action in removing Yugoslavia and other Communist countries as most favored nations. What is Mr. Kennan's solution? His solution is that possibly we might set up a Secretary of State office as something in the nature of a Prime Minister. Such a change, he said, would gain acceptance by all parties of the principle that the external problems of the country should be given precedence over the internal ones, and that foreign policy should not be permitted to become a function of domestic-political convenience.

I do not know that I am equal to Mr. Kennan in educational background or brilliance, but I do think he should refresh his memory in history as to how this country started and the basis on which it has grown—that ours is a government of the people and by the people and that our Government receives its powers by consent of the governed. I think we fought a revolution to get away from just what he is advocating.

I think Mr. Kennan should realize what every schoolboy knows: that the responsibility for legislation belongs to the Congress and that the Congress is the voice of the people of this United States. I am a bit weary of diplomats, and others who are not responsible to the people of this country, assuming the role of papa knows best and saying that they alone know what is good for the people of the United States and for this country.

Mr. Speaker, it will be a sad day for our great country if the Congress should ever relinquish its right and responsibility to speak the will of the people of this country through the individual Members of Congress.

I want to point out one other thing which the distinguished gentleman finds fault with, and that is that the State Department cannot overrule other executive departments. He finds fault with the Immigration Service, as well as the FBI. In other words, Mr. Kennan thinks that the State Department should be all superior, not only over other executive branches, but the legislative as well.

Mr. Speaker, the article from the Washington Star that I refer to follows:

[From the Sunday Star, Washington, D.C., Nov. 3, 1963]

CONGRESSIONAL POLITICS HURT FOREIGN POLICY, KENNAN SAYS

(By Bernard Gwertzman)

George F. Kennan, one of this country's leading experts on Communist affairs and until recently Ambassador to Yugoslavia, charged yesterday that congressional politics had played havoc with U.S. foreign policy.

Reflecting on his tour of duty in Belgrade, Mr. Kennan said that domestic-political considerations had led Congress to act against Yugoslavia last year "in the face of the most solemn and formal warnings and objections on my part, conveyed to congressional leaders on many occasions and in many ways."

Mr. Kennan was referring to the decision, taken suddenly by the last Congress, to forbid any Communist country from being entitled to most-favored-nation treatment in this country. Such treatment grants normal tariff reductions to a country and allows it an equal opportunity to trade in the U.S. market.

HAD POLITICAL EFFECT

The removal of such treatment to Communist countries had an immediate political effect, since it clashed with administration policy to encourage Communist nations to seek closer ties with the West.

Yugoslavia and Poland are the two Communist countries which presently receive most-favored-nation treatment. The administration has attached to the foreign aid authorization bill now before the Senate a provision restoring to Presidential discretion the right to make such concessions to any nation if it is in the national interest to do so.

Mr. Kennan's views were released in a memorandum he sent to the Subcommittee on National Security Staffing and Operations, at the request of the chairman, Senator JACKSON, Democrat, of Washington.

A former Ambassador to Russia and author of many books on Soviet policy, Mr. Kennan said that if he had known "how little value the Congress would assign to my own judgment, in the light of nearly 30 years in the affairs of the eastern European area," he would not have accepted the Yugoslav assignment.

MANY IN STATE AGREE

Mr. Kennan's views are quite similar to those expressed privately by many State Department specialists in Communist affairs. They believe that there is so much diversity in the Red world today that it often is in this contry's interest to trade or otherwise improve relations with different Communist countries.

The officials often assert that Congressmen and Senators, in an effort to win political support in their home areas, vote on certain foreign policy measures, without due consideration to the national good.

Mr. Kennan suggested that foreign policy be removed from domestic politics. He advocated raising the Secretary of State's office to something "in the nature of a prime minister."

Such a change he said, would mean acceptance by all parties of "the principle that the external problems of the country should be given precedence over the internal ones, and that foreign policy should not be permitted to become a function of domestic-political convenience."

INTERFERENCE CHARGED

Mr. Kennan also charged that State Department policy was hampered by interference from other governmental agencies. He singled out the Immigration Service and the Federal Bureau of Investigation for special criticism in the matter of passports, visas, and reentry permits.

According to Mr. Kennan, many people in those two agencies have acted in ways contrary to the policy of the State Department regarding Yugoslavia.

The administration does not consider Yugoslavia a member of the Soviet bloc, but Mr. Kennan says he had the impression that "many of the people (in the Immigration Service and the FBI) were going on the assumption that Yugoslavia was a member of the Soviet bloc, a thesis contrary to our own observations and to the established analysis of the department."

OPERATIONS HAMPERED

"This hampered our operations and had, in a number of instances, what I considered to be adverse effects on our operations in the field."

He also criticized long delays in getting authorization to spend money—even on certain improvements in the embassy.

"I should think that if a man enjoys such confidence on the part of his government that he can be entrusted with the responsibilities of an important diplomatic mission, it ought also to be possible to entrust him with a limited control over funds, not major funds, just governmental pocket money, so that he could at least make minor dispositions affecting government property at his post, without waiting years for approval," he said.

SPECIAL ORDER TRANSFERRED

Mr. HOEVEN. Mr. Speaker, I ask unanimous consent that the special order granted to me for tomorrow be transferred until Wednesday, November 6.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

PROPOSED CHANGE IN ALCOHOL BEVERAGE CONTROL BOARD NOT IN THE PUBLIC INTEREST

Mr. SPRINGER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to revise and extend my remarks.

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

There was no objection.

Mr. SPRINGER. Mr. Speaker, many Members have asked me the last week of my objections and those of the District Commissioners to the proposed revision of the District liquor laws which will come up on Wednesday of this week as H.R. 8920.

The subcommittee had extensive hearings on this bill last year and again this year. I was opposed to the bill, and I am opposed to it now.

The heart of this bill sets up the Alcoholic Beverage Control Board as an independent agency. In so doing, it removes from the Board of Commissioners the right to supervise the ABC Board. In addition, it removes the right of the Commissioners to set the regulations which will be administered by the ABC Board. Responsibility for government in the District of Columbia rests with the District Commissioners. Under both Democrat and Republican administrations the District Board of Commissioners has been of a high order. I do not believe this could be said to be true of the ABC Board. When mistakes have been made by the ABC Board, the District Commissioners have been prompt in correcting the situation.

It appears to me that this bill is tailored to the interests of the liquor industry in the District of Columbia. It is strongly backed by what has been described generally as the liquor lobby.

In my opinion this bill is not in the public interest, and in the long run it will work against the interests of the people who reside in the District.

PERMISSION TO FILE CONFERENCE REPORT ON BILL AUTHORIZING ASSISTANCE TO HIGHER EDUCATION

Mrs. GREEN of Oregon. Mr. Speaker, I ask unanimous consent the conferees on the part of the House have until midnight tonight to file a conference report on H.R. 6143.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

CONSENT CALENDAR

The SPEAKER. This is Consent Calendar day. The Clerk will call the first bill on the Consent Calendar.

ACQUISITION OF PROPERTY IN SQUARE 758 IN DISTRICT OF COLUMBIA

The Clerk called the bill (S. 254) to provide for the acquisition of certain property in square 758 in the District of Columbia as an addition to the grounds of the U.S. Supreme Court Building.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

FACILITATING THE WORK OF THE DEPARTMENT OF AGRICULTURE

The Clerk called the bill (H.R. 7155) to facilitate the work of the Department of Agriculture, and for other purposes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

SAINT-GAUDENS NATIONAL HISTORIC SITE, N.H.

The Clerk called the bill (H.R. 4018) to authorize establishment of the Saint-Gaudens National Historic Site, N.H., and for other purposes.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

LAKE ERIE SESQUICENTENNIAL

The Clerk called the bill (S. 1828) to amend the joint resolution establishing the Battle of Lake Erie Sesquicentennial Celebration Commission so as to authorize an appropriation to carry out the provisions thereof.

Mr. PELLY. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

AMEND THE ORGANIC ACT OF THE NATIONAL BUREAU OF STANDARDS

The Clerk called the bill (H.R. 5838) to amend the act of March 3, 1901 (31 Stat. 1449), as amended, to incorporate in the Organic Act of the National Bureau of Standards the authority to make certain improvements of fiscal and administrative practices for more effective conduct of its research and development activities.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FORD. Reserving the right to object, Mr. Speaker, I note that a rule has been granted on this proposed legislation. I therefore assume it will be programed at some later date. It is legislation that has rather far-reaching consequences.

I withdraw my reservation and ask that the bill be passed over without prejudice.

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

There was no objection.

CONVEY LAND IN MARYLAND TO THE AMERICAN RED CROSS

The Clerk called the bill (S. 876) to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. GROSS. Mr. Speaker, reserving the right to object, I would like at least a brief explanation of this bill.

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

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

Mr. BROOKS. I would be pleased to say, Mr. Speaker, that this bill authorizes the Administrator of General Services to sell 2½ acres of surplus Federal land in Prince Georges County to the American National Red Cross at the fair market value of such land at the time of sale. The Red Cross maintains a chapter house in Prince Georges County which has become inadequate for the performance of its public services in that area and due to large Federal land holdings they have had some difficulty in locating a site adequate for a new chapter house. Although the Red Cross is a nonprofit organization and is a corporation created by Congress for the purpose of rendering public services, technically it does not qualify under the provisions of law for any priority nor is the Administrator of General Services authorized to transfer or sell surplus Federal land to the Red Cross by negotiated contract.

Mr. GROSS. Let me ask this question: Is it understood that this Government land will command an appraised price of $50,000, or is it going to be lower when they get around to selling the land?

Mr. BROOKS. I believe you can be sure we will look at the appraisal. The preliminary appraisal has been in the neighborhood of about $50,000, and this will probably be in that same neighborhood. A current appraisal has not been made. There will be a further restriction, I will say to my distinguished friend—a further restriction that a chapter house be constructed on the property and used for that purpose. That is why we are making this special arrangement.

Mr. GROSS. On page 3 of the report the Comptroller General says:

> We also suggest for your consideration the desirability of providing that the purchase price, which is for repayment in the event of reversion, be made applicable to outstanding liens on the property at the time of reversion.

Does the bill contain language dealing with this subject? If so, will the gentleman point it out to me. I could not find the language in the bill.

Mr. BROOKS. It is not in the bill; no, sir. The bill is not involved in that argument. The bill provides for the sale of this land at the appraised fair market value which we anticipate to be in the neighborhood of $50,000 with the obligation of the Red Cross to build a chapter house there. If they do not do so they are not going to get to keep the land. The Senate had passed this bill. The House passed the bill last year.

Mr. GROSS. Then this provision is not contained in the bill?

Mr. BROOKS. No. However, in the committee report it is stated that—

> Provisos are included in the bill specifying that (a) the land shall revert to the Federal Government in the event that the Red Cross has failed to commence construction of its chapter house within 2 years after the conveyance or (b) fails to complete construction thereof within a reasonable time after such construction begins; also, (c) in the event of such reverter, the cost of any damages to the property shall first be deducted before repayment of the balance of the purchase price is made to the Red Cross. It is the intent of the committee that the term "damages," as used in the legislation, shall include, but not be limited to, any outstanding liens on the property at the time of reversion, in the event such occurs.

Mr. GROSS. I refer the gentleman to page 2 of the bill and ask him what is meant by this language:

> The Secretary of the Treasury is authorized upon such reverter to pay from the general funds of the Treasury to the American National Red Cross the amount, without interest and less any damage to the land as determined by the Administrator, paid by the American National Red Cross to the United States for such property.

Does this mean that if the property reverts to the U.S. Government, the U.S. Treasury is going to pay the National Red Cross for some loss that may accrue to the National Red Cross because of their failure to take over and hold the property?

Mr. BROOKS. No. The interpretation would be better stated in accordance with the language, in saying that if it goes back to the Government the Red Cross would be able to get its money back, less any damages to the land, and the term "damages" would include outstanding liens on the land.

Mr. GROSS. I just do not want money to go out of the U.S. Treasury to pay the Red Cross for any damage or

anything else that may have occurred to a property which the Government of the United States is selling to the Red Cross, and apparently at a very good price according to land values in that particular area, in Takoma Park.

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

Mr. GROSS. Of course, I am pleased to yield.

Mr. LANKFORD. The purpose of this proviso in the bill is that if for some unknown reason, the Red Cross chapter is not able to build the chapter house within the 3 years, as I think it is stipulated in the bill, this money which they have already paid to the U.S. Government——

Mr. GROSS. Two years is the time limit.

Mr. LANKFORD. Two years; will be given back to the Red Cross chapter at the time that the land reverts to the Federal Government, less charges for any damages which the Red Cross chapter may have inflicted on that particular land. It does not mean any loss to the Federal Government at all. There is no payment on the part of the Federal Government to the Red Cross. It is simply a return of the money paid by the Red Cross to the Federal Government in case they cannot raise the money to build the chapter house.

Mr. GROSS. I thank the gentleman from Maryland and the gentleman from Texas for their explanation; and I withdraw my reservation of objection, Mr. Speaker.

The SPEAKER. Is there objection to the present consideration of the bill?

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, should such land become surplus property pursuant to the Federal Property and Administrative Services Act of 1949, as amended, the Administrator of General Services is authorized to convey, within a period of two years following the date of enactment of this Act, not to exceed two and one-half acres of land located at the northeast corner of the intersection of Rhode Island Avenue and Sunnyside Road in Prince Georges County, Maryland, to the American National Red Cross upon the payment to the United States of the fair market value of the propery as determined by the Administrator: *Provided,* That the instrument of conveyance authorized by this Act shall provide that upon determination by the Administrator of General Services that the American National Red Cross has failed to begin construction of a chapter house on said property within two years after the conveyance or to complete construction thereof within a reasonable time after such construction has begun, all right, title, and interest to the property shall revert to the United States in the then existing condition of that property, and the Secretary of the Treasury is authorized upon such reverter to pay from the general funds of the Treasury to the American National Red Cross the amount, without interest and less any damage to the land as determined by the Administrator, paid by the American National Red Cross to the United States for such property.

SEC. 2. The cost of any survey required in connection with the conveyance of this property shall be at the expense of the American National Red Cross.

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.

REGARDING CERTIFICATION OF FACTS

The Clerk called the bill (H.R. 4801) to amend subsection (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records.

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 subsection 506(d) of the Federal Property and Administrative Services Act of 1949 (44 U.S.C. 396) be amended by striking out the period at the end of said subsection and substituting a comma in lieu thereof, and adding, "and may authorize the Administrator to certify to facts and to make administrative determinations on the basis of records transferred to the Administrator, notwithstanding any other provisions of law."

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

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

There was no objection.

Mr. BROOKS. Mr. Speaker, H.R. 4801 would permit a more economical and efficient procedure relative to the processing of certifications and administrative determinations based upon department and agency records transferred to Federal records centers under the jurisdiction and control of the Administrator of General Services. Under present law, any official of the Government who is authorized to certify to facts on the basis of records in his custody is authorized to certify to such facts on the basis of records transferred to GSA Federal records centers. Such officials, however, are not permitted at this time to delegate the authority to make such certifications incident to transfer of such records to Federal records centers.

Since the records centers were established in 1950, GSA employees at these centers have acquired an expertise in the servicing of these records in their jurisdiction. They now, in fact, actually prepare the certifications and factual determinations which officials of other departments and agencies are required to make under law.

As a result, after preparation of such certifications, they must be forwarded to the appropriate agency for pro forma signature. Or, in the case of the armed services, it is necessary that military officer personnel be stationed at the Records Center in St. Louis purely for the purpose of executing these certifications prepared by GSA employees. H.R. 4801 would permit officials in the Government authorized to make such certifications the authority to delegate this responsibility to the Administrator of General Services.

Implementation of this delegation would in no way affect the nature of the certifications but would result in a reduction in expenditures as well as an improvement in the services rendered the public.

AMENDMENT TO FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES ACT OF 1949

Mr. BROOKS. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. ROSENTHAL] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I would like to urge passage of this amendment to the Federal Property and Administrative Services Act of 1949, as amended.

I had introduced this bill (H.R. 4801) in my capacity as a member of the House Committee on Government Operations, and I would like to point out that this legislation was considered by the Subcommittee on Government Activities, of which I am a member, before it was referred to the full committee for action.

Under the provisions of the bill, the Administrator of General Services, when authorized by the heads of the various executive departments and agencies, would be permitted to make certifications of facts and administrative determinations based on records which have been transferred to his custody. At the present time this is not possible because under the provisions of other Federal statutes the secretaries of the executive departments involved must make such certifications.

As you know, the General Services Administration records center system has been developed over the years, and therefore with the transfer of records to these centers with all the factual and documentary information available there, it is ridiculous, and certainly inefficient and unnecessary, to have the GSA employees do all the preparatory work and make the factual determinations, and yet not be able to make the actual certifications. For instance, if an inquiry is received at a GSA records center, the center employees prepare the necessary letters or forms and then return them to the department or agency involved for signature. What a savings in time, money, and duplication of effort could be effected by delegating to the General Services Administrator the authority to make such certifications. I therefore urge the passage of this legislation.

LANDS FOR THE CONFEDERATED SALISH AND KOOTENAI TRIBES

The Clerk called the bill (H.R. 3735) to set aside certain lands in Montana

for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.

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 beneficial title to the real property, and the improvements thereon, consisting of approximately seven hundred and five acres which were heretofore reserved for agency and other purposes under section 12 of the Act of April 23, 1904 (33 Stat. 302), as amended by the Act of March 3, 1905 (33 Stat. 1049), and now surplus to the needs of the Department of the Interior, is hereby conveyed to the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, and such property is hereby declared to be held by the United States in trust for said tribes in the same manner and to the same extent as other real property held in trust for said tribes.

SEC. 2. Whenever the Secretary of the Interior or his authorized representative determines that other real property, and the improvements thereon, which was heretofore reserved for agency and other purposes under section 12 of the Act of April 23, 1904 (33 Stat. 302), as amended by the Act of March 3, 1905 (33 Stat. 1049), is surplus to the needs of the Department of the Interior, the Secretary is hereby authorized and directed to convey beneficial title to the property to the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana, and the United States shall, from the time of the conveyance, hold the property in trust for said tribes in the same manner and to the same extent as other real property held in trust for said tribes.

SEC. 3. The real property and the improvements thereon declared to be held in trust for the Confederated Salish and Kootenai Tribes by this Act is hereby declared to be a part of the Flathead Reservation for the use and benefit of said tribes.

SEC. 4. This Act shall become operative when accepted by the Tribal Council of the Confederated Salish and Kootenai Tribes. Such acceptance shall constitute a renunciation of any claim now existing against the United States respecting and to the extent of any land conveyed under the authority of this Act. Neither the lands nor improvements thereon herein authorized to be disposed of, nor the cost or value of said lands, shall be considered by way of offset under section 2 of the Act of August 13, 1946 (60 Stat. 1049). Nothing contained in this Act shall be construed as an admission of liability on the part of the United States with respect to these or any other lands.

With the following committee amendment:

Strike out all after the enacting clause and insert the following: "That all of the right, title, and interest of the United States in the 526 acres, more or less, described below are hereby declared to be held in trust for the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Montana.

" PRINCIPAL MERIDIAN, MONTANA

"Township 18 north, range 21 west, section 8, lot 7; section 9, southeast quarter southwest quarter; section 17, lot 2. The areas described aggregate 106.54 acres.

"Township 19 north, range 23 west, section 31, northeast quarter southwest quarter. The area described contains 40 acres.

"Beginning at the southwest corner of southeast quarter southeast quarter section 14, township 18 north, range 20 west, principal meridian, from the initial point, north 0 degrees 01 minute west, 660 feet, east 330 feet, north 0 degrees 01 minute west, 1,320 feet, east 990 feet, south 0 degrees 01 minute east, 275.9 feet, south 59 degrees 0 minutes west, 849.6 feet, south 45 degrees 33 minutes east, 43.1 feet, south 58 degrees 50 minutes west, 96 feet, south 31 degrees 10 minutes east, 130 feet, south 56 degrees 37 minutes east, 298 feet, south 0 degrees 22 minutes east, 72.7 feet, north 56 degrees 37 minutes west, 377.6 feet, south 0 degrees 22 minutes east, 462.8 feet, north 89 degrees 35 minutes east, 314.3 feet, south 0 degrees 22 minutes east, 589.5 feet, west 858 feet, to the point of beginning. The tract as described contains 28.66 acres, more or less.

"Township 21 north, range 20 west, section 36, southeast quarter southeast quarter, east half east half east half northeast quarter southwest quarter southwest quarter southeast quarter, north half southeast quarter southwest quarter southeast quarter. East half east half southwest quarter southeast quarter southwest quarter southeast quarter, southeast quarter southeast quarter southwest quarter southeast quarter, northeast quarter southwest quarter southeast quarter. The areas described aggregate 58.4375 acres.

"Beginning at the northwest corner of section 1, township 20 north, range 20 west, principal meridian, Montana. Thence from the initial point, east along north line of said section 1,660 feet, south 0 degrees 01 minutes east, 396 feet, west 660 feet, north 0 degrees 01 minutes west, 396 feet, to the point of beginning. The area described contains 6 acres, more or less.

"Township 22 north, range 24 west, section 33, southeast quarter southeast quarter. The area described contains 40 acres.

"Township 21, north, range 20 west, section 11, east half southeast quarter northeast quarter, section 12, northeast quarter northwest quarter, southwest quarter northwest quarter, south half northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter, south half northwest quarter northwest quarter northwest quarter, northeast quarter northwest quarter northwest quarter northwest quarter. The areas described aggregate 137.5 acres.

"Township 16 north, range 19 west, section 16, west half east half southwest quarter, northwest quarter southwest quarter. The area described contains 80 acres.

"Beginning at the southwest corner of section 16, township 16 north, range 19 west, from the initial point, north 0 degrees 02 minutes west, 1,320 feet, east 1,317.36 feet, south 0 degrees 02 minutes east, 528 feet, west 462 feet, south 0 degrees 22 minutes east, 792 feet, west 857.34 feet, along section line to point of beginning, excepting east half northwest quarter northeast quarter southwest quarter southwest quarter and west half west half northeast quarter northeast quarter southwest quarter southwest quarter section 16, township 16 north, range 19 west. The area described contains 29.725 acres, more or less.

"The areas of the tracts listed above aggregate 526.8625 acres, more or less.

"SEC. 2. This Act shall become effective when the Tribal Council of the Confederated Salish and Kootenai Tribes by resolution accepts the donation of the property involved.

"SEC. 3. The Indian Claims Commission is directed to determine in accordance with the provisions of section 2 of the Act of August 13, 1946 (60 Stat. 1050), the extent to which the value of the title conveyed by this Act should or should not be set off against any claim against the United States determined by the Commission.

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.

PARTICIPATION IN THE HAGUE CONFERENCE

The Clerk called House Joint Resolution 778, to provide for participation by the Government of the United States in the Hague Conference on Private International Law and the International (Rome) Institute for the Unification of Private Law, and authorizing appropriations therefor.

There being no objection, the Clerk read the the House joint resolution, as follows:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President is hereby authorized to accept membership for the Government of the United States in (1) the Hague Conference on Private International Law and (2) the International (Rome) Institute for the Unification of Private Law, and to appoint the United States delegates and their alternates to meetings of the two organizations, and the committees and organs thereof.

SEC. 2. There is authorized to be appropriated such sums as may be necessary, not to exceed $25,000 annually, for the payment by the United States of (1) its proportionate share of the expenses of the Hague Conference on Private International Law and of the International (Rome) Institute for the Unification of Private Law, and (2) all other necessary expenses incident to participation by the United States in the activities of the two organizations referred to in clause (1) of this section.

The House joint resolution 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.

SOUTH PACIFIC COMMISSION

The Clerk called House Joint Resolution 779, to amend the joint resolution of January 28, 1948, relating to membership and participation by the United States in the South Pacific Commission, so as to authorize certain appropriations thereunder for the fiscal years 1964 and 1965.

The SPEAKER. Is there objection to the present consideration of the joint resolution?

Mr. FORD. Mr. Speaker, reserving the right to object, I would like to ask the author of the bill, the gentleman from Florida [Mr. FASCELL], what justifies a 50-percent increase in the proposed funds for this Commission?

Mr. FASCELL. If the gentleman will yield, there are several reasons. One is that when the Commission was originally organized, with participating countries of Australia, France, New Zealand, the Netherlands, the United Kingdom, and the United States, because the Netherlands gave up its territories in that area, the contribution by the Netherlands was divided equally among the participants. So, that is one of the reasons.

Mr. FORD. May I ask a question at that point?

Mr. FASCELL. Certainly.

Mr. FORD. If the Netherlands withdrew because Netherlands' New Guinea was no longer a part of their colonies,

would not there tend to be a corresponding decrease in the responsibilities of the Commission?

Mr. FASCELL. If the gentleman will yield further, not to any great extent; no.

Mr. FORD. But it would be awfully hard to say that there would be a 50-percent increase, would it not?

Mr. FASCELL. As far as the Netherlands withdrawing is concerned, the only point I am making is this: What contribution they were making to help in this area was being spread out among the other remaining nations.

As far as the United States is concerned, formerly, our responsibility was only south of the equator. The jurisdiction of the Commission was increased to include areas north of the equator. Within the limited basis of operation by this Commission, we felt that the increase was really very nominal, despite the fact that it seems to be rather large, having gone from an annual limitation of $100,000 to a limitation of $150,000. As a matter of fact, the demands exceeded the annual limitation, and the amounts requested were far in excess of the limitation placed on it by the committee. We sincerely feel, after serious discussions both with the authorizing committee and the Commission as well as others, that the limitation is reasonable and within the required works of the committee, dealing with the principal areas of health, economics, and social development for that tremendously large area in the Pacific which covers about one-fifth of the entire world.

Mr. FORD. I applaud the committee's action in imposing a limitation but, nevertheless, there was a 50-percent increase over the previous authorization.

I think we ought to get from the Department, or at least I would like to have from the Department, information as to how much has been spent in the last 10 years on an annual basis and how many American people are involved in this activity.

Mr. FASCELL. If the gentleman will yield further, the gentleman will find all of that in the hearings, if the gentleman is that interested. I would be glad to point out the sections to the gentleman.

I can assure the gentleman that the matter has been gone into in great detail and would satisfy the gentleman or any person making inquiry with respect to the operations of the Commission.

I would like to refer to my distinguished colleague, who is chairman of the Legislative Committee.

Mr. ASPINALL. Mr. Speaker, of course, this is an incident with a certain amount of dual responsibility as far as official action is concerned. The committee of which I happen to be chairman kept a close contact with the gentleman from Florida [Mr. FASCELL], and also the gentleman from Iowa [Mr. GROSS], in their consideration of this particular legislation. I for one think this amount of money can be justified and I am very pleased that the committee has seen fit to place an ultimate which can be spent, and I am also very pleased they have seen fit to make it a 2-year operation. Those in charge of these kinds of activities for our own Government as well as for other governments like to blow up their operation as much as possible. I doubt very much if the $100,000 originally authorized is enough to do the job that should be done in this particular field of coordinating the activities of the various governments in this particular area of the world. With $150,000, with perhaps some additional moneys to be added by other countries, we can see to it that we get value received. I wish to commend the Committee on Foreign Affairs again for their practical approach to this legislation.

Mr. FASCELL. The gentleman will find a detailed budget breakdown in the hearings.

Mr. FORD. Mr. Speaker, I would like to see that. Therefore I will ask that the bill be passed over without prejudice to give me an opportunity to look at the hearings that the gentleman refers to.

Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

The SPEAKER. This concludes call of the bills on the Consent Calendar.

PRIVATE CALENDAR

The SPEAKER. In accordance with a unanimous consent heretofore granted, the Clerk will call bills on the Private Calendar.

The Clerk will call the first bill on the calendar.

OUTLET STORES, INC.

The Clerk called the bill (H.R. 2300) for the relief of the Outlet Stores, Inc.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

DR. AND MRS. ABEL GORFAIN

The Clerk called the bill (H.R. 2706) for the relief of Dr. and Mrs. Abel Gorfain.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

CHARLES WAVERLY WATSON, JR.

The Clerk called the bill (H.R. 2728) for the relief of Charles Waverly Watson, Jr.

Mr. GROSS. Mr. Speaker, I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

JOHN MACPHAIL

The Clerk called the bill (H.R. 5145) for relief of John F. MacPhail, lieutenant U.S. Navy.

Mr. GROSS. Mr. Speaker I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

HANS-DIETER SIEMONEIT

The Clerk called the bill (H.R. 1277) for the relief of Hans-Dieter Siemoneit.

Mr. ROBERTS of Alabama. Mr. Speaker I ask unanimous consent that this bill be passed over without prejudice.

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

There was no objection.

DR. JAMES T. MADDUX

The Clerk called the bill (S. 1201) for the relief of Dr. James T. Maddux.

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, (1) in the administration of chapter 73 of title 38, United States Code, as amended, and the rules and regulations promulgated thereunder, Doctor James T. Maddux, of Narberth, Pennsylvania, an employee of the Department of Medicine and Surgery, Veterans' Administration at Philadelphia, Pennsylvania, shall be held and considered to have been promoted from associate grade, Medical Service, to full grade, Medical Service, effective as of July 9, 1961, and (2) the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the said Doctor James T. Maddux, an amount equal to the difference between the salary received by him as such an employee for the period from July 9, 1961, to February 17, 1962, and the salary he would have received for such period had his promotion from associate grade, Medical Service, to full grade, Medical Service, been made effective as of July 9, 1961.

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.

BRYCE A. SMITH

The Clerk called the bill (H.R. 6182) for the relief of Bryce A. Smith.

Mr. ROBERTS of Alabama. Mr. Speaker, I ask unanimous consent that this bill be passed without prejudice.

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

There was no objection.

MRS. INGRID GUDRUN SCHRODER BROWN

The Clerk called the bill (H.R. 7268) for the relief of Mrs. Ingrid Gudrun Schroder Brown.

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)(3) of the Immigration and Nationality Act, Mrs. Ingrid Gudrun Schroder Brown may be issued a visa and admitted to the United States for permanent residence if she is found to be otherwise admissible under the provisions of such Act, under such conditions and controls which the Attorney General, after consultation with the Surgeon General of the United States Public Health Service, Department of Health, Education, and Welfare, may deem necessary to impose: *Provided,* That, unless the beneficiary is entitled to care under chapter 55 of title 10 of the United States Code, 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.

JAN AND ANNA SMAL (NEE DWORZANSKI)

The Clerk called the bill (H.R. 1414) for the relief of Jan and Anna Smal (nee Dworzanski).

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, Anna Smal (nee Dworzanski), shall be held and considered to be the natural born alien child of Mr. and Mrs. Joseph Smal, citizens of the United States.

SEC. 2. For the purposes of sections 101(a)(27)(A) and 205 of the Immigration and Nationality Act, Jan Smal (nee Dworzanski) shall be held and considered to be the natural born minor alien child of Mr. and Mrs. Joseph Smal, citizens of the United States.

With the following committee amendment:

Strike out all after the enacting clause and insert "That, in the administration of the Immigration and Nationality Act, Jan Smal (nee Dworzanski) may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in his behalf by Mr. and Mrs. Joseph Smal, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans.

"SEC. 2. For the purposes of sections 203(a)(2) and 205 of the Immigration and Nationality Act, Anna Smal (nee Dworzanski) shall be held and considered to be the natural-born alien daughter of Mr. and Mrs. Joseph Smal, citizens of the United States."

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.

YON OK KIM, CHANG IN WU, AND JUNG YOL SOHN

The Clerk called the bill (H.R. 1887) for the relief of Yon Ok Kim, Chang In Wu, and Jung Yol Sohn.

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 children, Yon Ok Kim, Chang In Wu, and Jung Yol Sohn, shall be held and considered to be the natural born alien children of Robert and Shirley Ainley, citizens of the United States: *Provided,* That the natural parents of the beneficiaries 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:

Strike out all after the enacting clause and insert—"That, in the administration of the Immigration and Nationality Act, Yon Ok Kim, Chang In Wu, and Jung Yol Sohn, may be classified as eligible orphans within the meaning of section 101(b)(1)(F) of the Act, upon approval of petitions filed in their behalf by Robert and Shirley Ainley, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans. Section 205(c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case."

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.

TRICIA KIM

The Clerk called the bill (H.R. 4862) for the relief of Tricia Kim.

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 Tricia, shall be held and considered to be the natural born alien child of Sergeant and Mrs. Willian D. Liles, citizens of the United States: *Provided,* That the natural parents of Kim Tricia 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:

Strike out all after the enacting clause and insert in lieu thereof the following: "That, in the administration of the Immigration and Nationality Act, Tricia Kim may be classified as an eligible orphan within the meaning of section 101(b)(1)(F) of the Act, upon approval of a petition filed in her behalf by Sergeant and Mrs. William D. Liles, citizens of the United States, pursuant to section 205(b) of the Act, subject to all the conditions in that section relating to eligible orphans. Section 205(c) of the Immigration and Nationality Act, relating to the number of petitions which may be approved, shall be inapplicable in this case."

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 to read: "A bill for the relief of Tricia Kim."

A motion to reconsider was laid on the table.

MRS. CONCETTA FOTO NAPOLI, SALVATORE NAPOLI, ANTONINA NAPOLI, AND MICHELA NAPOLI

The Clerk called the bill (H.R. 6624) for the relief of Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli.

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 laws, Mrs. Concetta Foto Napoli, Salvatore Napoli, Antonina Napoli, and Michela Napoli shall be deemed to be within the purview of section 1 of the Act of October 24, 1962 (76 Stat. 1247).

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.

GIUSEPPE MAIDA, HIS WIFE, CATERINA MAIDA, AND THEIR CHILDREN, ANTONIO, AND VITTORIA MAIDA

The Clerk called the bill (H.R. 6975) for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida.

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 laws, Mr. Giuseppe Maida, his wife, Caterina Maida, and their children, Giuseppe, Antonio, and Vittoria Maida, shall be deemed to be within the purview of section 1 of the Act of October 24, 1962 (76 Stat. 1247).

With the following committee amendment:

On page 1, line 5, strike out the name "Guiseppe,".

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 Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida."

A motion to reconsider was laid on the table.

LEXINGTON PARK VOLUNTEER FIRE DEPARTMENT, INC.

The Clerk called the bill (H.R. 3368) authorizing the Administrator of General Services to convey by quitclaim deed to the Lexington Park Volunteer Fire Department, 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 eassembled, That the Administrator, General Services Administration, is authorized to convey by quitclaim deed, upon such terms and conditions as he may prescribe, not to exceed 0.37 acre of land located in Saint Marys County, Maryland, to the Lexington Park Volunteer Fire Department, Incorporated, a body corporate of the State of Maryland, for the purpose of maintaining a fire station to provide continued protection for the facilities of the Naval Air Station, Patuxent River, Maryland, upon request, and for the adjacent community. The land to be deeded is in part now occupied by a fire station within boundaries described as beginning at the intersection of the southeasterly right-of-way line of Great Mills Road (State Route Numbered 246) with the northeasterly right-of-way line of Coral Place; thence north 63 degrees, 16 minutes, 30 seconds east, 108.68 feet along the southeasterly line of Great Mills Road; thence south 59 degrees, 05 minutes, 46 seconds east, 88.87 feet; thence south 30 degrees 54 minutes, 14 seconds west, 157.73 feet to a point in the northeasterly line of Coral Place; thence along the northeasterly line of Coral Place along the arc of a curve concave to the east with a radius of 1,030.47 feet, the chord of said curve bears north 34 degrees, 57 minutes, 45 seconds west, 161.08 feet, to the point of beginning. Containing 0.37 acre of land, more or less.

With the following committee amendment:

Strike all after the enacting clause and insert in lieu thereof the following: "That the Administrator of General Services is authorized to convey to the Lexington Park Volunteer Fire Department, Incorporated, a body corporate of the State of Maryland, within a period of two years following the date of enactment of this Act, by quitclaim deed, and upon terms and conditions herein provided as well as others the Administrator may prescribe, a tract of land, together with any Federal interests in the improvements thereon, located in St. Marys County, Maryland, adjacent to Coral Place and Great Mills Road, which shall include the site of the fire station now maintained by the Lexington Park Volunteer Fire Department, Incorporated, of approximately 0.37 acre, but otherwise of shape and dimension as the Administrator may determine: *Provided,* That the instrument of conveyance authorized by this Act shall provide that upon determination by the Administrator of General Services that the Lexington Park Volunteer Fire Department, Incorporated, or its successor has ceased at any time within twenty years after the conveyance to use the property either for maintaining a fire station or to provide fire protection services for the facilities of the Federal Government in the adjacent locality, as defined in the deed, without cost to the United States, all right, title, and interest in the property shall revert to the United States in the then existing condition of such property without payment of compensation by the United States, subject to mortgages and liens then outstanding resulting from financial arrangements authorized by the Administrator and made for the purpose of improving the property."

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 to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Incorporated.

A motion to reconsider was laid on the table.

The SPEAKER. This concludes the call of the Private Calendar.

ARE CIVIL RIGHTS ORGANIZATIONS BECOMING MONEYMAKING RACKETS?

Mr. ANDREWS of Alabama. Mr. Speaker, I ask unanimous consent to address the House for 1 minute, to revise and extend my remarks, and to include an editorial.

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

There was no objection.

Mr. ANDREWS of Alabama. Mr. Speaker, I would like to call to the attention of the Members of the House and the other body an editorial from the October 28 edition of the Dothan Eagle, Dothan, Ala.

The article is very lucid in pointing out the vast monetary proportions to which the integration movement has grown. Thousands and thousands of dollars are collected and spent each year by so-called civil rights organizations, and many people are beginning to suspect they could be a front for a full-grown racket.

The editorial below questions the tax status of the Southern Christian Leadership Conference, and I have requested Commissioner Caplin, of the Internal Revenue Service, to investigate this matter thoroughly and to send me a complete report.

The editorial follows:

INTEGRATION: BIG BUSINESS

This integration business headed by Martin Luther King, Jr., is costly—but profitable; and still he cries for more money.

A few days ago the agitator king reported at Atlanta on finances of his Southern Christian Leadership Conference (as he calls his bunch of rabble rousers) and showed a surplus of $88,633.36, or "net income after appropriations" for the past fiscal year.

He didn't say anything about "after taxes" and that raises a mighty interesting question.

A couple of days or so later, he said in a speech at New York (he certainly gets about) that some way of raising additional funds must be worked out. Demands for cash bonds in the South have strained the financial resources of civil rights organizations, he said.

The financial statement he released showed an amazing income of $735,534.02, which would be considered quite a staggering gross for many legitimate businesses.

And Martin Luther must be a pretty good business manager, for he had a balance of $351,992.20. From this his outfit "appropriated" $263,358.84 for a legal defense fund, leaving the $88,000 surplus.

The agitator king's major revenue came from appeal letters and money raised at rallies. It must have been mortifying for him to include in the report a puny return of only $2,712.97 from sale of his books.

But the man lives well on his $1 a year salary. Travel expenses and "direction action," both for fund-raising purposes, cost $41,977.84 for him and his gang. That's traveling in style and after all, it doesn't cost but a little bit more to go first class, especially when someone else is paying the bill.

The lawyers did all right, too. Legal aid to affiliate organizations and general aid to communities totaled $52,582.12. Martin Luther has a good thing going. Agitation and integration combine into big business.

But the tax angle on all this income is mighty interesting. There has been no explanation or discussion, so far as is known here, on this matter.

Is it possible that all of this money, bled from churches, unions, benefit performances and the public in general, is tax free? Is it regarded as church funds (for Christian Leadership) and thus untaxable?

Or did the outfit pay taxes on it? If so, the king agitator did the Government a service, the only good thing he ever did. If not, the subject seems worth discussing.

Or does this particular type of big business have some sort of special exemption?

SOME GAINS MADE TOWARD PEACE IN PURSUING EVERY AVENUE FOR PEACE

Mr. EVINS. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. EVINS. Mr. Speaker, substantial progress has been made during the past year toward establishing a more peaceful world. In several areas order has been brought out of chaos. There are still major areas of tension and unrest, but certainly some progress has been made in reducing tension and in averting an all out nuclear war.

Coleman A. Harwell, editor and publisher of the Cookeville Citizen, in an editorial in his October 29 edition has praised President Kennedy and other national leaders for the steady path toward peace which this country has followed. The editorial quotes from the address of President Kennedy at the University of Maine on October 19, in which the President said, "let us exhaust every avenue for peace."

Mr. Speaker, President Kennedy forcefully outlined some of our foreign policy goals in this address and editor Harwell points out "that every American could benefit by giving them calm and objective consideration."

Mr. Speaker, I ask unanimous consent that editor Harwell's writings be reprinted in the body of the RECORD.

The editorial, entitled "Every Avenue for Peace," follows:

EVERY AVENUE FOR PEACE

This is a quotation from a speech made by President Kennedy at the University of Maine on October 19:

"Historians report that in 1914, with most of the world already plunged in war, Prince Bulow, the former German chancellor, said to the then Chancellor Bethman-Hollweg: 'How did it all happen?' and Bethman-Hollweg replied, 'Ah, if only one knew.'

"If this planet is ever ravaged by nuclear war, if 300 million Americans, Russians, and Europeans are wiped out by a 60-minute nuclear exchange, if the survivors of that devastation can then endure the fire, poison, chaos, and catastrophe, I do not want one of those survivors to ask another, 'How did it all happen?' and to receive the incredible reply, 'Ah, if we only knew.'"

A reading of a portion of the abundant history of that scheming era, emphasizes the tragic lack of communication between the self-important powers of the world, and their headlong refusal to weigh the possibility that the opposition had any measure of reason on its side. One of the recent great books on the period was last year's Pultizer Prize winning volume, "The Guns of August" by Barbara Tuchman. She traces with vivid accuracy the senseless sequence of events that led to conflict in August 1914.

The world today is not without parallels with that time. The hope is that men now in power are familiar with those events and that they realize the danger of respecting neither the pledge nor the threat of their opponents.

This Nation is fortunate to have such men as President Kennedy, Secretary of State Rusk, Under Secretary Harriman, and Senator Fulbright, chairman of the Foreign Relations Committee, in positions of leadership. With steady perception, they have assessed the reliability and the intransigency of our cold war opponents. The result is a consistency of policy which, despite a great variety of minor irritations and bloody aggravations by the Russians, Chinese and other Communists, has kept us on a steady path.

Critics of the administration have taken every opportunity to question this course. They cast doubts upon the nuclear test ban treaty, they question willingness to sell some of our surplus wheat to Russia and its satellites. In the light of constant criticism, often carping, the speech in Maine is worthy of more than passing notice.

We quote some further passages which contain the essence of our foreign policy, believing that every American could benefit by giving them calm and objective consideration:

"A year ago it would have been easy to assume that all-out war was inevitable, that any agreement with the Soviets was impossible, and that an unlimited arms race was unavoidable. Today it is equally easy for some to assure that the cold war is over. * * *

"The fact of the matter is, of course, that neither view is correct. We have, it is true, made some progress on a long journey. * * * We have concluded with the Soviets a few limited, enforcible agreements or arrangements of mutual benefit to both sides and to the world.

"But a change in atmosphere and emphasis is not a reversal of purpose. Mr. Khrushchev himself has said that there can be no coexistence in the field of ideology. In addition, there are still major areas of tension and conflict, from Berlin to Cuba to southeast Asia. The United States and the Soviet Union still have wholly different concepts of the world, its freedom, its future. * * *

"While the road to that peace is long and hard, and full of traps and pitfalls, there is no reason not to take each step that we can safely take. It is in our own self-interest to ban nuclear testing in the atmosphere so that all of our citizens can breathe more easily. It is in our national self-interest to sell wheat in storage to feed Russians and Eastern Europeans who are willing to divert large portions of their limited foreign exchange reserves away from the implements of war. * * *

"Even if these steps should be undone * * * there would still be no reason to regret, the fact that this Nation has made every reasonable effort to improve relations.

"For without our making such an effort, we could not maintain the leadership and respect of the free world * * * we could not convince our adversaries that war was not in their interest. * * *

"Let us exhaust every avenue for peace. Let us make clear our willingness to talk, if talk will help, and our readiness to fight if fight we must.

"Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicions and emotions. Let us distinguish between our hopes and our illusions.

"Let us recognize both the gains we have made down the road to peace and the great distance yet to be covered."

RESOLUTION CALLING FOR WORLD CONFERENCE ON OCEANOGRAPHY

Mr. BOB WILSON. 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 California?

There was no objection.

Mr. BOB WILSON. Mr. Speaker, I am today introducing a House joint resolution calling for a world conference on oceanography to be convened in the United States in 1965.

The resolution reads:

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the Secretary of State, in consultation with the Secretary of Defense, the Secretary of the Interior, the Director of the National Science Foundation, Secretary of the Smithsonian Institution, Secretary of Health, Education, and Welfare, Director of the Bureau of the Budget, Director of the Office of Science and Technology, and representatives from the other interested Federal agencies, is authorized and directed to take all necessary steps to convene in the United States in 1965 a world conference for the purpose of exchanging with other nations scientific and technical information relating to oceanography.

Webster defines "oceanography" as "geography that deals with the ocean and its phenomena." The oceans of the world are phenomenal. They cover three-fourths of the earth's surface. They are in reality vast moving rivers. They contain untold mineral riches, yield tons of foodstuffs, and are the major future source of water supply for a thirsty world.

Man has sailed the seas, reaped its seafood, to some extent plumbed its depths, yet only in relatively recent years has a concentrated effort been made to unravel its mysteries, to utilize its vast potential.

The United States has been a latecomer to the field of oceanography. I am proud to say that we are making strides in this vital field. The House has assumed responsibility in assisting our scientists in this area. On August 5, 1963, the House passed H.R. 6997, providing for a comprehensive, long-range, and coordinated national oceanography program.

This measure is as important to the field of oceanography as is the National Aeronautics and Space Administration to the exploration of space. It will coordinate the marine activities of many Federal agencies into a program with direction and purpose. It will utilize to the fullest the technical knowledge, skills, and equipment of these various agencies.

The resolution I have introduced today would be another step in this program of tapping the resources of the sea.

It would enable us to bring together the top scientists of the world to exchange information, to map joint projects and in general to bring the world up to date on the progress man has made in exploring the sea and extracting from it some of the riches it contains.

How important is oceanography? It is paramount to our defenses. The military has concluded that the undetectable approaches to our shores which lie under water constitute one of our greatest perils of enemy surprise attack. The defense of our Nation is involved, to an important extent, with our capability to reply in kind through underwater systems.

Of nondefense interest—there are vast amounts of foodstuffs, minerals, and energy sources beneath the sea. The predominant nations of the future will be those which best solve the problems of utilizing these natural resources which have accumulated through the centuries. Many of them are renewable through the prodigious reproductive capabilities of sea species and the rich environment of the saline seas.

Mr. Speaker, my resolution would further America's programs of oceanography through world cooperation.

I note with interest that Jules Verne's "20,000 Leagues Under the Sea" is enjoying a revival on the country's movie screens. What was fantasy and science fiction before the turn of the century today is approaching reality. His nuclear powerplant is a fact. Underwater exploration is being developed with incredible ingenuity. Already plans are afoot for an undersea living experiment in Chesapeake Bay next year. New one-man submarines are making undersea exploration more effective.

The field of oceanography is a multiple science. It must now include the marine aspects of many sciences. Meteorology and oceanography are now interwoven. Biology, physics, chemistry, and fluid mechanics, geophysics, mechanics and electronics contribute design for necessary tools, gear, and equipment while the marine sciences must provide new concepts of surface ships and submersible vehicles, with new powerplants and adaptability.

New agreements in conservation of food fishes must be reached if future generations are to have an adequate supply of the bounteous harvest of the seas. Many neglected species of fish, or marine plants must be made useful. Ways must be found to extract the millions of tons of minerals washed from the land through eons into solution in the seas.

The rewards will be great. Men will live beneath the sea. Fish "farms" will be established with scientific methods of rearing, feeding and harvesting of valuable food fishes employed. Artificial islands above the surface and "cities" beneath will be used as bases for discovery, aids for navigation, defense outposts

and centers for refining and processing minerals and seafood.

Life magazine has summarized the importance of oceanography thusly:

Even as the United States thrusts into space it does so from a continent that is in fact a large island enveloped by massive oceans. Whoever knows most about those oceans holds the advantage in the struggle for command of the seas, holds the lead in reaching for the fabulous unknown resources of the ocean floor.

It is obvious that the Federal Government must play a major role of coordination in oceanography. The job is too complicated for coastal States to perform by themselves. Many Federal agencies are already involved. These include the research and development facilities of the U.S. Navy, the Atomic Energy Commission, the Department of Commerce, the National Science Foundation, the Smithsonian Institution, the Department of Health, Education, and Welfare, Department of the Interior, the Coast Guard, and the Office of Science and Technology. In addition there are many private organizations, State wildlife and fisheries groups, foundations and industries that will play important roles in our massive assault on the mysteries of the underwater world.

I am proud that my own hometown of San Diego, Calif., has become this country's most important center of oceanography. The Scripps Institute of Oceanography has been in the forefront of this science. Its revolutionary ship *Flip*—floating instrument platform—has contributed much to advance underwater exploration. The institute has an aggressive program of oceanographic work covering many fields.

Recently the Mission Bay Research Foundation was established in San Diego with private capital as a nonprofit corporation. It will engage in a sizable fish tagging project this year and has other wildlife projects in the planning stages.

We have acted in the House to bring U.S. oceanographic programs under a coordinated program. The success of our efforts can be further assured by acting to bring to the United States a worldwide conference of oceanographic knowledge in 1965. My resolution would authorize preparations for this event. I am hopeful that Congress will give it speedy approval.

SPEAKER McCORMACK AWARDED JAMES CARDINAL GIBBONS MEDAL BY CATHOLIC UNIVERSITY ALUMNI

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to extend my remarks at this point.

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

There was no objection.

Mr. BOLAND. Mr. Speaker, I want to take this opportunity to call to the attention of the Members of the House that another great honor has been bestowed on our beloved and distinguished Speaker, the Honorable JOHN W. McCORMACK; namely, the Cardinal Gibbons Medal. The Catholic University of America's annual homecoming dinner was held at the Shoreham Hotel Saturday night, November 2, during which the Cardinal Gibbons Medal was presented to Speaker McCORMACK for "distinguished and meritorious service either to the United States of America, the Catholic Church, or the Catholic University of America."

As the 15th recipient to be honored with the Cardinal Gibbons Medal, our respected Speaker joins other distinguished Americans who have received the medal, including President Kennedy; J. Edgar Hoover, Director of the Federal Bureau of Investigation; Gens. J. Lawton Collins and Alfred Gruenther; Bishop Fulton J. Sheen; Dr. Carlton Hayes and Dr. Karl Herzfeld. The medal, not necessarily an annual award, was established is 1947 to perpetuate the memory of the late James Cardinal Gibbons, Archbishop of Baltimore and Washington, and one of the founders of Catholic University, which is this year observing its diamond jubilee marking its 75th year of founding. Cardinal Gibbons was the first chancellor of Catholic University.

No man is more deserving of this high honor than the great statesman and outstanding Catholic layman presiding over this House, Speaker McCORMACK. The Cardinal Gibbons Medal is now added to his long list of honorary degrees received from other great colleges and universities in the United States, one of which was an honorary degree in law from Catholic University in 1956; the papal honors he has had bestowed upon him, and the decorations he has received from several foreign governments. The Cardinal Gibbons Medal is made of gold, 1½ inches in diameter, with a ribbon in Catholic University colors of gold and white. Bearing the seal of the university, combined with the papal insignia and profile of Cardinal Gibbons on one side, the inscription on the reverse side states:

Awarded to Speaker JOHN W. McCORMACK for distinguished services by the Alumni Association of the Catholic University of America.

The medal was designed by Sister Mary Lurana, of the Sisters of the Blessed Sacrament, while working for her master of arts degree at Catholic University. Among those present to see the Right Reverend Monsignor Joseph B. McAllister, vice rector of the Catholic University of America, present the Cardinal Gibbons Medal to Speaker McCORMACK was his beloved wife, Mrs. Harriet McCormack. Monsignor McAllister presented the medal in the absence of the Right Reverend William J. McDonald, rector of Catholic University, who is in Rome attending the Second Vatican Ecumenical Council.

Mr. Speaker, under permission to extend my remarks, I include the address delivered by Monsignor McAllister, including a message from Rome by Monsignor McDonald; and the text of the response given by Speaker McCORMACK:

I think you will agree that it has been a busy weekend; but I must confess that for me personally, it has been a most enjoyable one and a source of deep satisfaction. To see so many of my former students and colleagues brings me back to the good old days, as we like to call them. This weekend was a time for looking back, since it is the first homecoming weekend in the year of the university's diamond jubilee. The number of alumni who have returned for homecoming, the distinguished guests who are honoring us with their presence this evening—all this points to the fact that homecoming 1963 is a very special occasion.

Mr. Speaker, it is a great personal pleasure to welcome you to this jubilee gathering of Catholic University sons and daughters. Your presence here this evening and that of your charming wife enrich this occasion as your thoughtful words hearten us. The fact that in our audience are many members of the Federal Government and Congress of the United States, does honor to you, sir, as well as to the university.

Though the word is never a substitute for real presence, Monsignor McDonald, our beloved rector, when he was suddenly called to Rome and realized that his duties at the Ecumenical Council would not permit him to be with us this evening, charged me with the grave responsibility of representing him to you and conveying the following message:

"DEAR MONSIGNOR McALLISTER: In all my years at the university, this is the first time I have not been present at the annual homecoming. I shall miss it greatly. Please convey to our alumni my deep and sincere regret that I cannot be with them, as well as my most cordial greetings and gratitude for their loyalty and continued support of alma mater.

"I had hoped to have the privilege of presenting the Cardinal Gibbons Medal to a distinguished statesman and good friend, the Honorable JOHN W. McCORMACK, Speaker of the House, who has so well merited this high honor. My warmest congratulations to him and to Mrs. McCormack. To each of the recipients of the alumni awards go my personal felicitations as well as deepest appreciation to them for shedding such luster on the university by their achievements.

"I want to be associated with your commendation of the outgoing president, Dr. Frank McQuade, who has worked so hard and accomplished so much for our alumni association. While expressing indebtedness to him and to the other outgoing officers, I wish at the same time to congratulate the new president, Mr. Frank deBettencourt, and those who are to serve with him in executive positions. I know they will maintain the present high standards and exert every effort to promote the real aims and objectives of our alumni association.

"Dr. Bode, who has been such a tower of strength as director of alumni relations, and his efficient staff deserve a special vote of thanks.

"Finally, my deepest gratitude to the chairman of the homecoming, Mr. Ed McMahon, and to the committee who have cooperated in making the homecoming what I know will be a splendid success.

"May God bless you all.

"Monsignor McDONALD."

May I personally associate myself with these sentiments.

The rector would not want me to let you go home without some knowledge of our stewardship of your university during the past year. I cannot begin to mention the many facets in the past 12 months, but I should like to single out a few of the more outstanding, so that the picture of your alma mater in its 75th year may be brought up to date. The fall term 1963 saw the university's enrollment reach a record of over 5,600 students. Last spring, the university initiated its division of space sciences and brought to the campus some of the top scientists in this field from all over the world. We are, as you know, in the midst of a drive for a great new university theater. A modern addition to the theological college is now nearing completion. Faculty ranks have

reached a record high. Our married faculty has received a substantial increase in family allowance. All this, so that the university may continue to attract teachers of the highest caliber.

It is no wonder that the Catholic University of America is represented at the Second Vatican Council by more official theological experts than any other university in the United States. No wonder either that one of our fellow alumni—Mr. James Norris of the class of 1933—is the only official lay representative from the English-speaking world at the council.

I know, as all of you do, that the success of a university is not gaged alone on factors such as new buildings, laboratories, eminent faculty and such. I know, as you do, as important as these are, the only true measure of the excellence of a university is in the achievement of its alumni. I am proud of alma mater, because I am proud of you.

Rt. Rev. JOSEPH B. MCALLISTER,
Vice Rector.

ADDRESS DELIVERED BY THE HONORABLE JOHN W. MCCORMACK, SPEAKER OF THE U.S. HOUSE OF REPRESENTATIVES, ON THE OCCASION OF HIS ACCEPTANCE OF THE 1963 CARDINAL GIBBONS MEDAL AWARDED TO HIM BY THE ALUMNI ASSOCIATION OF THE CATHOLIC UNIVERSITY OF AMERICA AT THE SHOREHAM HOTEL, WASHINGTON, D.C., NOVEMBER 2, 1963

I am very conscious of the honor that has been bestowed upon me by the Alumni Association of the Catholic University of America in presenting the 1963 Cardinal Gibbons Medal to me. It is true that a man in public life can become the recipient sometimes of many honors, and equally true that these must naturally fall into some gradation of importance assigned by the individual himself. May I assure the members of the Catholic University Alumni Association that this present award, combining as it does the distinction of being honored by the National Pontifical University and the memory, still fresh and still impressive, of so great a Catholic churchman as James Cardinal Gibbons was, brings me a feeling of great humility and great appreciation.

The Cardinal Gibbons Medal, as the president of your association reminded you, should be awarded to a person who has made a contribution to the church, the Nation or the university. Any man in public life hopes to be able to make some contribution, however small it might be. It is never as great as a man would want it to be. But I am grateful to all of you for considering me for this award, and I am all the more closely touched by it because of the man whose name it bears.

The honor that comes to me through this award is all the more valued since it bears the name of one of the truly great Americans of our time. Less than a half century ago, we were living in the age of James Gibbons, and the impress of his life of deep faith, of his remarkable personality and far-seeing leadership has left many a monument.

This great university, a landmark of Catholic education throughout the Nation, is to a considerable extent the legacy of his foresight. As the first chancellor of the Catholic University of America, he played a significant role in guiding its early years. In fact, what is there in the Catholic Church in this area—indeed in the entire Nation—that does not bear the mark of his genius? How much did the great papal encyclicals on labor owe to the cardinal's unfailing championship of the American workingman? How much does the splendid patriotism of American Catholics, tested in so many trials and conflicts, reflect the outspoken love of country that was a hallmark of the great cardinal?

And not only this, but James Cardinal Gibbons was a man far ahead of his times. He is perhaps the first great ecumenist in the hierarchy of the American church. He possessed extraordinary courage—the courage of action, and when advisable—the courage of silence. Above all, what Cardinal Gibbons stood for was genuine and complete Catholicism in entire harmony with a genuine and complete Americanism. He would have been very much at home with Pope John, very much at home with Pope Paul. He saw his role as a national figure in the light of his own great charity for all races, for all nations, and for all religions. The ecumenical council meeting in Rome this very week would find in him a great spokesman for its pleas for an ecumenical spirit and for universal brotherhood. It is a special honor to receive this medal which bears his name.

The Catholic University of America is this year celebrating its diamond jubilee. The University of the American Bishops has a right to be proud of its contributions to the church and the Nation during the past 75 years. One of the very first of the universities organized by the Catholic Church and the only one in the Nation of pontifical status. It has blazed a bright trail through the educational history of the United States. Outstanding scholars have always found the university as a congenial home and the history of the church in America has been influenced greatly by the administrators, faculty, and alumni of this great institution.

The clarion call of this university, as indeed of all Catholic education has been the insistence of the preparation of the well-rounded man. The university has firmly rejected the idea of education which focuses on the technician as a human machine rather than as a human person, even as it has also rejected the notion that the liberal arts today can prosper in a heavily technical world by ignoring the great contemporary movements in science, much as an ostrich with its head firmly planted in the sand.

The Catholic University has given evidence of its forward thinking, and as well of its balanced judgment concerning the needs of education today. Your university was one of the very first to obtain a nuclear reactor, one of the pioneers in establishing a department of the space sciences, one of the most forward thinking of the engineering schools in the country. And, I know, the Catholic University stands ready even today to meet the challenging opportunity of a world in scientific transition.

On the other hand, the Catholic University has never lost sight of the humanistic and spiritual values that must go into the process of formation of the whole man. Alongside this new technological growth, the university has kept pace in the field of arts and letters. Your splendid plans for a new university theater, the thriving bureau of social research established a short time ago, the continuing excellence of the departments of humane studies which was crowned last June by the award of more Woodrow Wilson fellowships to your students than to any other university in the area; finally, the insistence on graduate studies where Catholic University makes its unequaled contribution to American higher education—all these are indications that you are still moving forward in both the scientific and the humanistic components of the well-balanced education.

And such forward progress is the hallmark of American education today. As this Nation makes incomparable strides forward in its scientific knowledge, as it reaches out literally to grasp the moon within the arms of its technical comprehension, it must move forward with equal steps toward a broadening and a deepening of its cultural and intellectual life. No one who faces the future can deny that scientific know-how and technical appreciation of new forces must be one of the keystones of national greatness. This Nation cannot afford to slow down in its quest, already well begun, to master the forces of nature in a nuclear age.

On the other hand again, many of us, especially those of us who are responsible to a small or great degree, for the policy and the progress of this Nation, see that there is only disaster in closing our eyes to the arts as we concentrate on the sciences. This has been the lesson taught by the Catholic University, and by every institution of higher learning in the United States today.

When the House of Representatives passed its bill providing for assistance to institutions of higher learning, these thoughts were in our minds. They provided the motivation for the bill which would have given aid to all types of higher education, including the arts and the humanities, and not restricted to the scientific and technological. Senator RIBICOFF, of Connecticut, himself a former Secretary of Health, Education, and Welfare, in pleading for the House orientation of the education bill from the floor of the Senate last month, did not hesitate to prefer the broader purposes of the House bill, saying, "Higher education needs support in all fields. It simply cannot be argued that funds should be used to aid the teaching of physics, but not the teaching of foreign languages, to aid the teaching of biology but not the teaching of economics, to aid the teaching of botany but not the teaching of history" (CONGRESSIONAL RECORD, October 15, 1963, page 19483).

Educators throughout the country have seen the need of expanded support for education which would include as equal sisters, the fields of arts and humanities. Senator PROUTY, of Vermont, in defending the House bill several weeks ago in the Senate called the attention of that body to the fact that he had received messages from hundreds of colleges and university presidents on this issue, 96 percent of them being in favor of unrestricted aid that could be applied to the arts and humane studies as well as to the strictly scientific. He went on to warn: "Downgrade the arts and humanities and you downgrade America. If we downgrade the arts and humanities, American education will be flying on one wing."

Monsignor McDonald, your own rector, made a plea of great importance at the Catholic University's June commencement, this year. He called for a national foundation based on the National Science Foundation, which would provide aid to outstanding young men and women who chose the arts and humanities as their field of graduate research; similar financial support as is today given to those who dedicate themselves to research in the sciences. I welcome the thoughtful suggestion of the rector of the Catholic University of America. It is a most constructive suggestion, worthy of every consideration.

The battle for the future will be, as has been said before, a battle for men's minds. To the nation with the greatest understanding of the truth—of the whole truth—of the truth in science and the truth in culture, to this nation belongs tomorrow. And today's struggle is to prepare the minds of our young men and women with a grasp of knowledge and understanding which is balanced enough to meet the challenges of an evolving science without losing its roots in a culture that still appreciates the value of the human person. I commend the Catholic University of America for its never-flagging dedication to this ideal. It captures my imagination, and I commend highly your right reverend rector for advancing these constructive proposals.

We are living in an important and trying period of the world's history. As you and I are present this evening, history is being made. Despite the cooing voice of peaceful coexistence, the forces of evil are bent on world domination.

While we must be powerful militarily, we must also be strong spiritually; all persons everywhere who believe in God and His law. For deep faith is the affirmative strength that could well be the difference between victory and defeat.

One of the great events of history is taking place now in Rome—instituted by Pope John and followed and emphasized in his own right by Pope Paul—the Ecumenical Council.

This is not only a great event in the history of the Catholic Church, and more broadly, of religion, but it is one of the historic events of mankind. For from it will flow great beneficial results.

It is evident to everyone that the Ecumenical Council is affirmative and positive. The growth of the ecumenical spirit throughout the world has already strongly evidenced itself. The religious understanding and spirit is stronger today than it has been for generations, and that understanding and spirit will grow stronger in generations that lie ahead.

While military power is necessary as a deterrent to Communist aggression, the ecumenical spirit everywhere is necessary for a future world of peace. For in a sense, military strength is negative—responding to the law of self-preservation—to deter, and in case of attack and war, to win and survive. In the world of today it is absolutely necessary. And our country has great military strength and power. But it is the word of God in the minds of men and women that is our real strength, our affirmative strength, animating their thoughts and actions, and looking forward with faith and confidence to a world of peace.

As we project our minds into the foreseeable future the results that will flow from the work of the Ecumenical Council, makes it one of the most notable events of world history.

As Cardinal Cushing recently and so well said, "The present Ecumenical Council will accept the challenge of those who contend that we are on the threshold of an atheistic era."

It is in the spirit of James Cardinal Gibbons, who in America many years ago, preached and practiced the ecumenical spirit, that I accept this year's award of the Cardinal Gibbons Medal.

THE UNITED STATES AND RECENT EVENTS IN SOUTH VIETNAM

The SPEAKER. Under previous order of the House, the gentleman from Wisconsin [Mr. ZABLOCKI] is recognized for 30 minutes.

Mr. ZABLOCKI. Mr. Speaker, it has been with deep concern and sorrow that I have viewed the events of the past few days in South Vietnam. I have been concerned about the ruthless way in which the Diem government was deposed and grieved at the assassination of President Diem himself.

Just 4 weeks ago today seven other Members of this body and I sat in the President's palace in Saigon, exchanging views with President Diem.

At that time we advised Diem of the anxiety evident in the United States and elsewhere in the free world over the domestic political problems which had plagued his administration. We emphasized the fear that these difficulties might adversely affect the military campaign against the Vietcong if they continued.

We cautioned him that political unrest in the form of dissident groups, vocal opponents at home and abroad, uprisings by students, dissatisfaction among the intelligentsia and antagonism from Buddhists would continue to harass his government unless reforms were made soon.

At that time President Diem promised that reforms would be made, that civil liberties would be restored to his people as soon as hostilities with the Vietcong had subsided. Of course, he had made such promises before and nothing had been done. I am satisfied, however, that Diem meant what he said. He impressed us as a dedicated nationalist, sincere, incorruptible, and determined to defeat the Communist Vietcong.

From our conversation, it was evident that President Diem and his brother, Nhu, were conscious of the possibility of a coup. There had been, it should be remembered, five previous unsuccessful attempts to oust the Diem regime. But Diem indicated no fear of his political opponents.

For whatever his adversaries might say about him, they cannot deny the honesty, the courage, or ability of Ngo Dinh Diem.

A fervent champion of Vietnamese nationalism, Diem returned in 1954 from 4 years of exile to lead the Government of South Vietnam, a country which at that time had no national feeling or identity.

Almost singlehandedly, with few resources at his command, Diem created a nation-state of Vietnam and solidified the rule of his government. To do this he was forced to crush the opposition of dissident sects, subdue pirate bands roving the delta and coastal regions, and began the campaign to recapture the countryside from the Communist guerrillas. At the same time he effectively accomplished the absorbing of hundreds of thousands of refugees from North Vietnam who had streamed into South Vietnam at the end of the Indochina war.

It is safe to say that had there been no Diem in South Vietnam, the situation there would have been even more chaotic than it has been, and the Communist Vietcong would be in a stronger position than they are today.

Yet we have heard from many individuals that the war against the Vietcong could not be won with Diem. Our study mission found that the war against the Vietcong was being won. The Vietnamese, we reported, are determined to maintain their independence and their forces have been fighting well.

However, it cannot be denied that the reputation as a national leader and hero which Diem earned by his early actions as Vietnam's President, in recent months, had fallen because of the repressive measures which had been taken against opponents of his regime. His popularity, particularly in the large cities, had been dissipated in a series of government actions against the people attributed largely to his brother, Nhu and Mme. Nhu.

As a result of these actions U.S. economic and military assistance was curtailed.

In part, this withholding of assistance was justified. Particularly aid which went to the regime's "special forces" who misused U.S. assistance in their raids on Buddhist pagodas.

But there can be little doubt that this curtailment of aid also heartened Diem's opponents and helped trigger the coup. It was a signal to the military leaders of Vietnam that the United States would support the overthrow of the Diem regime.

Further, there will be some who will say that the United States openly encouraged the coup.

Whatever the case, Mr. Speaker, the military junta which now rules Vietnam has not shown itself to be any less ruthless or any less autocratic than the former regime. One of its first acts was the reprehensible slaying of President Diem.

For those of us reared in the Judeo-Christian tradition and schooled in Anglo-Saxon law, this act of assassination is repulsive. It is made even more horrible by the attempt to make the killing seem a suicide. Even in military action, killing those who surrender is massacre.

The State Department has officially deplored the assassination of Diem while disclaiming any prior knowledge of the plot to overthrow him. Yet subsequently we have learned that members of the American press corps in Saigon were aware that a coup was imminent.

Can we believe then that the State Department did not know that a coup was likely? Were steps taken to warn President Diem of pending danger?

And what of the CIA? Did its agents in Vietnam know of the coup? Did, in fact, the CIA play a part in it? These questions remain to be answered.

But one thing is clear. If officials of the U.S. Government knew of the coup, and failed to exert every possible pressure to gain assurances of safe conduct out of the country for President Diem, then the shadow of blame falls on our Nation. Mr. Speaker, only time will tell what really happened in Vietnam. I hope the authorities will soon advise the Congress and our Nation so that faith can be kept in our executive departments.

What has happened in Vietnam must cause troubled thoughts for the leaders of other nations allied with the United States in the fight against world Communist aggression, in southeast Asia, in Europe, and most particularly in Latin America.

Further, Mr. Speaker, it is my belief that before the United States recognizes the junta in Vietnam as being the legitimate government in that country, we should receive some definite commitments from its leaders. We have learned hard lessons in other parts of the world when a military junta supplanted civilian rule.

Some formula should be agreed upon to return control of Vietnam to civilian rule as soon as possible. Further, similar requirements such as we are awaiting in the Dominican Republic and Honduras are in order. Finally, we should insist on reforms such as requested of the prior regime in Vietnam.

Mr. Speaker, it is vital that we continue our efforts to defeat the Vietcong. We should continue to cooperate with

the ruling junta in Vietnam in pressing the war against the Vietcong.

However, let us closely examine the request of the junta, as reported in the press, for double our present level of assistance—both economic and military.

According to some individuals Diem was the main stumbling block in the way of winning the war against the Vietcong. Diem is gone now, cruelly slain. Why then, now that the obstacle is gone, is substantially increased assistance necessary?

As a member of the Foreign Affairs Committee, I want to serve notice now that Congress will be taking a close and careful look at any forthcoming requests for massive increased aid to Vietnam. Further, the occurrences in Vietnam and elsewhere indicate the reevaluation, reassessment, and redirection of present policies concerning assistance to foreign nations is necessary.

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

Mr. ZABLOCKI. I am delighted to yield.

Mr. LAIRD. Mr. Speaker, I know of the long interest of the gentleman from Wisconsin in the problems of Vietnam and the conduct of the United States in its efforts to stop communism in that section of the world. I think that the report that the gentleman has made today is indeed a very fine report. I would like to ask him one question, and that is, Does not the gentleman believe that there were commitments made by the United States, to the military junta that took over in Vietnam prior to the time of the rioting and the takeover by the junta?

Mr. ZABLOCKI. The gentleman knows the answer to that question far better than I. As a member of the Committee on Appropriations, the gentleman is deeply interested in the defeat of the Communist menace throughout the world. He knows the answer.

Mr. LAIRD. I could not tell from the gentleman's remarks what he thought as chairman of the Investigating Committee of the Committee on Foreign Affairs. I was trying to get his best judgment.

Mr. ZABLOCKI. My best judgment, I might say to the gentleman, is that there must have been some encouragement.

Mr. LAIRD. I thank the gentleman.

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

Mr. ZABLOCKI. I am glad to yield.

Mr. CRAMER. Mr. Speaker, I was very much interested in the gentleman's observation with regard to military coups. The gentleman very rightly pointed out that the cases of Honduras and the Dominican Republic are situations of two military coups. I understand the gentleman's position is that there should be considerable reservation about recognition of this military junta in South Vietnam unless adequate assurances are given with regard to elections, and other matters which the gentleman mentioned. According to the press the State Department is ready, willing, and anxious to give immediate recognition to the junta there, in South Vietnam, but just the last weekend they announced their intentions to withdraw all semblance of recognition, even practically all of the military missions from the Dominican Republic and from Honduras. Does not the gentleman feel that that position of the administration is slightly inconsistent?

Mr. ZABLOCKI. I definitely agree that there is an inconsistency. In my opinion the same formula, similar requirements, as I said earlier, should be followed in both instances. I believe that agreements and commitments on the part of the military junta in Vietnam must be had now, before recognition, so that we may be more certain of the return of a civilian government to Vietnam.

I agree with the gentleman. Basically, there are no differences in the situation in Vietnam.

Mr. CRAMER. If the gentleman will yield further, the gentleman agrees that the principle is the same, does he not?

Mr. ZABLOCKI. I agree.

Mr. CRAMER. Will the gentleman yield further?

Mr. ZABLOCKI. I would be glad to yield further to the gentleman from Florida.

Mr. CRAMER. I understand that there are obviously communications going on at the present time between the Vietnam junta and this Government relating to what the junta's intentions are in the future; is that not correct?

Mr. ZABLOCKI. That is correct.

Mr. CRAMER. I have been rather disturbed by the fact, and I understand it is a fact, because I was informed by the ambassador to the OAS from the Dominican Republic, Ambassador Bonilla, just last week, that he cannot even get in to see anybody in the State Department to discuss pledges that the triumvirate ruling government in the Dominican Republic is willing to give to the United States relating to elections as soon as possible and relating to other assurances such as concerning the return to constitutional government in the Dominican Republic.

I am sure the gentleman is fully aware that a few days after the military junta took over, the government was turned over to the civilian triumvirate which is now governing it and the country is not now governed by the military.

The gentleman is familiar with the fact that the military forces are no longer patrolling the streets, imposing martial law, and that there is a substantial degree of freedom even now in the Dominican Republic. Yet the U.S. Government will not even talk to Mr. Bonilla in this country nor are they willing to send an official or unofficial emissary to discuss with the triumvirate in the Dominican Republic what their plans are or what assurances they are willing to give.

Does not the gentleman from Wisconsin feel that is totally inconsistent? How are we going to help settle the very serious, critical, and explosive situation in the Dominican Republic? We specifically made recommendations and did certain things in this other crisis in South Vietnam. Can the gentleman understand why our Government will not even set up communications between the United States and the Dominican Republic?

Mr. ZABLOCKI. I will say to the gentleman from Florida that I am unable to reply to the question which he is asking. I agree that the transitional governments in the Dominican Republic and Honduras should be given at least an opportunity to present their case. Yes, the issues are similar. That is why in the conclusion of my prepared statement I stated that there should be a reevaluation, reassessment, and a rededication of our military and economic assistance, not only in the case of Vietnam and the Dominican Republic, but in other areas.

Mr. CRAMER. Will the gentleman yield for one additional question?

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

Mr. CRAMER. I know you are familiar with the fact that for some time I have been concerned over the fact that in Latin America the Communists are continuing to infiltrate and gain ever stronger positions in many countries. In many of the Latin American countries our Alliance for Progress program and foreign aid program efforts apparently are not successfully directed toward preventing Communist growth and the taking over of some of these countries by the Communists.

Why is it that the United States takes the inconsistent position that the State Department, when it comes to Latin America and this hemisphere, cannot become involved in matters within the sovereignty of these other countries and we cannot impose our will upon these other nations, when according to the answer given by the gentleman in the well to the gentleman from Wisconsin [Mr. LAIRD] just a moment ago, it appears we are imposing our will on South Vietnam? Of course, it is common knowledge that we did in Guatemala, in 1954, when there was a Communist government. That was a case in which we rendered assistance to oust the Communists.

It seems to me that we have either got to fish or cut bait. In one situation we intervene supposedly to strengthen our anti-Communist efforts but in another situation where the Communist threaten we say that we have got to recognize their sovereignty and we cannot intervene.

If we are to be consistent, should not our basic policy be that we fight communism wherever it occurs, if it justifies interference in one case should not it justify the same thing in another?

Mr. ZABLOCKI. At the moment I cannot give to the gentleman an answer to his question. I submit the gentleman had better ask it of the proper authorities.

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

Mr. ZABLOCKI. I yield further to the gentleman from Iowa.

Mr. GROSS. The gentleman headed a committee that returned only a few days ago from Vietnam.

Do I understand correctly that the gentleman in his committee talked to President Diem personally?

Mr. ZABLOCKI. We did.

Mr. GROSS. And his brother, Nhu?

Mr. ZABLOCKI. We did.

Mr. GROSS. The gentleman and his committee also talked to the military commanders, American and Vietnamese?

Mr. ZABLOCKI. Yes, as well as legislators of the Vietnam National Assembly, including the President of the National Assembly.

Mr. GROSS. At that time did the gentleman or his committee have information that this coup would be carried out or was imminent and would be carried out in the near future? Was there any indication of that?

Mr. ZABLOCKI. If there were indications we would have reported to the full Committee on Foreign Affairs and included it in our report. There were no such indications.

Mr. GROSS. I thank the gentleman. I think that was the report the gentleman made to the committee.

FARMERS AND THE NEW FRONTIER—A REPORT ON THE 1ST SESSION OF THE 88TH CONGRESS

The SPEAKER. Under previous order of the House, the gentleman from Iowa [Mr. HOEVEN] is recognized for 20 minutes.

Mr. HOEVEN. Mr. Speaker, now that the 1st session of the 88th Congress is drawing to a close, I think it would be appropriate for us all to pause a moment to review again the agricultural record of the New Frontier.

I am sorry to say that for both farmers and taxpayers this record continues to get worse.

Here is what we have seen recently:

The parity ratio for 1962 at 79, the lowest level for a year since 1939—Economic Indicators, U.S. Government Printing Office, September 1963, page 28.

Farm debt at the highest level in history—*Farm debt, 1919–63*, ERS, USDA, July 1963.

Farming costs at the highest level in history—"Agricultural Prices," Crop Reporting Board, U.S. Department of Agriculture, September 30, 1963, page 1.

Total expenditures of $8.4 billion by the U.S. Department of Agriculture, an alltime high, in fiscal year 1964—appropriations, REA and FHA loan authorizations, fiscal years 1933 through 1964, Office of Budget and Finance, USDA, February 1963.

The greatest number of employees—116,268—in the history of the U.S. Department of Agriculture—"U.S. Budget, Fiscal Year 1964," page 422.

The fewest number of farmers—14.3 million—in the history of our Nation—"Farm Income Situation," FIS 191, USDA, July 1963, page 37.

An alltime low—3.6 million—in the number of farms in this country—"Statistical Reporting Service," U.S. Department of Agriculture, February 28, 1963.

Farm surpluses at continued high levels—USDA press release 3309–63, October 3, 1963, shows CCC investment in farm commodities at $7,256,551,380 as of June 30, 1963. This compares to $6,657,026,599 a year earlier.

Farm income sliding—Farm Income Situation, FIS 191, page 2. Seasonally adjusted second quarter for 1963 shows net farm income at $12.6 billion or $700 million less than 1962 and $200 million less than 1961. Page 34 shows that realized net income from farming after excluding government payments was lower in 1962 than in 17 of the previous 19 years starting in 1943.

Farm legislation bogged down in Congress with only one major bill being enacted into law.

Farmers rejecting the administration's strict two-price wheat control scheme by an overwhelming margin.

HOW DID IT HAPPEN?

What has happened, Mr. Speaker, to cause all these events to transpire? While I realize that an endless argument can follow from this simple question, I think it suffices to say that the impact of technology and change in agriculture is by far the most important single reason. Farmers have been able to master the weather, the soil, seeds, fertilizers and Government officials, and still produce the greatest bounty on earth.

Nostalgic remembrances are from time to time heard concerning the so-called golden era of agriculture when the parity ratio was in excess of 100. World War II, the postwar period and the Korean war were, of course, the years of this golden era when American men were fighting and dying for their country.

The wheat fields of France and the rice paddies of Korea were growing land mines in the golden era and the mere fact that the total volume of world consumption is now higher than it was during the 1940's and 1950's is testimonial only to the fact that there are millions of more people on this planet now than there were just a decade ago.

The actual record of the New Frontier on farm legislation has been dismal.

Do you remember what the 1960 Democratic platform on agriculture said?

> The Democratic administration will work to bring about full parity of income for farmers in all segments of agriculture by helping them to balance farm production with the expanding needs of the Nation and the world.
>
> Measures to this end include production and marketing quotas measured in terms of barrels, bushels, and bales, loans on basic commodities at not less than 90 percent of parity, production payments, commodity purchases, and marketing orders and agreements.

What happened to this promise of high prices and strict controls? Present law is clear on the authority of Secretary Freeman to set price supports at 90 percent of parity on the basics now grown under crop controls such as rice, peanuts, cotton and wheat.

He could set these crops at 90 percent of parity with a stroke of his pen. Yet he has not—in fact, not one single farm commodity is now or has been supported at 90 percent of parity by the Kennedy administration.

Why? The reason is simple. The Democratic Party has repudiated 90 percent of parity in practice but not in promise.

Do you remember what Candidate John F. Kennedy said in 1960?

Speaking at the Farmers Union GTA Convention, St. Paul, Minn., October 2, 1960, he said:

> Third, I would support farm programs which will raise farm income to full parity levels as soon as it is feasible to do so. By parity income, I mean an income which will give average farm producers a return on their farming investment, their labor, and their managerial effort equal to the returns that are earned by comparable resources in other industries.

That, of course, was another promise which falls far short when measured against performance.

As to the parity principle as a bedrock of farm policy, let me point out that the present tobacco price support program which is generally cited as a paragon of virtue by advocates of "supply management" or controls for agriculture is based on a formula apart and distinct from the parity formula. It is a formula designed to prevent a rise in tobacco price supports. It is a frozen ceiling on support prices. Measured in terms of parity, tobacco supports are now in the low 80 range.

Another recent example of this administration abandoning the parity principle is found in the pending cotton bill which calls for substantial new subsidies to textile mills. Under the terms of that legislation the price support for cotton would in future years no longer be related to parity, but would be tied to the cost of production.

WHAT IS HAPPENING?

During this session of Congress only one major farm bill, a 2-year extension of the feed grain program, has been enacted into law.

We all recall how hastily it was forced through Congress in an effort to persuade wheat farmers to vote "right" in last May's referendum.

As things turned out this last-minute effort which prevented the Senate from even correcting a typographical error was as equally futile as the months of high-pressure sales tactics used by Secretary Freeman and the Department of Agriculture to promote the certificate wheat plan.

As a result of numerous abuses, the Secretary was legislatively scolded by the House and Senate Appropriations Committees with the Senate adding this language to the fiscal year 1964 appropriations bill:

> *Provided further*, That no part of the funds appropriated or made available under this Act shall be used, (1) to influence the vote in any referendum; (2) to influence agricultural legislation except as permitted in 18 U.S.C. 1913; or (3) for salaries or other expenses of members of county and community committees established pursuant to section 8(b) of the Soil Conservation and Domestic Allotment Act, as amended, for engaging in any activities other than advisory and supervisory duties and delegated program functions prescribed in administrative regulations.

As a result of further congressional disapproval, the Secretary also withdrew the loyalty pledge that he had required of all farmer-elected committeemen.

In spite of all the high-pressure tactics a majority of wheat farmers voted down the strict control plan designed for them by Messrs. Kennedy, Cochrane, and Freeman.

Prior to the referendum many wheat State Members of Congress began to work on a constructive alternative to the administration's "rule or ruin" plan.

After the referendum's defeat, over 50 wheat bills were introduced in Congress, but up to the present time the administration has remained adamant in refusing to consider remedial wheat legislation while preferring to let the wheat farmer "stew in his own juice."

The reason most often cited by the Secretary is that wheat farmers are divided on a program. That argument, however, did not dissuade the Secretary from pushing the 40-year-old, oft rejected, two-price wheat plan through Congress and to a referendum where farmers in only five States found it acceptable.

LIVESTOCK VENDETTA

The administration's displeasure with wheat farmers as a result of the referendum is mild compared to the continuing vendetta it is carrying out against livestock farmers.

Let us recall for just one moment that the livestock industry is, by far, free from government control and subsidy. It has historically been the bulwark of opposition to the fancy control schemes of the New Frontier.

Among other things here are some of the things the administration has been doing to livestock farmers.

First. This administration proposed in 1961 that there be hen, heifer, and hog quotas.

Do you remember section 360(a) of H.R. 6400, the administration's 1961 farm proposal?

It provided:

SUBTITLE C—MARKETING QUOTAS

Part VII—Marketing quotas for specified agricultural commodities

SEC. 360(a). This part covers any agricultural commodity including but not limited to the following: corn, tobacco, wheat, cotton, rice, peanuts, barley, oats, rye, grain sorghums, flaxseed, soybeans, dry edible beans, grass seeds, vegetables (including potatoes), fruits, tree nuts and seeds, hogs, cattle, lamb, chicken, turkeys, whole milk, butterfat, eggs, hops, honey, and gum naval stores. Any regional or market classification, type or grade of any agricultural commodity covered by this part may be treated as a separate commodity hereunder.

Happily, this provision was rejected by Congress.

Second. Do you remember section 440 of H.R. 10010, the administration's 1962 farm proposal?

It provided:

SUBTITLE C—DAIRY

Reports and records

SEC. 440. Each first processor and producer shall keep such records for such period of time and shall make such reports as the Secretary shall prescribe for the purposes of this subtitle. The Secretary is hereby authorized to examine such records and any other records, accounts, documents, and other papers which he has reason to believe are relevant for the purposes of this subtitle and which are in the custody or control of such first processor or producer. Any person failing to make any report or keep any record as required by the Secretary, pursuant to this subtitle, shall be guilty of a misdemeanor and, upon conviction thereof, shall be punished by a fine of not more than $2,000 or by imprisonment for not more than 1 year, or both.

Happily, this provision too was rejected by Congress, but a proposal to imprison a dairy farmer in a Federal penitentiary for failing to keep a record or for refusing to let a Federal official snoop about his personal records or any other material deemed relevant by the Secretary would seem preposterous had it not been recommended by the President of the United States.

Third. Do you remember H.R. 6491 and H.R. 7154, the administration's 1963 proposals on land retirement?

These bills would have removed the $10 million ceiling on the cropland conversion program and allowed unrestrained grazing of new cropland as well as on the formerly idle land coming out of the conservation reserve program. Needless to say, this would mean a severe hardship for all livestock farmers if Government subsidized grazing were allowed.

Fourth. Do you realize the extent of livestock imports at this time?

Four hundred and eighty-one million dollars' worth of meat products were imported into the United States in 1962, and 1963 imports are running at the same high rate.

Imports of boneless beef and veal, for example, have risen from 88 million pounds in 1957 to 819 million pounds in 1962—an increase of 1,000 percent. The October 28 issue of the USDA publication, "Foreign Agriculture," also shows these figures for 1963:

U.S. imports of red meat in the January–August period of 1963 totaled 929 million pounds, up 18 percent from the same period last year.

U.S. imports of boneless beef, the major category, rose by 20 percent to 605 million pounds, and those of canned meat by about 50 percent to 75 million pounds.

Nine ships left Australia during the month of September, with 27,301,120 pounds of beef, 403,200 pounds of mutton, 51,520 pounds of lamb, and 24,640 pounds of variety meats, to the United States.

Meat shipments to the United States from New Zealand totaled 203 million pounds in the 11-month period beginning October 1, 1962. Beef and veal accounted for 94 percent of these shipments.

Many livestock producers wish that the administration would devote as much effort to control harmful and excessive imports as it does to controlling the American farmer.

In spite of this serious situation nothing is being done to stop it.

Fifth. Do you remember the chicken war in the European Common Market? That is still going on and we are losing it. The Europeans have made no real concessions and they have, in fact, raised U.S. pork levies from 9.5 to 20 percent ad valorem and have raised U.S. lard duties from 1.6 cents a pound to 4.6 cents a pound, thus substantially reducing these exports to Europe.

I am sorry to see the hostile attitude that this administration has against the livestock industry which is of such prime importance to our Nation's agriculture.

WHERE ARE WE GOING?

The farm program is heading for a fall unless something is done to bring it back into sensible perspective. The pure and simple fact is, Mr. Speaker, that the present crazy-quilt price support and control program held together by Mr. Freeman was born in depression, matured in war and is now in a faltering position.

The change from rural to urban dominance of both the national Congress and the State legislatures is becoming more and more pronounced.

If farmers of the 1960's and 1970's are going to continue to provide Americans and the world with food and fiber, a new concept of abundance must be formed.

We must forget the foolishness that the New Frontier espouses on agriculture. Ski lifts and snow machines financed by subsidized Government loans, 31 farms for every U.S. Department of Agriculture bureaucrat, and only 140 acres out of a 140,000-acre cropland conversion program sold to the public as a recreation activity are but a few of the wastes and extravagances that must be curtailed if the general public and the Congress are ever to look on farm programs as something more than a multibillion-dollar boondoggle.

In conclusion, Mr. Speaker, I call upon all segments and shades of opinion within the agricultural community to give immediate attention to a sound and rational farm program. The Kennedy administration, having complete control of Congress, has the votes to bring this about. The responsibility for the enactment of sound and realistic farm programs, therefore, should be placed where it belongs.

BONDING SURCHARGE APPLICATION ARBITRARY AND CAPRICIOUS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. ROOSEVELT] may extend his remarks at this point in the RECORD.

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

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, on Thursday, October 24, 1963, the general Subcommittee on Labor of the Committee on Education and Labor heard Mr. John F. Fitzgerald, secretary, Surety Association of America, testify concerning proposed amendments to the bonding provisions of the Labor-Management Reporting and Disclosure Act—Landrum-Griffin—and the Welfare and Pension Plans Disclosure Act.

During such hearing an extraordinary colloquy occurred between the gentleman from Hawaii, Congressman THOMAS P. GILL, and the witness. The exchange involved the surcharge attached to the rates of bonds required under the Landrum-Griffin Act. Initially a 50-percent surcharge was demanded, but subsequently the surcharge was reduced by 50 percent for labor union officials and, still later, it was similarly reduced for others purchasing the same type of coverage.

This amazing interrogation points out an area of arbitrary power over rate-making that should be of serious concern to the Members of the House, particularly with regard to situations where Federal legislation compels a party to secure a bond without first examining the rate-setting procedure for fairness.

The colloquy to which I refer follows, including a few questions I directed to Mr. Fitzgerald.

Mr. GILL. Now it brings me to a point that puzzles me a bit. You stated that for fraternal orders, you had a 50-percent surcharge for faithful performance coverage, and you then applied, as I recall your testimony, that same formula to labor unions, and then after a series of meetings with the AFL-CIO officials, you dropped that 50 to 25, and then I believe you also said that you applied the 25 to fraternals as well. Is that correct?

Mr. FITZGERALD. We now apply the 25-percent surcharge to fraternals as well. We did not do it at the same time. It was done for fraternal orders at a subsequent date, I believe.

Mr. GILL. Right. But you have now made the 25-percent surcharge uniform both for fraternals and for union organizations.

Mr. FITZGERALD. Yes, sir.

Mr. GILL. Now why didn't you make it 25 percent for fraternals prior to this time? If you can do it now, why couldn't you have done it before the Landrum-Griffin law, or before this question was raised by the AFL-CIO?

Mr. FITZGERALD. We could have done it at any time, had we concluded that that was a proper charge.

Mr. GILL. Well, what prevented you from so concluding, if you have now concluded it?

Mr. FITZGERALD. There was no reason for—there was nothing to prevent us from concluding that. We could have concluded that.

Mr. GILL. The sharp fact of the matter is that the question was never pressed with you in any serious fashion until the unions came in and said it should be lowered. Isn't that correct?

Mr. FITZGERALD. Substantially, that is correct; yes.

Mr. GILL. So it took a nationwide organization, which was heavily hit by this requirement financially, to come in with certain facts and figures, sit down with your nationwide organization, and say, "Look, you are charging us too much; drop it." You agreed with them, at least up to a point. Isn't that correct?

Mr. FITZGERALD. In point of fact, that is the way it happened.

Mr. GILL. They didn't go to the individual States and appeal and complain. They had to come to you directly as an organization representing all of your members across the country. Isn't that correct?

Mr. FITZGERALD. They did that; and that, if I may say so, is not unusual. In other words, we deal very often with trade organizations representing various segments of business, such as the American Bankers Association, the U.S. Savings & Loan League, and other organizations, each of which has its own problems, and they deal with us in connection with those problems and we try to reach satisfactory conclusions with them.

Mr. GILL. After you had dropped the surcharge from 50 to 25 percent, you decided it probably wasn't fair to leave the fraternals at 50 percent, so you dropped their rates down too. Is that correct?

Mr. FITZGERALD. We try to be consistent.

Mr. GILL. But if the unions had never complained, the fraternals would still be at 50 percent. Isn't that right?

Mr. FITZGERALD. There is no assurance that that would have remained indefinitely; no.

Mr. GILL. How long had it been at 50 percent?

Mr. FITZGERALD. I do not recall.

Mr. GILL. Well, was it 1 year, 10 years, or 20 years, something along that line?

Mr. FITZGERALD. It was, I believe, a substantial number of years, but I would not know how many years.

Mr. GILL. I believe you also stated that one of the reasons for dropping this surcharge was that you found that most of your losses were of a type that would be covered by a normal dishonesty bond, and not by a faithful performance type bond. Is that not correct?

Mr. FITZGERALD. That is correct.

Mr. GILL. But you don't have any specific examples of losses which would be covered by a faithful performance but not covered by an honesty bond?

Mr. FITZGERALD. There are any number of examples in the public official field. Any number of court decisions applying this type of coverage to specific losses.

Mr. GILL. Yes; but we are interested in the specific field we are discussing here, which is the unions.

Now do you have any specific examples in the union insurance field under either the Labor-Management Reporting and Disclosure Act or the Welfare and Pension Plans Disclosure Act?

Mr. FITZGERALD. No, sir; I have no specific examples.

Mr. GILL. I do not understand the process here, but it sounds to me like you could come up with almost as good a percentage surcharge using a ouija board as you could with whatever process you are using now, unless you have the type of figure that shows the margin of risk that you are incurring by going into a faithful performance bond.

Mr. ROOSEVELT. Will the gentleman yield?

Mr. GILL. Surely.

Mr. ROOSEVELT. Perhaps if the gentleman would clarify a little bit, why was the figure at 50 percent in the fraternal organization kept at 50 percent while this one was reduced to 25 percent?

Although I understand now that you have reduced the other to 25 percent, too. Was there a tremendous change in the loss ratio in the fraternal societies that brought about this reduction of 50 percent of the original surcharge?

Mr. FITZGERALD. No, sir. The change was made in order to be consistent with what we were doing in the labor organization field, and in the public official field.

Mr. ROOSEVELT. In other words, what you are saying is that you had no reason for having charged them 50 percent more, but because you changed it for labor, you are going to change it for fraternal organizations. What you are saying is, "We really didn't have any good reason for that extra 25 percent."

Mr. FITZGERALD. I can't subscribe to that.

Mr. ROOSEVELT. Well, what was the reason for doing it? The only reason you give me for changing it was that you changed it for the labor people, so you thought you had better change it for the fraternal orders.

Mr. FITZGERALD. We know that faithful discharge of duty coverage, since it includes something more than honesty coverage, should have a higher charge than honesty coverage.

Mr. ROOSEVELT. You gave it 50 percent for fraternal orders for a long period of time.

Mr. FITZGERALD. So now it is a question of judgment as to how much more.

Mr. ROOSEVELT. No; you decided that years ago. You made it 50 percent for fraternal organizations. This was nothing new.

Mr. FITZGERALD. That is right.

Mr. ROOSEVELT. You had it at 50 percent. Then, a similar bonding requirement was established for labor organizations. They convince you not to make it 50, make it 25 percent. So you turn right around and say, "We don't want to look inconsistent to fraternals, so we drop them to 25."

If I were representing a fraternal organization, I would be after you with a gun. "Why have you been charging me this extra 25 percent all these years? It takes my labor friend to come in here and shake you down to 25, and you have no reason for doing it?"

What is the answer to that?

Mr. FITZGERALD. The answer is, as I have stated, that we reduced the surcharge from 50 to 25 percent for labor organizations, and we did the same thing, then, for the fraternal orders.

Mr. ROOSEVELT. Very nice of you.

DEFEAT FOR THE MIGRANTS

Mr. ALBERT. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. ROSENTHAL] 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 Oklahoma?

There was no objection.

Mr. ROSENTHAL. Mr. Speaker, I read with a great deal of interest an editorial which appeared in yesterday's New York Times, entitled "Defeat for the Migrants," and I believe it is most worthy of being brought to the attention of the Members of this House, particularly in view of the action taken here last Thursday in extending the Mexican farm labor program:

DEFEAT FOR THE MIGRANTS

Once again the corporate farm interests in California, Texas, and Arizona are on their way to using Congress as an instrument for depressing the wages and working conditions of America's most exploited workers—the half-million migratory farm laborers and their families.

The House of Representatives 5 months ago voted to kill the program under which hundreds of thousands of Mexicans are brought in each year to supply cheap labor for the harvesting of U.S. crops. Now the House has been induced to reverse itself. It has voted a 1-year extension, devoid even of the strings the Senate attached when it approved a similar extension in August.

Under the Senate bill, benefits equal to those guaranteed the Mexicans in such areas as housing, workmen's compensation and transportation would have to be offered to domestic workers as well. The House dispensed with even this meager safeguard when the program for importing braceros came up for a second look. The chances seem strong that the Senate will now consent to the same unreserved extension of the old law.

With national unemployment frozen at a rate of more than 5 percent, the continued importation of foreign workers to aid a comparative handful of large corporate farmers is unconscionable. The Senate ought to exercise the opportunity the House action gives it to scrap the entire program. If it sends it forward, the responsibility for a veto will be the President's.

Mr. Speaker, as pointed out in the editorial, we will have another opportunity to defeat this program when the conference report is returned to the House. However, in view of the terrific pressures which have been brought to bear by the proponents of this legislation, we have no guarantee that the Senate will remain steadfast and will insist on the amendments they attached to the bill when it was before them several months ago.

Failing the insistence by the Senate conferees to include even the minor benefits approved by the Senate, then it will be up to the President to veto the measure.

I had received a letter from the Honorable W. Willard Wirtz, Secretary of Labor, dated October 30, which indicates that the administration is opposed to

this extension without these amendments. Despite this opposition, which was brought to the attention of the Members during the debate on the bill, the House saw fit to approve the extension of Public Law 78. If the bill comes out of conference without these amendments, then I call on the President to exercise his constitutional prerogative and to veto it.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to:

Mr. LINDSAY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. CHAMBERLAIN (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. BERRY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. ANDERSON (at the request of Mr. BYRNES of Wisconsin), for today, November 4, and the balance of the week on account of official business with Joint Committee on Atomic Energy.

Mr. WESTLAND (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. ARENDS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. BASS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. DENTON (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. RODINO (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. THORNBERRY (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

Mr. HAYS (at the request of Mr. ZABLOCKI), through November 14, 1963, on account of official business.

SPECIAL ORDERS GRANTED

By unanimous consent, permission to address the House, following the legislative program and any special orders heretofore entered, was granted to:

Mr. ZABLOCKI, for 30 minutes, today.

Mr. HOEVEN, for 60 minutes, on Wednesday, November 6.

Mr. HOEVEN (at the request of Mr. REIFEL), for 20 minutes, today, and to revise and extend his remarks and include extraneous matter.

EXTENSION OF REMARKS

By unanimous consent, permission to extend remarks in the CONGRESSIONAL RECORD, or to revise and extend remarks, was granted to:

Mr. TRIMBLE and to include extraneous matter.

Mr. EVINS and to include extraneous matter.

Mr. GROSS and to include extraneous matter.

Mr. BOB WILSON and to include extraneous matter.

Mr. CURTIS.

(The following Member (at the request of Mr. REIFEL) and to include extraneous matter:)

Mr. ALGER in two instances.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 1129. An act for the relief of Thomas B. Bollers and Earlene Bollers; to the Committee on the Judiciary.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

Mr. BURLESON, from the Committee on House Administration, reported that that committee had examined and found truly enrolled bills and a joint resolution of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 933n);

H.R. 1311. An act for the relief of Jolan Berczeller;

H.R. 1345. An act for the relief of Peter Carson;

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman;

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen;

H.R. 2754. An act for the relief of Mercedes Robinson Orr;

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom);

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service;

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas;

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung);

H.R. 4145. An act for the relief of certain individuals;

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr.;

H.R. 6260. An act for the relief of Wai Chan Cheng Liu;

H.R. 6500. An act to authorize certain construction at military installations, and for other purposes; and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 310. An act for the relief of Kaino Hely Auzis.

ADJOURNMENT

Mr. ALBERT. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 57 minutes p.m.), under its previous order, the House adjourned until Wednesday, November 6, 1963, 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:

1346. A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting reports listing contracts negotiated under authority of sections 2304(a)(11) and 2304(a)(16) of title 10 United States Code during the 6 months ending June 30, 1963, pursuant to title 10 United States Code section 2304(e); to the Committee on Armed Services.

1347. A letter from the Assistant Secretary of Defense, Installations and Logistics, transmitting the July-August 1963 report on Department of Defense procurement from small and other business firms, pursuant to the Small Business Act, as amended; to the Committee on Banking and Currency.

1348. A letter from the Secretary of the Treasury, transmitting a report covering the progress made in liquidating the assets of the former Reconstruction Finance Corporation for the quarterly period ended September 30, 1963, pursuant to the Reconstruction Finance Corporation Liquidation Act, as amended (67 Stat. 230), and Reorganization Plan No. 1 of 1957 (22 F.R. 4633); to the Committee on Banking and Currency.

1349. A letter from the Comptroller General of the United States, transmitting a report on illegal per diem payments to Navy and Marine Corps personnel serving as military inspection representatives in Tokyo and Osaka, Japan; to the Committee on Government Operations.

1350. A letter from the Secretary of the Navy, transmitting a draft of a proposed bill entitled "A bill to extend for a temporary period the existing provisions of law relating to the free importation of personal and household effects brought into the United States under Government orders"; to the Committee on Ways and Means.

1351. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952, as amended by Public Law 87-885; to the Committee on the Judiciary.

1352. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders suspending deportation as well as a list of the persons involved, pursuant to the Immigration and Nationality Act of 1952, as amended by Public Law 87-885; to the Committee on the Judiciary.

1353. A letter from the Acting National Adjutant, National Quartermaster, Veterans of World War I of the U.S.A., Inc., transmitting the reports and the proceedings of our national gathering held in Detroit, Mich., September 22 through 25, 1963, pursuant to Public Law 105, 88th Congress, and a report of receipts and expenditures for the year ended August 31, 1963, pursuant to Public Law 85-530 (H. Doc. No. 172); to the Committee on the Judiciary and ordered to be printed.

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. HÉBERT: Committee on Armed Services. H.R. 6600. A bill to amend title 10, United States Code, with respect to the appointment of the members of the Joint Chiefs of Staff; with amendment (Rept. No.

883). Referred to the Committee of the Whole House on the State of the Union.

Mr. POWELL: Committee of conference. H.R. 6143. A bill to authorize assistance to public and other nonprofit institutions of higher education in financing the construction, rehabilitation, or improvement of needed academic and related facilities in undergraduate and graduate institutions (Rept. No. 884). Ordered to be printed.

Mr. MILLS: Committee on Ways and Means. H.R. 8969. A bill to provide, for the period ending June 30, 1964, temporary increases in the public debt limit set forth in section 21 of the Second Liberty Bond Act; without amendment (Rept. No. 885). 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. BROWN of California:

H.R. 9019. A bill to establish a National Economic Conversion Commission, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HERLONG:

H.R. 9020. A bill to amend Title I—Tariff Schedules of the United States, of the Tariff Act of 1930, as amended by the Tariff Classification Act of 1962 to correct certain inequities in the classification and duty provided for certain aluminum products and television picture tubes; to the Committee on Ways and Means.

By Mr. LLOYD:

H.R. 9021. A bill to authorize the conveyance of two tracts of land situated in Salt Lake City, Utah, to the Board of Education of Salt Lake City; to the Committee on Armed Services.

By Mr. PATMAN (by request):

H.R. 9022. A bill to amend the International Development Association Act to authorize the United States to participate in an increase in the resources of the International Development Association; to the Committee on Banking and Currency.

By Mr. PATMAN:

H.R. 9023. A bill to change the requirements for the annual meeting date for national banks; to the Committee on Banking and Currency.

By Mr. PRICE:

H.R. 9024. A bill to provide for the establishment of the Indiana Dunes National Lakeshore, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. SIKES:

H.R. 9025. A bill to determine the need for a dam and reservoir on Yellow River, Fla. and Ala.; to the Committee on Public Works.

By Mr. BATTIN:

H.J. Res. 792. Joint resolution proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. O'HARA of Illinois:

H.J. Res. 793. Joint resolution authorizing the United Spanish War Veterans to erect a memorial in the District of Columbia; to the Committee on House Administration.

By Mr. BOB WILSON:

H.J. Res. 794. Joint resolution authorizing the Secretary of State to convene in the United States in 1965 a World Conference on Oceanography; to the Committee on Foreign Affairs.

MEMORIALS

Under clause 4 of rule XXII,

The SPEAKER presented a memorial of the Legislature of the State of Massachusetts memorializing the President and the Congress of the United States to enact legislation providing Federal aid for nursing home care for aged veterans, which was referred to the Committee on Veterans' Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GIAIMO:

H.R. 9026. A bill for the relief of Mrs. Consuelo Salazar; to the Committee on the Judiciary.

By Mr. HAWKINS:

H.R. 9027. A bill for the relief of Chai Tuk Myung; to the Committee on the Judiciary.

By Mr. ROOSEVELT:

H.R. 9028. A bill for the relief of Mrs. Anna Diana Tsezana; to the Committee on the Judiciary.

By Mr. SCHNEEBELI:

H.R. 9029. A bill for the relief of Staiman Bros.-Simon Wrecking Co.; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

434. By the SPEAKER: Petition of Norman Thomas and others, New York, N.Y., to repeal the Smith Act, the Internal Security Act, and the Communist Control Act; to the Committee on Un-American Activities.

435. Also, petition of Harry Bleecher and others, Glen Mills, Pa., requesting support of the civil rights legislation; to the Committee on the Judiciary.

SENATE

MONDAY, NOVEMBER 4, 1963

(Legislative day of Tuesday, October 22, 1963)

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

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

Merciful Father, by whose good providence we are the sharers of the rich and costly privileges which are our heritage in this dear land where shines freedom's holy light: Climbing the world's great altar stairs which slope through darkness up to Thee, out of the depths of our need for guidance, we beseech, "Lead, Kindly Light; lead Thou us on."

By national and global tasks, too difficult for us, we are driven unto Thee for strength to face what must be faced if freedom is to live on the earth, and for wisdom to rightly interpret the signs of these testing times.

May the spokesmen for the people, who in this Chamber serve in the sacred stewardship of public welfare, by their dedication buttress the cause of our free institutions and the redemption from thralldom of our common humanity, and so be partners with Thee in building the city of God on the ruined wastes of this disturbed and disordered world.

We ask it in the name of the One whose is the power and the kingdom and the glory. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, November 1, 1963, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

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

On October 24, 1963:

S. 838. An act for the relief of George Crokos; and

S. 1313. An act for the relief of Tim L. Yen.

On October 31, 1963:

S. 1576. An act to provide assistance in combating mental retardation through grants for construction of research centers and grants for facilities for the mentally retarded and assistance in improving mental health through grants for construction of community mental health centers, and for other purposes.

ORDER DISPENSING WITH CALL OF LEGISLATIVE CALENDAR

On request of Mr. MANSFIELD, and by unanimous consent, the call of the Legislative Calendar was dispensed with.

TRANSACTION OF ROUTINE BUSINESS

On request of Mr. MANSFIELD, and by unanimous consent, it was ordered that there be a morning hour, with statements limited to 3 mintues.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nomination on the Executive Calendar.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting the nomination of William Jack Howard, of California, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, which was referred to the Joint Committee on Atomic Energy.

The PRESIDENT pro tempore. If there be no reports of committees, the nomination on the Executive Calendar will be stated.

DEPARTMENT OF JUSTICE

The Chief Clerk read the nomination of Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

Mr. KEATING. Mr. President, on behalf of the distinguished senior Senator from Kentucky [Mr. COOPER], I ask unanimous consent to have printed at this point in the RECORD a statement,

prepared by him, relating to this nomination.

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

STATEMENT OF SENATOR COOPER

The nomination of the Honorable B. J. Moynahan to be judge of the Federal court for the eastern district of Kentucky was approved unanimously by the Senate Judiciary Committee last week.

I live in this district and have practiced many times in this court. Mr. Moynahan will be the third judge to preside over this court, which serves approximately one-half of Kentucky. No objection was interposed to his nomination, and I have received many letters approving the nomination.

I am glad to support the nomination, and I wish for Judge Moynahan a very successful service in the important position that he will soon assume.

The PRESIDENT pro tempore. The question is, Will the Senate advise and consent to this nomination? Without objection, the nomination is confirmed.

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

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

LEGISLATIVE SESSION

On motion of Mr. MANSFIELD, the Senate resumed the consideration of legislative business.

The PRESIDENT pro tempore. Under the previous order, morning business is in order.

PROPOSED AMENDMENT TO THE BUDGET, 1964, FOR DISTRICT OF COLUMBIA (S. DOC. NO. 41)

The PRESIDENT pro tempore laid before the Senate a communication from the President of the United States transmitting an amendment to the budget for the fiscal year 1964, in the amount of $308,000, for the District of Columbia, which, with the accompanying paper, was referred to the Committee on Appropriations, and ordered to be printed.

RESOLUTION OF MASSACHUSETTS STATE SENATE

Mr. KENNEDY. Mr. President, on behalf of my colleague, the senior Senator from Massachusetts [Mr. SALTONSTALL], and myself, I present a certified copy of a resolution entitled "Resolution Memorializing the Congress of the United States To Enact Legislation Providing Federal Aid for Nursing Home Care for Aged Veterans," adopted by the Senate of the Commonwealth of Massachusetts on October 23, 1963.

I ask that this resolution be appropriately referred.

There being no objection, the resolution was referred to the Committee on Labor and Public Welfare, as follows:

RESOLUTION MEMORIALIZING THE CONGRESS OF THE UNITED STATES TO ENACT LEGISLATION PROVIDING FEDERAL AID FOR NURSING HOME CARE FOR AGED VETERANS

Whereas there is now pending before the Congress of the United States H.R. 8009 which has been unanimously passed by the House of Representatives and presently awaits further action in the Senate, which bill establishes Federal responsibility for a portion of nursing home care for aged veterans, assists State homes in capital outlay needs, and eliminate the splitting provision whereby the Veterans' Administration claims one-half of any moneys collected from pension or income of veterans in State homes when charges are made; and

Whereas by the enactment of H.R. 8009, the Commonwealth could receive up to $250,000 annually which would help to partially relieve the heavy burden which has been voluntarily assumed because of the Federal Government's failure to provide sufficient beds for long-term care of veterans in State homes: Now, therefore, be it

Resolved, That the Massachusetts Senate respectfully urges the Congress of the United States to enact H.R. 8009 providing Federal aid for nursing home care for aged veterans; and be it further

Resolved, That an engrossed copy of these resolutions be transmitted forthwith by the secretary of the Commonweath to the President of the United States, to the Presiding Officers of each branch of the Congress, and to each Member thereof from the Commonwealth.

Adopted by the Senate October 23, 1963.

THOMAS A. CHADWICK,
Clerk.

Attest:

KEVIN H. WHITE,
Secretary of the Commonwealth.

REPORT OF A COMMITTEE

The following report of a committee was submitted:

By Mr. BYRD of Virginia, from the Committee on Finance, without amendment:

H.R. 8821. An act to revise the provisions of law relating to the methods by which amounts made available to the States pursuant to the Temporary Unemployment Compensation Act of 1958 and title XII of the Social Security Act are to be restored to the Treasury (Rept. No. 629).

BILLS INTRODUCED

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

By Mr. MANSFIELD (for himself and Mr. METCALF):

S. 2279. A bill to authorize the transfer of the Piegan Unit of the Blackfeet Indian irrigation project, Montana, to the landowners within the unit; to the Committee on Interior and Insular Affairs.

By Mr. HARTKE (for himself and Mr. BAYH):

S. 2280. A bill to establish a Wabash Basin Interagency Water Resources Commission; to the Committee on Public Works.

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

RESOLUTION

ELECTION OF FRANCIS R. VALEO TO BE SECRETARY FOR THE MAJORITY OF THE SENATE

Mr. MANSFIELD. Mr. President, I offer a resolution, which I send to the desk and ask for its immediate consideration.

The PRESIDENT pro tempore. The resolution will be stated.

The legislative clerk read the resolution (S. Res. 222), as follows:

Resolved, That Francis R. Valeo, of the District of Columbia, be, and he is hereby, elected Secretary for the majority of the Senate.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

There being no objection, the resolution was considered and agreed to.

WABASH BASIN INTERAGENCY WATER RESOURCES COMMISSION

Mr. HARTKE. Mr. President, I introduce, for appropriate reference, a bill to establish a Wabash Basin Interagency Water Resources Commission. The Commission would be composed of members of Federal departments which are principally concerned with water resources development, representatives of the States of Indiana and Illinois, and a representative of the Wabash Valley Interstate Compact Commission. The purpose of the new Commission is to coordinate a well-integrated and comprehensive plan of development and utilization of water resources in the Wabash River Basin.

On February 6, 1961, I introduced S. 811, a bill identical to the one I offer now. S. 811 was referred to the Senate Committee on Public Works and it was reported by that committee on June 6, 1961. In its report to the Senate, the committee expressed these views:

Comprehensive water resources development plans have been prepared in the past for certain areas and found to be of great value in the formulation and selection of projects for construction. Examples of these studies are the comprehensive report on the New York-New England region and the equally comprehensive report on the Arkansas-White-Red River Basins in Southwestern United States. Other comprehensive studies, such as those on the Columbia, the Missouri, the Mississippi, and the Ohio, have proved to form an invaluable basis for the development of the water resources in those basins.

The Congress has authorized similar study commissions for the southeastern river basins of the United States and for certain southwestern river basins. The committee is of the opinion that the proposed study of the Wabash Basin will prove of equal value in the future development of the water and related resources of this extremely important area of our Nation.

The Senate then passed the bill on June 13, 1961.

On July 13, 1961, the President transmitted to the Congress his draft legislation implementing certain recommendations contained in his message of February 23, 1961, on natural resources. This legislation would provide for development of the Nation's natural resources through the establishment of a Water Resources Council and river basin commissions. Subsequently, when the Agency reports on my bill were sent to the House Committee on Public Works, they recommended against enactment of S. 811 saying that they believed the overall river basin water resources commission proposed by the President was preferable to individual river basin commissions for a particular area. Consequently, the House did not act on my bill.

As we all know, Mr. President, the administration's bill failed to pass Congress last year. It is not even clear if it will

pass this year or next. Meanwhile, the Wabash Basin is waiting.

The late Senator Robert Kerr understood what this Commission could mean to the Wabash Basin. It was he who advised me that this kind of commission would be most effective in coordinating our flood control efforts in the basin. He supported S. 811 in the last Congress and spoke in its behalf when the measure was offered as an amendment to the omnibus public works authorization bill last year.

The Wabash Valley comprises 33,100 square miles and has a population of over 4 million people. Each year parts of the valley are ravaged by floods which cause thousands of dollars in damages. Some years, such as this year, the countryside shrivels from drought bringing additional hardship and financial loss. Recent losses could have been prevented had a coordinated and planned flood control effort begun 10 or 15 years ago.

The Wabash Basin cannot afford to wait an interminable length of time for an effective and comprehensive planning body to coordinate flood control and water resources development. Even though we have made progress in the last 3 to 4 years in initiating vitally needed flood control projects, we cannot continue our stop-and-start record of development.

Delay is expensive to the people of the Wabash Valley. I ask, therefore, that the Congress act with dispatch in approving this bill.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2280) to establish a Wabash Basin Interagency Water Resources Commission, introduced by Mr. HARTKE (for himself and Mr. BAYH), was received, read twice by its title, and referred to the Committee on Public Works.

AMENDMENT OF TITLE V, OF AGRICULTURAL ACT, AS AMENDED

Mr. ELLENDER. Mr. President, there is a message at the desk from the House with respect to S. 1703, a bill to amend title V of the Agriculture Act, as amended, and for other purposes. I wish to give notice that I shall call up this message on Wednesday afternoon next.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961—AMENDMENTS

AMENDMENT NO. 294

Mr. LAUSCHE. Mr. President, I submit an amendment to the foreign aid bill, which is now pending before the Senate. The amendment is sponsored by the Senator from Colorado [Mr. DOMINICK] and myself. It provides for the removal from the pending bill of the provisions which would allow the granting of favorite nations treatment to Communist governments.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

AMENDMENT NO. 295

Mr. MORSE. Mr. President, from time to time today and tomorrow I shall offer a series of amendments to the Mansfield amendment, for our checking with the Parliamentarian makes clear to us that that is important if we wish to influence the overall amounts that are set forth in the Mansfield amendment.

The next amendment that I shall offer, send to the desk and ask to have printed, so that it may be called up in the due course of time, is an amendment to the Mansfield amendment which, in connection with the Development Loan Fund, would strike out $975 million and substitute $900 million. The amendment would further save $75 million.

We propose to leave the Alliance for Progress economic aid figure at the amount contained in the Mansfield amendment, but we propose to change the contingency fund from the large increase in the Mansfield amendment back to $150 million.

In committee I proposed $100 million. A compromise was made at a higher figure. I am not too certain, but my recollection is that the $100 million figure is the figure proposed by the House. One hundred and fifty million dollars is not only ample but, in my judgment, it could even be cut $50 million more perhaps by amendments offered by other Senators, for among some of us who have been discussing the bill there seems to be an opinion, rather strongly held by some, that the amount should not be more than $100 million.

In justification, I wish only to say of the $150 million proposed in my amendment that after I lost on the $100 million proposal in committee, I went along with the compromise of the committee. I feel it was good enough for me there, and it ought to be good enough for me here, although I would have no objection to going to a lower figure, because I think it would be justified.

But there is one mythical argument that is being used in support of a higher allowance for the contingency fund that I think should be answered very quickly. A huge contingency fund is unnecessary. A contingency fund of $100 or $150 million could meet any immediate emergency that might confront the President. The record of our committee shows that he did not use a dollar of his contingency fund at the time of the Cuban crisis. It was left intact.

The PRESIDENT pro tempore. The time of the Senator has expired.

Mr. MORSE. Mr. President, I ask that I may have 1 additional minute.

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

Mr. MORSE. I think we can take judicial notice that the President can get to the Capitol in minutes if he faces an emergency, and he will have no trouble getting whatever money he needs for the emergency.

But there is a precious principle of a check upon the executive branch of the Government under our constitutional system, and that is not to give unchecked discretion to any officer of the Government. If we should provide the amount of money that is called for by the Mansfield amendment, in my judgment, we would give too much power to any President. I do not care who he is. When the President can come to Congress and get more money for a real emergency very quickly, I believe that the $150 million we are allowing is sufficient.

I close by saying that taking $150 million from what the President asked for in the contingency fund is a rather harmless way of cutting the bill. And yet it is important for many reasons, including psychological reasons. It would be rather reassuring to the people of our country that we are willing to take $150 million off the contingency fund when we know that we also give them assurance that if some serious emergency should arise that would call for more money, the President would have no trouble getting it at that time. But I see no reason why we should tie up $300 million of the taxpayers' money in the contingency fund—$150 million is enough. Therefore we offer the proposal in the amendment. I send the amendment to the desk and ask that it be printed.

The PRESIDENT pro tempore. The amendment will be received, printed, and lie on the table.

Mr. GRUENING submitted two amendments (Nos. 296 and 297), intended to be proposed by him, to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. ELLENDER submitted two amendments (Nos. 298 and 299), intended to be proposed by him to the amendment proposed by Mr. MANSFIELD (for himself and other Senators) (amendment No. 280) to House bill 7885, supra, which were ordered to lie on the table and to be printed.

Mr. ELLENDER also submitted an amendment (No. 300), intended to be proposed by him, to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. HUMPHREY (for himself and Mr. MCGOVERN) submitted an amendment (No. 301), intended to be proposed by them, jointly, to the amendment proposed by Mr. MANSFIELD (for himself and other Senators) (No. 280) to House bill 7885, supra, which was ordered to lie on the table and to be printed.

Mr. MORSE submitted three amendments (Nos. 302, 303, and 304), intended to be proposed by him to the amendments proposed by Mr. MANSFIELD (for himself and other Senators) (No. 280) to House bill 7885, supra, which were ordered to lie on the table and to be printed.

NOTICE OF HEARINGS ON S. 2136, TO AMEND THE FOREIGN AGENTS REGISTRATION ACT OF 1938

Mr. FULBRIGHT. Mr. President, the Committee on Foreign Relations announces today that hearings on the bill (S. 2136) amending the Foreign Agents Registration Act of 1938, will begin at 9:30 a.m. Tuesday, November 19, 1963, in room 4221, New Senate Office Building. The session will be open to the public.

Representatives of the Departments of State and Justice will be the first witnesses.

On Wednesday, November 20, and Thursday, November 21, at 9:30 a.m.,

there will be further hearings on the bill in room 4221 for additional executive and public witnesses.

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. 876. An act to authorize the Administrator of General Services to convey certain land in Prince Georges County, Md., to the American National Red Cross; and

S. 1201. An act for the relief of Dr. James T. Maddux.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED

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

S. 310. An act for the relief of Kaino Hely Auszis;

H.R. 1049. An act to amend sections 334, 367, and 369 of the Bankruptcy Act (11 U.S.C. 734, 767, 769) and to add a new section 355 so as to require claims to be filed and to limit the time within which claims may be filed in chapter XI (arrangement) proceedings to the time prescribed by section 57n of the Bankruptcy Act (11 U.S.C. 93n);

H.R. 1311. An act for the relief of Jolan Berczeller;

H.R. 1345. An act for the relief of Peter Carson;

H.R. 2260. An act for the relief of Mrs. Rozsi Neuman;

H.R. 2445. An act for the relief of Mrs. Barbara Ray Van Olphen;

H.R. 2754. An act for the relief of Mercedes Robinson Orr;

H.R. 2757. An act for the relief of Woo You Lyn (also known as Hom You Fong and Lyn Fong Y. Hom);

H.R. 2835. An act to clarify the status of circuit and district judges retired from regular active service;

H.R. 2968. An act for the relief of Kazimierz Kurmas and Zdzislaw Kurmas;

H.R. 3384. An act for the relief of Lee Suey Jom (also known as Tommy Lee and Lee Shue Chung);

H.R. 4145. An act for the relief of certain individuals;

H.R. 6097. An act for the relief of Dr. Pedro B. Montemayor, Jr.;

H.R. 6260. An act for the relief of Wai Chan Chang Liu;

H.R. 6500. An act to authorize certain construction at military installations, and for other purposes; and

H.J. Res. 626. Joint resolution granting the consent of Congress to the establishment of an interstate school district by Hanover, N.H., and Norwich, Vt., and to an agreement between Hanover School District, New Hampshire, and Norwich Town School District, Vermont.

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. HARTKE:

Address delivered by Senator MAGNUSON before the 33d Annual World Travel Congress of the American Society of Travel Agents, Inc., at Mexico City, October 21, 1963; and address delivered by Milton A. Marks, before the 33d Annual World Travel Congress of the American Society of Travel Agents, Inc., at Mexico City, October 25, 1963.

THE RESPONSIBILITY OF TALENT—ADDRESS BY C. W. MILLER

Mr. TOWER. Mr. President, commencement addresses usually are characterized in greatest measure by the pleasantest of platitudes, and so frequently our young people seek in vain, in such well-meant speeches, the nourishing meat of substance.

It is particularly refreshing, therefore, when the unusual happens, and a sound, straightforward, spirit-challenging commencement address is served up to a graduating group eager and able to come to grips with the new and larger life beyond the campus.

Such an address recently was delivered to the graduating class of the summer class of 1963, at Trinity University, San Antonio, Tex., by Mr. C. W. Miller, a trustee of Trinity, and retired president of Sears, Roebuck & Co. I ask unanimous consent that this splendid speech be printed in the RECORD, and I respectfully draw the attention of my colleagues to it.

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

THE RESPONSIBILITY OF TALENT

(By C. W. Miller)

President Laurie, fellow trustees, graduates of the summer class of 1963, ladies and gentlemen, for you members of the graduating class of summer 1963 here at Trinity this evening, this is a very significant occasion. You have completed your university course. While some of you, no doubt, will go on to further graduate studies, to most of you, I presume this evening marks the end of your university course. Tomorrow, you will step out into a new world. You will leave the academic atmosphere of Trinity University, and you will burst into the hurly-burly, competitive life of business or of one of the various professions. Your first concern, I presume, will be to forge for yourself a place of significance in order to assure a suitable income for yourself and your family. As I have seen you from time to time going about the campus on my rather frequent trips there, and as I look into your faces this evening, I hold no doubt but that over the next few years each of you may be counted on to become a success in your chosen field of work and in your home.

While making a suitable living is certainly one of man's prime responsibilities, if not his No. 1 responsibility, as well as one of the greatest pleasures, it is not about this that I wish to speak to you this evening. Neither do I wish to talk to you about that subject which is engaging the thoughts and time of so many people in all walks of life across the length and breadth of this great land of ours; namely, the subject of so-called civil rights.

Rather, I would draw your attention to the field of your civic responsibilities; not the rights but the responsibilities. Shall we say, "The responsibilities of talent"? I am sure that each of you in this class of summer 1963 is the possessor of more native ability and talent than the average nonuniversity graduate. Some of you, of course, have more talents than your fellow classmates. These talents of yours have been added to and polished and sharpened by your years at Trinity. They are now ready to be used. It is about "The Responsibility of Talent" that I wish to speak to you tonight.

Christ, in His Parable of the Talents, clearly teaches that He expects more from those to whom He has given more; and from those with the greatest talent, He expects the most. It is a sad and sorry sight to see a man or a woman possessed with great native talent wasting the years away with the petty, the ordinary, and the humdrum.

Today, in this, the greatest nation in the world, we are faced with the absolutely frightening problems of sheer survival. Abroad, we see a strong and populous nation openly advocating our overthrow by force. China would invade our shores tomorrow if she had the strength to do it. Russia openly advocates our overthrow but currently only through the process of changing our form of government by subversion. At home, our land is torn by great internal problems. We see a racial minority group in many places, particularly in the South, denied certain rights guaranteed to it by the Constitution of the United States and the laws of our land. We see it struggling to receive those rights. But, sadly, we also see it hurting itself and our Nation by insisting on much that is beyond its constitutional rights or the constitutional rights of anyone. We see the sanctity of private property being attacked in a fashion unheard of just a few years ago.

Our free enterprise system that has made possible the world's wealthiest, the world's strongest, and the world's happiest nation is today being taxed to the breaking point. Our high taxes of all kinds, including a confiscatory income tax, is having a stifling effect on the business of this country. Taxes can destroy any nation. Perhaps, this is what Chairman Khrushchev had in mind last summer when he said, "We believe that tomorrow the Red flag will wave over the United States, but we will not take it there—the Americans will do that themselves." In Bexar County alone, we have 55 local taxing authorities. This does not include the State or Federal.

We see a philosophy of government coddling from the cradle to the grave—a welfare state for all. We see a philosophy of big government and big spending. Instead of government being the instrument of the taxpayer, in all too many areas the taxpayer is thought of merely as the source of supply for big government spending. We see waste in government at all levels—local, State, and National. Only this, the wealthiest nation in all history, could support the wasteful government we have; and we can't do it forever.

The profit motive, which is the heart of our free enterprise system, is being criticized in high places. Confiscatory income taxes remove much of the incentives to business to plan, to invest, or to expand. Let us hope that Congress will soon cut taxes and thus lighten this heavy load on business and accompany this with a corresponding reduction of Government spending.

We see gigantic labor unions with millions of dollars in their treasuries controlling elections and politicians. Their monopolistic actions are largely beyond our present laws. No one questions the right of labor to organize. No one doubts that great good has come from organized labor, but something must be done through legislation to control the great power organized labor has achieved, not only for the good of business and the general public, but for the laboring man himself.

On December 2, 1823, President James Monroe announced a new policy for the United States. It came to be known as the Monroe Doctrine. It has been echoed by every President since Mr. Monroe's time, including Mr. John F. Kennedy. That policy in the past has meant that the Americas are for the Americans, and without foreign interference or foreign pressure or foreign domination.

I would like to ask this 1963 class of Trinity: Do we, today, have a Monroe Doctrine? And, if so, what does it mean today—tonight—if you please? How does it apply to Cuba as we are gathered here this evening? How is it possible under the Monroe Doctrine for Russian guns and planes to be pointed across a mere 90 miles of ocean at our shores, with a sneering, threatening dictator daring the United States to come and remove those menaces to our safety? How is this possible under the Monroe Doctrine of James Monroe and Teddy Roosevelt?

We see our Government giving away the substance of this great Nation of ours in ever-increasing amounts. We have seen some of it, like the Marshall plan, doing great good in restoring deserving peoples to a state of self-support and self-respect. But today, we now see millions and millions being wasted in a futile attempt to win friends and influence people to our form of government. We also see untold millions being given to our avowed enemies. This, I am sure, they doubly enjoy. In speaking of foreign aid on a worldwide basis, Eugene Black, the former President of the World Bank says, "None of our objectives has been achieved."

Should we aid a foreign power in setting up a U.S. financed, but foreign government-owned factory to compete with U.S. factories, as in the case of the steel mill proposed for India?

Should we aid governments which expropriate U.S.-owned property without compensation, as in the cases of Ceylon and Brazil? Should we have given Marshal Tito, of Yugoslavia $901 million during the past 9 years with $136 million in this year's program while he stands with Khrushchev on the Berlin question and on all other cold war matters? Should another $900 million have gone to Communist Poland in the last 7 years while Poland reships that aid to Cuba and North Vietnam and East Germany? Is that even half smart?

Should we have given the Dictator Sukarno, of Indonesia, $780 million to bolster his government while he threatens Singapore, Malaya, and Borneo—each a friend of the United States?

Two years ago, Mrs. Miller and I traveled through the communistic countries of Czechoslovakia, Poland, and Russia, and a number of so-called neutral countries including Indonesia. They have no love for the United States. They are not our friends, yet directly and indirectly, we are giving them millions of American dollars in aid. In the last few weeks, Mr. Khrushchev is smiling in a very friendly fashion. His hand is extended in a most cordial manner. But, we must not forget that this is the man who has vowed to "bury" us. This is the man who has always broken his commitments whenever it suited him. One should not be moved to complacency simply because an avowed enemy smiles at one once in a while.

How much of your first month's salary check, which you will receive after graduation, do you want to give to Czechoslovakia, Poland, Yugoslavia, Indonesia, United Arab Republic, Cuba, and so on and on? How much of the Treasury of the United States should go to subsidize the enemies of the United States and the so-called neutrals?

The two World Wars and the fiscal policies of the United States have led to a national debt of $300 billion or approximately $7,000 for each family in the United States. The interest alone is mounting at the rate of $17,000 a minute. In the 20 minutes which will elapse while I am talking to you this evening, the interest on the national debt alone will increase $134,000.

These are some of the problems that you of the class of summer 1963 will face tomorrow morning. It will be very easy for you to say: "I don't have time to think about these matters; I will have to get a job and go to work; I will have a family to support; I will have to let the politicians handle these matters because I am just too busy. I am so busy, in fact, that I can't even serve on my church, or hospital, or school board, or give time to any service club or civic organization. In fact, all I can do is look after my job and then maybe sit back and do as many others do, just criticize those who do work for the benefit of their community, their State, or their Nation."

It would be very easy for you to say these things and a lot of people would accept this as a valid excuse for failing to inform yourself on the important issues confronting this Nation today, and then, having formed a well-thought-out solution for each one of them, letting your opinion be heard. Christ, however, teaches that from him who has been given a great talent, great things are expected—not just making a living for oneself and one's family, as important as that is. These great problems hanging over our heads, threatening our very existence as a nation, simply have to be solved and settled. This country must look for the solutions to these matters to those possessed with leadership and great talents. In the laboratories, in the libraries, and in the classrooms here at Trinity, you have learned to seek the truth; you have learned to look it in the face and analyze it. You have learned to look through the mask of mere appearances for the hard facts of reality. You of the class of summer 1963, here at Trinity tonight, and the others like you in the other great universities of the Nation, must look through the maze of conflicting testimony and confused thinking and help solve these and the other questions of our time. This is your responsibility. This is the "Responsibility of Talent."

In every public opinion poll, there is always 15 to 25 percent of those polled who have no opinion, one way or another. In this time of instantaneous communication by radio, TV, newspapers, and magazines, when all of the facts are presented and all points of views are expressed, it would seem that every citizen would take sufficient time and have sufficient interest in what is going on to contemplate on the great issues of our time and form an opinion.

Of course, among you there will be differences of opinion as to the proper solution to pursue on each major issue. This is as it should be. For it is in the free debate of a free and informed people that the final and proper solution to any problem can finally emerge. It is indifference and fuzzy thinking that are the eternal enemies of freedom. In the long span of history, freedom has more often been lost by indifference, by credulity, and by selfishness than by conquering armies.

Therefore, to you who possess great talent falls the responsibility of making your strength of character, your learning, and your thoughtfulness felt. Your first contact is, of course, your own circle of friends. Then comes your representatives in Austin and Washington—and through all means available to you—word of mouth, letters, telegrams—through any means at your disposal. It is the job of those with talent to study and lead. Give your Nation the benefit of the extra talents which God has so generously entrusted to you. From you with the most, God and your country expects the most. So now, as we are gathered here together tonight under this starry canopy which covers the strongest, the richest, and the happiest land in all the world, but at the same time a land which is beset by threats of enemies from abroad and grave problems here at home; it is my prayer that you, the class of summer 1963, here at Trinity, will clearly recognize the responsibility of your talents and down through the years which lie ahead, use those talents to the end that our way of life is preserved and our great Nation made even greater.

TRADE DECISION ON YUGOSLAVIA IRKS KENNAN

Mr. MORSE. Mr. President, an article recently published in the Washington Post appeared under the headline "Trade Decision on Yugoslavia Irks Kennan."

The article begins as follows:

> George F. Kennan, a leading U.S. authority on communism, has told Congress he is bitter because it ignored his advice and revoked favored trade status to Yugoslavia.

Later in the article the Ambassador is quoted as saying:

> If I had known, when I was offered the position of Ambassador in Yugoslavia, how little value the Congress would assign to my own judgment, I would not have accepted the appointment.

Mr. President, I say to the good Ambassador that there was nothing to keep him from resigning long before he did.

We have a very interesting series of statements from this Ambassador. I do not know whether he knows what the position of an Ambassador is, vis-a-vis the Congress of the United States; but I should like to suggest to him that, in my opinion, such show of pique is not going to impress very many Members of Congress. Perhaps he should rest from his labors before he utters any additional effusions such as this one. Surely he knew when he went to Belgrade that it is a function of Congress and not the President, much less an Ambassador, to regulate trade with Yugoslavia and every other nation. Mr. Kennan's views on the matter were well known, as were his views in support of continued U.S. aid to Yugoslavia. Congress simply did not agree with him.

I would not be a bit surprised if, before we get through with the foreign aid bill, there may be some other ambassadors whose entrenched selfish interests may in some way, somehow, be jeopardized by the final version of the bill, and they will not be too happy with the Congress. But we can dispense with their services; and if any of them share Mr. Kennan's views, they should line up on the right, waiting outside the office of the Secretary of State as they present their written resignations.

Mr. President, I ask unanimous consent that the entire article be printed at this point in the RECORD.

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

TRADE DECISION ON YUGOSLAVIA IRKS KENNAN

(By Endre Marton)

George F. Kennan, a leading U.S. authority on communism, has told Congress he is bitter because it ignored his advice and revoked favored trade status to Yugoslavia.

At the time Kennan became Ambassador to Yugoslavia in 1961 that nation enjoyed most-favored-nation status in tariff matters—meaning it could claim the same tariff privileges as those accorded any other nation by the United States.

This status was extended to Yugoslavia, and Poland as well, by both the Eisenhower and Kennedy administrations. The theory was that by encouraging trade with these Communist nations the United States could help them avoid being forced completely under Moscow's domination.

But Congress revoked the most-favored-nation status for both countries last year

and its restoration is pending business now in the Senate.

"If I had known, when I was offered the position of Ambassador in Yugoslavia, how little value the Congress would assign to my own judgment, I would not have accepted the appointment," Kennan said in a memorandum prepared at the request of the Senate Subcommittee on National Security Staffing and Operations.

Senator HENRY M. JACKSON, Democrat, of Washington, released the memorandum yesterday.

The diplomat, who served as U.S. Ambassador to the Soviet Union, retired from the Foreign Service in 1953. In 1961 he accepted President Kennedy's call and went to Belgrade, but retired again late last summer to return to his professorship at the Institute for Advanced Study at Princeton.

Congress, Kennan complained, placed restrictions on trade with Yugoslavia last year "in the face of the most solemn and formal sort of warnings and objections on my part."

When an Ambassador's recommendations are disregarded, then his usefulness as a whole is affected, Kennan warned.

He said he had similar troubles with the executive departments especially when the State Department had no primary responsibility for the decision.

"I was never sure," Kennan said, "that they understood, or shared, or respected, the policy determinations of the Department of State with relation to Yugoslavia. I had the impression, perhaps erroneous, that many of these people were going on the assumption that Yugoslavia was a member of the Soviet bloc, a thesis contrary to our own observations and to the established analysis of the Department."

The former diplomat was critical also about the lack of information from Washington on "what was going on at home in matters affecting our work in Belgrade."

Because of the secrecy of internal security organs, for instance, the Embassy asked in vain for information whether the Yugoslavs in the United States were conducting any sort of activity to which we could object. Such information was important to determine U.S. policy toward Yugoslavia, he said.

"We simply had to bat in the dark in all such matters," Kennan added.

On the general organization of the Government from the standpoint of foreign affairs, Kennan suggested that the Secretary of State should get wider authority to handle the Nation's external affairs.

Such a change in the Government's structrue implies, however, a priority of foreign policy, meaning that external affairs should be given precedence over internal issues, and that foreign policy should not be permitted to become a function of domestic-political convenience, Kennan said.

Mr. LAUSCHE. Mr. President, will the Senator from Oregon yield?

Mr. MORSE. I yield.

Mr. LAUSCHE. I commend the Senator from Oregon for his statement.

What bewilders me is the absolute belief by Mr. Kennan that his judgment is infallible. Why does he think all others are wrong and that he is right?

Mr. MORSE. Because he is Mr. Kennan.

Mr. LAUSCHE. This morning, there came to my desk a letter in which it is stated that a number of Yugoslavs attended a handicraft fair in Vienna, Austria, and that 83 of those visitors refused to return to Yugoslavia. That development raises this very interesting question: If things under the Communist domination of Tito are so good and so sound, why are those people from Slovenia, Croatia, and Serbia trying to remain in Austria, just as many of the East Germans are jumping to their death or are proceeding in the face of guns in their attempts to escape the oppression in East Germany?

It seems to me that on the basis of these facts, Mr. Kennan cannot speak categorically about the goodness of the Tito government. I, for one, believe we are confronted with a great propaganda play which is thrown at us at a time when the foreign aid bill is being considered by the Senate.

Mr. MORSE. I thank the Senator from Ohio. I am somewhat at a loss to understand the attitude of the Kennans in our Foreign Service, for he is not alone. Apparently they seem to think they are oracles on foreign policy; and when any question is raised in regard to what should be in a foreign aid bill, they seem to think we should bend the knee, bow from the waist, and yield to their bad judgment—for seldom do men of this type have good judgment.

Mr. President, I shall continue to point out that we have responsibilities in foreign policy. We have responsibilities in determining how much of the taxpayers' money shall be made available for expenditure on foreign policy. Mr. Kennan needs to learn that lesson. Some who are still ambassadors will have to learn that lesson. We have the very clear duty to see that the financial side of foreign aid is checked very closely by the elected representatives of the people; namely, the Congress of the United States.

JOURNALISTIC WORKSHOPS FOR AFRICAN JOURNALISTS

Mr. CARLSON. Mr. President, journalism is an important factor in the growth and development of any country, as an informed citizenry is basic in the establishment and preservation of a free society.

Recently the African-American Institute Regional Workshops were held in Addis Ababa, Dar Es Salaam, and Lagos, Africa. These journalistic schools or workshops are conducted with the cooperation of the State Department and our foreign aid programs.

Four American journalists and teachers conducted three 2-week regional workshops for African journalists during July and August 1963. A workshop was sited in each of the three previously mentioned cities where the African-American Institute has regional oversea offices. Each workshop lasted approximately 2 weeks with formal sessions of 7 hours a day on weekdays and a half day on Saturday. In addition to local material used for these study courses, three American textbooks were issued to the participants, one on reporting, one on broadcasting and on English style.

At the conclusion of the sessions, a total of 94 participants received certificates of completion. Twelve others participated but did not complete the minimum requirements. The 94 represented 15 African countries and worked for 41 news publications, 12 broadcasting organizations, 9 information ministries, and 3 news agencies.

Members of the workshop instructional team were Mr. Malvin R. Goode, news commentator, American Broadcasting Co., New York; Mr. John McCormally, editor of the Hutchinson News, Kansas; Prof. Burton Marvin, dean, William Allen White School of Journalism, University of Kansas, and Dr. Sydney W. Head, field coordinator.

It is of particular interest to those of us from Kansas that our State had two outstanding journalists on the team, Dr. Burton Marvin, dean of the William Allen White School of Journalism, University of Kansas, and Mr. John McCormally, editor of the Hutchinson News, Hutchinson, Kans.

For decades Kansas has been recognized nationally and internationally as an outstanding journalism center and this is another honor for our State.

An excellent summary report was prepared by the group and is now being studied by representatives of our State Department.

MISREPRESENTATIONS BY CERTAIN SEGMENTS OF THE PRESS

Mrs. SMITH. Mr. President, it was with much interest that I read the CONGRESSIONAL RECORD of our last session prior to today. I refer to the colloquy between the distinguished senior Senator from Georgia and the distinguished Senior Senator from Oregon with respect to what they exposed as misrepresentations made against them and appearing in one of the local papers.

I commiserate with them. Over 10 years ago a pair of smear writers wrote a smear book that smeared some two dozen Senators. I was one of them. They charged that I was pro-Communist, a leftwinger and a "fellow traveler" because of my declaration of conscience. Against the vigorous warnings of good friends, I sued them for libel. I was the only one of the two dozen maligned Senators who did sue them for libel.

It took me 4½ years to get them into court after their constant stalling and attempts to evade the inevitable. And on the first day when the jury was about to be selected as the case opened, their spokesman got up in court and admitted that what they had written about me was false. They folded and made a public apology and retraction in prominent newspaper advertisements for which they paid—and they paid damages.

It was a complete victory for me and a significant victory against what Senators RUSSELL and MORSE have called "yellow journalism"—and while the smear writers folded when the "chips were down," it took me 4½ years to nail them down, to even get them to trial.

Over the weekend I read last Friday's RECORD with much interest for while Senators RUSSELL and MORSE denounced the misrepresentations made against them in a local paper, they were relatively lucky compared to the misrepresentations made against me on September 28, 1963, in a column carried by

hundreds of newspapers throughout the Nation.

It was just a month ago today that my assistant wrote a letter of documentation refuting the misrepresentations made against me. Because I believe the Members of the Senate will be interested in that letter, I ask unanimous consent that it be placed in the body of the RECORD at this point.

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

U.S. SENATE,
Washington, D.C., October 4, 1963.

Mr. DREW PEARSON,
Washington, D.C.

DEAR DREW: Over the years you have frequently praised Senator SMITH in your column—and you have frequently condemned her. Your record of reaction to her, I think, is actually an unconscious tribute to her independence. For when you praised her on such matters as the declaration of conscience, her vote against Admiral Strauss, and her vote against CIA Director John McCone, others denounced her and impugned her motives on the very positions which you praised.

Over the years you have frequently made misrepresentations against Senator SMITH. Many of those misrepresentations were fed to you by those who wished to reap revenge against Senator SMITH and discredit her through your column. On one occasion you made a public statement that you had been in error and had been unfair to Senator SMITH on a radio broadcast you had made 2 years prior.

On the other hand, I know of occasions when some of her enemies have given you information and urged you to write against her on the basis of that information—but before doing so you have checked on such information and finding it to be untrue, you have refused to be a party to misrepresentations against Senator SMITH. There have been occasions when you called her office to check on facts before writing a column against her. For example, prior to writing your column of September 17, 1963, in which you were critical of Reserve members of the Preparedness Investigating Subcommittee, you called me and told me that you were writing such a column and wanted to check on whether Senator SMITH was in the Air Force Reserve. I confirmed that she was a lieutenant colonel in the Air Force, Reserve, retired (incidentally she does not and never will receive retired pay in that status). I think that the opinions that you expressed in that column were not justified but you are entitled to your own opinions.

It is when you are in error on facts and have not made an effort to be sure of your facts that I take issue with you. That is why I take issue with your column of September 28, 1963, which is replete with misrepresentations and on which you did not check with Senator SMITH or her office prior to writing that column as you had on the prior column of September 17, 1963, related to the same subject of the test ban treaty.

Instead you accepted the misrepresentations given to you by Leo Goodman, whom you cast in a magnanimous forgiving role and Senator SMITH in the role of a political ingrate. You made no effort to check on the accuracy of the charges made by Goodman against Senator SMITH. Those charges were (1) the implication that Goodman had singlehandedly elected Mrs. SMITH in her first race for Congress and which you characterized as a struggle for her; (2) the charge that Goodman had "asked for an appointment with" Senator SMITH during the week of September 15–21; and (3) the charge that Senator SMITH had refused to give Goodman an appointment and that I had "bawled out" Goodman "for trying to influence her vote."

It is evident not only that Goodman supplied your story against Senator SMITH from the manner in which you quote him but that he contacted you on Tuesday after the vote that day and gave you the story with the false charges. It was a strange performance of forgiving on Goodman's part. Let me set the record straight on the Goodman charges against Senator SMITH.

1. That Goodman went to Lewiston, Maine, and singlehandedly elected Mrs. SMITH when she first ran for Congress.

In her first election to Congress, Mrs. SMITH won by an 11 to 1 margin over her opposition. That is hardly a narrow margin for which any individual or any group could claim credit for singlehandedly electing Mrs. SMITH. As for whether Goodman's going to Lewiston was a decisive factor or not, let the record speak for itself—Lewiston gave Mrs. SMITH a tremendous total of 303 votes in that election.

Goodman's labor affiliation is with the CIO, now the combined AFL–CIO. What is the record of the CIO? Is it one for which Senator SMITH has any political indebtedness? Hardly, for Goodman's CIO opposed Mrs. SMITH in 1944, in 1954, and in 1960.

For example, in 1954 her Democratic opponent officially reported that a majority of all his campaign funds came from the CIO's Political Action Commiteee. And in 1960, although the 1960 COPE voting scorecard rated Senator SMITH 80 percent right (higher than its ratings for Senators Estes Kefauver and CLINTON ANDERSON whom COPE vigorously supported for reelection that year), the AFL–CIO's COPE was the largest source of campaign funds for Senator SMITH's opposition and COPE made an all-out effort to defeat Senator SMITH. If Goodman is the friend to Senator SMITH that he contends he is, then it would appear that his influence with his own CIO with respect to Senator SMITH is nil.

2. That Goodman had "asked for an appointment with" Senator SMITH during the week of September 15–21.

The truth is that Goodman did not ask for an appointment during the week of September 15–21 (the week he apparently represented to you). In fact, he did not ask for an appointment at any time. Instead he suddenly appeared in the reception room of Senator SMITH's office at 10 o'clock the morning of September 24, 1963, just 30 minutes before the test ban treaty vote at 10:30—without any previous request by letter or by telephone call—and asked to see Senator SMITH immediately. The receptionist told Goodman that the Senate was convening at that very minute of 10 o'clock and that Senator SMITH had to be in her seat at 10:15 for the only time a picture has ever been taken of the Senate in session (for historical purposes—Senators had been warned the day before to be in their seats at that time—see page 17775 of the CONGRESSIONAL RECORD of September 23, 1963—and a call had been received by the receptionist at 9:30, before Goodman arrived, reminding of the necessity of being in the Senate at 10:15) and that she thought that Senator SMITH had already left the office for the Senate floor for the start of the session. The receptionist then buzzed Senator SMITH's office and when there was no answer on the telephone, she informed Goodman that there was no answer. He then left the office.

3. That Senator SMITH had refused to give Goodman an appointment and that I had "bawled out" Goodman "for trying to influence her vote."

The truth is that Goodman had not sought an appointment as set forth above. As to whether I "bawled out" Goodman is a matter of interpretation. I would not in the slightest deny that I spoke to him very bluntly and that I expressed my resentment that he would be so presumptuous that he would think that he could at the last minute come up and tell Senator SMITH how to vote.

The truth is that Goodman came up to me as I was standing in line with other senatorial staff assistants at the register door to sign for a pass to the Senate floor and said that he wanted to talk with me about her vote on the test ban treaty. In very blunt words, I told Goodman that he had had weeks before to come up and talk with Senator SMITH but had made no effort until at that last minute and that it was highly presumptuous of him to attempt to influence her vote at that time which was around 10:15. I have checked this with another senatorial staff assistant (of a liberal Democratic Senator who voted for the test ban treaty) who witnessed the entire exchange and who later termed Goodman's tactic as "incredible."

Inasmuch as Goodman has apparently misrepresented to you that he had tried unsuccessfully the week before for an appointment with Senator SMITH, it is relevant to point out that the truth is that the last time that Goodman contacted Senator SMITH or her office was on August 1, 1962, or more than a year before his sudden appearance on September 24, 1963. On August 1, 1962, Goodman called on Senator SMITH in her office and requested her to endorse him for appointment as an Atomic Energy Commissioner. Senator SMITH told him that she would be delighted to do so—but said that as a friend she wondered if her endorsement would not hurt more than help since it would be to Democratic President Kennedy whose personal dislike of her was evidenced in the fact that he was the only Democratic Senator who had agreed to go into Maine to campaign against her. That was in 1954 when Joe McCarthy attempted to have her defeated, as you well remember—and when Senator Kennedy refused to support the Massachusetts Democratic senatorial nominee against Senator SALTONSTALL but did go into Maine to campaign against Senator SMITH. Senator SMITH told Goodman to think it over and call her later if he still felt her endorsement would help—that she would be delighted to do it if he still wanted her to after thinking it over. She never heard from him that time until his sudden appearance more than a year later on September 24, 1963, minutes before the test ban treaty vote.

Thus far, I have dealt with the major misrepresentations in your column that were apparently given to you by Goodman. In conclusion, I want to comment on your false charge in that column that Senator SMITH voted her political ambitions instead of her conscience on the test ban treaty. You sought to indict her with a motivation of a 1964 Goldwater-Smith ticket because she voted the same as Senator GOLDWATER in voting against the treaty.

This is reminiscent of guilt by association and trial by accusation tactics that Senator SMITH denounced in her "Declaration of conscience" on June 1, 1950—tactics which you yourself have repeatedly denounced when criticizing those with whom you disagree. In indicting Senator SMITH with this guilt by association tactic on the grounds that she voted the same way that Senator GOLDWATER did in voting against the treaty, you conveniently omitted the fact that on the only direct vote with respect to Senator GOLDWATER on the test ban treaty—the Goldwater reservation—she voted against Senator GOLDWATER by voting against the Goldwater reservation.

Have you forgotten your column in which you alleged that Senator GOLDWATER said that she would not get a nickel from his Republican senatorial campaign committee (of which he was chairman) because she

voted against the confirmation of Admiral Strauss?

You have every right to disagree with Senator SMITH's vote on the test ban treaty. You have every right to criticize and attack her on that vote. But you have no right to make misrepresentations against her and impugn her integrity merely because you disagree with her.

Sincerely,

WILLIAM C. LEWIS, Jr.,
Executive Assistant to Senator Smith.

LOCAL SERVICE PROGRESSES AS INDUSTRY AND CAB WORK TOGETHER

Mr. BARTLETT. Mr. President, it was my pleasure to attend the quarterly meeting of the Association of Local Transport Airlines in Honolulu last weekend. The meeting, well and pleasurably hosted by Aloha and Hawaiian Airlines, had the largest attendance of any meeting in the association's history.

One of the most thoughtful and encouraging of the addresses given at the convention was that of Joseph Minetti, a member of the Civil Aeronautics Board.

In his statement regarding the local service subsidy problem, Mr. Minetti made it clear that "the Board is not about to subsidize local carriers out of business." He emphasized the need for the Board, the carriers, and the communities they serve to work together to assure "a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions."

I ask unanimous consent that Mr. Minetti's speech be printed in the RECORD.

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

LOCAL SERVICE IN RETROSPECT AND PROSPECT

(Address by Hon. G. Joseph Minetti)

I am delighted to be back with you in this hospitable city of Honolulu. Here, 5 years ago I had the pleasure of addressing your association. The years that have elapsed since that meeting have seen outstanding progress in Honolulu. Hawaii is now a State. There have been many advances in our way of living. In the field of air transportation, dynamic strides have been made.

Today marks another important milestone in the air transportation annals of the State of Hawaii. A new thrift class of air service between California and Hawaii was inaugurated this morning. Gov. John A. Burns, in his correspondence with the Civil Aeronautics Board, sized up the impact of Pan American's $100 new economy fare in these words: "Any reduction in the cost of transportation between our State and the mainland has important beneficial implications for Hawaii. The proposed $100 fare would bring substantial numbers of economy-minded travelers into Hawaii's travel market. Equally important, it would encourage more frequent travel to the mainland by many island residents whose trips presently are limited to rare occasions because of financial considerations. It would appear the proposed lower rate could generate substantial new business to the economic advantage of this State and would indeed encourage prospects for development of our travel industry."

I am certain all of you here today agree with Governor Burns, and share my hope for the success of this new venture in low fare air transportation.

But let us talk for a little bit about your success—the success which you have achieved in the 5 years since we last met here. The figures on your performance are quite impressive. For the 12 months ended June 30, 1958, you carried 4 million passengers. In the 12 months ended June 30, 1963, you carried over 8 million passengers. In the same 1958 period the total revenue ton-miles of traffic carried was 80 million. In the year ended June 30, 1963, they had grown to 180 million. The year ended June 30, 1958, saw you obtain $55 million in commercial operating revenues. By June 30, 1963, that annual figure had almost tripled to nearly $145 million. Moreover, these impressive improvements in performance were not unattended by increases in profits. On the contrary, in 1958 the local service industry reported a net income of only $1.1 million. By June 30, 1963, your reported profits totaled nearly $5 million.

One solid measure both of your success and of your improved ability to render good service to the public is the fact that in 1958 your total fleet consisted of 219 aircraft, of which only 23 could be characterized as modern. Today, you operate over 383 aircraft, of which more than 211 are the most modern, twin-engine types, providing service in the United States.

I think we are both entitled to be proud of this performance. I recognize the substantial effort and considerable management skill which has enabled you to reach this high operating level, and I think you too recognize the very healthy and active part which the Board, in both its route and rate programs, has played in assisting the industry in reaching these goals.

At the same time let us not lose sight of the great assistance and understanding given you by Members of the U.S. Congress, particularly those on the House Interstate and Foreign Commerce Committee and the Senate Commerce Committee.

We at the Board are entitled to be proud of the healthy and effective cooperation which has in the past and will in the future continue to exist between the Board and the Association of Local Transport Airlines. For example, in 1958 I made reference to a document containing some imaginative ideas, but representing a marked departure from past concepts in ratemaking. That document which had then been circulated for your comments and suggestions was the beginning of a project that 2 years later culminated in the first local service subsidy class rate. I think it is fair to say that without your cooperation and vision, it would have been difficult, if not impossible, to have made effective this significant contribution to the regulatory framework in which you operate. The record clearly indicates the advantages which have resulted from this great cooperative effort.

The local service industry did not have a single year, prior to 1961 and the adoption of the first-class rate, in which the carriers as a group reported satisfactory earnings. Indeed, as a result of the open subsidy rates subject to retroactive adjustment for the major portion of the time, the carriers' financial statements, generally speaking, added up to losses, rather than profits. Such losses, however, were not real, because they were ultimately offset by retroactive subsidy awards. You know far better than I what a serious impact the lack of final subsidy rate determinations had on your standing in the financial community and your ability to finance on reasonable terms.

The revitalization of your credit standing and investor confidence in the local service industry since 1961 has been as heartening to the Board as to you. The satisfactory results under the class rate have been all the more encouraging to the Board, because we were not unaware of the fact that the embarkation on a radically revised approach to the local service subsidy rate determination—the class rate—was not without considerable risk.

In the first 2 calendar years under the class rate, 1961 and 1962, the local carriers as a group reported a rate of return on investment in excess of 11 percent. While aggregate earnings in the first half of 1963 have declined in both absolute and relative terms, we note that the rate of return on investment for the 13 local carriers in the 12 months ended June 30, 1963, approximated 10 percent.

There are several other healthy signs of financial improvement. Through the reinvestment of the bulk of earnings of recent years and a number of individual security issues, the equity base of the local carriers has grown substantially. By June 1963, the common equity of the carriers reached 35 percent of total capital with an encouraging, though modest, decline in the ratio of debt to total capitalization from roughly 75 percent to something below 65 percent.

Another encouraging factor and one that bodes well for the industry's ability to finance future capital requirements on reasonable terms is the relationship between the market value of your common stock and the book value of each carrier's stock. Data for a recent period this summer indicate that the common stock of 11 of the 12 local service carriers whose stock is traded publicly was selling above its book value and, in the majority of cases, the spread between market value and book value was quite substantial. In the sole instance in which a carrier was selling below book value, the difference was only a few cents.

I think all of you will agree that the Board's approach in 1960 in instructing the staff to work with industry representatives toward the development of the best class rate that could be jointly devised was an eminently sound one.

Of course, we are not entirely satisfied with some of the quirks and disparities in the presently effective class rate. I know that there is a wide range of opinion among the 13 local service carriers as to both the good features and the apparent inequities in this rate structure. Nevertheless, I do not know of a single carrier or any one on the Board's staff, nor any one in the financial community, who is of the opinion that the abandonment of the class rate principle and a reversion to the individual subsidy rate concept would be either in the public interest or in your private interest.

I would certainly like to express a note of optimism that the cooperative efforts and the intelligence of the carrier representatives and the Board staff should unquestionably assist the Board in formulating a far sounder class rate structure than either of the first two. And one, I am sure, which could be implemented within a relatively short time.

What I have said so far is strictly on the bright side. There are, of course, some disappointing trends. Subsidy payments more than doubled, from $33 million, in the annual period ending June 30, 1958, to $69 million in the 1963 period. On the other hand, we recognize that each dollar of subsidy bought more service in 1963 than it did in 1958. The really troublesome aspect from your standpoint, as well as the Board's, is the decline in load factor from approximately 46 percent to about 42.6 percent. It seems to me that the heart of any program for the reduction of subsidy requirements of the air carriers would be inevitably linked with load factor improvements.

The break-even load factor for the local service industry, which is now so far advanced in the DC-3 replacement program, has reached the approximate level of 60 percent before return on investment. Roughly 65 percent would be the break-even point including fair return on investment. The spread between your 43 percent recent load

factor and the 65 percent break-even, including return element, is a simple way to explain the industry's need for subsidy in the magnitude approximating one-third of total operating revenues.

For years, your association has been actively interested in the development of programs for subsidy reduction. Obviously, your objective was not to reduce subsidy payments to a level which would jeopardize your ability to perform the service required by the public convenience and necessity in an economic and efficient manner. Rather, your various pronouncements over the years have been pointed toward types of actions which were intended, in your opinion, to produce a significant decrease in subsidy without jeopardizing adequate service.

I think it is completely accurate to state that the Board's objective has been to move in a similar direction.

Let us reflect for a moment on the progress already made, particularly in providing operating flexibility in the typical local service carrier certificates. Fifteen years ago, typical local service flights stopped at each intermediate point on a given route and the chief flexibility in a carrier's operations was the authority to turn around short of a terminal point on a particular route segment. I believe that a sound program in the direction of curtailing restrictions can further improve the economy of your operations and the service performed for the public. At the same time, we should not lose sight of the tremendous progress already made. In those instances in which sound, healthy subsidy improvements can be attained by route improvements, you have a real "selling job" to do. It is up to you to develop an adequate record in appropriate proceedings and to convince the Board that the specific route improvements you seek, which all too frequently have their highly controversial or competitive aspects, are in the public interest.

By now, I am sure, you are familiar with the Board's report to the President on the airline subsidy reduction program. I am not certain whether this report has produced more understanding or misunderstanding in the months since its release.

Accordingly, at the outset I would like to comment very briefly about this delicate subject and make the position of the Board very clear. In a letter to Senators MAGNUSON and MONRONEY, the Board through our Chairman, stated, "'I wish to assure you again that in line with our customary practice we intend to keep abreast of the subsidy needs of all carriers at all times so that if it should appear that these estimates are out of line with the carriers' requirements, we shall revise them at the appropriate time and if necessary, request a supplemental appropriation."

I believe this statement, more than anything else, should set at ease the minds of the local service industry. The Board is not about to subsidize local carriers out of business. Where there is an absolute need for subsidy, it will be paid.

On the procedural side, may I assure you that it was very expressly and specifically contemplated by the Board, in its discussions, that the report would not be considered more than a tentative program until the industry had an opportunity to analyze it, submit comments on it, and discuss it with the Board and its staff. This, of course, is aside from the tentative nature of the report pending the Board's receipt of comments from the executive branch, as well as any expressions or congressional action which may be forthcoming.

This assurance that the Board did not intend to finalize its thinking before it heard from you also encompassed the somewhat related problem of the development of a new class rate, which we hope will be made effective at the earliest possible date in 1964.

I am sure it is no breach of the confidential nature of internal Board discussions to reveal that not a single Board member expressed a view different than that the local carriers would not, could not, and must not be prejudiced in the negotiation of a new class rate by virtue of the Board's decision not to consult the local industry prior to submission of the subsidy reduction report to the President. I believe Chairman Boyd reaffirmed that at the meeting with the carriers on October 3, and, similarly, in his testimony before the Senate Appropriations Committee on October 14. I agree wholeheartedly with his statements assuring you of an opportunity to be heard, in an effective sense, before any new programs will be finalized to your possible prejudice.

On the substantive side, it is essential to bear in mind that the report does not indicate a value judgment by the Board as to a maximum subsidy level which the country can afford or which the Board believes can be justified by the public convenience and necessity. Nor does it contemplate arbitrary annual subsidy levels that must be attained year-by-year regardless of factual developments bearing on the actual subsidy requirements of the local carriers, individually and collectively.

The report, to a considerable extent, is a forecast of what various programs and factual developments, such as traffic growth versus inflationary cost changes, will have on the need of the carriers in the next 5 years.

Let us not forget, that the subsidy standards set forth in section 406 of the Federal Aviation Act have not been amended, and the need of the air carriers continues to be the basic statutory criterion for subsidy determination.

The Board has no thought of imposing arbitrary ceilings on an annual basis to keep step with the forecast decline in subsidy need. Moreover, the Board must determine each year, in light of the latest relevant factual data and the status of the various programs which could have an impact on the carrier's subsidy requirements, what it would estimate to be the subsidy requirements of the industry for each future year. Certainly, if the rate of traffic growth exceeds the rate of forecast in the report, subsidy should decline at a more rapid rate, all other things being equal. But conversely, if for some reason, we reach periods of declining traffic growth, this must necessarily be reflected in our determination of subsidy requirements prospectively.

Your association has quite properly always expressed great interest in programs for strengthening the routes of local service carriers by various means. One important method involves transfers of points or segments from trunklines to local service carriers. This is an area where I believe that the initiative of the local service carriers can accomplish a great deal. I believe the first step must be the preparation by each carrier of comprehensive, economic, and service studies aimed at bringing out the public service benefits and economic impact from the standpoint of the communities, the trunklines, and the particular local carrier in the specific areas where you believe a route transfer has a realistic potential.

Potential subsidy savings must be determined on a realistic basis and a reduction in subsidy must be shown. Here, too, you must do a selling job. You must pave the way for maximum acceptability and minimum resistance by the communities. This you can do through proper explanation of the advantages that a local service carrier can bring to a particular community in the way of improved and adequate service. Your selling job with the trunklines might well address itself to questions of impact of particular programs on trunkline control of long-haul traffic, possible joint sales programs, assurances of convenient trunk-local connecting services, integration of reservation facilities, and even means of absorbing surplus trunk equipment.

In formal proceedings the support of the communities and trunklines is not essential in the determination of public convenience and necessity. However, it is only realistic to assume that the support of the interested communities and competitive carriers can go a long way toward eliminating major obstacles in the path you wish to pursue.

In this connection, perhaps your association can be helpful in making available information of utility to the individual carriers as to the success of various transfers of points on route segments from trunklines to local service carriers. This is particularly true in terms of service improvements and greater traffic generation following such transfers.

The inclusion of the type of economic studies of route transfers along the lines I have discussed should be of great assistance in enabling the Board to determine the hearing priority to be given a particular proposal. Conceivably it could also determine the type of procedure to be used to process the application, such as, the advisability of employing the show cause technique. An extremely important factor, not only as to the ultimate merits of the Board's decision, but also in the determination of priority, would be the factual demonstration of the potential subsidy impact involved. Where there is a reasonable likelihood of a favorable subsidy impact under the previously announced Board policies for priorities in hearing cases, such applications would normally be accorded priority treatment.

It is premature to draw any conclusion as to the effect of a compact air transport as a successor to the DC-3 until there is some clarification in the near future as to where that program is headed. Nevertheless, this aspect of the problem might well be borne in mind by the carriers from the standpoint of looking for types of situations in which a route transfer would be enhanced in its attractiveness to the public, as well as to the industry.

Promotional fares, such as Pan-Am's thrift fare and your own "Visit U.S.A." fare, have been occupying the increasing attention of the industry and the Board in recent years. I believe that continued careful attention of the local carriers in the search for economic promotional fares is even more essential for the locals than the trunklines. I call your attention to the following factors, equally applicable to both segments of the industry, which, I believe, emphasize the need for your diligent efforts to maximize traffic development through promotional fares:

1. The sharp increase in the general fare level in the past 5 years.

2. In view of the current industry load factor of less than 43 percent, it is possible for a major part of future revenue growth to flow directly to an improvement in your subsidy or net income position.

3. The success of a number of local carriers with programs for the development of promotional fares.

4. The anomaly of DC-3 fares which are invariably first-class fares under published tariffs but which, accordingly, sometimes are in marked contrast to lower fares for jet coach operations in the same areas.

I am still convinced, as I was back in 1958, that something can be accomplished in developing an equitable arrangement for commissions to be paid by the trunk and local carriers on the sale of interline tickets. I know many studies have been made of possibilities in this area. A preliminary staff study indicates that if the prorate system on joint tickets were modified to provide that the originating carrier—trunkline or local service—retain $3 on each ticket and the remainder allocated on a mileage basis, it

would increase the revenue of the local service airlines by approximately $1.7 million annually.

I think the prospects of improving the local service share of interline tickets through a commission type of arrangement, or a modification of the present joint fare divisions, are sufficient to warrant further investigation by your association. I can assure you of the wholehearted cooperation of the Board's staff in pursuing this avenue. The objective should be to determine whether the local service share of joint tickets for interline sales is equitable.

Programs aimed at sound route strengthening of the local service industry and the promotion of efficient operations by the carriers can be expected to form the backbone of any long-range program of subsidy reduction geared to the subsidy requirements of the carriers. But in addition to route strengthening, the real key to subsidy improvement is tied to the load factor on existing flights as well as any newly authorized operations.

The waste inherent in a 43 percent load factor is a tragic one from the standpoint of management, the investor, and the taxpayer.

It is only through significant load factor improvement that the carriers and the public can share the benefits of the improved efficiency that goes with more economical aircraft.

As President Kennedy said in his transportation message of 1962, "The troubles in our transportation system are deep; and no just and comprehensive set of goals * * * can be quickly or easily reached. But few areas of public concern are more basic to our progress as a nation."

I hope that sound fare policies, route strengthening, hard work and constructive thought geared to load factor improvement will lead to a financially healthy local service industry, reasonable fares for the public, and sound subsidy reductions.

I said in 1958, and I repeat now, Association of Local Transport Airlines can be proud of its record of cooperation in the public interest, it has recognized that while we may disagree on method, our objective is a common one—the promotion of local air transportation in the public interest. We at the Board look forward to a continuance of our good relationship in working toward this objective.

SALE OF WHEAT TO RUSSIA

Mr. STENNIS. Mr. President, Mr. Charles Nutter, publisher of the Picayune Item of Picayune, Miss., has written a most thought provoking editorial regarding the recently announced plan to sell surplus American wheat to the Soviets.

This editorial is written by one of Mississippi's most able and objective newspaper publishers, a man who has had wide experience in journalism and business. He is a former Associated Press correspondent and also a former official of the International House, a New Orleans trade establishment.

I commend the editorial to the careful attention and reading by every Member of the Congress.

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:

HERE WE GO AGAIN

Nicolai Lenin, father of modern communism in the world, was a master psychologist who understood human nature better than our modern-day leaders, especially in the United States. With the complete and brutal cynicism which characterizes Communist thought, Lenin once remarked "When the time comes to hang the capitalists, they will be bidding against each other to sell us the rope."

Lenin died in 1924. If he was living now he could say of today's proposed wheat deal with Russia "you see what I mean." Since the beginning in 1917 the Communists have known and used the fact that trade was a weapon as effective as explosives or propaganda. They have benefited thereby when they chose to use this weapon.

Today's wheat deal brings back bitter memories to those who follow Communist progress. This is a return to the depression days when American industry, desperate for business, vied strongly to provide Russia with automobile and tractor factories, airplane and food industries, gold mining and petroleum know-how and any number of other industries needed by the Soviets in their first 5-year plan. These plants replaced and supplemented industries which had been seized by the Communists and destroyed, ruined, or badly run by the Reds.

American engineers accompanied American know-how and American capital to the Soviet Union by the thousands in the early thirties. So did German, British, French, and Italian engineers and capital. Slowly Russia began to get on its feet, saved by capitalism.

This was a repetition of what happened a decade earlier when Lenin took the Communist back to capitalism for a few years under the new economic plan, known as NEP, in order to save the country from starvation, and disaster to the Communists. The same thing happened in the early forties when we all pitched in to save the Communists again in the war. When the danger was past the Reds kicked us out with insults and calumny; it happened just like this is the twenties, the thirties, the forties, and to some extent in the fifties.

We are falling over ourselves now to rush to Khrushchev's aid in his hungry country, ruined by false agricultural theories and practices. Already sensing our eagerness he has started the insults and terms under which he will accept our help. History teaches that history repeats itself. Here we go again.

U.S. AREA REDEVELOPMENT HELPS FINANCE THE GOOD LIFE

Mr. METCALF. Mr. President, on September 30, the Washington Daily News published an article by Robert Dietsch headlined "U.S. Area Redevelopment Helps Finance the Good Life."

This article states:

Your tax money has been spent or loaned to help train copper workers in Montana for new jobs with Anaconda, the company which laid off the workers in the first place and which was looking for people with different skills to hire. [ARA] spent $10,000 to train 100 copper mine workers for Anaconda, a giant company with the capability to train its own workers with its own money.

I asked the Area Redevelopment to comment on those statements. ARA wrote me as follows:

The Anaconda Co. has scrupulously adhered to its side of the agreement by bearing the entire cost of retraining the workers, paying them more than $18 a day during the 4-week training course and hiring them as hard rock miners, grade 3, upon completion of the training. The cost to the company for the training is certainly a great deal more than that to the Government for the 2-week orientation program. This cooperative venture has already created about 200 taxpaying wage earners who might otherwise have been on permanent relief rolls.

In my opinion, this cooperative venture of the Area Redevelopment Administration, the Anaconda Co., the Montana State Department of Education, the Montana State Employment Service, and local officials of Silver Bow and Deer Lodge Counties is helping to alleviate hardship and ease the difficult transition required of workers who face job changes because of technological advances.

Mr. President, I ask unanimous consent to insert in the body of the RECORD, immediately following these remarks, the Daily News article to which I have referred and the comments of the Area Redevelopment Administration.

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

[From the Washington Daily News, Sept. 30, 1963]

TAXPAYERS BUILD SKI LIFTS—U.S. AREA REDEVELOPMENT HELPS FINANCE THE GOOD LIFE

(By Robert Dietsch)

In the last 2 years, your tax money has been spent or loaned to:

Build motels, ski resorts, and other recreational facilities in a dozen States, on an Indian reservation and in Puerto Rico. Builders or promoters have received $43 million in Government loans.

Help buy snow-making machinery for several of those resorts and help build golf courses, cocktail lounges, and bowling alleys in others. Also train waitresses for the motel restaurants.

Train sightseeing guides in Hawaii.

Build a summer theater in North Carolina.

Build roadside handicraft display stands in Arkansas.

Study the feasibility of harvesting processing and marketing sea lions in Alaska.

Help train copper workers in Montana for new jobs with Anaconda, the company which laid off the workers in the first place and which was looking for people with different skills to hire.

FOR DEPRESSED AREAS

Loans or grants for all these projects came from the Area Redevelopment Administration, an agency set up by the Kennedy administration in 1961 to help business and employment in depressed areas.

Since then, the ARA has become one of the biggest subjects of controversy on the New Frontier.

Republicans dub it the "Area Reelection Administration."

Businessmen charge it is competing with private industry, making reckless loans and giving money to dubious enterprises, the type rejected as unfeasible and uneconomic by private experts.

Edwin P. Neilan, president of the U.S. Chamber of Commerce, has called ARA the "Christine Keeler" of an American scandal involving "wholesale buying and selling of public office."

TOO EAGER?

Other critics say ARA is overly eager to farm out its money. They say ARA supports new businesses even after local industrial developers refuse to contribute their 10 percent required by law.

(ARA can loan up to 65 percent of the cost of a project; the rest of the money must come from private financial sources, the local community booster group, and the project owners.)

ARA officials, understandably, argue their case with vigor.

Administrator William Batt says his agency goes into programs shunned by private businessmen.

"They aren't interested in creating employment," Mr. Batt said.

He defends the millions put into motels by pointing to overall tourist and recreation growth and its potential.

What's more, ARA claims it has created, or laid the basis for creating, 47,500 jobs and for training 23,500 persons.

PROBE

An investigation into all phases of ARA activity by the Scripps-Howard newspapers gives the edge to ARA's critics.

While the Agency has indeed acted to create some legitimate businesses in depressed areas (and even some not so depressed) and has created some employment, the investigation showed that ARA is overeager to farm out the $394 million given to it in 1961. For example, it pressed hard to lend $222,000 to developers of a ski resort between Altoona and Bedford, Pa., despite reluctance of the Altoona community development group to go along; the latter deemed the project too risky and thought it would create few jobs.

Not only did the resort owners get ARA's $222,000 but they also received $110,000 from the Rural Electrification Administration (REA).

In another case, a wealthy Detroit industrialist got almost $1 million to help build "one of the world's most luxurious resorts" in northern Michigan; he reported the other day, during a phone conversation, that "ARA was around suggesting I was eligible for more loans."

That many of the 222 technical assistance studies approved by ARA (at a cost of more than $7 million) have been done by others in the past year. The sea-lion study in Alaska is one; also grants to study better exploitation of Indian arts and crafts, uses of timber in various States, handicraft development in the Appalachians and marketing of peaches in Georgia.

That ARA job totals are exaggerated; far fewer than 47,500 positions have been created or seem in prospect. A metal fabricating firm in southwestern Pennsylvania, for example, carries a notation of "50 jobs" in ARA's directory; the firm now employs 11 persons and the president acknowledges it will be a long time before the total reaches 20. A candy manufacturer says his employment may even decrease after he uses ARA loan money to buy new machinery. He's on ARA's books for 50 jobs.

That some ARA loan recipients don't try very hard to seek private financing before going after Government money, as required by law. ARA loans carry 4 percent interest; private loans 6 percent or more.

"Sure, I would have expanded my plant if ARA weren't around," conceded one industrial plant manager. "I would have used my working capital or gone after bank financing harder than I did. But I got together with ARA; after all, you don't find 4-percent money very often these days."

That some ARA training programs are of a dubious nature. There presumably are plenty of sightseeing guides in Hawaii but ARA nevertheless spent $5,000 to train 22 part-time farmers in that work. It spent $10,000 to train 100 copper-mine workers for Anaconda—a giant company with the capability to train its own workers with its own money. To this list can be added the waitresses trained with taxpayer funds for duty at a Michigan resort and others trained for restaurant jobs in a motel at Paintsville, Ky. This motel, incidentally, is across the highway from a taxpayer-built handicraft stand.

HOW FAR?

Inherent in the ARA program, and in a growing number of other assistance programs initialed by the Kennedy administration, is the philosophical question of how far the Federal Government should go in seeking to create jobs and loan taxpayer money to private enterprise.

As Chamber President Neilan has pointed out and as the Scripps-Howard probe of ARA showed, even those who abhor the idea of Federal intervention solicit Federal money after programs are approved.

While a few local business groups across the country have spurned ARA help, most have accepted it and many have sought it.

The idea of having Uncle Sam help bring a new firm into town overshadows criticism of Federal intrusion into private enterprise.

The Kennedy administration obviously thinks highly of ARA. It wants Congress to double the Agency's budget and extend its life.

The Senate has agreed but the House, in June, rejected the proposal by five votes.

The Democratic leadership now wants the House Rules Committee to send an amended ARA bill to the floor.

COMMENTS BY THE AREA REDEVELOPMENT ADMINISTRATION ON THE VOCATIONAL PRETRAINING PROGRAM OF OCTOBER 3, 1962, FOR THE BUTTE, MONT., DEVELOPMENT AREA OF SILVER BOW AND DEER LODGE COUNTRIES

As can be best judged from the copies of actual proposals submitted by local and State agencies, to the Departments of Labor, Health, Education, and Welfare, Commerce, and the Area Redevelopment Administration, automation in the Anaconda copper smelter in Butte, Mont., resulted in the employment termination of 300 or more smelter workers. The company had jobs for hard rock miners, but a month of intensive retraining would be required for men accustomed to underground work. However, because the smelter workers, faced with layoffs and perhaps permanent unemployment, had never worked underground, longer training would be required, and the company was reluctant to consider them. This is expensive training and the company's reluctance to experiment with totally inexperienced men was understandable.

At the request of State and local officials together with the union and company officials, the Area Redevelopment Administration agreed to handle 2 weeks of pretraining orientation for the workers, and the Anaconda Co. agreed to conduct the actual training program at the company's expense. The cost of the orientation, paid by ARA, was about $5,000 for the first 100 workers. The results were so successful that ARA was requested to repeat the orientation on another 100 which was done a similar cost and has been so successful that ARA has now been requested to repeat with the third 100.

The company has scrupulously adhered to its side of the agreement by bearing the entire cost of retraining the workers, paying them more than $18 a day during the 4-week training course and hiring them as hard rock miners, grade 3, upon completion of the training. The cost to the company for the training is certainly a great deal more than that to the Government for the 2-week orientation program. This cooperative venture has already created about 200 taxpaying wage earners who might otherwise have been on permanent relief rolls.

BACKGROUND COMMENTS BY AREA REDEVELOPMENT ADMINISTRATION

The economy of the cities of Butte and Anaconda is based on the mining and processing of nonferrous metals mined and smelted in the area. The Anaconda Co., due to technological advance in processing raw ore, is building a new ore concentration plant in the city of Butte and discontinuing concentrating ore in Anaconda. The new plant will be able to increase efficiency in processing low-grade ore and save transporting a low-value product 22 miles by rail. In addition, it will be able to operate more efficiently with considerably less manpower. It is estimated that approximately 250 men will lose their jobs in Anaconda as a result of this application of advance technology in concentrating ore in Silver Bow and Deer Lodge Counties. In cooperation with the Anaconda Co. and local planning committees, the Montana State Employment Service is doing all it can to ease the effect of this change on workers and local business by helping them find other jobs.

One possibility is an offer by the Anaconda Co. to absorb 100 of these men into their mining operation in Butte. The Anaconda Co. has estimated an increase in activity in the deep mines will continue through 1964.

One of the drawbacks to transferring these men from smeltermen to miners is the training necessary to become a successful hardrock miner.

A number of men fail to make the grade underground because they have never had surface training and orientation prior to their starting actual mining work.

It is the purpose of this proposed ARA training course to give 2 weeks of concentrated training to give the men going into the underground mining enough knowledge to qualify them as grade 3. The Anaconda Co. will then hire those qualified at $18.48 per shift and give them 30 more days of student mining under actual mining conditions. Those successfully completing training will then be put on a contract basis with a $20.60 per day base rate while on contract.

REPORT BY NATIONAL FUELS AND ENERGY STUDY—TRIBUTE TO SAMUEL G. LASKY

Mr. HRUSKA. Mr. President, on October 13, 1962, I called to the attention of the Senate the report of the national fuels and energy study group on an assessment of available information on energy in the United States. The report, which had been submitted to the Senate Committee on Interior and Insular Affairs, is a complete and informative analysis of our national energy situation.

The study group found that competition within the fuels industries has provided oil, natural gas, coal, electricity, and other sources of power to the public at the lowest possible cost, and that while America's energy requirements will double by 1980, our domestic fuel resources can readily meet all requirements in the foreseeable future.

The Chairman of the Fuels Study Group was the Assistant Director of Mineral Resources in the Office of Coal Research of the Department of the Interior, Mr. Samuel G. Lasky. Mr. Lasky has completed 32 years of outstanding service to the Department of the Interior both as an unusually capable technician in geology and as a skilled administrator and manager. Because of this and because of his outstanding performance as Chairman of the study group, he is a recent recipient of the highest honor the Department can bestow, the Distinguished Service Award.

The contributions of such outstanding civil servants often go unrecognized. It is good, therefore, to note that suitable recognition has been accorded to a Government employee whose career has included a number of significant achievements in the broad area of minerals policy, a subject of vital and continuing interest to the entire Nation. I am privileged to add my own recognition to that Mr. Lasky has already been accorded by Secretary Udall.

Mr. President, I ask unanimous consent that the text of the citation which accompanied the Distinguished Service Award, presented to Mr. Lasky by the Secretary of the Interior, be printed in the RECORD.

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

CITATION FOR DISTINGUISHED SERVICE—SAMUEL G. LASKY

(By the Secretary of the Interior, Washington, D.C.)

In recognition of his 32 years of outstanding service in geology and technical and administrative management in the Department of the Interior: Since 1931 when Mr. Lasky began his Federal service as an assistant geologist with the Geological Survey, his work has been characterized by exceptional initiative, personal integrity, and professional excellence. He advanced to principal geologist with the Survey and in 1951 he transferred to the Office of the Secretary where his special talents and experience were utilized in guiding departmental planning in mineral resources, first on the staff of the Assistant Secretary, Mineral Resources, and from 1953 to 1960 as a member of the technical review staff. In 1960, Mr. Lasky was again on the staff of the Assistant Secretary, Mineral Resources, charged with developing and implementing the organization of the Office of Coal Research. In May 1961, he was appointed Assistant Director of the Office. He assisted the U.S. Senate Committee on Interior and Insular Affairs as chairman of its national fuels and energy study from August 1, 1961, to September 7, 1962. The work of this study under his chairmanship was highly praised. It was the latest of many such special and difficult assignments ably handled by Mr. Lasky during his Federal service, in all of which he has brought great credit upon this Department. In recognition of his eminent career in Government, the Department of the Interior grants to Mr. Lasky its highest honor, the Distinguished Service Award.

STEWART L. UDALL,
Secretary of the Interior.

REPORT OF GENERAL ACCOUNTING OFFICE ON INTERSTATE HIGHWAY CONSTRUCTION

Mr. HRUSKA. Mr. President, some resentment and indignation were expressed by some Nebraskans on the critical nature of the recent report of the General Accounting Office on interstate highway building within that State. This is very unfortunate indeed because this arm of the Congress is competent, well considered, and well operated. It will be remembered as an agency which was created through the active efforts of many Senators, including Senator George W. Norris, of Nebraska. The very first Comptroller General was the late Mr. McCarl, of McCook, Nebr.

Review of any Government expenditure on interstate highways by such a competent body should be welcomed because when the Interstate Highway System is completed, it will be turned over to the State of Nebraska for maintenance at State expense. It therefore behooves anyone who has Nebraska's best interests at heart to insist upon the best possible building and construction job in the first instance.

The General Accounting Office is fair in its operations. Before its report on Nebraska State construction was released, its proposed text was made available to the Federal Bureau of Roads for its comment to be included in the report as published. The Appropriations Committee of the Senate was informed that the Federal bureau, in turn, communicated with the Nebraska highway department for its comment. This is typical of the fairness and the thoroughness with which an effort is made to produce a helpful and meaningful report.

Under the able leadership of Comptroller General Joseph Campbell, the General Accounting Office goes about its job quietly and efficiently. Without its honest examination and appraisal of governmental operations, the Congress would have no intelligent accounting of the extensive spending programs which we authorize.

In sharp contrast to the legions of public information officers who thump the publicity tubs for almost every other agency, the General Accounting Office does not even have a public information office. Yet its work is respected and regarded highly by the public.

These thoughts are expressed in more detail in a recent editorial in the Omaha World-Herald. I ask unanimous consent, Mr. President, to have the editorial "Lonely Sentinels," printed in the RECORD.

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

[From the Omaha (Nebr.) World-Herald, Oct. 29, 1963]

LONELY SENTINELS

If the Federal agencies in Washington, D.C., were to compete on a basis of charm, glamour and persuasive publicity techniques, the General Accounting Office wouldn't even be in the running.

It's a plain Jane outfit which does its job without press agentry. The sticky hand of partisan or factional politics is not to be found there. It does not run political errands for the Kennedy administration or for anybody else, including its boss, the Congress of the United States.

What the GAO does do is review Federal spending and make investigations to see that the taxpayers' money is spent as Congress intended. After so doing, it makes written reports to the Congress, pointing out where it believes an agency handling Federal money has strayed from proper procedures.

The GAO has made news in Nebraska these past 10 days because it issued a report in which it concluded that "ineffective review and supervision" by both the State of Nebraska and the Federal Bureau of Public Roads had resulted in "less than first-quality interstate highways in the State."

The agency added that a number of faults had been corrected, but that some remained, and that, all in all, substantial amounts of Federal-aid funds had been wasted in Nebraska on design features of questionable necessity.

This is a serious matter. Governor Morrison, the Nebraska Department of Roads and the Federal Bureau of Roads have reason to be concerned, and should feel called upon to answer the specific criticisms.

But we can see no occasion to attack the Accounting Office and to ask for an investigation, as Governor Morrison did last week. Congressmen questioned by this newspaper's Washington bureau seem satisfied that the GAO report is in order and that it will have a good effect. We strongly hope and believe that it will.

If it were not for the GAO, Congress would have no effective way of following up the spending of Federal dollars, just as without the Nebraska Legislature's Budget Committee and the legislature's independent fiscal analyst, there could be no effective planning and review of State spending.

Legislative controlled accounting agencies, Federal and State, often make themselves unpopular with the spending agencies because it is the accounting agencies' job to let the legislatures and the people know what the spending score is.

At a time when executive departments and spending agencies are trying to blow down and run over Congress and the State legislatures with their plans for bigger and bigger government and bigger and bigger spending, the accounting agencies often stand like lonely sentinels as they carry out their missions to alert and inform the legislatures and the people.

But the sentinels are essential if the representative system and legislative control of Government are to survive. They deserve every citizen's support.

FREEDOM VERSUS COERCION

Mr. PELL. It seems increasingly clear to me that whatever the future holds with regard to the nature of the cold war confrontation, the ideological aspect of that confrontation is going to continue. Premier Khrushchev has made it crystal clear that he intends no coexistence in the realm of ideology. I, for one, relish that challenge and am optimistic about its outcome. My optimism is based on what I believe to be an overriding advantage our society has—whereas our adversary seeks to capture men's minds, we seek to make them free.

In this competition of freedom versus coercion, the U.S. Information Agency bears the official Government responsibility for representing our side. That Agency conducts its work through every possible means of communication—radio, television, films, books, magazines, and so forth. Due to limitations on our ability to conduct information activities behind the Iron Curtain, other than shortwave broadcasting by the Voice of America, the Agency has relied heavily on exhibits. These exhibits are conducted in accordance with cultural exchange agreements and have met with considerable success. In the last year they have covered such subjects as plastics, transportation, and medicine. The exhibits are accompanied by about 25 Americans who are fluent in the language of the country in which we are exhibiting. I am told that these guides are at least as important as the subject matter of the exhibit itself in terms of representing our country. During the past year close to a million Soviet citizens attended our exhibits. All reports indicate the impact has been impressive.

I call to the attention of my colleagues the most recent USIA exhibit entitled "Graphic Arts: U.S.A.," which opened just 2 weeks ago in Alma Ata, Kazakhstan. During the first week alone over 100,000 Soviet citizens attended the exhibit. These Soviet visitors have an opportunity to see some 2,000 items of American graphic arts and how they are useful in our society. While, in part, the very existence of something American in

the hinterlands of the Soviet Union assures a large audience, the introduction into the gray Soviet society of an exhibit such as this, illustrating the color and artistry of our open society, is a vital contributing factor. This graphic arts exhibit will go from Alma-Ata to Moscow for a month and then conclude its Soviet journey in Yerevan, Soviet Armenia.

Several articles have recently appeared in the U.S. press describing the reception of the graphic arts exhibit as well as the transportation exhibit in Rumania and a recent art exhibit in São Paulo, Brazil.

I commend these articles which follow from the New York Times of October 11, the Herald Tribune of October 7, and the Washington Evening Star of October 8 for consideration by my colleagues, and ask unanimous consent that they be printed in the RECORD.

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

[From the New York (N.Y.) Times, Oct. 11, 1963]

U.S. ART SHOW DRAWS LARGE CROWDS IN SOVIET—DIVERSE DISPLAY OF GRAPHICS ATTRACTS 1,000 AN HOUR IN KAZAKHSTAN CAPITAL

(By Henry Tanner)

ALMA-ATA, U.S.S.R., October 8.—An exhibition of graphic art from the United States has become a tremendously popular attraction in this central Asian city, the capital of the Soviet Republic of Kazakhstan.

In 2 days, more than 17,000 Soviet citizens, most of them in their teens or early twenties, have come to see a gay collection of funny American posters, preposterous ads, colorful book covers, and abstract prints.

The exhibition is a study in calculated disorder, diversity and gaiety. It has been designed to show what happens in a society where an artist, whatever his talents, is free to let his imagination run in any direction he wants and the message is getting across.

"You mean you're really allowed to paint like this and nobody says anything?" one of the visitors asked.

"I am against abstract art," a middle-aged man declared after having seen it all. Then he added, "I've bought tickets for the next 2 weeks."

Like all the others, he carried off a portfolio of prints and brochures given to each visitor. By the end of this week American abstract prints may be pinned to the walls of 50,000 homes of Alma-Ata and the central Asian farmlands around it.

The size of the crowds came as a surprise to Jack Masey of the exhibits division of the U.S. Information Agency. He expected a sizable turnout but not the more than 1,000 every hour who have been pouring in since the show opened.

Alma-Ata, fewer than 200 miles from the Chinese border, is the exhibition's first stop. It will be here 1 month; in December it will move to Moscow for a month, and early next year it will go to the southern part of the Soviet Union.

Much of the excitement of the opening days centered on Russian-speaking young Americans who are guides. American exhibitions in the Soviet Union have been using such guides, mostly students of Russian literature at American universities, for the last 4 years. The guides in front of the abstract prints were the most embattled.

"What would you say if they painted you like this," Oresta Szeparowyez, a young New Yorker, was asked in front of an abstract portrait.

"There are all sorts of people and they shouldn't all be made to look beautiful," she answered.

A young Kazakh woman looking at an abstraction titled, "Vis-A-Vis" suddenly exclaimed, "there I see that line now, there's something there."

"You see, when you look and think, you begin to see it," said Oresta happily.

An abstraction called White on White, showing oblong and roundish white forms on a background of a different shade of white attracted the most attention and some scorn. "What is it?" people wanted to know. "An experiment," Oresta answered.

"Looks like noodles," a woman said.

"I thought blini [Russian pancakes]" declared her husband as they walked away shaking their heads.

[From the New York (N.Y.) Herald Tribune, Oct. 7, 1963]

RUMANIA'S WILD ABOUT U.S. SHOW

(By David Miller)

BUCHAREST.—A crowd of 10,000 Rumanians pressed against a police barrier yesterday in a vain attempt to enter a U.S. Government transportation exhibit already swamped by record attendance.

Western diplomats said it was the greatest display of affection for the United States or any Western country in postwar Rumanian history.

More than 50,000 Rumanians filed through a pavilion housing 1963 model American cars and a model of the Mercury capsule used by Astronaut Gordon Cooper. At least 5,000 Rumanians were waiting for admission when doors opened at 10 a.m.

Attendance has been the heaviest at any show ever sponsored by a foreign country. Since its opening on September 27, the exhibit has attracted an average of 25,000 a day—five times the original estimate—and 40,000 last Sunday in the rain.

An hour before the show was to close yesterday at 7 p.m., U.S. officials and Rumanian police decided part of the vast crowd waiting outside could never be admitted in the time remaining. Four Rumanian-speaking American guides went through the tail end of the line and advised those waiting that the exhibit would be in Bucharest until October 18 and to please go home.

Instead of leaving Haraftrau Park (formally called the Stalin Park of Rest and Culture), where the exhibit is being held, the crowd surged forward, broke through previously erected barriers and raced for the entrance. Those at the head of the line, seeing they would be refused admission pushed forward. The two groups met head on, pushing and shoving through the narrow entrance.

Some 20 armed police shouldered their way through the congestion, forced the crowd back, erected heavy iron barriers and announced the show was closed for the night. Some in the crowd booed the militia and whistled a sign of derision. They were later questioned by police.

In another attempt to placate the crowd, Paul Wheeler, director of the U.S. Information Agency exhibit, mounted a barrier and told the crowd in Rumanian that it was physically impossible for so many people to make their way inside. The crowd dispersed only gradually. Some 1,500 remained until the end, hoping to be admitted.

Mr. Wheeler, who served in Rumania from 1959 until 1961 as cultural attaché at the U.S. Legation in Bucharest, said he was aware of the "very sincere interest and understanding between the Rumanian and American people," but the demonstration today "far surpassed anything he had anticipated."

The 10 Rumanian-speaking Americans serving as guides have been driven to hoarseness by an avalanche of questions about how Americans live.

Armand Scala, 22, of Washington, D.C., a foreign trade major at the American University there, said he was besieged by questions on salaries, unemployment, the cost of living and racial problems. Many Rumanians, he said, appeared startled when told it was possible to buy a car in the United States with a loan from the bank.

Rumania, although one of the richest countries in Eastern Europe, has only 12,000 passenger cars. The United States has 68 million.

On display at the exhibit, which will also tour Brasav (formerly Stalin City) in central Rumania next month, are a Ford Thunderbird and Falcon station-wagon and a Valiant, as well as a small truck and a three-wheel post office delivery van, a model of Telstar, models of airplanes and airports and other developments in U.S. transportation.

The exhibit, given more space than needed, has been augmented with a Buick sedan and Oldsmobile and Plymouth station wagons contributed by the American community of Bucharest. A Cessna Skymaster arrived in time for the opening and was displayed in front of the exhibit hall for 3 days before leaving for another commitment. A smaller Cessna is due this week.

The crowds are expected to increase in the remaining days as word spreads through Bucharest. Handsomely printed Rumanian-language brochures, tracing the history of transportation in the United States are being distributed free at the exhibit.

[From the Washington (D.C.) Evening Star, Oct. 8, 1963]

HOW IN SÃO PAULO

Adolph Gottlieb, a leading American painter for several decades, has won the top painting prize, 2 million cruzieros, at the current Brazilian biennial exhibition at São Paulo. We congratulate Mr. Gottlieb and share the pride of interested Americans in such international recognition accorded one of our own.

We also congratulate USIA and the Government in general for sponsoring American participation in the big Brazilian show. This is the first time our representation has been underwritten by the Government, in contrast to all other participating nations. Heretofore, American representation at Sao Paulo as at the other great international exhibition, in Venice, has been made possible by the Museum of Modern Art, New York. Last year the museum announced it could no longer afford to carry the burden that is universally assumed by governments. It is to the credit of USIA that it has moved into the gap.

Both Government officials and some persons in the art world have traditionally feared our Government's participation in the arts on grounds ranging from the chance of boondoggling to that of cultural dictatorship. USIA cut through the problem by contracting the job out to a first-rate American private institution, the Walker Art Center in Minneapolis.

The center, in a decision almost impossible to imagine being reached by a Government committee, chose to send a large show of Gottlieb paintings and a group show of contemporary American sculpture.

Previous Government involvement in similar art projects has been harassed on the one hand by congressional primitives, on the other by purist aesthetes. We think the contractural arrangement, such as is followed in many Government enterprises, answers all objections and hopefully points the way to a continuing relationship between art and Government.

Specifically, the Venice Biennale of 1964 is presently planned with no American representation at all. Since USIA has done so well its first time out, the Agency should stay in the game.

HARSH WORDS INDICATE GOOD IMPACT, USIA FEELS—SOVIET CRITICS RAP U.S. ART—AND THAT'S A GOOD SIGN

(By Bernard Gwertzman)

U.S. Information Agency officials are delighted these days with the unfavorable press notices their latest traveling exhibition has received from Soviet critics.

"We've really drawn blood this time," one USIA man said today in commenting on the most recent attack on the graphic arts show, presently in Alma-Ata, capital of Soviet Kazakhstan.

USIA officials judge the worth of their Soviet exhibitions on a scale roughly like this: The harsher and more frequent the criticism the more impact it is having on Soviet audiences.

The graphic arts show is particularly provocative because it contains abstract lithographs, book covers, advertisements, and the like, rarely if ever seen in Russia. In Soviet terms, this is "bourgeoise ideology" at its worst.

There have been four long articles in Soviet publications about the exhibition, which goes on to Moscow in December and to Yerevan, capital of Soviet Armenia, in February.

The latest criticism, published Sunday in Izvestia, says that after initial interest on the part of the Alma-Ata people, "the number of visitors has fallen catastrophically," because of the lack of interest in this abstract art.

"Hogwash," USIA officials reply, citing figures showing that about 10,000 persons a day have been visiting the exhibit, with 30,000 on Sundays. More than 200,000 have been to the show in the 2½ weeks since its opening. USIA had counted on only about 4,000 a day when the show opened.

The Soviet critics have distinguished carefully between the realistic works which one review said "attract the visitors," and other works which the same critics said have "very little light in them, very little humaneness, little of that ennobling clarity and simplicity which real art possesses."

One drawing which drew considerable criticism was Ellen Raskin's crayon portrait of F. M. Dostoyevsky, the Russian writer, done for a cover of the jubilee edition of his works.

"In the first place, it is hard to call this sketch a portrait; it is so primitive," one Soviet critic said. But the most important thing is what we see in this drawing—not a giant of thought, not a great writer who knew how to uncover the most complex secrets of the human soul, but some kind of frowning peasant-forester with an angular forehead and an excessively large head which looks like a hatblock set on stooped, narrow little shoulders.

"And this pitiful little man, sitting all crumpled up as if he expected someone to hit him, is presented to thousands of readers as F. M. Dostoyevsky."

USIA officials say the criticism on the whole has been fuller and better rounded than in previous years. Part of the reason seems to be the improved state of East-West relations.

They suspect that the critics have been motivated by a desire to say some good things about the United States without endorsing the alien views on art. Thus, one critic's main theme was that he was "deeply disappointed" by the works.

USIA officials admit they knew the abstract and avant-garde works would shock many average Soviet viewers—conditioned to a steady diet of realism—but they said that omitting such works would give Russians a distorted impression of American graphic arts, which thrive on nonrepresentational forms.

The exhibit is one of several that have been sent to Russia as part of the Soviet-American cultural exchange agreement.

LET US NOT UNDERCUT UNITED STATES-YUGOSLAVIAN RELATIONS

Mr. McGOVERN. Mr. President, during the Eisenhower administration period, a decision was reached to exempt Yugoslavia and Poland from some of the trade and aid restrictions which we apply to other Communist states. This decision was based on the conclusion that these two countries, while operating under Communist governments, were nevertheless not entirely controlled by Moscow. It was believed that by carrying on limited economic and diplomatic relations with these two states, we could further decrease their dependence upon the Soviet bloc.

Mr. President, I believe that this decision by the Eisenhower administration, concurred in by the present administration, was sound. I think we have profited greatly from the semi-independent positions which Yugoslavia and Poland have followed.

It would certainly not be in our interest to deliberately drive these two important nations into a tighter relationship with Moscow. For that reason, I am opposed to recent actions designed to curtail trade with Yugoslavia.

Our recently retired Ambassador to Yugoslavia, Mr. George Kennan, who is now a member of the faculty at Princeton University's Institute for Advanced Study, authored a letter on the subject which appeared in the New York Times of October 16, 1963. Ambassador Kennan is generally regarded as the chief architect of our post-World War II containment policy. He is one of our wisest and best informed citizens in the whole range of problems relating to the Soviet bloc.

I urge the Members of the Senate to read carefully the letter by Ambassador Kennan. I ask unanimous consent that the letter be printed at this point in the RECORD.

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

[From the New York Times, Oct. 16, 1963]

KENNAN BACKS SALES TO TITO—OPPOSITION DECLARED HARMFUL TO THE CAUSE OF ANTI-COMMUNISM

(NOTE.—The writer recently retired as Ambassador to Yugoslavia. He is now a member of the faculty of the Institute for Advanced Study.)

To the EDITOR OF THE NEW YORK TIMES:

There was reported in your columns on October 11 a statement made by Senator EVERETT MCKINLEY DIRKSEN and Representative CHARLES A. HALLECK, criticizing President Kennedy for permitting, by an order of May 14, 1963, the sale of $2 million of military supplies to Yugoslavia.

The President's action, they were quoted as saying, constituted a circumvention of congressional stipulations prohibiting military aid to Communist nations. The legislators referred particularly to the provisions of the 1963 Foreign Aid Appropriations Act, which they described as flatly prohibiting military aid to Communist nations, though leaving economic aid to the President's discretion, subject to certain restrictions enacted in 1961.

This description of the legal situation is not accurate. The act referred to did indeed inhibit aid to "Communist" nations; but the authorizing legislation empowered the President to make exceptions in instances where he considered this to be "vital to the security of the United States." This applied to sales of military supplies as well as to economic aid. The President was wholly within his rights in making such a finding.

PAYMENT FOR EQUIPMENT

With respect to the particular sale in question, the term "aid" ought never to have been used. Our military aid program for Yugoslavia was terminated some 6 years ago, at the initiative of the Yugoslavs. Since then they have paid dollar cash for military equipment purchased in this country. They will do so in the present instance.

The inclusion of such sales under the provisions of the aid legislation is really a legal technicality. The purchases to be covered by this particular authorization consist of spare parts for end items acquired by the Yugoslavs in earlier years. These end items are, as I understand it, obsolete or obsolescent by standards of current military procurement; and no question of military secrecy is involved.

They were acquired in good faith. Many of them were paid for in cash. The spare parts are necessary to permit their full utilization. The Yugoslavs would presumably not have acquired them had they known that the spare parts were going to be denied; nor would we, I am sure, have made the initial sale had we thought this possible.

We are, after all, not sharpsters. What is involved here is the good faith of the U.S. Government, not as a sponsor of aid but as a partner to a commercial proceeding. Messrs. DIRKSEN and HALLECK may not believe that the good faith of this Government is vital to the security of the United States. I do. The President, in approving this sale, had before him my affirmative recommendation, submitted in my capacity as Ambassador to Yugoslavia, for which I gladly accept full responsibility.

The entire concept underlying the recent Congressional effort to bar military sales to Yugoslavia was in my opinion seriously misconceived. The effort has already brought real damage to American interests in the confrontation with Soviet power. For many years prior to 1961 Yugoslav military purchasing had been directed almost exclusively to the West.

INCREASED DEPENDENCE

The insistence of the Congress that the Yugoslavs be denied even obsolete and surplus items for which they were willing to pay cash has been a major factor in causing them to turn again to Soviet sources of supply. The effect can only be to increase the dependence of their military establishment—one of the largest military establishments in Europe outside of Soviet control—on Soviet sources of supply. In this respect, the effect is analogous to that of the recent legislation denying the Yugoslavs normal tariff treatment for their exports to this country.

If, faced with such rebuffs from our side, the Yugolsavs still retain their independence, as I believe they will, this will have to be ascribed in the circumstances solely to their own fortitude and good sense, manifested in spite of, and in defiance of, the best efforts of some of our legislators to put them in a position where they would have no choice but to resubmit to Soviet leadership.

Why any Member of Congress, and particularly any Congressional leader, would wish this to be said of him—and how, in particular, he could reconcile it with a professed devotion to the cause of anti-communism—escapes me.

GEORGE KENNAN.

PRINCETON, N.J.

THE NEXT STEPS TOWARD PEACE

Mr. McGOVERN. Mr. President, the Department of State Bulletin for

October 21, 1963, includes a thoughtful, carefully reasoned statement by Mr. McGeorge Bundy, special assistant to President Kennedy, entitled "The Next Steps Toward Peace: Some Notes on the Two-Legged Process." Mr. Bundy, as the Members of the Senate know, is a key official in the administration charged especially with responsibility for national security affairs.

His article is an appeal for the balanced judgment in the formulation of foreign policy positions. He centers his remarks on five major foreign policy issues: First, the partial nuclear test ban; second, our adventure in space; third, our policy toward Europe; fourth, our involvement in South Vietnam; and fifth, our hope for improvement in Soviet-American relations.

In each of these problem areas, Mr. Bundy calls for a balancing of our hopes for peace with our determination to be vigilant in the face of a potentially dangerous enemy. He pleads for an appreciation of the viewpoints of our fellow citizens who may happen to be in disagreement with us on any given issue:

> Error comes mainly not from support of one's own position but from suspicions of the other man's—

Mr. Bundy says. He adds:

> Where danger comes is not in these equally right perceptions of important phenomena but in the human tendency * * * to suppose that one's own reality is the only reality, so that the observation of the other man is somehow misleading.

Mr. President, I think Mr. Bundy would agree that Members of the Senate often pressed hard for a particular point of view without apparent concern for a conflicting viewpoint because of a conviction that a corrective is needed to a generally accepted position. Such zeal for one's own personal insight or bias is perhaps a necessary quality of political effectiveness.

But I am grateful that high in the councils of Government where final policy decisions are made, there is a man of Mr. Bundy's intellect and emotional balance—one who is capable of looking clearly at all sides of vital issues. In this highly dangerous nuclear age, there is a desperate need for restraint, moderation, and objectivity in decisionmaking.

I ask unanimous consent that Mr. Bundy's article be printed in the RECORD at this point and I commend it to my colleagues.

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

THE NEXT STEPS TOWARD PEACE: SOME NOTES ON THE TWO-LEGGED PROCESS

(By McGeorge Bundy, special assistant to the President [1])

We have all heard a great deal in recent months about steps toward peace, large and small, and in taking them as my topic I do not intend to try to say what the next steps may be, or even whether we can now look forward to rapid progress in the fulfillment of hopes we share with other men everywhere. Certainly we can agree that there is more reason for hope than there was a year ago. Certainly also we can agree that much remains to be done. As we meet, discussions are proceeding both with our allies and with the Soviet Government on a wide range of possibilities. So this is not the time, and I am not the person, to attempt any general prediction.

What I want to do instead, and what I think may be more useful, is to offer a description of one aspect of the reality of international affairs which is likely to be characteristic of many of the next major events in our affairs. What I want to suggest is that, when there is a debate on these great issues among us, there is almost always both an element of truth and a danger of error in each of the opposed positions. And I want to suggest further that, precisely because we are now entering a period in which tension is lower and the sharpness of danger less apparent, it is important in thinking about these issues not to ignore one aspect of the truth in concentration on another.

The most general form of this proposition, of course, is that all steps toward peace rest upon adequate readiness for defense, at every level of force. The prospect for peace now is better than it was last September; the major cause of this improvement is the resolution displayed by the people and Government of the United States in the crisis of October 1962. The indispensable connection between military strength and the maintenance of peace is obvious—and frequently forgotten.

It is crucial to the understanding of international affairs that we should never separate the idea of peace from this requirement of vigilance in defense. It follows that, when we think of steps toward peace, we should not think only of disarmament, or international agreement, or cooperation among nations. We should think also of successful resistance to subversion, of proper planning for the defense of the free world, and of our own strength and health as a free society. The specific cases on which I wish to comment are related to these areas too, and I hope you will agree that it is right to think of all of them as elements in our national pursuit of peace.

THE LIMITED TEST BAN TREATY

As I say, my central proposition is that in nearly all of these great matters, where feelings become strong and difference of opinion becomes evident, there is some truth on every side and also some danger of error. One way of stating the problem of statesmanship is to see it as a matter of the resolution of arguments in which both sides are partly right and each runs a risk of error. Before I apply this proposition to current issues, it may be helpful to begin with the recently concluded debate on the test ban treaty. That debate is familiar, I am sure, to most of us, and it happens that it illustrates my point quite neatly.

The central arguments for the test ban treaty, as the President put them in his first report to the country,[2] are four in number: first, that it can be a step toward reduced world tension; second, it can be a step toward freeing the world from radioactive fallout; third, it can be a step toward preventing the spread of nuclear weapons; and fourth, it can limit the arms race in ways which strengthen our security far more than the continuing of unrestricted testing. These four arguments withstood the test of national debate, and the vote in the Senate records the consensus of the country that, in sum, they justify the treaty.

Yet at the same time, and in the same speech, the President took note of the requirement that under this treaty the United States should observe and maintain a substantial vigilance, in defense of its interests and those of all freemen, against the risk of violation or evasion and also against the danger of unwarranted relaxation in our defense. As the debate developed, the President and his administration were always ready to respond to requests for reassurance on this point, and in successive statements, culminating in the President's letter to Senator EVERETT MCKINLEY DIRKSEN of September 10,[3] it was made plain that with this limited treaty the United States will, because it must, maintain strong weapons laboratories, an energetic program of underground testing, a readiness to resume tests in the atmosphere in the event of violation of the treaty by others, and of course a full constitutional respect for the rights and obligations of the Senate if at any time this treaty should be amended.

The limited test ban treaty, then, is an opportunity for hope but not a reason for relaxation, and the national consensus which has emerged rests upon both hope and vigilance. It is this balanced spirit which has governed both the executive branch and the Senate, and it appears very plainly in the eloquent statements supporting the treaty made by such leaders as Senators [MIKE] MANSFIELD, DIRKSEN, and [J. W. FULBRIGHT. The best advocates of disarmament, like Senator [HUBERT H.] HUMPHREY, have always understood the requirement of vigilance, and determined supporters of our nuclear strength like Senator [JOHN O.] PASTORE, have understood the necessity for hope.

But not everyone in the country observed the same balance, and in the national debate there were on each side errors of excess. On the one hand, in their emphasis on hope, some of those supporting the treaty were inattentive to the problem of safeguards and appeared to believe that it was somehow not in the spirit of the treaty that the United States should make clear the need for vigilance. And on the other hand, some of those most concerned about safeguards and vigilance were blind to the real hopes represented in the treaty and unwilling to entertain the possibility that any agreement with the Soviet Union could conceivably be in the interest of both sides. I am not now debating the overall merits or demerits of the treaty as such, but only pointing out the hazard of a one-sided concern for either its dangers or its hopes, taken alone.

The limited test ban treaty is more a beginning than an end in itself. It may or may not lead onward. But it does indeed offer the four kinds of hope of which the President spoke, and it does indeed require the safeguards he has stated. So when we sift the arguments, we find much to keep from both sides; and what it is wise to reject, in the main, is the conclusion or attitude which rests primarily upon a total rejection of the concerns of others. Those supporting the treaty uncritically have been wrong mainly where they have too much resisted the concerns of those more cautious than themselves. Those who have opposed it root and branch have erred mainly in neglecting or underrating the reality of the hope it represents. My suggestion is that there has been more truth in the affirmative beliefs of both sides than in their criticisms of each other.

And what I wish to do next is to suggest that this same conclusion has some validity in four other fields; our adventure in space, our policy toward Europe, our effort for freedom in South Vietnam, and our hope for improvement in relations with the Soviet Union.

U.S. POSITION ON COOPERATION IN SPACE

I take the problem of space first because in a measure it is the simplest. Here we have a single national policy with two major

[1] Address made before a World Affairs Conference at Albany, N.Y., on Sept. 30.

[2] Bulletin of Aug. 12, 1963, p. 234.

[3] For text, see ibid., Sept. 30, 1963, p. 496.

strands. The first is our national effort to develop the technical, industrial, and human resources which are necessary for the extension of man's capacity from the earth toward outer space. This wide undertaking is symbolized as it is stimulated by the national decision taken 2 years ago to aim at the landing of a man on the moon within this decade. But it is the wider program and purpose, and not the single personal adventure, which shapes our policy and justifies this effort.

Parallel to this national effort, and steadily sustained over a 5-year period, is our purpose of cooperation in space. This purpose was dramatically reaffirmed by the President 10 days ago in his address to the United Nations;[4] there he urged that we should explore the possibility of joining with the Soviet Union, even in sending men to the moon. And again, it is the broad purpose of cooperation, and not only the possible sharing of a single great personal adventure, which is at the center of our policy.

The question which has been raised in this last week is whether there is somehow a contradiction between the national effort and the purpose of cooperation. The position of your Government is that these two undertakings are part of a single program, each reinforcing the other. As the President put it last week in a letter to Representative ALBERT THOMAS: "This great national effort and this steadily stated readiness to cooperate with others are not in conflict. * * * We do not make our space effort with the narrow purpose of national aggrandizement. We make it so that the United States may have a leading and honorable role in mankind's peaceful conquest of space. It is this great effort which permits us now to offer increased cooperation with no suspicion anywhere that we speak from weakness. And in the same way, our readiness to cooperate with others enlarges the international meaning of our own peaceful American program in space."

It is right then, we believe, to press on with the space program of the United States and to press on also in the effort to find wider paths to greater cooperation. In this policy we accept great parts from each of two kinds of arguments—those urging we must be strong in space, and those urging that we must miss no opportunity for cooperation with the Soviet Union.

At the same time, as in the case of the debate on the test ban treaty, it is also necessary to reject some parts of the two different arguments. On the one hand, we do not believe that the very limited progress which has been made so far in real cooperation with the Soviet Union in any sense justifies a weakening or slackening in the national space effort. To abandon or attenuate our clear national commitment to a major effort in space, on the strength of hope and good will alone, would be as wrong as accepting a test ban treaty without proper safeguards.

On the other hand, we must also reject the notion that the national program in space is somehow weakened or endangered by a peaceful program of cooperation. We have not entered space only in fear or in hostility. Our strength and our readiness to meet any hazard—in this and other areas—do not require that we turn our back on every prospect of cooperative effort. In this instance, then, as in that of the test ban treaty, there is truth on both sides of the argument, and error comes mainly not from support of one's own position but from suspicion of the other man's.

ATLANTIC PARTNERSHIP AND EUROPEAN UNITY

I turn now to the politics of Europe. This problem is more complex, and the subtleties of a full-scale argument are impossible here; I must content myself with a sketch. But I think it clear that once again the great hazard is in the tendency to think of "either-or" instead of "both-and." There is a belief that somehow there must be either an Atlantic or a European focus to the policy of the Western nations. And the argument rages over the head of reality, between men who fear that the greatness of Europe may be somehow drowned in the Atlantic and men who seem to believe that the Atlantic partnership may be endangered by growing strength and unity in Europe. The policy of the United States is to reject this false choice—to assert, in every field and on all occasions, the interlocking and mutually supporting ideas of Atlantic partnership and European unity. The clearest and most authoritative statement of this position is in the President's address at the Paulskirche, in Frankfurt, on June 25 of this year,[5] and I cannot do better than to quote to you these sentences which state the double commitment of our policy:

"We are partners for peace—not in a narrow bilateral context but in a framework of Atlantic partnership. The ocean divides us less than the Mediterranean divided the ancient world of Greece and Rome. Our Constitution is old and yours is young, and our culture is young and yours is old, but in our commitment we can and must speak and act with but one voice. Our roles are distinct but complementary—and our goals are the same: peace and freedom for all men, for all time, in a world of abundance, in a world of justice.

"The future of the West lies in Atlantic partnership—a system of cooperation, interdependence, and harmony whose people can jointly meet their burdens and opportunities throughout the world."

That was the Atlantic commitment, but the President went on to Europe:

"It is not in our interest to try to dominate the European councils of decision. If that were our objective, we would prefer to see Europe divided and weak, enabling the United States to deal with each fragment individually. Instead we have and now look forward to a Europe united and strong—speaking with a common voice, acting with a common will—a world power capable of meeting world problems as a full and equal partner.

"This is in the interest of us all. For war in Europe, as we learned twice in 40 years, destroys peace in America. A threat to the freedom of Europe is a threat to the freedom of America. * * * And that is why we look forward to a united Europe in an Atlantic partnership—an entity of interdependent parts, sharing equally both burdens and decisions and linked together in the tasks of defense as well as the arts of peace."

Here again, as in our previous examples, there is truth in both concepts, and error comes mainly from hostility to one or the other. It is not necessary, in the construction of the new Europe, that the ties of partnership across the Atlantic should be cut. Still less is it required, for the effectiveness of the Atlantic community, that there should be any hostility to the idea of Europe. This is what American policy has recognized; it is also what the greatest men of Europe have understood and preached.

THE SITUATION IN SOUTH VIETNAM

The difficult situation in the troubled country of South Vietnam is one which I have even less desire to discuss, in substantive terms, than the other questions I have taken as examples. The important mission of Secretary [of Defense Robert S.] McNamara and General [Maxwell D.] Taylor is only just ending, and it would be wholly inappropriate for me to comment on the course of action which may be chosen in the light of this mission and of the continuing consideration which is going forward in Saigon under the leadership of Ambassador [Henry Cabot] Lodge, and also in Washington.[6]

Yet it is not wrong, I think, to suggest that in this case again there are two propositions, both of them true, and two kinds of error which can result from an unwillingness to accept them both. And again both propositions have been stated clearly by the President.[7] The first is that the object of American policy in this part of the world is to assist in a most difficult and important struggle against Communist subversion—military, paramilitary, and political. The commitment of the United States to the independence of South Vietnam goes back many years. This commitment was intensified and reinforced 2 years ago, and since then a major cooperative effort has been carried forward with increasing energy—and at least until recently with increasing success—by Americans working closely with the people and Government of South Vietnam. It is the policy of the United States to sustain that effort.

Yet it would be folly for the United States to neglect, or to regard with indifference, political developments of recent months which raise questions about the ability of the Government and people of South Vietnam to support each other effectively in their contest with communism. The President has made it clear that the United States is not indifferent to these events and regards them with great concern. It is and must be the policy of the U.S. Government to make clear its interest in whatever improvements it judges to be necessary, always of course with a proper regard for responsibilities which rest in the first instance upon the people of South Vietnam.

It is no secret that observers of the scene in South Vietnam have often differed sharply in their interpretation of events. From these differences there have come divergent recommendations for policy. There is nothing discreditable in the existence of such differences. In a situation in which easy solutions do not exist and in which commitments of purpose and hope are high, it is only natural that there should be a tendency in each observer to emphasize the part of the truth to which he is nearest. If a particular antisubversive effort is going well, the man who is working on that effort is bound to see that part of reality as very large. If in the cities there is repression and alienation of public support, men living in those cities, with responsibilities more civil than military, will feel a special and intense concern. Where danger comes is not in these equally right perceptions of important phenomena but in the human tendency, here as in each of my preceding examples to suppose that one's own reality is the only reality, so that the observation of the other man is somehow misleading.

The requirement upon statesmanship, once again, is to seek ways of meeting both the need for effective prosecution of the struggle and the need for a workable relation between the people and government of a friendly country. No one can say that this task is easy. No one can even say it is certainly possible. But what can be said, and what the President has said already, is that the United States will not shrink from this responsibility or attempt to make it easier than it is by pretending that only one part of it is important.

UNITED STATES RELATIONS WITH SOVIET UNION

Finally, returning to the wider arena, I come to the question of our relations with the Soviet Union. And again I offer two propositions. The first is that we must and

[4] Ibid., Oct. 7, 1963, p. 530.

[5] Ibid., July 22, 1963, p. 118.

[6] See p. 624.

[7] For background, see Bulletin of Jan. 1, 1962, p. 13, and Sept. 30, 1963, p. 498.

will seek for improvement in our relations with the Soviet Government, for a reliable and extended easing of tensions, for the "next steps"—in the direct sense—after the first small step of the limited test ban treaty. But the second proposition is that in this purpose and process the United States will give no comfort or support to those who believe that it is right or even possible to lie down in trust with Communists and their supporters in the free societies of the West or in places where communism subsists only by force and fraud, as most notably today in Cuba.

The first proposition hardly requires elaboration, I think, in the light of the President's own address at the United Nations. We seek a reliable easing of tensions. We never intend to be second in this honorable search, and, while we will always insist on the proper rights and interests of our allies, and especially on the legitimate purpose of reunification which animates the people of Germany, we believe that there can be real progress toward peace and security between the West and the Soviet Union whenever the Soviet Government is really ready.

It is the other proposition which needs more emphasis. Too often in the past, at moments of lower tension or of surface cordialty, freemen have been tempted to suppose that a change in the atmosphere is the same as a reversal of basic Communist purpose. History since 1920 is littered with the wreckage of such illusory hopes. The largest wrecks are those left from the period of the Popular Front between 1935 and 1939, but smaller and instructive shipwrecks of hope occurred after the summit meeting of 1955 and even at the time of the aborted summit of 1960. So now it is essential to distinguish between the real and serious hope of sustaining our progress toward less critically dangerous relations with the Soviet Government, and the equally real and serious necessity of unrelenting hostility to Communist subversion, whether sustained by force, as in Cuba, or by political intrigue and Soviet support, as among Communist parties throughout the world.

In this case, as in the others, the danger of error comes from rigid rejection of either half of this double reality. There are some, preoccupied with the danger of letting down our guard against subversion, who believe that it is wrong to seek any improvement at all in the relations between the great powers. There are others who concentrate their attention so sharply on the hope for improvement in our relations with Moscow that they disregard the need for respect to our allies and wariness against a bogus atmosphere of general reconciliation which would serve only the implacable underminers of liberty among us.

BALANCING BOTH ASPECTS OF REALITY

I have finished with my five cases—one just settled and four still before us, but all of present importance. I want now to offer one general comment on all five—and to offer it as a suggestion only, with no attempt at detailed demonstration. I believe that in each of these five cases the balanced acceptance of both aspects of reality is in fact essential to the purposes which seem central to those who themselves emphasize only one side. Let me offer 10 sentences, without proof, in support of this suggestion. I think that:

On the test ban

1. The test ban treaty helps our security by enlisting hope as well as fear.

2. Safeguards help toward disarmament by permitting confidence.

On space

3. Our national effort in space is the essential underpinning of a plausible and self-respecting purpose of cooperation.

4. Our purpose of cooperation can attract support and understanding both at home and abroad for the national space effort.

On policy toward Europe

5. Our loyalty to Atlantic partnership is a prerequisite of the growth of self-confidence and self-reliance in Europe.

6. Progress toward the unity of Europe is essential to the coherence of the Atlantic community.

In Vietnam

7. Resolute perseverance in the effort against the Vietcong is essential to political improvement in that country.

8. U.S. concern for political improvement in Vietnam is a necessary part of our loyalty to the effort against communism there.

In our relations with communism

9. The search for honorable improvement in our relations with the Soviet Union is an essential part of our policy of opposing Communists and their sympathizers in the West—it deprives them of the argument that the responsibility for the cold war rests with us.

10. Alert and determined opposition to Communist force and fraud among us is an essential prerequisite to any sound and lasting settlement with the Soviet Government, which will never respect a West it can hope to divide or subvert.

I have come a long way through a number of complex issues, and it may be that I have pressed my thesis too strongly in one instance or another. Moreover, there is always the hazard that, in weighing conflicting considerations, one may unfairly tilt the scales in favor of one's own notion of the properly balanced position. So, in closing, I would urge upon you not the specific wisdom of the specific proportions I have supported but the general wisdom of the general concept that there is usually some truth in what is urged by both sides in our great debates on foreign affairs. And whatever may be our attitudes on specific issues, the acceptance of this more general proposition can lead to the generosity of spirit and breadth of understanding which are essential to sustained good will and effective action in the dangerous age in which, even in these days of growing hope, we are required to live.

COLONIAL WILLIAMSBURG

Mr. ROBERTSON. Mr. President, the whole world is indebted to the remarkable foresight and unprecedented generosity of the late John D. Rockefeller, Jr., who decided to finance the restoration of Colonial Williamsburg. That has been accompanied by the splendid development, as a national monument, by the National Park Service of the nearby Yorktown Battlefield and of Jamestown Island.

Students of history will recall that 50 years after the end of the Revolutionary War, the patriotic citizens of Massachusetts dedicated a monument at Bunker Hill, where members of the Massachusetts State Militia had made a brave and historic fight against better trained and better equipped troops of the British Army. On that occasion, Webster made an historic speech in which, among other things, he said that as long as the James flows by Jamestown Island; as long as the Atlantic washes Plymouth Rock, no vigor of youth, no maturity of manhood will cause our Nation to forget those early spots that cradled and defended the infancy of our Republic.

In Jamestown Island, in 1619, an election was held to select a body of competent men to govern the island. That was the first experiment in representative democracy on the North American Continent. As the little colony of Jamestown grew, it extended into a village named "Williamsburg," which became the capital of the colony and the seat of the English Governor. It also became the site of a college named for a British King and his wife—William and Mary—which would have been the oldest college in our Nation today but for the fact that the King went on a hunting trip when he should have mailed to the Governor in Virginia the charter for the college, and because of that delay, Harvard, which was founded without a royal charter, became the first college to be started in our country. At the College of William and Mary were trained not only many of the leaders of the subsequent Revolutionary period but some of the greatest statesmen that the world has ever known. Two of those statesmen, in whom Virginia takes great pride, were George Mason, the author of our Bill of Rights, and Thomas Jefferson, the author of our Declaration of Independence. And it was, of course, at Williamsburg that Patrick Henry, the sparkplug of the American Revolutionary War, made a famous speech in which he urged support of the freedom-loving people of Massachusetts who had complained of the onerous stamp taxes, including an outrageous tax on tea and also of the fact that the British Government was reserving for British ships all of the straightest, finest trees to be found in the forests of Massachusetts.

Therefore, as I said, John D. Rockefeller, Jr., rendered a service not only to Virginia and to all of the United States, but to the world in investing over $73 million in the restoration of the Governor's Palace at Williamsburg, in the House of Burgesses, in which was framed Virginia's Bill of Rights, the restoration of early buildings at the college which had been designed by the great English architect, Christopher Wren. And then in order that hundreds of thousands of visitors might get the inspiration to be derived from a personal contact with "those early spots that cradled and defended the infancy of our Republic," Mr. Rockefeller, through his organization called Colonial Williamsburg, built the Williamsburg Inn, the lodge and the motor court, which can offer accommodations for the tourists equaled by few hotels and surpassed by none in the United States or the civilized world.

In order to facilitate the meeting of conferences at Williamsburg, Colonial Williamsburg recently built what it calls "the Conference Center." Early last month, the annual meeting of the National Association of Supervisors of State Banks was held at Williamsburg, at which, incidentally, every State in the Union was represented. I addressed that meeting on the morning of October 3 and was impressed by the beautiful carpet that was on the conference room floor. When I asked for an explanation

of the remarkable pattern that had been woven into that rug and also information as to where the rug was made, all I could learn was that the rug had been woven in my home county of Rockbridge by the Glasgow, Va., division of James Lees & Sons, now a part of the textile empire of Burlington Mills. So, I wrote my friend, the very able and efficient president of Colonial Williamsburg, Hon. Carlisle H. Humelsine, to tell me why what appeared to be the great seal on the carpet showed the national emblem, the bald eagle, looking to the right, as in the great seal, is holding arrows in his right talon and the olive branch in his left—which is the reverse of what appears in the great seal.

Mr. President, I ask unanimous consent that I may have printed at this point in the RECORD a letter to me of October 31 from President Humelsine, explaining the pattern of that gold rug at the Williamsburg Conference Center.

Mr. President, perhaps this is a felicitous time to make available to many American citizens who have not yet had an opportunity to enjoy the wonderful food that is served at the Williamsburg Inn and the other places of entertainment in Williamsburg, recipes of some of the wonderful dishes that have come down to us from our colonial ancestors. I therefore ask unanimous consent to have printed in the RECORD at this time the following recipes taken from the 1962 President's report of Colonial Williamsburg:

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

WILLIAMSBURG, VA.,
October 31, 1963.

Hon. A. WILLIS ROBERTSON,
U.S. Senate,
Senate Office Building, Washington, D.C.

DEAR WILLIS: You are a most observant visitor.

The sunburst pattern in the gold rug at the conference center is derived from the Nova Constellatio patterns in silver, which were represented in perhaps the first U.S. coinage. They were designed for Gouverneur Morris to carry out his ideas in a decimal coinage system. As the proposed denominations and coins did not advance beyond the pattern stage, the pieces are all dated 1783 and are extremely rare. In the original pattern an eye appeared in the center of the sunburst which we have omitted.

The heraldic eagle appearing in the rug was used in 1797 on dimes, dollars, half eagles, and eagles. In those coins, the relationship between the eagle, the arrows, and the olive branch were reversed as you detected from their position in the Great Seal and in modern coinage.

You have raised an interesting question, and I think we probably ought to have these answers published in some form in the conference center as the derivation of the rug designs is, I think, most interesting.

Accept my very best wishes.

Sincerely,

CARLISLE H. HUMELSINE.

SPOON BREAD

Stir 1 cup of corn meal into 1 pint of boiling water, which contains one-half teaspoon of salt. Stir 1 minute, remove from fire and add 2 tablespoons of butter. Beat well, add 4 beaten eggs and beat in 1 cup of cold milk. Beat again and pour into hot buttered baking dish. Bake 25 minutes in hot oven and serve from baking dish.

CORN PUDDING

Take 6 large, tender, milky ears of corn. Split the corn down the center of each row; cut off the top and then scrape the cob well. Beat 2 eggs and stir them into the corn. Add one-fourth cup of flour, 1 teaspoon of salt and one-half teaspoon of black pepper. Stir in 1 pint of fresh milk and mix all together thoroughly. Put in a cold buttered pan about 4 inches deep. Cover the top with 2 heaping tablespoons of butter cut in small pieces. Bake in a moderately hot oven about 1 hour. Serve hot.

HOW TO COOK AN OLD VIRGINIA HAM

Select a 3- to 5-year old ham weighing 12 to 18 pounds. Trim and wash carefully and soak overnight. Change water and add 1 cup of apple vinegar and 1 cup of brown sugar. Cover with water. Boil very slowly 5 or 6 hours, or until end bone is loose. Leave the ham in the water in which it was cooked until water is cold, then skin. Put ham in bakingpan and bake to a nice brown.

CANADA'S EXPORT PROBLEM

Mr. BOGGS. Mr. President, a distinguished Canadian industrialist last week summed up Canada's need for larger exports to the United States in an important speech before the Advertising Club of Washington, D.C.

It was my privilege to meet the speaker, T. J. "Ted" Emmert, president and chief executive officer of Hawker Siddeley Canada, Ltd. I was impressed by him personally as well as by the message he delivered.

We in the United States have long recognized Canada as a good and friendly neighbor. With this in mind we need to consider seriously Canada's problem of economic imbalance in her business relations with this country.

Mr. Emmert's speech is the opinion of an industrial statesman, and I recommend heartily to my colleagues that it be carefully read. I ask unanimous consent that the text of the address be included at this point in the RECORD.

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

Your business is advertising and selling, and very largely, so is mine. Normally I am advertising or selling on behalf of my own company.

But today, the product is Canada, the country I have chosen to live and work in.

In size, Canada ranks next only to Russia and our operating companies which are from the Atlantic to the Pacific are 4,200 miles apart—or the distance from Chicago to Paris. Windsor, Ontario, is parallel with northern California, and from Windsor we look north to Detroit. Our northern frontier is the Arctic Circle.

In this tremendous landmass we have a population of only 19 million—about the same number of people living in New York State.

Our form of government is based on the British system, as free and representative as your own. Canada is an equal partner in the British Commonwealth and subservient to no one.

Although we have full nationhood, and complete political entity, because of geography and tremendous distances we Canadians tend to look upon Canada as not one but five Canadas; The Maritime Provinces, Quebec, Central Canada, the Prairies and British Columbia.

Canadians have, for a long time, been extraordinarily interested in the United States, and our media give a lot of attention to your affairs.

But today the United States is making a great deal of news in Canada in a manner previously unknown. And with it is a feeling of apprehension.

The subject of the news is not political, defense or friendship. It is freedom—economic freedom, without which so many other freedoms and principles go by the board.

To put it very simply, U.S. investors and business are now so extensively involved in the Canadian economy that the situation has become critical. As Canada continues to buy much more from the United States than she sells to the United States, every passing year aggravates the situation.

U.S. investment in Canada is nothing new. After all, Canada is the United States biggest customer. Two-thirds of all Canada's international transactions are with the United States. Canada has always welcomed outside capital, but today its proportions and its drain on the economic stability of Canada are too great. Canada is living beyond her means on a dangerous scale.

Our two countries have always had their differences and always will, but like a family we settle our disputes by compromise or mediation.

This economic situation goes much deeper than a family dispute. Many Canadians see their sovereignty in jeopardy.

How is this feeling possible when the countries have been so close for so many years? And very often the only way you can tell a Canadian from an American is by the brand of cigarettes he smokes.

The U.S. people haven't changed, that's true, but their stature in Canadian affairs has changed.

Canada's annual average deficit with the United States is now running at $1.5 billion, which is the equivalent in the United States of a deficit of $20 billion annually with one trading partner.

To the United States with a gross national product of around $600 billion, Canada's $1.5 billion problem is negligible. But to Canada with a $44 billion gross national product it is economic survival.

Our Minister of Finance said this month: "The Government of Canada is determined to give priority in its economic policy to measures that will bring order, stability, and better balance in our international trade payments. This will not be easy. It will mean some changes in the way we do things."

He said also: "The direction we must take is clear and unmistakable. We will proceed carefully in seeking and applying solutions. We will bear in mind the interests of our friends and neighbors, but there can be no question about the compelling need for effective action."

To Canadians the economic facts are loud and clear and dangerous. The danger of relying on the flow of foreign capital into Canada as an offset to trade imbalance was brought rudely home last year when the flow stopped. The result was an extreme exchange crisis.

The logical question here is: How did Canada get herself into this position? Well, I guess we can blame the war and the boom years that followed, when we changed from a primary producer to a manufacturer.

The cry was " Canada can make it." Literally hundreds of new factories sprang up every year in a phenomenal industrial expansion. Many of these factories were subsidiaries of U.S. and oversea companies.

In 1938 primary industries such as mining and agriculture accounted for over 40 percent of the dollar value of Canada's total production. By 1960 that figure had slumped to 26 percent, and today secondary industry accounts for three-quarters of the dollar volume of Canadian production.

Canada has had to pay the price for this rapid progress and today U.S. interests control well over half of all Canadian industrial enterprises, including some 45 percent of manufacturing. While this circumstance could be viewed with alarm and contribute to our current economic difficulties it has speeded up the development of Canada and provided the high standard of living we enjoy today.

We should remind ourselves that it was European investors who provided the financial strength for the development of the United States when she became an independent Nation. Yet America has retained her economic independence. Naturally, Canada is equally anxious to retain hers—and I feel sure she will.

A further problem has been the youth and inexperience of Canada's new secondary industry in export markets. Often it has been a matter of timidity; sometimes restraint by the parent company, especially in attempting to penetrate the U.S. market, or neglect through complacency in the boom years of the domestic market.

Geography has also added to Canada's dilemma. Much of the population of Canada is resident in the large new industrial belts along the Great Lakes and on the U.S. border.

As a result, these people who are the pacesetters in Canadian standards of living are directly under the full onslaught of U.S. influence. Through television and radio, magazines and all other methods of communciation—a field in which Americans are expert—the desire for U.S. standards has spread—and this is good.

Today a Canadian in Ontario has his own home, his new model car, his refrigerator, his washing machine, his television and all the other material things expected in the United States.

The only trouble is that while the individual Canadian may be able to meet the payments for all these things, his country can't meet the bills without borrowing. And there's a limit to what can be borrowed safely.

As a nation we are now committed to industry. But because of our much smaller domestic market, industrial Canada today must look elsewhere to sell her goods. Quite naturally her eye turns first to the immense U.S. market.

In order to balance trade something has to go. Either Canada lowers her standard of living by cutting imports or she balances the books by selling more to the United States—$1.5 billion worth annually to be exact. And the people of Canada are not willing to accept the first alternative.

My own company operates internationally. Our divisions and subsidiaries are not afraid to compete in any market. That is why we do a fair amount of business abroad. We don't win them all, but of sales totaling $1.3 billion in the last 5 years, about $200 million has been earned in foreign markets.

I am all for opening more trade doors and closing fewer. Restrictions cripple initiative, expansion, and progress. In this day and age no nation can sit on its hands behind a high protective wall and survive. The Europeans found this out.

I was pleased to note that in a speech given the other day, Gen. E. W. Rawlings, U.S. Air Force, retired, one of your distinguished military men and now a leading industrialist, pointed out to a Toronto audience that one of North America's chronic problems is a matter of geography.

"Basically," he said, "certain problems arise on our North American Continent because politically the dividing lines run east and west, whereas economically they run north and south."

This is of real concern to enlightened industrialists on both sides of the border, but I am sure that in the course of time some practical solution will be found for this problem.

From my own experience in the farm equipment business where there are no duty barriers, I found that both Canadian and United States agricultural equipment consumers and manufacturers benefit by the free north and south flow of their goods.

The question now is: Where do we go from here?

First. Canada is not looking for handouts. She is not a recipient of foreign aid—but is in fact a giver.

Second. What she seeks is a better opportunity to sell her secondary products in the U.S. markets. She feels she has earned that right by her "wider door" policy with the United States, and is still earning that right.

Third. Canada doesn't want a better market share through charity. Her goods should be marketed in the United States on quality and price.

Fourth and probably the most important. Canada needs better U.S. education and understanding of her position, her role in North American affairs, and acceptance of her new industrialization.

I do not fear Canada's ability to compete successfully in the United States under fair ground rules. Canada can compete. There's no doubt about that.

Today we sell a lot of goods in certain U.S. markets. But many other markets are virtually closed to us.

We are constantly studying the U.S. market and we accept the challenge.

For example, in order to do business U.S.-style, our company opened a subsidiary in Chicago 14 months ago staffed entirely by Americans. This is an engineering and assembly plant for the production of power packages using industrial gas turbine engines developed and manufactured by our Orenda Engines Division, which has been in business for nearly 20 years. By the end of this year we will have about $2 million invested over here, in hopes of getting it and some more back by penetrating your market with a first-class product at competitive prices.

Next year, Canada hopes to export more than $6.8 billion worth of goods and services, and undoubtedly an increasing proportion will be in manufactured goods which are showing some encouraging improvements.

Generally, however, we are looking and must look more to the U.S. market. And when a Canadian industrialist looks at the American market one thing happens—his mouth waters.

A fractionally greater share of that vast market can solve Canada's greatest economic problems.

Good relations between Canada and the United States are vital for the future prosperity and perhaps even the survival of both countries. Therefore, we must not only seek to encourage a better understanding of the problems which have arisen and may arise, but also to develop solutions which are in the common interest of both countries.

It may well be in the future that Canada will appear to be adamant in many matters while wrestling with her problems.

If this is disturbing I would ask you to remember the words of Vincent Massey, first Canadian citizen to become Governor General of Canada and former Canadian Ambassador to Washington, who says in his recently published biography: "Americans do not dislike us when we are loyal to ourselves, and they respect us when we stand up for what we believe to be our rights, as they are always zealous in defending what they believe to be theirs."

And having lived on both sides of the border, I believe that this is true.

The PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. A bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

The Senate resumed the consideration of the bill.

The PRESIDENT pro tempore. The question is on agreeing to the amendment of the Senator from Florida [Mr. HOLLAND] to the so-called Mansfield amendments, which were offered by the Senator from Montana on his own behalf and on behalf of other Senators. The amendment will be stated.

The LEGISLATIVE CLERK. On page 1, in line 8, of the amendments (No. 280) submitted by Mr. MANSFIELD, on behalf of himself and other Senators, the following amendment (No. 290) is proposed: namely, strike out the figure "$1,500,000,000" and insert the figure "$975,000,000".

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

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

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the order for the quorum call be dispensed with.

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

Mr. HOLLAND obtained the floor.

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

Mr. HOLLAND. I am glad to yield.

Mr. MANSFIELD. The amendment of the Senator from Florida is the pending business. I ask unanimous consent that I may suggest the absence of a quorum, with the understanding that the Senator from Florida will not lose his right to the floor.

Mr. HOLLAND. Mr. President, I appreciate the courtesy of the Senator from Montana. I shall be happy to accept it, if the Senate gives permission for a quorum call, provided that in doing so I do not lose my right to the floor.

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

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

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

The legislative clerk proceeded to call the roll.

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

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

Mr. HOLLAND. Mr. President, before urging my amendment upon the Senate, and before the distinguished chairman of the committee leaves the Senate Chamber, let me say that I appreciate the fact that the majority leader, the minority leader, the chairman of the committee, and the ranking minority member have tried to deal realistically with the problem presented this year in offering their amendments. They show a realistic approach to the thinking of the country which, I am sure, is strongly in favor of a substantial reduction in the foreign aid program. Senators who have joined in offering these amendments are probably in closer touch with the problem than other Senators—certainly much closer than I am. I appreciate their effort, and I want to support it. I hope that I shall be able to support it. But there is one feature in it which has seemed to me to be not realistic and not showing an understanding of what I believe is in the minds of other Senators, and certainly in the minds of the great majority of our people—that is, that we are hoping not merely for a reduction of the program this year, but for continued reductions and for an end to the program at as early a time in the future as possible.

The Senate has noted, I am sure, in the amendments offered by the majority and minority leaders and the distinguished ranking members of the Foreign Relations Committee, including, in addition to the ones I have already mentioned, the Senator from Alabama [Mr. SPARKMAN] and the Senator from Vermont [Mr. AIKEN] that on line 8 of page 1 of the printed amendments there appears a reauthorization of the entire amounts included in the Development Loan Fund, by existing law, for the 2 years 1965 and 1966.

The reduction for this year to $975 million from the $1,500 million previously authorized for this year is, I think, a realistic reduction. I am glad the leaders have proposed it. But I think there is even more need for a reduction in the authorizations for the ensuing 2 years, 1965 and 1966.

It would be incomprehensible to me if the Senate, knowing of the hopeful attitude of the country that the Congress should not only reduce the program, but end the program at an early date, would reauthorize at this time the whole $1,500 million included in the original act of 1961, as the authorizations for each of the years 1965 and 1966.

I do not believe there is present in the Senate an intention to reauthorize that very large amount for the Development Loan Fund for 1965 and 1966.

I call attention to the fact that, if the amendments offered by the leadership were adopted, they would, in fact, reauthorize the $1,500 million authorizations for 1965 and 1966.

Because I think we should not do that, but should show the deliberate intention of the Senate to reduce this program for the future, and to look to an even greater reduction than we have offered in the amendments of the leadership for this year, I have offered my amendment, which would reduce the $1,500 million authorization in the amendment for 1965 to $975 million, and accomplish the same thing as to the $1,500 million authorization for 1966.

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

Mr. HOLLAND. I yield to the Senator from Ohio.

Mr. LAUSCHE. Am I correct in my understanding that in the existing authorization there is allowed $1,500 million for the fiscal years, separately, of 1964, 1965, and 1966?

Mr. HOLLAND. The Senator is correct.

Mr. LAUSCHE. The amendments offered by the Senator from Montana [Mr. MANSFIELD], on behalf of himself, the Senator from Illinois [Mr. DIRKSEN], and other Senators, would reduce the $1,500 million authorization for the fiscal year 1964 to $975 million, but would allow the $1,500 million authorization, respectively, for the fiscal years 1965 and 1966 to continue. Is that correct?

Mr. HOLLAND. They would not merely allow it to continue; they would reauthorize the amounts. If the amendments offered by the leadership had referred only to 1964, they would not have been as objectionable in this respect as they are; but they include these words, and I read now the words to be inserted in the present authorization:

> For the fiscal year 1963, $975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years.

I believe the Senate has the duty to work upon that part of the Mansfield amendment by saying that we are not merely hoping to reduce the large amount authorized for this year, but are looking forward, with equal hope, to the next 2 succeeding years.

I am sorry I have no evidence on which to make a request for less than $975 million for each of those future years, but I know that with a ceiling of that amount for 1965 and 1966, a reduction in the programs would be much more likely to take place than it would with a ceiling of $1,500 million, as under the present law.

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

Mr. LAUSCHE. Mr. President, will the Senator let me pursue that thought?

Mr. HOLLAND. Yes. I yield to the Senator from Ohio. Then I shall yield to the Senator from Oregon.

Mr. LAUSCHE. If the amendment of the Senator from Florida were adopted, it would mean that the amount which has been recommended for authorization in fiscal year 1964 would also be the amount for fiscal year 1965 and fiscal year 1966, which is $975 million. Is that correct?

Mr. HOLLAND. The Senator is correct. That would be the authorized amount for the 2 following years, meaning that that would be the ceiling for those years. This year the authorized ceiling is $1,500 million. The amendments offered by the leadership would reduce that amount, which was already reduced by the committee to the budgeted amount—I believe the budgeted amount was $1,060 million, or something like that—to $975 million. They have accomplished those two reductions from the $1,500 million ceiling in the authorization for the year 1964. For 1965 and 1966 my amendment proposes a ceiling in the authorization of $975 million, instead of $1,500 million, as would be the case if the amendments of the leadership, as written, were to be adopted.

Mr. LAUSCHE. It is the argument of the Senator from Florida that, if there is legitimacy in the argument that we are to reduce the amount, we should begin the reduction in some way at the present time, rather than increase or allow the larger sum to remain for 1965 and 1966. Is that correct?

Mr. HOLLAND. The Senator is correct. I think we should show our intention to the people. It would be an appreciated act on the part of Congress, if, in regard to this program, we not only reduce it this year, but also look to the future. If we reduced the ceiling for 1965 by $525 million at this time, and for 1966 by the same amount, namely, $525 million, I think it would begin to show to the country that we really are working toward a reduction, and, we hope soon, an elimination of this program.

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

Mr. HOLLAND. I yield to the Senator from Oregon.

Mr. MORSE. I wish to raise a point or two with regard to the Senator's amendment in relation to the Mansfield amendments. One of the "gimmicks" of the Mansfield amendments is the provision that seeks to commit the Senate to an authorization for 1965 and 1966. Does the Senator know any reason why we should not limit the authorization to 1964?

Mr. HOLLAND. That, of course, would be an appropriate way to approach the problem; but there is a problem stated in these amendments, in which there is a proposal for a reauthorization of $1.5 billion for 1965 and 1966. So far as the Senator from Florida is concerned, he thinks it would be a great mistake for the Senate to go on record that we should retain that huge authorization for the years 1965 and 1966. I think we ought to begin to work our will toward a substantial reduction of the program for the future by cutting the ceiling for those years from this part of the program, that is, the Development Loan Fund, from $1.5 billion to $975 million.

Mr. MORSE. Mr. President, let me tell the Senator what I believe to be a great mistake. It is to have in the bill any language that authorizes expenditures for 1965 and 1966. The Senate ought to face what I call a "sleeper" proposal in the amendment. There is no doubt that the proponents of foreign aid know that foreign aid is in serious trouble in the United States. I am satisfied that most of the proponents of foreign aid know that if foreign aid went to a referendum vote by the American people, it would be overwhelmingly defeated. The American people have had enough.

That does not mean that the American people would note vote for some reasonable foreign aid program. However, I believe that the American people are satisfied that the foreign aid program is unreasonable, unjustified, and

uncalled for. The American people are preparing to strike it down. They are going to strike it down in a variety of ways. They are going to strike down some Senators and Representatives in 1964, when they come up for election.

I hope it will be remembered that the senior Senator from Florida said so on the floor of the Senate today, and will remember it when we take a look at the results of the 1964 election. The people are going to strike them down. Some of us believe that we had better wait and let the people decide what we should do for 1964 in the election of 1964, before we proceed with the Mansfield amendments to authorize for 2 additional years $1½ billion of foreign aid. That is my first point.

My second point is that I believe anyone who will study the foreign aid program knows that we ought to reduce the number of countries that are receiving aid. We cannot justify continuing to pour foreign aid funds into countries which are as well able to support themselves as we are to support ourselves. They have no right to receive any additional money from the United States. Before we finish with the debate we shall present our evidence to show our reasons for believing that this is already true of most of the NATO countries. We shall propose a reduction in most of the foreign aid money that is intended to be poured into a number of countries, because they are able to support themselves and should not be getting a subsidy from the American taxpayers.

There is in the bill an authorization of a billion and a half dollars for the next 2 years. I know what the proponents of foreign aid will say. They will say, "We have it in our pockets." I believe that next year the entire foreign aid program ought to come before us as a matter of necessity.

It can be said that the people are not going to do anything to stop Congress from going into foreign aid if it wills to do so. The Senator from Flordia knows, as well as I do, that the Senate does not go out looking for business, usually; it has enough to do to handle the calendar of bills that automatically comes before us.

If an authorization bill does not come before us, no one will go out to dredge one up. I would propose to strike all the language on line 8, page 1 of the Mansfield amendments "And $1,500,000,000 for each of the next two succeeding fiscal years."

I do not believe we ought to vote for an authorization for fiscal years 1965 and 1966. We ought to pass only on 1964, and then take a look at what the situation is for 1965 after the American people have taken a look at the election. Thank God, we have the kind of democratic system in our country under which the people can go into the voting booth and register their dissent from actions of Congress, by retiring a few Senators and Representatives who ought to be retired. The American people are entitled to have us, in this session of Congress, pass what our wisdom as of now indicates should be the authorization for 1964. I do not believe it ought to extend beyond that period for 1 day. I make the suggestion because I want the Senator from Florida to know that I would like very much to find myself in agreement with him as far as possible. He is making a contribution by the amendment that he has offered. However, it does not go far enough.

Mr. HOLLAND. The Senator is always frank. I always like to be in agreement with him, not only because he is my seatmate, but also because of his brillance and his broad grasp of so many problems.

I invite his attention, with some temerity, to the fact that if the course he suggests is followed, it will leave as a part of the law the authorization now outstanding, which is for a billion and a half dollars for 1965 and a billion and a half dollars for 1966.

We have a precious opportunity to bring the authorized amount down. I am suggesting it be brought down by more than a billion dollars by the amendment which I am suggesting. I am also stating that I do not propose to vote for any reauthorization of these huge amounts if they are left in the amendments proposed to us as the result of some very careful study, I am sure, by the distinguished Senators who offer them. We shall find ourselves in the position of facing a billion and a half dollar authorization for next year, because it is already on the books, and a billion and a half dollar authorization for the year following, in connection with the Development Loan Fund.

I believe there is a wonderful opportunity to show to the country that the Senate is not merely performing an operation on this year's budgeted request, but is also laying a predicate for a greater diminution of the program in the future.

I am sorry, as I have already said, that I cannot intelligently fix any other figure for 1965 and 1966, other than to take the diminished figure which is proposed to be put in the bill for 1964, which I believe is real progress, because it suggests the elimination from the program of a total of a billion and fifty million dollars in the authorization for the next 2 fiscal years.

I am sure, knowing how the Senator from Oregon feels about the whole program, that he will admit that this is a very meritorious objective in itself.

Mr. MORSE. Mr. President, I admit that it is a meritorious objective. Apparently I did not make myself clear. What we propose to do is to repeal the authorization in the existing law for 1964 and 1965. We propose to repeal it, and to have nothing but the authorization for 1964 remain in the bill. We do not believe there should be any continuing authorization beyond this year. The committee in its report has suggested that the entire foreign aid program be reconsidered. We want to encourage that recommendation, by repealing the authorization provision beyond 1964.

I should like to ask the Senator a procedural question. I have been asked to attend a meeting of Democrats being held in the majority leader's office, apparently to ask me some questions about my position in connection with the pending bill. I cannot very well leave the floor to do that, because the Senator's amendment might be adopted in my absence.

Mr. HOLLAND. I certainly would not call it up while the Senator is away.

Mr. MORSE. I understand that. Unless I made an arrangement, it could be adopted in my absence. My present intention would be, after the Senator finishes his argument, and before action is taken on the amendment, to have a live quorum. That would take long enough so that the meeting, which I understand will not take very long, could be held and Senators could return to the floor.

Mr. HOLLAND. Mr. President, I am in sympathy with the situation in which the Senator from Oregon finds himself. I ask unanimous consent that I may yield the floor for the purpose of suggesting the absence of a quorum, and that I may have the floor upon the conclusion of the quorum call. I give notice that this will be a live quorum.

Mr. DIRKSEN. Mr. President, will the Senator withhold his suggestion of the absence of a quorum?

Mr. HOLLAND. I am glad to withhold it.

The PRESIDING OFFICER. Is there objection to the unanimous-consent request of the Senator from Florida?

Mr. HOLLAND. I withdraw my request. The distinguished minority leader, being always able to take care of every situation, will, I think, take care of this one in such a way as to enable Senators who are members of the other party to attend the caucus.

Mr. President, I amend my request that there be a quorum call by withdrawing the part relating to the suggestion that there be a live quorum. I suggest the absence of a quorum.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida that he retain the floor at the conclusion of the quorum call? The Chair hears none, and it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. LAUSCHE. Mr. President——

The PRESIDING OFFICER. Under the unanimous-consent agreement, the Senator from Florida was to retain the floor at the conclusion of the quorum call. Is there objection to allowing the Senator from Ohio to proceed?

Mr. DIRKSEN. Mr. President, I ask unanimous consent that the Senator from Ohio may proceed, notwithstanding the request of the Senator from Florida.

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

RECOGNITION OF PRESENT GOVERNMENT OF DOMINICAN REPUBLIC

Mr. LAUSCHE. Mr. President, the present Government of the Dominican Republic should be recognized by the United States promptly and without any further delay. Recognition is required in the interest of fairplay to the people of the Dominican Republic, the United States, and the Western Hemisphere in general.

We cannot afford to have the creation of any further Communist governments in this hemisphere. Failure to recognize the present regime of the Dominican Republic is likely to produce that very unwanted condition. By our refusal to recognize the present government and to give it the aid that was formerly being given to the Bosch regime, we are inexcusably rejecting the will of the Dominican people and the friendly attitude of the present government; thus giving encouragement to the leftwing forces of that country.

The revolution against Bosch had the practically solid backing of the Dominican people. It is true that the military forces led the movement in overthrowing the government. All the evidence, however, shows that they did not have personal ambitions, as indicated by the fact that within 24 hours the military forces succeeded in having the six most important political parties—genuine representatives of the people—selecting and electing a triumvirate from among the nonpolitical elements to rule provisionally for 2 years.

The Bosch regime was overthrown by the people because of general discontent in the soft-handed treatment, and in fact paternalism, that was accorded to the Communists.

I suggest that a careful study of the developments since the Bosch government went into power will disclose the existence of facts that justified the Dominicans in becoming apprehensive of the Communists taking control of their government.

Several specific and manifest situations finally had such an impact upon the people that they concluded the need of removing Bosch in order to escape communism. The people became alarmed because:

First. The exiled Communists were coming back into the Dominican Republic in droves and without hindrance.

Second. The Bosch government rented to the Communist Party a school building to be used in the teaching of the Communist technique and doctrine.

Third. The governmentally operated radio and television station was made available to Communists for the spread of their propaganda against the free West and in favor of the Communists.

Fourth. An uninhibited outflow and inflow of Cuban and Dominican Republican youth made possible the use of the Communist beachhead in the Western Hemisphere in Cuba as a further place of indoctrination in communism.

Fifth. On July 26, 1963, when Castro in Cuba was celebrating the 10th anniversary of the initiation of the Castro revolutionary group, Bosch sent from the Dominican Republic 48 students to participate as the representatives of the Dominican Government in the celebration.

Sixth. Communists were placed in important governmental positions, especially in the agency having control of the radio and television facilities. These facilities were used by the Communists to attack the non-Communist political parties, advocate what was called social revolution, and otherwise to extol the Communist cause.

While these things were happening, Bosch was being urged to bring to an end the privilege that was granted to the Communist exiles, the rental to the Communist Party of the school and the television and radio facilities, and the use of facilities for a Cuban base of indoctrination. Bosch turned a deaf ear to all these pleas and, if anything, allowed the activities of the Communists to be expanded.

Early in October, when Bosch was asked whether Castroism had influence in the Dominican Republic, he replied that in Santa Domingo there was a Castroite movement, as in Venezuela, Colombia, and Mexico. "This movement," he added, "is fighting, not for communism, but for liberty."

Mr. President, with that statement, I cannot agree.

We do know that in Venezuela Castroism is dynamiting the interests of the Venezuelan people and those of the United States. The army there has sounded the alarm against what is happening.

The opponents of the present regime argue that it has usurped power, is unlawfully holding office, and should not be recognized or aided, because it overthrew a constitutionally selected government.

It is true that the military did act. What it did, however, was the product of the will of the workers, the farmers, the religionists, the business, professional and mining men, the housewives and the merchants. The Dominican people do not want a Communist government in their land; they are friendly to the West. The military leaders foresaw what was happening, and, for that reason, proceeded to remove the government which was allowing communism to take hold; moreover, it was actually aiding the Communists. But these military persons did not have personal ambitions, for it is obvious that within 24 hours after they removed the Bosch government, they turned it over to a triumvirate selected by the six leading political parties of the land.

Emilio de los Santos, the President of the provisional government triumvirate, in his inaugural address 24 hours after the overthrow said:

> We are not a product of Castro's institutions; this government came as a result of the mismanagement under which we were suffering, and the will of the people who can be considered to be represented by political parties which command a vast abundance of national votes.

Manifestly the Dominican people rejected the honeyed words coming from the Marxists and Leninists. They recognized the failure of the Communist system, especially in the agricultural field, which has been so clearly evidenced by the embarrassing acts of the Communists in buying, with their gold, wheat from the United States, Canada, and Australia.

The claim that the present regime is made up of Trujillo devotees is completely without foundation; it is false. Manuel Enrique Tavares, a present member of the incumbent government, was implicated and arrested in connection with the death of Trujillo; a second member, Mr. Tapia Espinal, was secretary of the government after the downfall of Trujillo's reign.

The triumvirate government was, in the main, opposed to Trujillo; and it is opposed to the Communists, and is representative of the thinking of the people of the Dominican Republic.

Mr. President, I submit that two courses are left for the people of the United States with respect to the Dominican Republic: First, by our failure to recognize the encumbent government and to give it aid, we can deliver it to the Communists; second, we can preserve the government in that nation for the people, through immediate recognition of the present civilian government.

The assertion that a government can at the same time be democratic and communistic is a paradox and an untruth. The existence of communism demonstrates that democracy and constitutional government are absent. The people of the United States want democracies established everywhere, but will not be duped into believing that a constitutional form of government can exist where Communists are in charge.

Let us not delay. We should let the world know now that the overthrow of the Bosch regime was induced by the manifest rejection of communism by the Dominican people. Mr. Bosch was soft and yielding to the Communists, and thus suffered his overthrow.

I believe Bosch is an idealist; but he allowed the Communists to take charge. The result was that the strong and the weak, the rich and the poor, those from every rank of life in the Dominican Republic, became apprehensive, and joined in the movement for the removal of the Bosch government.

Mr. President, we must not delay. If we do, we are likely to create another Cuba in the Western Hemisphere.

My words become especially important because we are now at the threshhold of deciding what we shall do in regard to South Vietnam. If the United States recognizes the South Vietnamese Government, how can it fail to recognize the government in the Dominican Republic?

Mr. President, I yield the floor.

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

The PRESIDING OFFICER (Mr. McINTYRE in the chair.) The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, while many Senators are presently in the Chamber, I ask for the yeas and nays on the pending amendment.

The PRESIDING OFFICER. Is there a sufficient second?

The yeas and nays were ordered.

Mr. HOLLAND. Mr. President, I do not wish to press the question at any particular time. I certainly do not wish to call up the amendment when the Senator from Oregon is not present in the Chamber. But while so many Senators are present, I should like to state again briefly that my amendment would merely seize the present golden opportunity to say to the Nation and to everyone concerned that the Senate desires to bring the program down. Instead of reenacting the present authorization of $1.5 billion for each of the years 1965 and 1966, the amendment would reduce the ceiling of authorization for each of those years to $975 million, the same as is proposed for the present year, which would mean eliminating $1,050 million from the authorization now contained in existing law.

I have already stated—and I state again—I am sorry that I do not have the information, and I do not believe anyone else does, to propose a reduction even lower than the $975 million, but I do not want it to appear that we are reauthorizing a program which we expect to be very much larger for next year and the year after that than what we are passing for the present year. I say again that I think we now have a precious opportunity to see that the program will be on the way out, and we are cutting down the future authorizations when we have an opportunity to do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Florida to the Mansfield amendment to the committee amendment.

FURTHER AMERICAN CONCESSIONS ON THE SALE OF WHEAT TO THE COMMUNIST BLOC

Mr. DODD. Mr. President, the decision to sell wheat to the Soviet Union at a subsidized price was announced to Congress and the American public with so little advance notice that there was no time for serious discussion of the implications of such a deal from the standpoint of our national security or of the terms that might make it compatible with the national security.

On October 8, I introduced a resolution asking simply that this decision be deferred until February 1 so that a Senate committee might study these matters and submit its report for the guidance of Congress and the administration.

As matters turned out, we were granted no such time for consideration.

On the following day, October 9, it was announced that a decision had been made to approve the sale of American surplus wheat to the Soviets.

This entire matter has been handled in a piece-by-piece manner which has obscured the true extent of the concessions we have made both from Congress and from the American people.

I gravely fear that these concessions may prepare the way for the complete collapse of the defenses which we have so painstakingly erected in our country and in the free world community against the shipment of heavy industrial equipment and other strategic goods to the Communist bloc.

I intend to speak about this matter at length in the very near future.

But meanwhile, so that my colleagues may have a clearer understanding of the scope of our concessions and the degree of our humiliation, I wish to tabulate the separate concessions that we have made, sometimes in defiance of assurances to Congress and the public, over the past several months.

First. Immediately on the heels of the ratification of the test ban treaty, it was announced that the Johnson Act would not be applied to the sale of agricultural commodities to the Communist bloc, and that these commodities would be available to the Communist nations on the same terms as apply to friendly countries.

Nothing was yet said about selling wheat to the Soviet Union.

But even in the general terms in which it was couched, I do not see how this action can be reconciled either with the Johnson Act itself, or with the Latta amendment to the Agricultural Act, which prohibits subsidies on the sale of agricultural commodities to Communist nations.

Second. The official announcement on October 9 that wheat would be sold to the Soviet Union sought to obscure the fact that this sale would be at a subsidized price.

We were told that the subsidy would go not to the Soviets, but to the American graingrowers, and that the wheat itself would simply be sold at the world price.

What we were not told is that the world price previously prevailing was an artificially deflated price based upon the existence of substantial reserves in a number of countries; and we were also not told, although the Agriculture Department subsequently confirmed this fact, that the United States at this moment is the only country still commanding large reserves of wheat and other food grains.

If the law of supply and demand has any meaning at all, what it means in this case is that last year's price is no longer relevant; the world price should not differ substantially from the current domestic price.

I find it most disturbing that while we have insisted on artificially maintaining last year's deflated price as a concession to the Soviets, the price of wheat and flour on the American market has risen substantially. Not merely are we subsidizing the Soviet Government to the extent of almost $100 million, but the American housewife, in consequence of this deal, is already called upon to pay an extra 40 cents per hundredweight of flour because of the increased price of wheat futures on the Chicago market.

Third. The impression was fostered at the time the announcement was made that this was to be a cash sale, or, at least, a sale based on a normal commercial credit arrangement.

On Friday, October 18, however, we were informed, through an article in the New York Times, that the Export-Import Bank would guarantee loans made on the sale of U.S. wheat to the Soviets. It was stated that the Export-Import Bank would charge five-eighths of 1 percent to guarantee such loans made by commercial banks in this country to American grain traders.

For the entertainment of my colleagues, I should like to point out that Mr. Harold F. Linder, President of the Bank, while refusing to affirm or deny the reports, made the following statement to the press:

> It would be perfectly normal for us to guarantee all or part of a credit for an export transaction of this nature. We would do the same for France and Switzerland, for example.

We have come to a sorry pass, indeed, if high-ranking officials can discern no difference between extending credits to friendly nations that traditionally honor their obligations and extending credit to a government that is committed to our destruction and that is in default on more than $800 million on prior credits extended.

Mr. President, I consider this to be a clear violation of the Johnson Act which prohibits the extension of credit to nations that are in default on prior obligations.

Fourth. On Friday, October 25, I was informed that the Justice Department had ruled that a "normal commercial credit" could extend to 18 months.

I say that this arbitrary ruling, which may be intended to cover up the violation of the Johnson Act, flies in the face of banking practice and the accepted usage of the term.

It has always been my understanding that normal commercial credits extend from 30 to 90 days at the most. An 18-month or 3-year credit would not be a "normal commercial credit" but a medium-term loan.

In this connection, it seems clear that, if we enter into such a transaction, we shall probably be called upon to extend the loans beyond the original period, as the Chinese Communists have already done in the instance of two 18-month loans negotiated with Canada.

Fifth. Finally, Mr. President, we were given the firm assurances that this wheat would be carried in American ships where available.

The Soviets have objected strenuously to the use of American bottoms because the American conference rate of ap-

proximately $23 per ton is approximately double that of foreign tramp or charter rates.

It is now reported that the issue will be compromised by having the Maritime Administration set a rate of $18 per ton for American shipping and by limiting American shipping to a maximum of 25 percent of the total tonnage carried.

I find it difficult to reconcile this decision with the Cargo Preference Act which requires that at least 50 percent of any Government-financed cargo shall move on American-flag ships, if available at "fair and reasonable" rates. The arbitrary rate of $18 per ton will be imposed, apparently, in the face of the fact that the tighter shipping situation has already moved foreign shipping rates upward, some say as much as $4 and $5 per ton.

So now the picture is complete.

We shall be selling wheat to the Soviets at a subsidized price which we have arbitrarily chosen to regard as the going world price.

American banks will be lending them the money with which to make purchase, and the American Government, through the Import-Export Bank, will stand guarantor for a government that refuses to honor prior obligations.

American shipping will not be used "as available;" it will be limited to some 25 percent of the tonnage carried, although the Cargo Preference Act calls for 50 percent.

And instead of the prevailing American rates, American shippers will be paid at the reduced rate of $18 per ton, which may turn out to be just about on a par with the foreign shipping rates now emerging.

No political concessions will be demanded; and new acts of aggression will be disregarded or played down, in order not to disturb this strangely one-sided detente.

I believe that no one would object to selling wheat to the Soviets if they were willing to pay for it at a reasonable price and if, in return for our bailing them out from their manmade agricultural crisis, they made a few concessions that would contribute to the peace and stability of the free world.

Not only have we not demanded such concessions, but the Soviets have, on at least four occasions since the negotiations begun, made it clear in a most humiliating manner that there will be no abatement of the cold war and no consideration of any kind in return for American wheat.

First, on October 22, the very anniversary of the Cuban missile crisis, Soviet Mig fighters, operating out of Cuba and probably manned by Soviet crews, attacked an American-owned freighter on the high seas.

Second, there has been the series of harassments of American and British convoys on the Berlin autobahn. We chose to regard these harassments as minor incidents that probably resulted from the excessive zeal of some Soviet officer.

But I challenge the concept that any Soviet officer would risk such initiative without direct orders from the Kremlin.

I am convinced that the orders for these harassments came directly from the Kremlin; and I am also convinced that we have not seen the end of them unless we learn to respond in a more vigorous manner to Communist provocation.

Indeed, this morning brought the news that another American convoy has been stopped on the autobahn.

Third, an official Soviet delegation in Hanoi, the capital of North Vietnam, broadcast a call for the overthrow of the Diem government and for the expulsion of the American imperialists from South Vietnam.

Fourth, the Soviets have further inflamed the highly dangerous situation in north Africa by sending arms and equipment to the Ben Bella government in large quantities, and by openly inciting the Algerians against the Moroccans.

Each concession we offer the Soviets on the sale of wheat is repaid not by any reciprocal political gesture, but by some new indignity or act of aggression.

I say that this is an intolerable situation.

Regrettably, it is a situation which we ourselves have encouraged by our failure to impose political conditions and by our insistence on minimizing, or even disregarding, all of the recent actions to which I have referred.

Further dangers loom in the offing.

Now that we have agreed to sell massive quantities of wheat to the Soviet Union, American manufacturers are beginning to clamor for a relaxation of export controls to the Soviet bloc. Even machine tool manufacturers have asked the question, "If wheat, why not machine tools?"

As for the Western European nations, it is now becoming increasingly questionable whether they will be willing to listen to any argument or urging on our part to exercise some control over exports to the Soviet Union.

Under the imperfect controls that heretofore existed, the Soviet Union has been able to obtain, from the United States and from its allies, an amazing variety of machine tools, heavy industrial equipment, transportation equipment, pipeline, and even entire chemical and metallurgical plants.

But at least they were debarred from a fairly long list of critical items that were obviously of strategic importance.

Now the danger is that the barriers will come tumbling down, both here and abroad, and the Communists will be able to purchase even the most sophisticated and clearly strategic equipment, in the name of business and of coexistence.

Mr. President, again I ask that we pause to consider the possible consequences of our action before it is too late.

I earnestly hope that the Agriculture and Forestry Committee will not delay too long in reporting the resolution which I submitted on October 8, with the cosponsorship of several other Senators.

Mr. President, I ask unanimous consent to have printed in the RECORD a number of newspaper items arranged in groups under the following captions:

First. "The Soviet Wheat Deal." Under this caption I would refer my colleagues particularly to the article published in last Sunday's Washington Post, written by Professor Brzezinski; to the article written by Mr. A. A. Berle, Jr., and published in the Sunday Times magazine of October 20, 1963; and to the article written by Mr. Leslie Gould, and published in the New York Journal-American of October 30, 1963.

Second. "The Collapsing Controls on East-West Trade."

Third. "The Soviet Agricultural Crisis."

Fourth. "The Soviet Industrial and Economic Crisis."

Fifth. "Soviet Economic Warfare."

Sixth. "Moscow Continues the Cold War."

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

THE SOVIET WHEAT DEAL

[From the New York Times magazine, Oct 20, 1963]

DIALOG? YES—CONCESSIONS? BEWARE! IN THE WAKE OF THE WHEAT DEAL, AN OBSERVER WARNS THAT TRADE ALONE IS NO ANSWER TO THE HARD PROBLEMS THAT REMAIN TO BE WORKED OUT WITH THE RUSSIANS

(By A. A. Berle, Jr.)

(NOTE.—A. A. Berle, Jr., an attorney and professor at Columbia Law School, was an Assistant Secretary of State, 1938 to 1944. He wrote "The 20th Century Capitalist Revolution.")

The Soviet Union and several satellite countries have just arranged to purchase about 150 million bushels of American wheat. The purchase of 240 million bushels from Canada had already been reported. It was not enough to meet Russian needs. Bread, the chief item of Russian family food, is already rationed, and the squeeze will become very severe next spring.

Preliminary information of Russia's desire to buy from U.S. stocks reached Washington last month. Formal negotiations to purchase were opened in early October. On October 7, President Kennedy held a White House conference on the problem. Forty-eight hours later, he approved, in principle, a single-shot deal to sell wheat to the Soviets.

Does this decision suggest a new policy of open trade with the Soviet Union, and change the settled plan of campaign in the cold war? The one-shot wheat deal is one thing. General opening of trade barriers is something else. My own view is that the one-shot deal, on balance, was justifiable—but that a change in the no-trading policy at present would not be.

Sentimental arguments may be eliminated at the outset. Soviet "goodwill" will not be bought by selling wheat, still less by lifting trade restrictions. I doubt that the Soviet man in the street will even know about it. The Moscow government can hardly be expected to emphasize the Communist agricultural failure. Nor will Communist officials attribute to the United States any motive higher than capitalist avarice.

I had a vivid experience with Soviet trade. In 1919, hoping to find a basis for peaceful adjustment with Russia, a commission headed by William C. Bullitt, reporting through my office in the American Peace Commission in Paris, negotiated a very fair working arrangement with Lenin, and returned with the document. (Nothing came of it: Clemenceau and the French Government torpedoed it.)

Later, the researches of George Kennan uncovered Lenin's real motive as expounded by him at the time to his colleagues. He said

he was worried about Japanese moves in Siberia; he wanted temporary relief from the Western side. The agreement he offered would set American capitalists slavering for the profit and plunder of concessions in Siberia. He explained that these hopes would be dashed in due time, but that, meanwhile, the capitalists who controlled the U.S. Government would make sure that American and allied moves were not dangerous to the Soviet Union.

Khrushchev, Mikoyan, Gromyko, and many of their colleagues today come straight out of the Leninist school. If therefore the United States opens trading with the Soviet Government, it must do so either because the arrangements satisfy our moral instinct, or because they strengthen our position—or preferably both.

The question of trading has released several sets of American instinctive reactions, none of them originally political, though the issue is rapidly pushing toward a high place on the agenda in the 1964 presidential campaign. The wheat deal released a natural emotion: if Russians are hungry and need food, Americans ought not to sit on fat surpluses, saying "No." But even that emotion was qualified by facts, which apply with far greater force to a policy of general trading.

The Soviet Union is anything but friendly to the United States. True, there has been some relaxing of tension. This means only that propaganda directed at the U.S. public has temporarily stopped some of its abuse. Not so elsewhere, I was recently in Venezuela. There, the Soviet fifth column is damning the United States, bombing American enterprises, murdering friends of the United States and occasionally kidnaping Americans. In varying degrees of intensity, such activity goes on over much of Latin America. Washington diplomates talk of detente—but try to find it in the Caribbean.

Will not enlarged trade with Russia merely give the Soviet Union more resources to fight our friends—and ourselves? Certainly it can; no one has forgotten American sales of scrap iron to Japan just prior to Pearl Harbor.

Common business considerations, it is argued, indicate selling to the Soviet Union. We have agricultural surpluses of little use to us. We can sell heavy machinery, chemicals and manufactured products to the Russians. We can use some extra foreign exchange. American farmers would rather see their surpluses eaten than stockpiled. American manufacturers certainly want to sell more, and nobody would object to more employment. But, important as trade considerations may be, they are, ultimately, only, incidental to a vastly deeper issue. What bearing does trade have on the great question of the current war, now "cold" but potentially very hot (especially in Latin America), and on the chance of peace?

The Kennedy administration has developed the strategy of a continuing "dialog" with the Russians. The hope is that tiny accords in some fields may pave the way for a widening range of more significant agreements that possibly might set the stage for a real ending of the cold war. This dialog is an experimental operation.

The test-ban treaty was a first, tiny step. Diplomatic exchanges are already going forward in other areas—as with Foreign Minister Gromyko's visit to President Kennedy in Washington—but no one can forecast the result. The President merely points out that the dialog policy seems better than passively waiting for a collision.

Dialog—as such—can do no harm. But concessions can become dangerous gambles. If they result in peace, they may later be hailed as great statesmanship. If they fail, the end could be disaster. That was the fate of the British attempt to settle matters by dialog and concessions to Hitler at Munich in 1938.

Opening general trade barriers is such a concession. In doing that, the United States might well enable the Soviet Union to continue a policy of armament rather than production, of maintaining armed occupations, of subsidizing imperialist grabs, of making covert seizures in great areas. Without the trade opportunity, Russia might have to modify, if not relinquish, her policy in substantial areas.

The Soviet Union now is supplying arms, planes, and training to Indonesia to attack Malaysia; to Cuba to attack Venezuela and Central America; to Communist armies in Laos. At the same time, a growing volume of evidence indicates that the Soviet economy is in difficulties. Agriculture is in terrible shape. Manufacturing is at best a bad second rate. The Soviet Union has committed too large a part of her gross national product to arms and military or paramilitary adventures. Indeed, she has overcommitted herself, promising other countries arms and other products (including wheat—yes, wheat) which she cannot deliver. For these reasons, she is buying outside. If the United States dropped trade barriers, we should merely help the process along.

The Soviet agricultural picture is particularly serious. Disaster and bad weather did not produce its defects; they are endemic to the Communist agricultural system. A friend of mine, an excellent farmer, last year spent some time looking over farms in the Soviet Union. He was shocked. How could anyone, he asked rhetorically, expect even tolerable results under a system so inefficient, so bureaucratic, so centralized?

Forty-five percent of Soviet workers are agricultural (in the United States about 11 percent of the population is engaged in agriculture). With reasonable efficiency, the Soviet Union and certain of the satellite countries, notably Hungary, could produce more food than they need with less than half the labor. More than half the food finding its way into Soviet city markets comes from the small plots Russian peasants are allowed to cultivate in their spare time for their own account.

If this allocation of labor, however inefficient, produced adequate food, and left adequate labor for manufacturing, it might be justified as a way of taking care of people. But it does not, and shows no signs of ever doing so. Certainly it will not support a huge policy of military aggression.

This is the dusty result of a half century of Communist organization in Russia, and of more than 18 years of Communist control in the Iron Curtain countries. These areas were the breadbaskets of Europe before the Communists took over. Some of them, like East Germany, Czechoslovakia, and parts of Poland, were great manufacturing producers. Blame has been laid by Communist governments on bad planning. Yet if the Communist governments more nearly responded to what human beings want, instead of pushing them into arbitrary frames, the planning would not have been so disastrous. It will take more than new fertilizer plants and good weather to bring Soviet agriculture within hailing distance of American productive standards, or, indeed, of Soviet needs.

In manufacturing, though the picture is better than in agriculture, the "guns or butter" ratio is at length exacting its grim price. The Soviet Union has a population of 221 million, as against 190 million in the United States. Her gross national product is on the order of two-thirds of ours. She devotes a far greater proportion of that than we do to armaments—guided missiles, land armies and submarine fleets. Additional substantial amounts have gone into supplying bloody adventures like those in Cuba, Indonesia, and Laos, and political-economic adventures like the Aswan High Dam in Egypt. Now she has not enough product to go around. The Communist rulers of Russia know it. In recent speeches arguing against Red China's shrieks for military conflict, Khrushchev has come pretty close to saying so.

The Soviet Union accordingly may one of these days want a real detente. The Kennedy "dialog" is intended to explore this possibility. Yet Moscow has never yet indicated that its policy might shift to minding its own business for awhile, although such a policy is the only possible foundation for an enduring peace.

For an agreement in any sphere, the Russians want concessions from us. Open trade with the United States would be a solid concession on our side. What does the Soviet Union propose in return? So far as we know, it has yet to offer anything of significance.

In the case of the test ban, the Russians conceded little; we conceded something, though not much. President Kennedy and Secretary of State Rusk stated that the dialog had produced a tiny fragment of tolerable agreement which just might pave the way for more significant settlements. The next round, probably in quiet preparation now, will raise far more dangerous subjects.

There are Berlin and its wall—involving the security of all Western Europe. There is Russian military control of Cuba—endangering the peace of Latin America. There are the broken treaty agreements and the Russian military supply lines running into Laos. There are—always—the betrayed accords of Yalta and the continuing agony of Hungary and Poland.

I doubt that the Soviet Union is yet prepared to make real concessions in any of these areas. I think at present the Russian leaders would rather squeeze their people than give up an even partly successful territorial grab. If they retire from any position it will not be for temporary economic advantage, but because they have become convinced the position is untenable.

The dialog is still going on. The results have still to be observed. I for one will watch carefully the terrorist campaign against our good friend, the enlightened and successful Government of Venezuela, as a sort of thermometer. If that and similar campaigns continue, the dialog test will have failed. We shall then have to recognize that materials sold to the Soviet Union will merely increase her capacity for paramilitary and propaganda campaigns against the United States and its friends.

Business considerations, it seems to me, are childlessly trivial compared with the great issues involved. Of course, we would gather in a little foreign exchange. Of course, some manufacturers and traders could make a little money. But the United States as a nation, and our businessmen as well, do not greatly need this; our country is quite comfortably prosperous without it.

Equally trivial is the argument that some of our friends and allies will sell to the Russians—and make money—if we do not. Perhaps. But the precise result of a trading agreement made for business considerations would be to pretend that we are neutral in the cold war. Some of our allies may feel differently—I think they are wrong—but I am clear we cannot so pretend.

The single-shot wheat deal can probably be cobbled up with conditions, and deliveries so arranged that it affords minimal support for Russian imperial adventurism. Without a major shift in Soviet policy, it is difficult to see how this could be done with a current of general trade.

This will not be the last opportunity—and is not even the great one—to change

out economic policy toward the Communist countries. My guess is that the Soviet Union will not be out of her agricultural troubles for a long time. She will not be able to meet her needs for consumer goods until she cuts down on her foreign military adventures and her enormous armament program.

A realistic base for trading is the only one that makes sense to Communist negotiators. If they think our chief concern is that some of our traders can make money, the dialog will get no further than did the British dialog with Hitler in 1938. They will use pressure, of course (the recent brief blockade at Berlin may have been an illustration). Their propaganda machine will make bad noises about us. They will create tensions and ask us to buy alleviation. But their abuse has ceased to be important one way or the other: it has already done its work. The last thing Americans should consider is making concessions to buy relief from Soviet abuse.

My conclusion, therefore, is that trade restrictions ought not now to be suspended—that, although I think the wheat deal justifiable, it should be treated as a single-shot operation while the dialog continues. Always, we must remember, unrepresented millions have to be considered. There are East Germans, there are Hungarians; there are Poles. There are Malaysians in Southeast Asia; peasants and patriots in Venezuela; silent, suffering Cubans in the Caribbean. Soviet authorities alone know what the stakes are on the Sinkiang border of Red China.

Most of us would be glad to trade with a peace-seeking, peace-loving Soviet Union attending to her own people and administering her own country. Yet, few if any, of us want to become part of a supply line for a Soviet military and paramilitary machine.

This is the real subject of the dialog. It had better continue awhile and show results before we make a further change in our economic policy.

[From the Washington (D.C.) Post, Nov. 3, 1963]

POLITICS OF WHEAT DEAL GIVES UNITED STATES UPPER HAND

(By Zbigniew Brzezinski)

(NOTE.—Director of the Research Institute on Communist Affairs and professor of public law and government at Columbia University, Brzezinski is the author of "The Soviet Bloc: Unity and Conflict," "Ideology and Power in Soviet Politics" and other books.)

It has been argued that the wheat deal with the Soviet Union is desirable on humanitarian grounds. If Russian people are starving, the United States should not stand back, said former President Truman on the radio, and he has been echoed by some clergymen and by various people of good will.

Others have suggested that the wheat deal is purely a matter of economics. The Russians need our wheat; we can use their gold. Their food needs will be met; our food surpluses will be diminished. We both gain equally.

The humanitarian argument can be dismissed quickly. First of all, there is no famine in Russia. The Soviet people are not starving, and the Government has not lost all of its ability to meet a food crisis. It could certainly divert some of its resources from heavy industry to better agricultural management, and it is still capable of providing the basic staples to meet Russian needs.

Even if all the Western countries were to refuse wheat to Russia, no Russian would starve because of it. There is no doubt, however, that certain kinds of foods would be in short supply, and this would create considerable social and political difficulties for the Soviet Government.

"OUTRAGEOUS" APPROACH

The economic argument is more complex. The simple equation of profit and trade is deeply rooted in the American tradition, and it is not easy to convince an American that the Soviet approach to the problem is somewhat different. Yet as George Kennan has amply demonstrated in his book "Russia and the West," the Soviet approach to the problem of trade is a highly political one.

Writing about the Soviet attitude toward the West in the very early 1920's, Kennan thus projected the Soviet reasoning on the subject of trade with the West:

"We despise you. We consider that you should be swept from the earth as governments and physically destroyed as individuals. We reserve the right, in our private if not in our official capacities, to do what we can to bring this about; to revile you publicly, to do everything within our power to detach your own people from their loyalty to you and their confidence in you, to subvert your armed forces and to work for your downfall in favor of the Communist dictatorship.

"But since we are not strong enough to destroy you today—since an interval must unfortunately elapse before we can give you the coup de grace—we want you during this interval to trade with us * * *. An outrageous demand? Perhaps. But you will accept it nevertheless.

"You will accept it because you are not free agents, because you are slaves to your own capitalist appetites, because when profit is involved, you have no pride, no principles, no honor. In the blindness that characterizes declining and perishing classes, you will wink at our efforts to destroy you, you will compete with one another for our favor."

One may wonder, in the light of the 1962 Cuban confrontation with Khrushchev's general policy of "burying" us, whether this approach has changed so very fundamentally.

A NECESSARY FAILURE

To the Soviet leaders, the wheat deal is political because two very vital Soviet political interests are involved. The first is the stability of the collective agricultural system itself. Over many years, that system has failed to deliver the goods, at least insofar as the Soviet consumer is concerned. Yet to the political leadership, the collective system is essential.

A recent critical reevaluation of the Stalinist drive for collectivization, published in Voprosy istorii, state quite categorically that the collectivist system was necessary in order to build socialism in the Soviet Union and for the defense of the country. Mounting consumer dissatisfaction with the inability of the present agricultural system to produce adequately might, over the long haul, force the Soviet leaders to revise the agricultural system. However, if the Soviet leadership finds other means of meeting domestic needs, i.e., imports paid for with gold, it can perpetuate the collectivist system.

Collectivization was abandoned in Poland and Yugoslavia because the leaderships had no way out. By importing wheat, the Soviet leadership sees a way out, and hence the wheat deal is necessary to Moscow in order to maintain its domestic system of collectivization.

EXPORTS POLITICAL, TOO

Secondly, the importation of wheat is necessary to the Soviet Union in order for it to meet its grain export commitments. These commitments are important to the Soviet leadership primarily for political reasons.

Last year the Soviet Union exported approximately 7.8 million tons of grain, of which wheat constituted 4.7 million tons. The list of clients shows clearly the political importance of the exports: the largest consumer was East Germany, followed successively by Czechoslovakia, Poland, Brazil, and Cuba.

The restriction that President Kennedy wishes to impose on the re-exportation of American grain to these countries creates a technical impediment to such exports. The Soviet Union would not be able to ship them American wheat directly. Nonetheless, the availability of American wheat, and indeed of other Western wheat, would mean that Soviet grain itself could be exported to the countries concerned. Hence the political problem would not be resolved by the proposed restriction.

The above comments should not be construed as an argument against an American-Soviet wheat deal. They are meant to suggest, however, that this wheat deal ought to be viewed in a political perspective and that U.S. negotiators ought to seek political concessions from the Soviets in return.

Naturally, there would be no point in expecting fundamental concessions. For example, it would be illusory to expect a Soviet acknowledgement of our position in Berlin in return for our willingness to sell Russia some wheat; there is no political equivalence between these two interests. However, on a number of marginal issues, there is no reason why the United States should not insist on a quid pro quo.

For example, it would seem ironical for the United States to be enabling the Soviet Union to maintain its collectivized agriculture and its politically motivated grain exports and at the same time for this country to endure continued Soviet harassment in its access to Berlin. At the very least, our negotiators could insist on a clear reciprocal understanding of the technical arrangements involved in Western access.

Similarly, we could demand that the Soviets lift their travel restrictions within Russia. Indeed, a political quid pro quo should be sought in the case of other so-called nonpolitical, technical arrangements.

For many years, for reasons of political prestige and also as a precedent, the Soviet Union has been very anxious to establish direct American-Soviet air links. Perhaps there is no reason to oppose such links, but it might be preferable to negotiate about them in the context of a reciprocal Soviet willingness to meet some of our political objectives.

Of course, proponents of the purely "economic" approach might say that if our position is too hard, the Soviet Union will buy the wheat somewhere else. That may be true, but the argument is not entirely convincing. If the Soviet Union could easily buy wheat elsewhere, then why does it not do so?

It either wishes to deal directly with the United States because that would strengthen the impression in the West and elsewhere of an American-Soviet detente—an impression which intensifies Western European fears concerning the American position; or, conceivably, the Soviet Union does not see other markets so readily available and the American wheat is thus of some economic importance to it as well.

One may safely assume that the Soviet Union is not anxious to buy American wheat merely in order to reduce our balance-of-payments difficulties and to alleviate our own internal agricultural problems.

Finally, it should be stated unambiguously that it would be wrong to conclude that since the wheat deal is political, the United States should have no part of it. That is fallacious and extreme. It would be a pity if we failed to use the limited leverage that this particular situation affords.

Since the Soviet Union wishes to buy wheat from us, it puts us in a favorable bargaining position. By all means, we should go ahead with the deal, but our approach should be very conscious of its essentially political character.

[From the New York (N.Y.) Journal-American, Oct. 30, 1963]

UNITED STATES PRESSURES BANKS FOR CUT-RATE RUSSIAN WHEAT LOAN

(By Leslie Gould)

American banks are being pressured by Washington to finance the controversial $250 million sale of surplus wheat to Russia at interest rates below those charged prime borrowers in the United States.

The wheat, which has cost American taxpayers through the farm subsidy around $2.36 a bushel, is to be sold to the Communists at the world price, which is approximately $1.80 a bushel.

In dollars this subsidy is $56 to $84 million, depending on whether the Russians take 100 or 150 milion bushels.

The Export-Import Bank, backed by the U.S. State and the Agriculture Departments, wants a 5-percent interest rate on the financing, with five-eighths of 1 percent going to the Export-Import Bank as a fee for guaranteeing the loan.

BELOW U.S. PRIME RATE

This leave 4⅜ percent as the interest to be received by the American banks extending the credit. This is lower than the current prime rate of 4½ percent to commercial borrowers.

The prime rate actually is higher than 4½ percent, for banks normally require about 20 percent of such loans to remain on deposit. This makes the interest cost 5.6 percent for the 80 percent of the amount borrowed that is used.

The Export-Import Bank originally proposed the banks get 4¼ percent with the Export-Import Bank charging three-fourths of 1 percent as its fee. Its latest proposal reduced its fee to five-eighths of 1 percent. A more realistic charge would be one-half of 1 percent.

RUSSIANS PAY CASH, GOLD

The Canadians, who have long dealt with the Communist nations, selling wheat to Red China and trading with Castro's Cuba, were to charge the Russians 5½ percent for the financing of a just completed $500 million wheat purchase. The American order, which is still under negotiation, is for half the Canadian sale.

The Russians felt the 5½-percent interest too high, so they are paying the Canadians in cash and gold.

When the American deal was announced, it was indicated that payment would be for cash and gold plus some short-term financing. The Export-Import Bank, which gets its money from the American taxpayers, via the U.S. Treasury, apparently is pulling for the extension of credit to the Russians.

SKIRTS U.S. STATUTES

This, if not directly violating the American policy and law, skirts it. There are two questions, aside from political and moral ones. These are:

The 1961 Agriculture Act in which Congress spelled out as policy that subsidized commodities be sold only to "friendly" nations. Communist Russia is a declared enemy.

The Johnson Act of 1934 which bars loans to a country in default on its loans to the United States. The law, sponsored by the late Senator Hiram Johnson, of California, forbids any person in the United States "to make any loan to such foreign government." Russia is in default on loans to the United States including its lend-lease debt.

Attorney General Robert F. Kennedy has given the green light to the loans, calling them a short-term credit arranged by grain traders with private banks. Twice before the Justice Department has made such a ruling, Homer Cummings in 1934 and last year, holding such credits were only short term or a postponement of payment and thus not strictly loans.

WHY NOT GOLD FOR WHEAT?

The question of any wheat sale to the Communists is debatable, but the financing of such a deal at interest rates cheaper than those for prime borrowers at home is ridiculous.

Russia needs the wheat, as do most of the Communist countries. Poland, Hungary, and Czechoslovakia are others seeking grain—about $60 million worth. Yugoslavia also wants grain. The President laid certain restrictions as to the Russian deal—shipments to be in American vessels and delivery only to eastern Communist nations—none to Red China or Cuba.

Russia has gold and the United States, through its generosity, has been losing it. So, if the Russians want the wheat let them pay for it in gold.

[From the New York (N.Y.) Times, Oct. 23, 1963]

WHEAT DEAL MAY RAISE PRICE OF FLOUR

(By Philip Shabecoff)

Because of Soviet operations in the international wheat market, American housewives soon may be spending more on flour used in baking.

There should be no immediate change in the price of store-bought bread, however.

Several major flour millers, including General Mills, Pillsbury, and the International Milling Co., said last week they were raising the price of family flour by 40 cents a hundredweight. Yesterday a group of Texas flour mills announced a similar increase.

This probably means that the price of a 5-pound bag of flour on supermarket shelves now costing 59 cents will go up 2 cents when the new milling rates take effect.

In addition the price of bulk flour sold to bread producers has risen by as much as 60 cents a hundredweight since the end of August.

FUTURES GO UP

Millers agreed that Soviet wheat operations were chiefly responsible for the rising price of flour. Wheat futures prices began rising when the Soviet Union purchased $500 million worth of wheat from Canada in September.

The price increase accelerated when it was learned that the Russians would seek about 4 million tons of wheat in the United States.

On the key Hard wheat futures market in Kansas City, Mo., for example, the price of a bushel of Hard wheat for December delivery stood at $1.97¼ August 30. On Monday it was $2.13.

The millers, who operate on extremely thin margins, were forced to reflect the rise in wheat futures in their own prices, an official of a large mill said.

In the case of family flour sold for home baking, some of the increase may be passed on to the customer.

Bread prices are not sensitive to changes in flour prices.

If wheat futures continue to rise, a miller said, there will be a further increase in the price of flour. This is unlikely, he added, because the Government has said it will sell wheat stored in bins of the Federal Commodity Credit Corporation to dealers at the statutory minimum price—105 percent of the support price.

[From the New York (N.Y.) Times, Oct. 13, 1963]

NEGOTIATIONS DUE TODAY

WASHINGTON, October 22.—A Soviet trade delegation will meet with Government officials tomorrow to discuss conditions for the sale of $250 million worth of American wheat and flour to the Soviet Union.

The four-man mission was on the way from New York by automobile. Meanwhile, Secretary of Commerce Luther H. Hodges dismissed the idea that American shipping rates were a threat to the sale. Rates of U.S. cargo ships run about $10 above those of foreign vessels.

Mr. Hodges told a news conference his Department had received "a half-dozen applications for export licenses, but none of them have completely met all the specifications."

President Kennedy has stipulated that wheat to Russia must be carried on U.S. ships as available, with foreign shipping in a supplementary capacity.

"We don't think the Hungarians have pulled out completely," Mr. Hodges said. "They're taking a second look."

Mr. Hodges also mentioned Czechoslovakia in regard to export licenses. Bulgaria has also expressed an interest in purchasing American wheat. The three Soviet satellite nations had approached Secretary of State Dean Rusk in New York.

Mr. Hodges said he believed there were enough American ships to handle the shipment sought by the Russians. But he conceded it was possible that some foreign vessels would be used.

[From the New York (N.Y.) Times, Oct. 18, 1963]

FIVE-PERCENT LOAN RATE SET ON SOVIET WHEAT—EXPORT BANK TO GUARANTEE DEAL FOR FIVE-EIGHTHS OF 1 PERCENT CHARGE

(By Philip Shabecoff)

The Export-Import Bank of Washington has fixed the terms on which it will guarantee loans to the Soviet Union for the purchase of U.S. wheat, according to a leading bank in Chicago.

A spokesman for the Chicago bank, which declined to be identified, said the Export-Import Bank would charge five-eighths of 1 percent to guarantee loans made to the Russians by commercial banks in this country.

Commercial banks would be expected to charge an interest rate of a maximum of 4⅜ percent, the spokesman said. Thus, the effective rate to the Soviet Union would be 5 percent.

The guarantee by the Export-Import Bank would be made to the commercial banks, and the banks would make the loan to the grain traders rather than to the Russians.

COST TO BE PASSED ON

However, the traders would then pass on the full cost of the loan to the Soviet buyers. Therefore, the Russians will, in effect, be paying the 4⅜ percent to the commercial banks and the five-eighths of a percent to the Government agency.

The terms envisioned by the U.S. export financing agency reportedly call for a 25-percent cash downpayment with the remainder paid in three equal installments over an 18-month period.

L. M. Matveev, president of Exportkhleb, the Soviet state grain trading agency, has declared that the Soviet Union would not pay more than 5 percent interest in its proposed purchase of 4 million bushels of U.S. wheat.

Harold F. Linder, president and chairman of the Export-Import Bank, would not confirm or deny the reports when reached by telephone last night. He said such data

on its operations were a confidential matter between the Government agency and the commercial banks and were never made public.

NORMAL GUARANTEE

Mr. Linder added, however, that "it would be perfectly normal for us to guarantee all or part of a credit for an export transaction of this nature. We would do the same for France and Switzerland, for example."

He explained that the agency normally worked out reasonable risks, and consulted with the banks on money-market conditions before settling on a rate for its guarantee.

Mr. Linder reiterated that an agency guarantee on the Soviet wheat sale would fall into the "normal" commercial channels specified by President Kennedy in his announcement 2 weeks ago.

The Export-Import Bank has never before guaranteed a commercial credit to the Soviet Union, Mr. Linder said.

Grain trade circles were aware of the reported proposal to guarantee the credit to the Soviet Union by yesterday evening. Most traders expressed surprise that the Government would pave the way for the extension of credit in the sale of wheat to Russia.

"If the Russians can't get credit they will pay for the wheat in cash," one grain merchant said. "We would be quite happy to settle for cash," he added.

According to the Chicago bank, other nations in the Communist bloc of Eastern Europe would be granted the same terms as those extended to the Soviet Union.

The Soviet Union is ineligible for long-term loans from the United States under the terms of the Johnson Act, which prohibits such loans to nations with debts in default.

Meanwhile, the grain trade is still awaiting the arrival of the Soviet trade delegation to negotiate the sale. On Wednesday it was reported the delegation would arrive yesterday. Their arrival, however, apparently has been postponed.

The delegation already has been granted visas to enter the United States.

[From the New York (N.Y.) Times, Nov. 3, 1963]

UNITED STATES GIVES SOVIET COMPROMISE PLAN for WHEAT RATES—SUGGESTS PROVIDING VESSELS FOR 20 TO 30 PERCENT OF GRAIN AT A COST OF $18 A TON—RUSSIANS WEIGH OFFER—APPROVAL WILL END DEADLOCK—BULGARIA MAY PURCHASE 8 MILLION IN TOBACCO

(By William M. Blair)

WASHINGTON, November 2.—The United States has moved to break the impasse on its shipping rates that has blocked sales of wheat to the Soviet Union.

A new proposal, which the Russians are understood to be considering over the weekend, would involve concessions by both sides. It includes a lowered U.S. cargo rate and a division of some $250 million worth of wheat between American and foreign-flag vessels.

The sale of up to 4 million tons of wheat has been blocked because U.S. cargo schedules have been $10 to $13 or more higher than foreign charter charges for shipments to Black Sea and Baltic ports.

President Kennedy stipulated that wheat sold to the Soviet Union and its satellites should be carried in American vessels, as available, supplemented by foreign ships.

A $21 RATE WAS OFFERED

It is understood that the United States is willing to provide a cargo rate of $18 a ton if 20 to 30 percent of the wheat is carried in American vessels. Payments for this amount would be in dollars or gold.

The $18-a-ton rate compares with the $21 a ton recently offered by a group of tramp ship owners to move wheat to the Soviet Union. The tramp ship operators, whose unscheduled vessels ply between any ports where cargo is available, recently reduced their rate by $5 from $26 a ton.

Presumably, the remainder of the wheat purchase, 70 to 80 percent, would be carried by foreign vessels at the world charter rate of about $12.50 a ton. This amount of wheat would be paid for through normal commercial credits of about 18 months.

The $18-a-ton figure was said to have been worked out with American tramp ship owners, whose vessels are regarded as most suitable by wheat shippers, at an unannounced meeting earlier this week in New York. It was understood that ship representatives and officials of the Commerce Department had agreed that ships or tankers of larger capacities—16,000 to 20,000 tons—could handle nearly 720,000 tons of the wheat.

Later, it was said, one other shipping line had offered to handle 200,000 more tons. This would put the amount of wheat to go in American vessels at 920,000 tons, or about 23 percent of the projected total shipments.

A survey by shipowners and Government officials indicated that the 23 percent was about all that could be carried by the U.S.-flag ships now available.

A division of the shipment between U.S. and foreign-flag vessels has been regarded as the most likely solution. If acceptable to the Russians, the Maritime Administration will set a guideline for U.S. shippers. In effect, the guideline would be a ceiling rate of $18 a ton.

COMMERCE GRANTS LICENSE

If the rate quoted by a shipowner to a private grain trader who negotiates a sale to the Russians falls within the $18-a-ton schedule, the Maritime Administration would certify the ship as available. The Department of Commerce then could issue an export license for the sale.

There was speculation in trading circles on what concessions would be made to shipowners for meeting the $18 rate. It is known that in the first meeting here of shipowners with the Maritime Administration last week the shippers sought a 10-percent increase in rates for shipments of surplus agricultural products under foreign aid programs.

Under Federal law, 50 percent of foreign aid shipments must be made in U.S. ships. This requirement would not apply to the proposed sale of wheat to the Soviet Union because it would be made by commercial companies.

The shipowners argued that there had been no adjustment of foreign aid shipment rates since 1957, and that since then their costs, including labor, had risen.

The division of the wheat shipments would also placate foreign maritime nations. Several countries have informally protested that the American-bottoms condition laid down by President Kennedy was discriminatory and contrary to U.S. endorsement of free trade principles.

[From the Chicago Tribune, Oct. 29, 1963]

SOVIET WHEAT SALE DETAILS GROW MURKY

(By Eliot Janeway)

NEW YORK, October 27.—American achievements in the field of foreign affairs have an odd way of beginning solid and defined, and then growing mistier and mistier. Now our sale of grain to the Soviets seems to be turning from an accomplished fact to a more tentative accommodation, almost as if it dealt with technicians who were to be shipped out of Cuba, not wheat to be shipped out of Great Lakes and gulf ports. President Kennedy, indeed, has already thought it wise to drop a hint, in his speech at the University of Maine, about the possibility of Russia spurning our offer to sell grain.

It's well to remember, too, that if and as U.S. grain eventually begins to move to Russia, any deals made will be subject to various provisos. It's not clear what all of them will be. For example, the Presidential declaration left the key question of credit very murky. Sales were to be for cash, but they were also to be on normal commercial terms; and the latter phrase means 18 months credit. No one has yet explained where the credit is coming from.

PROBLEM IN SHIPPING

Another Presidential proviso applies to shipping. Mr. Kennedy has laid it down that half of any wheat sold to the Soviets in the grain trade will have to travel in American-flag ships. But, as exporters know well, there's a practical difficulty over shipping as well as over credit. American-flag ships are high-cost carriers, certainly higher cost than Soviet-flag ships, whose crews are paid in rubles or zlotys. Besides, much Soviet shipping was acquired for no cash cost, but by bartering oil with Greek shipowners and with Scandinavian, Italian, German, and Japanese shipbuilders.

On the face of it, this Kennedy formula to protect U.S. shipping and maritime jobs is popular.

(So, for that matter, is the decision to let private business handle any deals made.) The conflict arises from the fact that private business, of whatever nationality, prefers not to ship in American bottoms because they cost more than foreign-flag shipping.

There's only one basis on which we could hope to stick Russia for the high cost of American freight—if Russia were too desperate to bargain. But the Financial Post of Toronto has already confirmed the apprehension expressed in this column on September 30 that Russia was buying more in Canada than she really needs: first, to corner the market there and freeze China out; and second, in order to resell Canadian grain to Cuba, to the European satellites, and to our own friends and allies in free Europe.

SATELLITES PULL BACK

Obviously, this isn't a desperate move; it's a smart one and part and parcel of the smart move Russia has made in Canada is the right she has reserved to move her purchases in ships of her own choice. She can charter all that she wants in the world market well under the cost of American-flag freighters. Now the satellites, who've really been bidding for our grain, are pulling back because American-flag shipping costs too much.

In the world as it exists today, a great power without a competitive merchant marine—or without a policy for getting one—is economically disarmed. For whatever other values or volume may stagnate or decline, traffic on the high seas is going to increase.

Partly, this will be due to the sharper competitive thrust of European and Japanese industry, which must export to prosper and, indeed, to live. But partly it is due to the expansive drive of the Soviet economy to penetrate the markets of the world and influence the economies of our allies and friends. One of the ways the Soviets have made themselves competitive internationally has been by building up their merchant marine.

ONLY BY GOVERNMENT

There's nothing any private person or group can do to make American shipping competitive with the fleets which sail under the flags of more benevolently realistic governments. It can only be done by government.

Of this point, John F. Kennedy could do worse than look back on the most successful single tour of duty in the governmental career of his father, Joseph P. Kennedy. In

the fateful period of transition between the New Deal and crisis years, Joe Kennedy recognized the need for a Government shipping operation and he became Roosevelt's maritime administrator. Today, we need a shipping policy and a tough-minded administrator just as much as we did in 1937.

[From the Washington (D.C.) Evening Star, Oct. 28, 1963]

SHIPPING BIG OBSTACLE TO SOVIET WHEAT DEAL

(By Eliot Janeway)

NEW YORK.—American achievements in the field of foreign affairs have an odd way of beginning as solid and defined, and then growing mistier and mistier. Now our sale of grain to the Soviets seems to be turning from an accomplished fact to a more tentative accommodation, almost as if it dealt with "technicians" who were to be shipped out of Cuba, not wheat to be shipped out of Great Lakes and gulf ports. President Kennedy, indeed, has already thought it wise to drop a hint, in his speech at the University of Maine, about the possibility of Russia spurning our offer to sell grain.

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On the face of it, the Kennedy formula to protect U.S. shipping and U.S. maritime jobs is popular. So, for that matter, is the decision to let private business handle any deals made. The conflict arises from the fact that private business, of whatever nationality, prefers not to ship in American bottoms because they cost more than foreign-flag shipping.

The Financial Post of Toronto has already confirmed the apprehension that Russia was buying more in Canada than she really needs: first, to corner the market there and freeze China out; and second, in order to resell Canadian grain to Cuba, to the European satellites, and to our own friends and allies in free Europe.

Obviously, this isn't a desperate move, it's a smart one. And part and parcel of the smart move Russia has made in Canada is the right she has reserved to move her purchases in ships of her own choice. She can charter all that she wants in the world market well under the cost of American-flag freighters. Now the satellites, who've really been bidding for our grain, are pulling back because American-flag shipping costs too much.

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[From the New York (N.Y.) Times, Oct. 27, 1963]

WHEAT SHIP RATES VEX WHITE HOUSE—RUSSIANS BALK, DECLARING FEES ARE DISCRIMINATORY

(By William M. Blair)

WASHINGTON, October 26.—President Kennedy is caught in a political dilemma because the Soviet Union sought and got assurances that American ships would be available to carry wheat to Russia.

Now the Russians are balking, at what they regard as discriminatory American shipping rates, which are higher than the rates of foreign-flag vessels.

A breakdown in the wheat deal would serve to harden Republican criticism and that of anti-Communists of both parties, and would bring on more criticism for trading with the enemy.

It could make the deal a major issue in the 1964 elections and could be particularly damaging if Soviet-American relations took a sudden turn for the worse, making it appear that Mr. Kennedy had been taken in by the Russians.

Authoritative sources say that the Russians first broached the use of U.S. ships for the $250 million worth of wheat they want to buy. They asked for assurances that U.S. vessels would be available and that shipments would not be jeopardized by domestic problems, such as port facilities or strikes.

The administration gave the assurances in the informal diplomatic talks held 2½ weeks ago, when it got its first direct word that the Russians wanted to buy wheat and other commodities.

The talks led to an agreement that the Russians would obtain the use of American ships.

CRITICIZED BY REPUBLICANS

Some officials conjectured that the Russians did not realize at the time that the rates of American-flag vessels then were some $12 a ton higher than charges by foreign-flag ships for cargo to Baltic and Black Sea ports.

Other officials, however, doubted that the Russians had been unaware of the higher American charges. They stated that the Russians had long been exporting and that they would likely have been informed of the rates for all kinds of shipping.

The situation poses a real problem for Mr. Kennedy, who is still under fire from some Republicans for approving the sale of surplus farm products to the Soviet Union. Further, shipping unions have demanded that at least 50 percent of any wheat sold to the Soviet Union be carried in American bottoms.

The 50-percent requirement is in effect on shipments of wheat and other commodities under Government aid and food-for-peace programs. Under these programs, the Maritime Administration puts a ceiling on rates to be charged for Government shipments.

The Maritime Administration made clear yesterday that it was prepared to recommend a ceiling for any Russian shipments when a sale was made by private grain traders. The statement was made at a meeting of the Government shipping officials with representatives of American-flag companies.

TALKS CALLED INCONCLUSIVE

The meeting was described by some shipping representatives as highly inconclusive and unsatisfactory. Donald W. Alexander, Maritime Administrator, said after the meeting that the ship officials had indicated they planned to "operate in a way that their costs are covered and that they make a reasonable profit."

The shipping interests also pointed out to the Government officials that there had been no "adjustment" in rates for Government aid shipments since 1957.

Some officials hope that the problem will be solved without any Government action.

One noted this week that foreign ship rates began to rise when they bought $500 million in wheat from Canada last month and rose further when the American-Soviet negotiations became known. This could mean, he said, "that the gap will be narrowed to the point where the whole thing becomes academic."

NEXT STEP UP TO SOVIET

He said the next step was for a Soviet grain team, due here from Canada, to begin negotiations with private American grain merchants. The shipping rates, however, appear to make necessary further meetings by the Russians and Government officials.

The administration is fully aware that the Russians could buy wheat elsewhere. One report current here is that the Russians are seeking more wheat from Canada. It is also known that they have been watching the Argentine wheat crop, which will be harvested later this year.

The President, however, is understood to be firm for a large wheat deal. Anything less would be embarrassing after his strong approval of the sale.

The sale conditions stipulated that the wheat should be carried in American vessels if they are available. The maritime administrator said that the meeting with the ship companies produced the information that enough American ships were physically available to move the wheat, "but if the rates are not satisfactory, the ships will not be available."

In such a situation, the Maritime Administration could certify that American shipping was not available and foreign bottoms could be used at lower rates.

He also said that the "Government isn't going to ask ship owners to ship below cost." But to permit the use of foreign-flag vessels to move the bulk of the wheat could have far-reaching political effects. Wheat is politically sensitive as a symbol of American agriculture's ability to produce and as a food to feed the world's hungry.

[From the Baltimore (Md.) Sun, Oct. 28, 1963]

WHEAT SALE TO RUSSIANS IS SNARLED—KHRUSHCHEV'S THREAT ON SHIPPING IS NO SURPRISE TO UNITED STATES

WASHINGTON, October 27.—Soviet Premier Khrushchev's public threat to bypass the United States in his wheat purchases came as no surprise to the administration.

One official familiar with the negotiations so far conceded that "the issue is snarled up more than anticipated."

He spoke in the wake of Khrushchev's statement yesterday that any "discriminatory conditions" would block Soviet purchase of U.S. wheat.

AMERICAN SHIPS NEEDED

The Premier did not specify what he meant by "discriminatory conditions" but it was assumed here that he referred to President Kennedy's October 9 stipulation that exports to the Soviet Union would have to be handled in American ships, if available.

This presumably would have the effect of adding about $10 a ton to the cost of the 100 million to 200 million bushels of wheat.

The White House, State Department and other agencies that have been participating in the preliminary negotiations had no formal comment on Khrushchev's remarks as they appeared in the Moscow newspaper Izvestia.

However, officials said that the Premier's objection really was only a public statement of the position that the Soviet negotiators have been taking all along in the private discussions.

CUT IN RATES RESISTED

American shipping lines, are reported to have declined the Maritime Administration's invitation to reconsider their rates.

Administration officials explain their reluctance to comment at this stage on Khrushchev's remarks by hinting that the Government still hopes to come to terms with the shipping industry by reminding it that Mr. Kennedy's qualifiying phrase of availability and the question of rates are closely connected.

THREE CHOICES GIVEN

This may mean, some officials privately explained, that should the shipowners reject the administration's overtures, the Government will have three choices:

1. It could consider the deal as having fallen through.

2. It could announce that the high shipping rates mean nonavailability of American vessels, permitting the Soviet to find its own means of transportation.

3. It could seek some kind of accommodation with the Russians, wih part of the wheat to be delivered in American ships.

Beyond stressing that the discussion between the Maritime Administration and the shipowners is far from being closed, officials make it clear in private conversations that the issue is predominantly a domestic political problem that boils down to this:

Mr. Kennedy, who alone decided earlier this month to sell wheat to the Soviet, now has to decide about the next step.

DOCKERS SAY THEY'LL LOAD RUSS GRAIN—BUT LONGSHORE WORKERS WILL NOT PUT WHEAT ON SOVIET SHIPS

(By Helen Delich Bentley)

NEW YORK, October 15.—The International Longshoremen's Association (AFL-CIO) today reluctantly agreed to load U.S. wheat for Russia—but not aboard Russian-flag ships.

Affirmative action was taken by the executive council after wrestling with the problem for nearly 6 hours. One hour and fifteen minutes of that time was consumed by James J. Reynolds, Assistant Secretary of Labor, who requested permission to appear before the council in an effort to sell the program of President Kennedy.

GREAT EFFECT ON VOTE

Thomas W. Gleason, ILA president, credited Reynold's appearance with having a great effect on the council's favorable vote, to which five conditions were attached.

Strong internal opposition came from war veteran dockworkers who belong to the Longshoremen's Post of the Veterans of Foreign Wars. They flatly opposed any move to permit dockworkers to load grain on ships bound for Communist nations.

Refusal to load the Russian-flag ships was one of the conditions included in the qualified approval.

A top Government official tonight said the Russian ship restriction could create a definite problem in the sale of wheat to the Soviet bloc.

The other qualifications were:

PREFERENCE TO U.S. SHIPS

1. Preference should be given to American-flag vessels whenever they are available to carry the wheat.

2. Any work performed on the wheat must be done under the terms of the ILA contracts and working agreements.

3. There shall be no transshipment of any grain to Cuba and Red China.

4. A four-man committee from the ILA will act as liaison with the Government agencies involved in the grain movement.

All the conditions of the sale announced by President Kennedy shall be observed, the ILA added.

REGARDING RUSS SHIPS

Regarding the Russian ships, Gleason stated that:

"No ILA worker shall be asked to load cargo onto Russian ships. We have never in our history loaded ships with a hammer and sickle flying on them and we don't intend to do it now."

The ILA did not take any action on the handling of other Russian exports and imports at the east, gulf, and Great Lakes ports which it embraces.

A boycott against all Russian goods was instituted by the ILA last October at the height of the Cuban crisis and has not been lifted, despite pressure from numerous quarters that this ban be removed.

The other Russian goods were not voted upon today, it was learned, for fear the longshore leaders would reject the wheat deal as well. When it will be discussed has not been announced yet.

MOVE THROUGH CANADA

Many of the cargoes that normally would move through U.S. east coast ports—including Baltimore—are still moving between this country and Russia, but through Canadian ports. In other words, the general feeling is that the people who have lost the most through the boycott are the longshoremen of the United States.

Although the Canadian dockworkers belong to the same ILA, they have not abided by the executive council edict not to handle Soviet bloc trade.

Many port interests are concerned that industry may find substitutes for some of the items—such as cotton linters used by the automobile industry—and they will be a permanent loss in trade to this country.

[From the New York (N.Y.) Times, Oct. 29, 1963]

SHIP MEN BARGAIN OVER WHEAT DEAL—SEEK 10-PERCENT AID RATE RISE—IMPASSE STILL HOLDS

WASHINGTON, October 28—American shipowners sought a 10-percent increase in aid shipment rates in their meeting with Federal officials on carrying wheat to the Soviet Union.

While the owners made no demands, a reliable source said today, they indicated they might agree to rates stipulated by the Maritime Administration for the Russian wheat cargoes if an "adjustment" was made in the foreign aid schedules.

Steeper American ship rates, which run $10 to $12 more than those of foreign flag vessels, have been the major obstacle to private sales of wheat to the Soviet Union.

Hard-bargaining Russians met formally for the first time today with equally hard-bargaining American grain merchants. The session resulted in an impasse because of the rate question. The Russians said they wanted to purchase wheat, but balked at what they considered "extra charges" for shipping.

The rate snag arose because President Kennedy, in approving the sale of surplus farm commodities to Russia October 9, specified that cargoes would be carried in American ships, as available.

He set up the specification, although the sales were to be made by private traders rather than the Government.

It was understood that some of his advisers had opposed the stipulation on the ground that it was a free-enterprise deal and should be carried through from sale to ships on that basis.

The impasse also brought protests from several major maritime countries. Norway was the first, acting through diplomatic channels.

Other protests have been received from Britain, Denmark, and Sweden. They see a possible loss of business for their ships.

The increase sought involves shipments by the Government under Public Law 480. This is the Surplus Disposal Act, which allows sales of farm commodities in exchange for foreign currencies and strategic materials or donations for welfare purposes.

Donald G. Alexander, Maritime Administrator, after a meeting Friday with representatives of shipowners, said they stressed there had been no "adjustment" in rates under the law since 1957.

The law requires that 50 percent of aid cargoes be carried on U.S. ships. The Maritime Commission sets "fair and reasonable" rates under the law. In effect it establishes a rate ceiling for the merchant marine.

The Cabinet is expected to be briefed on the situation when it meets with President Kennedy in the White House tomorrow.

The briefing will cover the protests from Allies who believe their shipping is being discriminated against by the President's ruling.

Mr. Alexander said the Maritime Commission was prepared to set up rates as "guidelines" for the merchant marine. However, he added, he will first report to the Government officials who have dealt with a Russian trade delegation headed by Sergei A. Borisov, First Deputy Minister for Trade.

Mr. Alexander and other officials of the Commerce Department, of which the maritime agency is a part, are expected to meet again soon with representative of the shipowners.

[From the Baltimore (Md.) Sun, Oct. 26, 1963]

SUFFICIENT U.S. SHIPS SEEN FOR RUSSIAN WHEAT DEAL

(SUPERIOR, WIS., October 25.—The first sign of retaliatory measures to be taken against Canadian ships because of a Government-trusteeship placed over Canadian maritime unions was seen here today when American seamen picketed a Canadian vessel. The picketing is expected to spread to all other Canadian ships in U.S. ports. The pickets are members of the Seafarers International Union of North America. Their SIU counterpart in Canada has been seized by the trusteeship.)

(By Helen Delich Bentley)

WASHINGTON, October 25.—Sufficient numbers of American-flag ships now in active service are available to carry the proposed 2,500,000 tons of American wheat to Russia, Donald W. Alexander, Maritime Administrator, reported today.

The only hitch as to whether they will be used by the Soviet, if they buy the wheat, is the freight rate that will be demanded by the American shipowners.

Alexander pointed this out at a press conference following a 2-hour session with the heads of the four principal maritime associations representing every American-flag shipowner.

PURPOSE LIMITED

The meeting was called to discuss the availability of ships and rates, Alexander explained, only for the movement of wheat to Russia, not to any other of the Soviet bloc nations or for any other commodity.

Because rates on American-flag ships for the movement of U.S. Government-aid cargo to other countries range from $7 to $10 a ton higher, there has been some suggestion during the past week that the Iron Curtain countries were reluctant to make their purchases from America if they had to ship them on American ships.

Alexander referred to President Kennedy's initial announcement October 9 when he said the movement of wheat and wheat flour to Russia would be aboard American vessels if they were available.

QUESTIONED ON REPORT

The Maritime Administrator was asked to confirm a report circulating that the Soviets had initially suggested that American-flag ships be used for these shipments.

He replied he had heard of it only as a rumor and could not make the confirmation.

American seamen's unions and the International Longshoremen's Association have both pressed for preference treatment to be given American vessels. If this is not given, the National Maritime Union has said it will picket vessels loading for the bloc. The ILA has indicated it will not load any grain if foreign ships are favored over American.

Alexander explained that until an actual fixture—contract—for a cargo of grain to be moved to Russia is made, it is difficult to say how the rates will run. Shipowners are free to negotiate their own, he explained, although the Department of Commerce intends to establish a guideline—a ceiling—as to what rate it will consider as being "fair and reasonable."

If the rate cited is higher on the export license application, Mr. Alexander said, "We will consider it as no American ship being available because it won't be available at what we consider a fair and reasonable rate."

In this instance, the buyer or seller could designate a foreign-flag ship as he is now able to do under the Cargo Preference Act which requires that at least 50 percent of all aid cargoes must move on American bottoms when available at reasonable rates.

GAP BEING CLOSED

Alexander also pointed out that since the gigantic purchase of wheat by Russia from Canada and Australia, the freight rates for foreign ships have been rising, placing the world market closer to the price of American ships. The steamship representatives told him, he said, that the gap could be closed almost completely if the demand for ships continues rising.

The steamship men also pointed out, he said, that historically when American ships were not available, foreign shipowners skyrocket their rates far in excess of what they were when the demand began. Sometimes they even exceed the American rate, he commented.

The Department of Commerce will not ask any shipowner to handle any wheat or wheat flour for Russia at a rate below cost or less than compensatory, Alexander stated. Wages aboard American ships are about four times higher than foreign ships, while other costs also are comparably higher.

[From the Baltimore (Md.) Sun, Oct. 14, 1963]

FROM BAD TO WORSE?—DARK DAYS FOR THE MERCHANT FLEET

(By Helen Delich Bentley)

The future of the remnants of the domestic shipping fleet literally hangs by a thread. A bill now pending in Congress could wipe it out, although the bill's supporters would deny this.

Introduced by Senator NEUBERGER, Democrat, of Oregon, the bill would permit on a permanent basis the free movement of lumber from the United States to Puerto Rico aboard foreign-flag ships. If that is enacted, the maritime industry feels it is useless even to try to apply the Jones Act any longer. The Jones Act was passed in 1920 to protect domestic shipping by permitting only American-flag ships to carry cargoes between American ports and from the States to territories such as Puerto Rico and the Virgin Islands.

The effect of the Jones Act was weakened last year when Senator NEUBERGER squeezed through a provision that lumber could move to Puerto Rico on foreign-flag ships for a 1-year period if American ships could not meet the low freight rate of the foreign vessels. The pending legislation has no proviso which would give American ships an opportunity even to express a desire for the lumber.

Ironically, American ships which have been converted abroad, but which are still operated under the American flag and manned by American seamen cannot compete against the foreign vessels because the Jones Act excluded them from the domestic trade.

Yet these are the only American ships—primarily bulk type carriers—which could approach the low freight rates of the foreign ships, which are built abroad, registered abroad, and manned by foreign seamen.

Once the lumber industry breaks completely through the Jones Act with the "free movement" doctrine, then the orange, steel, chemical, and oil companies are going to fight for their rights. Who can say that the lumber industry should have any more preference than the others?

Shipping circles feel strongly that the administration is selling the American domestic service short—or cannibalizing it—in behalf of the lumber industry because of the power in Congress of the Pacific Northwest congressional delegation.

The same shipping groups point out that many of the lumbermen who are screaming that they cannot compete against Canadian lumber which moves in foreign bottoms are stockholders and part owners of many of the same Canadian lumber concerns. In other words they are competing against themselves and the domestic fleet is being sacrificed—that is the feeling in the maritime world.

Although the railroads seemingly would support any attack against the domestic shipping lines, they may well beware of some of the far-reaching implications. Competition against American-flag water transportation has been stiff and the railroads have complained. But what will it be if lower-cost foreign ships are given a wide-open field in which to operate?

Great concern has been expressed by many responsible sources about the decline—from 700 ships before World War II to less than 100 today—of the domestic fleet, but thus far only negative action has taken place.

When he was running for the Presidency, the then-Senator Kennedy wrote: "The depressed condition of our country's once-flourishing domestic shipping industry should be a matter of deepest concern to everyone interested in our country's economic progress and national security. Unless strong measures are taken, promptly, to preserve and strengthen the dry cargo fleet now operating coastwise and intercoastal, one of the great bulwarks of our Nation's defense may soon be a thing of the past."

Since that letter was written in 1960, at least eight domestic—intercoastal, coastwise, and offshore—steamship lines have suspended. Only seven are left.

Summarizing in his letter, Mr. Kennedy wrote: "If the domestic merchant fleet, so strategic to the Nation's economy and to its defense, is to be kept alive—and it must be—Government must lend a hand. Steps must be taken to insure fair treatment of domestic shipping vis-a-vis other forms of transportation. Beyond that Government has real and long neglected responsibility to assist in the formulation of a rational over-all transportation policy in which intercoastal transport has a vital position."

Among the problems cited by the "deceased" lines as they went out of business was that of rates—that they were unable to get rate increases approved fast enough by the Federal agencies.

At the Propeller Club Convention held in Baltimore last week, former Senator John Marshall Butler, who was considered outstanding in his contributions to maritime legislation while serving in the Senate Commerce Committee, spoke on "Domestic Water Transportation and the National Interest."

He said among other things, "Unless something is done about the ratemaking situation, a rejuvenation of domestic water shipping would be impossible, according to the experts, even if the cost of the ships were zero. It is in the area of ratemaking, on a wholly coordinated national transportation basis, that Under Secretary Roosevelt and his associates may find the real solution."

Most—if not all—of the remaining segments of the domestic shipping industry have filed for rate increases to compensate for increased costs. Some of these cases have been pending before the Federal Maritime Commission for a year—some even longer. The length of time it takes the Commission to act on a rate petition has been disturbing to the shipping industry for some time because of the mounting losses in the interim. Some lines have collapsed altogether while waiting.

Some shipping people have suggested subsidizing the domestic industry. Subsidy payments would support both the construction of new vessels and their operation. Matson Navigation Co., the biggest domestic nonsubsidized line, has taken a neutral stand on the issue of subsidy for its Hawaii freight trade. In a memorandum issued some time ago on this subject, the company said:

"As the principal carrier in the trade, it is Matson's fundamental responsibility to keep the total cost of moving Hawaii's commerce at the lowest possible level consistent with the maintenance of adequate service and a fair return to the stockholders on their investment in Matson. This responsibility does not include the determination of who is to pay this cost.

"Under the present system, the users of the service pay directly for it through freight charges. This is the normal way of doing business. Under a subsidy arrangement, part of the cost would be shifted, either to the taxpayers of the State or the Nation. Whether or not the cost burden should be shifted is a matter of public policy, to be decided by the public and those appointed or elected to serve the public interest."

More recently, Matson has said that if it could get its requested freight rate, the rate of return would put it on solid operating grounds now—without any subsidy of any kind.

Alcoa Steamship Co. has requested a freight rate boost to Puerto Rico and the Virgin Islands and emphasized that it was urgent. That was nearly 18 months ago. The plea is still pending.

Another bill even bolder than the Neuberger proposal and now before Congress would permit foreign-built ships to be used generally on the domestic routes. Mr. Butler referred to this as obtaining ships from "bargain basement shipyards in foreign countries. This is another artifice of inert expediency, unworthy of those who resort to it."

If the argument is that lower-cost foreign procurement should replace domestic shipping, he said, "you might as well suggest that we import lower salaried legislators from West Germany, Japan, France or wherever, to sit in the Congress of the United States and enact laws to bring about the complete demise of all of U.S. industry."

"This type of attitude, if not nipped in the bud, could pollinate or be catching—and might even lead to the demise of our merchant marine completely or to the demise of the domestic, legal profession—or what have you. Where then would we be with the balance-of-payments problems? Where would they find [the shipping quota] of the 35 million new jobs which the Department of Labor has warned our economy must create in the next decade?"

The Senator blamed both Republican and Democratic administrations for the sad plight of the domestic merchant marine today. Many agree that the weakness of the domestic merchant marine doesn't trace to the Jones Act, but to longcontinued default of suitable action, leadership and coordination within the responsible—the executive—agencies of the National Government. No administration has made a real

attempt to salvage any segment of the domestic shipping industry.

OCEAN RATES TO RUSSIA HOLDING UP THE WHEAT DEAL

(By Helen Delich Bentley)

The American shipping industry is being buffeted from all sides in the proposed sale of wheat to the Soviets. Should the sale fall through because of the higher rates charged American-flag vessels, then the whole blame might fall on the U.S. Merchant Marine. [Latest reports are that the United States has proposed a rate compromise which the Russians are studying.—Editor.]

Even some of the American press is criticizing rate structures that threaten to disrupt the wheat deal. Foreign maritime nations are angry at President Kennedy for specifying the use of American ships. Yet American seamen's unions say that American ships must be given preference or they will picket and longshoremen might not load the foreign carriers otherwise.

Did President Kennedy deliberately risk this controversy because he truly felt the wheat should move American? The shipping industry, which has felt neglected under the present administration, would like to believe that the President himself decided that any of this wheat sold at world market prices—meaning that the American taxpayer is paying a subsidy of 60 cents a bushel to the American producers—should move on American-flag ships.

But well-informed sources claim that in the initial inquiries between the two Govments, the Russians requested American-flag transport and that the President made his public statement for that reason.

If the story is true, some wonder whether the Russians didn't plan this deliberately to embarrass the White House by subsequently refusing to purchase the wheat because of the high American shipping rates. It is difficult to believe that the Russians were not aware beforehand of the higher shipping rates on American tramp ships. They have been chartering vessels for years and their shipping agencies are active enough in the world market to know all about the high American rates.

The higher rates, incidentally, do not apply to berth line services—those steamship lines serving on regular trade routes with a steady service—because of the conference systems under which both foreign and American operators charge identical rates and institute identical practices on those routes.

But grain moves on tramp ships primarily, as do most bulk cargoes. The liner services—most of which are subsidized or about to be—would be available only to move parcel lots of wheat on their regular run. This they might be able to do at a slightly lower rate than the tramp ships, but only if they happen to have some empty space on a ship that is sailing near or to Russia.

The Government-aid grain which has been moving around the world to India, Poland, Yugoslavia, Great Britain, France, Germany, Algeria, and other countries since the Marshall Plan was first instituted is transported primarily on regular tramp ships or on liners chartered to a tramp operator. The Cargo Preference Act requires that at least 50 percent of any Government-financed cargo shall move on American-flag ships, if available at fair and reasonable rates.

Those fair and reasonable rates are determined according to guidelines established by the Maritime Administration of the Department of Commerce. Although the guidelines are in theory never made public, the industry learns of them somehow so its operators may know what to charge for a cargo fixed (contracted) for a specific country. Any rate equal to or less than the guideline means that an American ship is available at a fair and reasonable rate. If the rate is higher, the Maritime Administration rules that an American ship is not available.

The American rates have ranged from $7 to $10 higher than the foreign freight rates for several years. Therefore, there is nothing new about them and no reason for a sudden gust of sympathy for the Russians because they may have to pay more to move wheat which they claim they so desperately need.

The Department of Agriculture has been unhappy about the Cargo Preference Act since it was passed in 1954 and has been caught repeatedly trying to skirt it by favoring foreign ships. More than once the Department of Justice has had to issue directives to Agriculture that it favor Americans where the Cargo Preference Act is applicable.

It is certainly true under the Kennedy administration that more Government agencies are using American ships almost exclusively whenever and wherever they can. But there is still a great deal to be done to indoctrinate both the Departments of Agriculture and of State to think of American-flag shipping first.

The Cargo Preference Act is the only protection that the American Merchant Marine has. Today, less than 10 percent of all of the U.S. imports and exports move on American-flag ships. The Norwegians lead the foreign nations in the amount of American foreign trade transported and yet the Norwegians were the first to blast President Kennedy for his suggestion that the subsidized American wheat should move preferably on American ships.

Other countries which have raised questions or registered indignation over the "preference" to American ships are Japan, Denmark, Sweden, Italy, Greece, the Netherlands, and Great Britain.

Luther H. Hodges, Secretary of Commerce, defended President Kennedy's stand by pointing out that foreign nations would arbitrarily designate their own ships (and have done so) to carry such cargoes without consideration for anyone else. Secretary Hodges indicated that was the position the United States should adopt on the Russian wheat movements.

Despite all of the hullabaloo, no one really knows what the American rates actually will be until a fixture—contract—has been made for a ship. Until that time, no one can determine whether the American rate will fall within the "fair and reasonable" category.

The factors involved in determining a rate are numerous: How many tons a ship can carry, the port of loading, the port of discharge, the facilities available for discharge, the length of the voyage, the speed of the ship. All of these are cost factors. A larger and faster ship can quote a much lower rate because it could carry several times as much as a 10-knot Liberty. For instance, the 106,000-deadweight-ton tanker *Manhattan* recently picked up aid grain for the Middle East for about $12.80, while a Liberty ship quoted $24.50.

A group of tramp ship operators did announce last week that they would make sufficient tonnage available at $21 a ton to transport 1 million tons of wheat to Russia before next summer. This, presumably, was a drop of $5 a ton from what they say is the comparable rate on aid cargoes to nearby points. However, it still ranges from $5 to $8 a ton higher than quoted foreign rates.

An interesting development, however, is the climb in foreign rates since the big wheat movements from Canada and Australia were announced. The indices show rates rising from $3 to $5 a ton in the world market with indications they will go still higher. History has shown that whenever American ships were not available to steady them, the foreign rates climbed to abnormal levels. One prognosticator last week mused that "before this grain rush is over, both American and foreign rates will be $33." Nothing would please the shipowners, who have been in recession since 1957, more.

The $21 figure released by the tramp shipowners may serve as a guide to the "guideline" which the Maritime Administration is to determine soon.

It is interesting that no directive or indication has been made that any grain other than wheat is to be channeled to American ships.

Moreover, wheat moving to other Communist bloc nations purportedly can move on ships of any flag. So the big question centers around an estimated 4 million tons of wheat and wheat flour that the Russians allegedly want for themselves. Will the transaction be consummated and will the wheat move on American vessels?

THE COLLAPSING CONTROLS ON EAST-WEST TRADE

[From the Washington (D.C.) Star, Mar. 24, 1963]

BRITAIN SEEKS RED CHINA AND SOVIET TRADE—CONTROVERSY SEEN IN WEST'S CAPITALS OVER CONTRACTS

LONDON, March 23.—The British Government, plagued by export difficulties and high unemployment, is quietly setting the stage for important new business deals with Russia and Red China.

Two big contracts with the Russians were reported under study. Each seems certain to heighten controversy in Western capitals. They are:

1. The Board of Trade has advised the South Durham Steel & Iron Co. it is free to sell oil pipe to the Russians. The $225 million Middlesborough firm has been losing money lately. It hopes to pick up orders for pipeline equipment which West German companies have had to cancel as a result of a Government embargo. Britain's refusal to join in a general Atlantic alliance embargo of steel pipe sales to Russia has been criticized in Bonn and Washington.

2. The British Cabinet is also considering a Moscow offer to sell Britain up to 2 million tons of Soviet oil a year.

As bait, the Russians have indicated they will place orders with the hard-pressed British shipbuilding industry.

NO TRADE INHIBITIONS

In general the British have no inhibitions toward trading in nonstrategic goods with the Russians, Chinese, and other Communist lands.

"This country must export or die," one senior authority said. "We are traditionally a trading nation and cannot exist in self-sufficiency as the United States could do. We would do business with the devil provided he pays."

British Government ministers began a round of talks with Lu Hsu-chang, Red China's visiting Deputy Minister for Foreign Trade.

A treasury spokesman said afterward Mr. Lu "gave some indications of how he thought China's trade with Britain might be developed." In the past 3 years the volume of British Chinese business has neared the $500 million mark and both countries think there is scope for at least a 50 percent increase.

READY TO FORGE AHEAD

London-Peiping Trade reached a peak in 1959, immediately before a succession of three crop failures forced the Chinese to curb imports. On top of this, foreign exchange and domestic political difficulties compelled the Chinese Reds to reorganize their economy and revise their foreign trading policy.

But now they are considered ready to forge ahead into new economic and fiscal relationships with Western countries, including Britain, which has a centuries-long record of business dealings with China.

Mr. Lu and his mission will be visiting an aircraft factory which is building six jet airliners for delivery to China, a nuclear power station, electronic and power generating plants and a variety of other industrial centers. The British are hoping to interest him in buying complete factory installations, machine tools, and consumer goods and equipment.

[From the New York Times, May 31, 1963]

SOVIET PRESSES BONN FOR MORE TRADE; SEEKS PACT BYPASSING COMMON MARKET DEADLINE

(By Arthur J. Olsen)

BONN, May 29.—Premier Khrushchev has suggested a 3-year renewal and expansion of the Soviet Union's $400 million a year trade agreement with West Germany.

The suggestion was made to a West German industrialist, Berthold Beitz, in Moscow last week. It appears to fit a pattern of developing Soviet interest in economic ties with West Germany. It also promises to confront Bonn with a difficult decision on its future trade policy with eastern countries.

Under the treaty setting up the European Common Market, all trade agreements with countries outside the trade bloc are to be negotiated by the Common Market as a whole after January 1, 1966.

The 3-year agreement sought by Mr. Khrushchev would run through 1966. Bonn therefore would have to insist on short-term renewal of the Soviet agreement that expires this year or ask the Common Market executive for an exception to the 1966 cutoff date.

BLOC NATIONS ARE WARY

There is considerable sentiment in government and industry for expansion of West Germany's commerce with Soviet-bloc countries. Bonn is far from sure of similar enthusiasm among its Common Market partners, some of whom compete with East European countries in exports to West Germany.

Soviet pressure for a 3-year renewal is sure to be heavy, Communist governments, which plan their economies on a long-term basis, insist wherever possible on 3-year or 5-year agreements. Short-term trade protocols are invariably limited in scope and size.

Premier Khrushchev is understood to have impressed Mr. Beitz, who is general manager of the Krupp industrial enterprise, with Moscow's interest in broadened commercial exchange with West Germany. This is a recurrent theme in Soviet propaganda aimed at Bonn.

WEST BERLIN AN ISSUE

A parallel theme, now worrying West German officials, is a current Soviet effort to cultivate commercial relations with West Berlin. The purpose apparently is to develop the position of West Berlin as a foreign-trade partner separate from West Germany.

When the Bonn regime and the Soviet Union negotiated their current trade agreement in 1960, Soviet authorities refused to recognize Bonn as representing West Berlin's commercial interests.

Officials here are uncertain whether Moscow will resume its effort to cut Berlin off from the Federal Republic as far as Soviet trade is concerned. The one recent hint of Soviet policy was ambiguous.

In an invitation to West Germany to exhibit at a Moscow trade fair next year, the Soviet Union specifically invited West Berlin's participation. Berlin officials are now trying to discover whether the Soviet Union meant that West Berlin should appear as a separate country.

This interpretation could well be correct, since the Soviet Embassy in East Berlin has recently been trying to interest West Berlin businessmen in Soviet trade. The effort, which included a conference with about 50 West Berlin executives last month, has won limited response because few Soviet export products are useful to West Berlin.

SOVIET VIEW OF FUTURE

In his talk with Mr. Beitz, Premier Khrushchev appears to have tried hard to encourage the present interest of West Berlin's industrialists in expanded commerce with the East. Officials here believe the Soviet leader may well have been expecting that a new government in Bonn might become more receptive to Soviet political approaches than the regime of Chancellor Adenauer has been.

Premier Khrushchev is understood to have questioned Mr. Beitz closely on the probable character of the government to be organized by Vice Chancellor Ludwig Erhard when he succeeds to the leadership in October. The Premier apparently did not ask the industrialist to convey an invitation for Mr. Erhard to visit Moscow, as was rumored in the West German press.

Mr. Beitz's report will be a principal contribution to a conference next month on Eastern trade policy to which West German industry leaders have been summoned.

Mr. Erhard, Foreign Minister Gerhard Schröder and possibly Chancellor Adenauer will hear recommendations and arguments of industry. It is expected to advocate trade expansion with the East and pressure on the Common Market for concessions that would make that expansion possible.

West Germany's trade with the Communist bloc has risen by 25 percent since 1958, although it remains comparatively small. Last year it amounted to slightly more than $1 billion, or 4 percent of total West German foreign trade. Of the East bloc trade, the Soviet Union accounted for $400 million.

[From the New York Times, Aug. 22, 1963]

JAPAN MILL SALE HAS WIDE IMPACT—TOKYO TO REASSURE ALLIES ON RED CHINA DEAL

(By Emerson Chapin)

TOKYO, August 21.—Japan was reported eager today to reassure its allies that the sale of a multimillion-dollar synthetic textile plant to Communist China had no political implications.

As the long wait began here for world reaction to the deal with China, Japanese Government sources stressed that the arrangement did not constitute any form of "economic aid" to Peiping and asserted that Japan was merely following international business practice.

The Government was said to be anxious to reassure its allies, particularly the United States and Nationalist China, that the deal was strictly commercial.

Fears of adverse reaction in the United States are thought to have been responsible for the Government's long delay in approving the sale of the $20 million plant to produce vinylon. Under the terms finally approved, the Chinese will make a downpayment of 25 percent and pay the balance over 5 years at 6-percent interest.

Vinylon, also known as vinal, is a polyvinyl alcohol fiber developed by the Japanese and not generally used in the United States. The low-cost fiber can be produced in regular filament and staple form as well as in water-soluble form. It is strong and abrasion-resistant and has relatively low elongation.

The Japanese Government imposed on the Kurashiki Rayon Co., which is selling the plant, what was generally regarded as a face-saving condition.

The rate of interest was raised from the 4½ percent originally specified to 6 percent so Japan could not be accused of granting more favorable payment terms to China than are offered by any of the Western trading nations. But the price was reduced from 7,400 million yen ($20,555,555) to $7,200 million yen ($20 million), so that the total amount paid by China would not be altered.

U.S. VIEW OUTLINED

There was no public reaction from the U.S. Embassy. American officials here take the view that Japan cannot be criticized for seeking trade with Peiping on the same terms as such other countries as Britain, Australia, and Canada.

It was noted that a British trade group had just returned from Peiping with predictions of a rapid expansion in trade between the two countries.

Statistics show that Japan has been falling behind Western competitors in exports of machinery and plant equipment largely because of the 20- to 30-percent downpayment requirements imposed by the Government.

The United States has looked askance on the Japanese assertion that the sale to China is simply a business arrangement and has no political significance.

American officials have observed that in dealings with Peiping, economics and politics cannot be separated, and have reminded the Japanese of what happened in 1958, when the Chinese suddenly seized on a political pretext to break off all commerce.

The U.S. view is that the Japanese, in making such manufacturing plants available for deferred payment, would be better advised to consider the underdeveloped countries of southeast Asia, where the need is great and the future of commercial relationships could be more promising.

CONCESSIONS SOUGHT

In announcing the Government decision yesterday, Hajime Fukuda, Minister of International Trade and Industry, declared that the extent of future contracts for plant sales to Communist countries on easy payment terms would be limited by the amount of funds available in the Japan Import Bank. However, U.S. officials believe that the Government, having said "Yes" to Kurashiki Rayon, may find it difficult politically to turn down other applicants.

A number of new applications by textile and chemical fertilizer concerns are expected in the wake of yesterday's decision.

[From Metalworking News, Oct. 14, 1963]

TOOLBUILDERS IN UNITED STATES GENERALLY ENDORSE TRADE WITH RUSSIANS

A general tendency among machine tool builders to favor selling their wares to Russia emerged last week in a Metalworking News spot check around the country.

In the wake of the administration's decision to sell wheat to the U.S.S.R., many tool-company chief executives showed varying degrees of interest in the idea of such trade for themselves. At the same time, a substantial minority of those checked flatly opposed dealing with Russia.

Most tool executives favoring U.S.S.R. trade made it conditional on Government approval, and many would specifically exclude sales of machinery directly useful in war production. Others excluded any tools not already available to Russia from other sources.

The fact that equipment is being made available to Russia by America's allies was pointed out repeatedly.

Builders opposed to Russian trade tended for the most part to question the wisdom of building up the strength of a potential enemy. A few shrank from trading with Russia, however, on the basis of bad experience in prior transactions.

Following are detailed reports from major toolbuilding centers:

SHOULD ALLOW IT

Cleveland: American machine tool builders should be allowed to sell to Russia.

That was the unanimous opinion of machine tool builders here last week in the wake of the decision to allow the sale of wheat to Russia.

None of the builders were willing to be quoted for the record, however, and several recommended restrictions.

Machine tools that can be quickly converted to making of weapons such as artil-

lery shells should be barred, said one builder. He admitted that all machine tools indirectly would help in making military equipment, but added that so would wheat and proposed the banning of only those machines that would directly turn out munitions.

Another builder would allow the sale only of machine tools the Soviet Union can now purchase from other countries. He also said that if the Government wants to ban these machines, the industry should be willing to go along.

"If we don't sell the machine tools to Russia, then Great Britain, West Germany, France, and other countries will. What's the difference between wheat and machine tools?" That was the consensus.

One builder claimed Iron Curtain countries are now copying American machine tools and paying no attention whatsoever to patent rights, except to restrict sale of these tools to other Iron Curtain countries.

MIGHT AS WELL, TOO

Rockford, Ill.: The United States might as well sell machine tools to Soviet bloc nations if those nations can buy them from our allies. Chester J. Braatz, president of Barber-Colman Co., here, said last week:

"We accomplish nothing if we deprive ourselves of this business," he stated.

Mr. Braatz stressed that this is his personal view and is restricted to equipment the Soviet "can buy from someone else if they can't get it from us." He said he does not feel the United States should promote sale of machine tools to the Soviet.

Clayton Gaylord, president of Ingersoll Milling Machine Co. here, noted that anything we sell to the Russians aids their ability to wage war on this country. There is no point in distinguishing between wheat and machine tools, he added.

Mr. Gaylord said the decision as to whether to trade with the Soviets should be made by the "people planning the strategy of the cold war and in a position to estimate the possibility of a hot war."

Philip Mattison, president of Mattison Machine Works, here, stated his strong personal opposition to selling to the Soviets.

"If we had an inquiry right now, and it were legal, we would not quote," he said.

Still another local builder, who prefers to remain unidentified, said "we'd sell to anyone else first." This builder had done business with Russia's Amtorg Trading Corp. at one time and he recalls it as the "toughest kind of business. Their arguments over tolerances were intolerable."

OPINION DIVIDED

Cincinnati: Test-ban treaties and sale of wheat—all signs of growing, yet limited U.S. cooperation with the Soviet Union—have not brought about a major realinement of thinking on trade with Russia among machine tool builders here.

Earlier attitudes, on both sides of the issue, continue to prevail.

Graham A. Marx, president, G. A. Gray Co., said, "We are not eager to deal with the Russians," while Frank Fields, president, Fosdick Machine Tool Co., said, "I feel that machine tool sales to Russia are certainly justified. There is nothing we build that the Russians can't get from our European allies."

A more middle-of-the-road statement was offered by William Dolle, Sr., president of Lodge & Shipley Co.: "If we would get Governmental approval on trade with Russia, there would be no objection to taking orders but Government opinion wil govern our attitude."

It was commonly felt that the wheat-sale agreement would spark industrywide consideration of lifting the Communist-Bloc trade barrier.

Restricting some machine tool types from possible trade was seen as advisable by many builders here. Excluding machines directly related to production of military items or those of unique technology was suggested.

In considering the eventuality of future trade, local machine tool management felt that trade negotiations should be begun and carried on by the individual firm rather than through governmental or industrywide groups.

ISSUE TOO COMPLEX

Providence: Henry D. Sharpe, Jr., president of Brown & Sharpe Manufacturing Co., here, feels the question of machine tool trade with Russia is too complex to be answered with a simple yes or no.

"You would have to have a specific proposition to consider before you could evaluate it," he said, adding that the interest of the United States weighs heavier than the interest of any one manufacturer.

CHICAGO SEES VALUE

Chicago: Machine tool executives here generally favor a review of U.S. machine tool trade restrictions with the Soviet Union.

Several say they cannot understand why the United States does not sell the Russians machine tools when our Allies make such sales. One builder, while favoring a review, said he does not think we should sell the Communist world sophisticated machine tools such as numerically-controlled items, though he saw no objection to selling conventional machines.

The president of one large tool manufacturer, said, however, he does not want us to trade with the Russians. He termed them potential enemies and sees no reason to help such a country even if it means profits here.

DETROIT OPINIONS

Detroit: "If we are to get our gold back, how are we to do it unless we increase our exports," was the reaction of Sam S. Schmidt, president, Drillmation Co., Inc., Center Line, Mich., to the question of selling machinery to the Soviet Union.

"The Russians are getting what they want anyway from Europe, and we might as well cash in," he added.

A similar point of view was voiced by Norman L. Parker, vice president, Parker-Majestic, Inc., here. He favored sales to the Soviet Union, but not sale of machinery that might be converted to military applications.

WORTH THINKING ABOUT

Windsor, Vt.: The prospect of trade with Russia is worth thinking about to J. A. Kiely, vice president and assistant general manager of PneumoDynamic Corp.'s Cone Automatic Division, here.

"I think that, if we were permitted to by the Government, we'd be inclined to consider the business," he said. "Both English and German manufacturers are interested in the business, and there's no reason why we shouldn't be."

A FINE THING

Bridgeton, N.J.: Trade, even with an enemy, is "a fine thing," in the opinion of George E. Bass, president of Ferracute Machine Co., here.

[From the Metalworking News, Oct. 14, 1963]

TOOLS ISSUE SIDESTEPPED BY NMTBA

WASHINGTON.—The National Machine Tool Builders' Association has taken no stand regarding the sale of U.S. tools to the Soviet Union and will leave the decision "up to the Government."

The Commerce Department's Office of Export Control is "considering" a reexamination of the Export Control Act, which now severely limits the sale of equipment to the U.S.S.R., a spokesman said. He made it clear that no firm decision to reexamine the act has been made.

An NMTBA spokesman said that if the Government decides to permit the sale of so-called strategic tools to the Soviet Union, the association probably will advise against it. He added that NMTBA knows of no members who had applied for an export license to sell to the Soviets.

Under the Export Control Act, only manually operated bench and floor tools can be licensed for sale to Russia.

[From the Baltimore Sun, Sept. 25, 1963]

HODGES FAVORS RED BLOC TRADE—ADMINISTRATION IS CONSIDERING CHANGE IN POLICY

(MINNEAPOLIS, September 24.—A team of American private grain traders is negotiating with a Soviet commission now in Canada for a huge sale of this country's wheat to the Russians.

The Minneapolis Tribune and Des Moines Register said in a copyrighted story tonight that approval of the U.S. Government was all that remained before a deal could be closed.)

(By William Knighton, Jr.)

WASHINGTON, September 24.—Luther H. Hodges, Secretary of Commerce, today said he supports the move to expand trade in consumer goods with Communist bloc countries.

A change in the present governmental policy banning the sale of not only military goods, but also those of economic value, to the Communists is now under very definite consideration by the administration, he told a news conference.

He said he had not yet formally made any specific recommendations on the issue to the President, but his own feelings on this could be summed up in his statement:

"I favor selling goods."

He quickly emphasized that "strategic materials are completely out."

CANADA SELLING WHEAT

Hodges has been designated by the President to lead a drive to increase the sale of American goods abroad by 10 percent, which, if accomplished, would make a sizable dent in the present imbalance in U.S. international payments.

Further, a White House conference on export expansion last week recommended that this Government take another look at its policy on trade with Russia and other members of the Red block, but it did not specifically call for a change.

Also, the recent announcement that Canada had signed a contract for the sale of $500 million in wheat this year to the Soviet has greatly enhanced the possibility that the United States will liberalize its present policy.

A new policy on the sale of foodstuffs could be agreed to relatively speedily, and Hodges indicated he thought an announcement liberalizing current policy against the export of such goods to Russia and the other members of the Eastern bloc might come in about 30 days.

A decision on the sale of other consumer goods probably would take longer to be reached, he said, for our allies would have to be consulted in this respect.

"Maybe, we have not been as practical" as we might have been regarding East-West trade, the Commerce Secretary said.

A number of consumer items could be placed on the export list without congressional action, he pointed out.

He also said, in answer to a question, he expected that Russia would want to purchase from this country a great many items worth considerably more than the products America would want from the Soviet.

This, of course, he noted, would give the United States a favorable balance of trade. But it would not be necessary for America to balance its trade with the East bloc, he said, pointing out that the overall trade balances are figured out on a world-wide basis.

In answer to a question, he said a shift of policy would not interfere with aims to isolate Cuba from trading with the rest of the world. The new policy toward each country

would be considered on an individual basis, he said.

Hodges answered two unrelated questions in this fashion:

1. He has no plans to leave the Cabinet and again be a candidate for Governor of his native North Carolina.

2. Business prospects for the remainder of the year are good.

[From the New York Times, Sept. 9, 1963]

CANADA SEEN WIDENING TRADE WITH THE COMMUNIST COUNTRIES

(By Philip Shabecoff)

Some recent rumblings have been heard to the north that may herald an expansion of trade between Canada and the Communist nations. Aside from promoting wheat sales to China, the Canadian Government has played a relatively passive role in trade with the Communist bloc.

In the last few weeks, however, there have been several indications that the Government will actively press for increased East-West trade.

Greeting a Soviet negotiating team that arrived at Ottawa last week to renew a trade agreement with Canada that expired last week, Canada's Trade Minister, Mitchell Sharp, expressed the hope that "a mutually satisfactory basis could be found for the continuation of the trade agreement and the expansion of trade between the two countries."

TRADE EMPHASIZED

Paul Martin, the Dominion's Minister of External Affairs, said in a recent speech that the limited nuclear test ban treaty should be followed up with other contacts with the Communist countries, including China. He emphasized the expansion of trade as an important contact.

Perhaps most significant was Canada's agreement to admit $7 million worth of competitive goods from China—mostly textiles—as part of the deal in which she will sell 187 million bushels of wheat to the Chinese over the next 3 years. This clause was admitted to the contract despite the angry protests of Canada's textile industry.

It has been widely conceded that Canada, which consistently maintains a heavy surplus of exports over imports in trade with the Communist nations, could not substantially expand these exports unless it admits more Communist goods. The willingness of the Government to accept Chinese textiles would seem to indicate that Canada would import competitive products to accelerate exports to the Communist nations.

In 1962, Canada's exports to the Communist nations totaled $208,028,000 in Canadian funds. Considering Canada's economy and size, this compares very favorably with U.S. exports of about $288 million to the same countries.

WHEAT IS EXPORTED

Over half of Canada's sales to the Communists—some $147 million—went to China, which is blacklisted by the United States. Exports to the Soviet Union and most Eastern European nations dropped sharply last year because of reduced sales of agricultural products.

Exports to Russia fell to $3,297,000 in 1962 from $24,276,000 the preceding year, according to the Dominion Bureau of Statistics. These exports representing widely scattered product categories, the largest of which were cattle hides, tractors, and plastics and synthetic fibers.

Poland remained the largest customer for Canadian goods with imports of $37,449,000 last year. Poland imported some wheat but the largest dollar volume was accounted for by synthetic fibers.

This year, however, the Soviet bloc is again loading its shopping cart with Canadian wheat. On August 30 the Government announced that it would sell 300,000 tons of the grain to Russia for $11 million. Earlier it had sold $6,800,000 worth of wheat to Poland.

Canadian imports from the Communist countries have been relatively small. In 1962 she imported only $24,223,000 from these nations, over a third of which—surprisingly—came from Czechoslovakia.

If the agreement to admit Chinese textiles indicates a trend, and several trade sources believe that it does, then Canadian imports from the Communist countries can be expected to grow appreciably in the near future.

There are, however, several built-in barriers that probably will put a limit on the expansion of Canada's trade with the Communist areas.

In the first place, Canada requires that its exporters refrain from shipping strategic materials to the Communist bloc. Like most Western nations Canada uses a looser definition of "strategic materials" than the United States but finds itself tied willy-nilly to the American definition because of its economic ties with this country.

RESTRICTIONS NOTED

Many Canadian companies are subsidiaries and affiliates of U.S. concerns, and thus cannot ship products that are prohibited to the Communist nations by American law. Moreover, many Canadian manufactures are made under U.S. patents, and these, too, cannot be exported to the Communist nations.

Former Prime Minister John Diefenbaker commented some time ago that Canada does not share the views of some countries (meaning, presumably, the United States) that argue against trading with Communist countries. However, in many instances Canadian exporters have no choice but to follow American views on the subject.

In the case of the Soviet Union, Canada's trade potential is somewhat limited by a similar raw materials capacity. A Canadian trade official commented recently that "we send wheat to Russia and she sends furs to us. This is carrying coals to Newcastle."

[From Metalworking News, Oct. 22, 1963]

BULGARIA PLANS TO HIKE WESTERN TOOL IMPORTS

LONDON.—Bulgaria is planning to increase its machine tool and machinery imports and would welcome an opportunity to acquire American-made equipment, according to the members of a Bulgarian trade mission which wrapped up a 10-day tour of Great Britain last week.

Purpose of the 10-man mission was to explore trade expansion with the United Kingdom, according to Metody Simeonov Popov, president of the Bulgarian Chamber of Commerce and leader of the mission. He noted that Bulgaria, usually considered an agricultural country, has stepped up machine tool production since World War II. Bulgaria is now emphasizing the manufacture of metal cutting machinery, Mr. Popov said.

The mission, which visited British machine tool plants, expects purchasing agreements will be reached after it reports to the Bulgarian Government, it was said.

Emil Mindov, general director, Machineoimport, Bulgaria, said the mission was impressed with the workmanship of British machine tools, but he thought they lacked the efficiency needed for Bulgarian production. He said he did not see multipurpose machine tools for mass production such as models known to be manufactured in the United States.

Last year, foreign trade represented one-half of the country's national income, Mr. Popov said. Bulgarian exports and imports each totaled about $900 million, but only 20 percent represented machinery, he added.

TO SEEK INCREASE

Mr. Mindov noted that Bulgaria is importing $20 million worth of machine tools this year and wants to increase this figure. At present only 20 percent of Bulgaria's total trade is outside the Eastern bloc, he said. The delegates noted that Bulgaria would like to expand trade with Western nations, including the United States.

Bulgaria currently makes general purpose lathes, milling, shaping, and drilling machines; and will soon begin production of a multipurpose miller-borer. However, the delegates noted that the country needs more specialized equipment for mass production, and also requires gear and thread grinding machines.

[From U.S. News & World Report, June 17, 1963]

Another result of the battle for markets is a growing European interest in trade with Communist countries. There is to be a "Khrushchev round" of trade talks next year under United Nations sponsorship. Moves to expand East-West trade are already well advanced.

West Germany has a new trade treaty with Poland, negotiates another with Hungary. The general manager of Krupp, German industrial giant, pays a visit to Moscow, comes back with plans for selling Russia $12.5 million chemical plant. Kiel shipyards hope for a Russian order for trawlers.

Trade groups shuttle back and forth between Britain and Russia all the time. Russia signs up to buy $70 million worth of British equipment for a plastics plant. Britain ships more steel in Russia this year, mulls larger purchases of Russian grain, iron ore and wood products.

Sweden nails down big Russian order for 10 refrigerator ships and 2 floating docks, is expected to take more Soviet oil in return. Austria shows interest in expanding trade with Poland.

Red China plans purchases of European industrial materials and machinery.

Communist world clearly believes the time has come when Western nations will gladly sell all sorts of things the Communists need to keep their economic plans from slipping too badly.

Meanwhile, trade problems cause friction inside the Soviet bloc, just as they do among Western Allies. Moscow's plans for industrial integration of Eastern Europe run into opposition. Satellites are unwilling to shelve plans for broad-based national development, do not want to specialize on just those products the Russians think they ought to produce. Pressure grows in Eastern Europe for some kind of deal with the Common Market.

[From the Christian Science Monitor, May 1, 1963]

BRITISH SELL ENTIRE INDUSTRY

(By John Allan May)

LONDON.—A development of some importance is seen to lie behind the news that two British firms have signed contracts worth £26 million ($72,800,000) with the Soviet Union for the supply of six complete chemical plants.

The Soviet Union is here trading out of need rather than out of political guile.

It is in a sense buying its way out of failures in Soviet planning. These, in an age of sputniks and widening horizons of thought, become at once more obvious and less bearable than before.

A NATION'S OUTPUT

The two British firms, Simon-Carves and Humphreys and Glasgow, are in effect being asked to produce a complete industry for the Soviet Union in double-quick time.

The two plants to make the ethylene raw material and the four to produce the finished polythene are to have a production capacity equal to the entire polythene capacity of Great Britain.

They are intended to quadruple the Soviet Union's output of this now-essential packag-

ing material. They are to be completed here before the end of 1966.

It is noted that this time there is no oil blackmail about the deal, no making the provision of employment in British heavy industry dependent on British Government agreement to buy Soviet oil the country does not really need.

DAILY WORKER QUOTED

The Daily Worker on Tuesday again mentioned the supposedly great advantages of buying Soviet oil but not until the 14th paragraph of its front-page article and then without great conviction.

The Worker also stated that "this deal was concluded in 4 weeks." However, Leslie Dobson, joint managing director of Simon-Carves, has put the actual period of negotiation at 6 years.

For the British there are also interesting implications in the deal.

The contracts were won in the face of very strong competition from West Germany. That Britain won the contest is credited to these facts: British engineering is certainly as good as German, British prices by now are keener, and the British process of producing polythene, developed by Imperial Chemical Industries, is the best in the world.

Credit facilities for the contracts are being provided by Lazard Bothers, with a group of other London bankers.

TRADE SURPLUS

Two of the plants to be supplied by Simon-Carves are to have an annual capacity of 48,000 tons and two a capacity of 24,000 tons.

Total British exports to the Soviet Union have been running at the rate of £55 million a year in the recent past and British imports at about £85 million.

The Soviets have usually used the consequent surplus to buy raw materials in the overseas sterling area. It could be that in future there will be less need for those materials and more for machinery, which would redound to Britain's trading advantage without requiring extra imports of Soviet goods.

[From the Baltimore Sun, June 14, 1963]

RUSSIA EYES BIG PURCHASE FROM BRITAIN—WANTS TO BUY OIL REFINERY AT COST OF $300 MILLION

Moscow, June 13.—The Soviet Union wants to buy an oil refinery costing almost $300 million from Britain.

If the project goes through, it alone will amount to more than twice Britain's current annual exports to Russia.

News of the Soviet interest in a refinery was given to Harold Wilson, British Labor Party leader today by Nikolai Patolichev, Soviet Foreign Trade Minister.

Some observers believed the disclosure was made to Wilson, rather than to one of the officials of the ruling Conservative Party who have been here in recent weeks, in an effort to boost the Laborites' chances in the next British election.

Wilson clearly is using his trip here for campaigning, tying in cracks at the Conservatives with many of the developments during his visit.

He talked with Patolichev, Mikhail A. Suslov, Soviet Party Presidium member and secretary, and Anastas I. Mikoyan, First Deputy Premier, in a busy day.

Wilson said Mikoyan, who has been ill with kidney trouble for several weeks, looked fairly fit but not yet fully ready to resume his official duties. He saw him at Mikoyan's dacha outside the capital.

The Labor Party leader said he did not think construction of a refinery for Russia would conflict with British obligations not to sell embargoed strategic goods to Communist nations.

NO DETAILS GIVEN

The informal Soviet proposal was not tied by Patolichev to British imports of Soviet oil, Wilson said. No details of whether the sale might be for cash or credits were discussed.

Wilson said he discovered that Russia offered some $40 million worth of oil in exchange for a similar amount of British-built shipping in 1961, and the proposal was turned down by the British.

There is no doubt that a considerable amount of the unemployment in British shipyards would have been prevented if the offer had been accepted, he said.

He stated that while it is not the Labor Party's policy to increase British imports of Soviet oil at the expense of British coal, he did believe that more Soviet oil could have been consumed as the over-all use of oil in Britain increased.

Russia apparently has no current oil surplus but is ready to talk about a straight oil-for-ships deal, taking from British yards trawlers, freighters, and refrigerator vessels.

They also will offer Britain a quantity of oil in exchange for items on a list including chemical plants, plastics, fibers, cellulose and paper, Wilson said.

His party would consider forming a consortium of firms to meet such Soviet orders if they materialize, he stated. One firm is not likely to be able to handle such orders.

Wilson had lunch with Soviet journalists today, answering questions for about an hour afterward. American correspondents have been barred from his press conferences so far. Another conference, to which they may be admitted, will be held tomorrow after he talks to Premier Khrushchev a second time.

He leaves for Warsaw for talks with the Polish party leader, Wladyslaw Gomulka, Saturday.

THE SOVIET AGRICULTURAL CRISIS

[From the Washington Post, Oct. 25, 1963]

CATTLE KILLING IN SOVIET GIVES HINT OF PANIC

(By Victor Zorza)

LONDON, October 24.—Reports in Soviet papers today that farmers were slaughtering cattle for lack of fodder give to the Soviet food situation the air of panic which Premier Nikita Khrushchev has tried to prevent by his purchase of foreign grain supplies.

The unauthorized slaughter of cattle is a traditional danger signal in the Russian countryside. It has accompanied every agricultural crisis since the 1917 Revolution, through the great famine and collectivization in the thirties, to the postwar disasters under Stalin.

An account in the newspaper "Soviet Russia" today pictured lines of lorries filled with cattle waiting in front of slaughterhouses in the Kursk area. The lorries had come from collective farms "trying to get rid of the cattle," said the paper.

The newspaper quoted farmers as saying they had no fodder to feed the livestock.

The paper said that serious apprehension was caused by farmers who were sending cattle to slaughterhouses prematurely, even though they had enough fodder.

The first indications of food shortages in Russia began a few weeks ago with reports of farmers buying up bread to feed cattle. A newly disclosed shortage of potatoes has added to the difficulties.

In one sense the trouble can be said to have begun with the very cattle that are now being slaughtered. In the middle of last year, Khrushchev decreed a considerable increase in the prices to be paid to the farms for milk and meat. The selling prices in the shops were also raised, but it was promised that over the longer term the new policy would bring more meat to the market.

The farms responded very handsomely, so much so that the cattle population explosion also burned up considerable amounts of grain and feeding stuff much faster than they were being produced.

It is estimated that the additional requirements of grain may amount to something like 5 million tons.

To this must be added the disappointments of this year's harvest, whose marketable grain target had originally been set at 65.5 million tons, was then raised to a minimum of 69 and a possible maximum of 74 million tons, and is now put by Soviet sources at something like 45.6 million tons. This is 10 million tons less than was procured last year.

In the meantime the cows and pigs and bullocks whose appetites may have started it all are beginning to be killed off before the extra feeding stuff procured by the government abroad has a chance of arriving, presumably because the Russian peasant knows from long experience that there will never be enough, and that it is better to slaughter the cattle while there is still meat on them, rather than wait until they starve to death.

[From the Christian Science Monitor, Sept. 25, 1963]

SOVIET CITIZENS ASKED TO TIGHTEN BELTS

Moscow.—Soviet citizens, who doubtless eat more bread than any other single food, are being told at private meetings and in the press to ease an acute shortage by getting along with less.

Local leaders are being warned that bread must be saved and that prices may be raised.

Despite these warnings there appears no great probability that any Soviet citizen will go seriously short of bread.

Emergency wheat purchases abroad, running about 7 million tons, will offset crop losses during the past year due to drought and persistent mismanagement of planting and harvesting. The loss apparently is about 10 percent of the crop, which last year was 65 million tons.

The shortage and the bad harvesting have sent Premier Nikita S. Khrushchev storming about the country denouncing careless farming methods.

And again one of his pet projects, the virgin lands in Siberia and Southwest Asia, has let him down as it did in other recent years.

Harvesting in the Kazakhstan virgin-land area is so far behind schedule that it seems inevitable much grain will rot in the fields and some will be buried under the snow.

While Soviet citizens may not go short of bread, the shortage of wheat and corn as well seems certain to make them short of meat again this year.

In the Kuban, the Soviet Union's best farm area, a bumper crop of wheat was harvested there before the drought set in during July and August.

TRACTORS INOPERABLE

But the drought hurt the corn badly as well as vegetables and fruit. Villages and towns in the area are short of vegetables. This is reflected also in Moscow and other cities. In the capital, queues form every time a shop displays any fresh vegetables.

Grain was lost in the virgin lands last year because thousands of combines and tractors lay idle in the fields for lack of spare parts. And as early as August 28, Selskaya Zhizn (Farm Life) reported that some farms had not finished the repair of harvesting machines and combines before the beginning of this year's harvest.

In some areas only 20 percent of the machinery was used. In the Irkutsk area of eastern Siberia, the paper said, "Peas started to fall out of the pods while drivers were still testing their machines."

One big state farm in that area was awaiting the delivery of 100 combines from Rostov, in European Russia, because the farm's own machines lacked belts or batteries.

Trucks are so leaky that in several harvest areas the Soviet press has reported the roads are yellow with wheat.

Wheat purchases abroad are putting a heavy drain on the Soviet Union's limited foreign exchange. This appears likely to slow down its programs of heavy industry and consumer goods. Both count substantially on machinery purchases from other countries, notably West Germany, Italy, France, and England.

CUBA TO BENEFIT

A half billion dollars is to be paid to Canada in the next 18 months for delivery of 5.3 million tons of wheat and 500,000 tons of flour. An additional 1.5 million tons of wheat has been ordered from Australia, with a like amount of option.

Much of this will be shipped immediately to the Soviet Union's foreign customers, to protect its position as a supplier. About 3.3 million tons normally go to Communist countries of Eastern Europe and 1.5 million to other countries, including Scandinavia and West Germany.

Of the Canadian purchase, 450,000 tons of wheat and flour will go to Cuba.

Effects of the crop shortage are being felt in special ways in Moscow.

Flour cannot be bought at many stores, apparently because it can be hoarded while bread cannot.

Many farmers buy bread to feed to cows and pigs they are allowed to raise privately for market. It is forbidden but continues. One couple was pilloried in the press Sunday for having bought nearly half a ton of flour, bread, rice, and macaroni, apparently to feed much of it to their herd.

Butter is becoming scarce and likely will become scarcer in the winter.

And Mr. Khrushchev's campaign against inefficient farming could bring another round of administrative shakeups this winter.

Dr. Adenauer's advice will be listened to. He seems likely to concern himself more with personalities than with policies.

[From the Baltimore Sun, Sept. 24, 1963]

PRAVDA NOTES BAD YEAR FOR VIRGIN LANDS—KHRUSHCHEV'S PRESTIGE AT STAKE IN NEW CROP FAILURE

(By Ernest B. Furgurson)

Moscow, September 23.—Pravda admitted today that the Soviet Union's virgin lands are having the worst years in their history of steadily declining agricultural success.

Severe weather and management troubles in the virgin lands and the Ukraine are the major reasons behind Russia's purchase of more than $500 million worth of wheat from Canada and Australia.

Still another year of failure to meet crop quotas in the virgin lands has a particular political as well as economic significance in the Soviet Union.

PRESTIGE AT STAKE

It was only at Premier Khrushchev's insistence that the nation undertook to plow up many millions of acres in previously unproductive semiarid areas of Kazakhstan and western Siberia.

Thus, Khrushchev has his own prestige at stake in the success of this gigantic gamble, into which heavy investments for machinery and personnel have been sunk.

Yet now, for the fifth consecutive year, the crops there are clearly failing to match the previous year's.

Pravda, organ of the Central Committee of the Soviet Communist Party, said today that "this year as never before, nature has been unmerciful to the people of the virgin lands."

The latest in a series of mishaps was a snowfall within the last 10 days, it maintained. This bent wheat to the ground for several days just at the peak of the harvesting season.

SUFFERED FROM FROST

The trouble began in the spring, when many crops suffered from frost. Then in June dry winds blew across the steppes, and at summer's end prolonged showers delayed the start of the many individual farms managed to turn in good results, the paper said.

Theirs was a fight against difficult conditions, there were many undeveloped grain plants. Then after the rains, weeds sprouted so profusely that in many areas the use of machine harvesters was hampered, it continued.

Then came the other chores of autumn—haycutting, corn harvesting, winter crop plowing, and the preparation of cattle for winter. Organization and prompt action were necessary, Pravda declared.

It blamed the regional party, Government and production board chiefs of the Tselinny (virgin soil) region for not concentrating their work properly and not demanding enough from their subordinates.

PLOWING INCOMPLETE

In the region only 57.5 percent of the acreage had been cut by September 20 and plowing for winter crops was only one-fourth complete. Some 5 million acres of grain were still standing.

The paper told of one state farm where grain was standing overripe—18 combines were idle although each had produced less than half its rated output, and the farm director had overlooked serious losses in the grain already cut.

The party newspaper of the Ukraine reported this weekend that an investigation had been ordered throughout that republic to determine the reason why extensive losses of ruble earnings had been reported on collective farms there.

[From Radio Liberty]

WHEAT DEAL REPORTED TO SOVIET PUBLIC—RADIO LIBERTY BROADCASTS ALSO SHOW LISTENERS IN U.S.S.R. WHERE RESPONSIBILITY LIES FOR GRAIN SHORTAGE

NEW YORK.—"The grain problem, formerly considered the most acute and serious problem, has been solved, solved definitely and finally in the Soviet Union." Stormy and prolonged applause by delegates to the 19th Communist Party Congress followed this statement by the then Central Committee Secretary Georgi Malenkov, 11 years ago.

Malenkov's rash statement is one of many skeletons in the Soviet grain bin, dusted off by Radio Liberty researchers as themes for the freedom network's around-the-clock broadcasts informing millions of Soviet citizens of the huge Soviet-Canadian wheat deal.

The impact of Radio Liberty's special programs on wheat in Russian and 16 other languages has been that the deal demonstrates the bankruptcy of collectivized agriculture.

In the meantime, the Soviet media have carried a one-paragraph announcement that a trade agreement was signed. No mention of wheat or grain was made.

Another theme of Radio Liberty broadcasts is that the responsibility for the Soviet crop catastrophe rests with the Communist Party, since it took over farm management in the fall of 1962.

"On the basis of listener reaction to previous programs on farm problems, millions of Soviet citizens are already aware of the proportions of the Soviet-Canadian wheat deal," a Radio Liberty spokesman said.

The freedom network—the most powerful voice heard in the U.S.S.R.—uses close to 2 million watts of power to overwhelm Soviet jammers. Its transmitters are located in West Germany, Spain, and Formosa.

SOVIET INDICATES 18-PERCENT LAG IN GRAIN—MOSCOW PRESSES FOR A 75-PERCENT EXPANSION IN FERTILIZER OUTPUT WITHIN 2 YEARS

Moscow, October 6.—An official Soviet source indicated today that grain supplies available to the Government from domestic production this year would be as much as 18 percent below the 1962 level.

This disclosure, by a commentator of Tass, the official press agency, was the first to be made publicly by an official source on the extent of the Soviet crop failure.

The gravity of the agricultural situation was underscored by two other developments.

All morning newspapers printed on their front pages an open letter of the Communist Party's Central Committee and the Soviet Government. The letter called on workers in the chemical fertilizer industry to do their utmost to fulfill the ambitious plans for expanding production by 75 percent in the next 2 years.

On a more immediate level, 25,000 citizens and all available trucks were mobilized to stock the city's warehouses with potatoes, cabbage, and other vegetables for the winter. The Sunday work was necessitated by a backlog of loaded freight cars in rail yards.

The disclosure of the 18-percent decline in the grain harvest, which has not yet been publicized in the Soviet press, was contained in an English-language report prepared for foreign subscribers by Ivan Artemov, economic commentator for Tass.

In the report, designed to rebut speculation in the foreign press regarding the gravity of the grain situation, Mr. Artemov wrote: "Incidentally, procurement (by the Government from the farms) will be approximately on the level of 1959 and 1960."

Procurements in those years were 46.6 million and 46.7 million metric tons respectively, down from 56.6 million metric tons last year. A metric ton equals about 2,204 pounds.

Grain purchased by the Government usually represents 40 percent of the total harvest, with the rest being retained by the farms as seed reserve and for payments in kind to collective farmers.

Mr. Artemov thus suggested that the total harvest might be 125 million tons. The grain crop last year was a record 147.5 million tons.

The seriousness of the crop shortage was underscored this year by unprecedented Soviet wheat purchases abroad. These have been estimated by Premier Khrushchev at a total of at least 9 million tons, or almost enough to fill the 10-million-ton gap in Government supplies suggested by Mr. Artemov.

BREAD ECONOMIES INTENSIFIED

The poor harvest also gave rise to an intensive propaganda campaign for bread economies and strict implementation of a longstanding rule that no more than 2 kilograms, 4½ pounds, be sold to a customer.

This restriction was intended to curb unlimited purchases of cheap bread as feed for private livestock. Its effect has been very limited since there is nothing to prevent animal owners from visiting several bakeries, one after another.

An important byproduct of this year's decreased grain crop has been a decision by the Soviet leadership to abandon the program of large expansions in the crop area. Instead, the Government is concentrating on getting higher yields per acre.

This is to be achieved through increased fertilizer output and an expansion of irrigation, designed to eliminate the ever-present danger of drought.

As a first step, fertilizer production is to be increased from this year's 29 million tons to 35 million tons by 1965.

[From the Christian Science Monitor, Oct. 23, 1963]

BAD GRAIN HARVEST STILL STALKS PEIPING

(By Takashi Oka)

HONG KONG.—Interim reports on mainland China's grain harvest this year suggest that it may not be much better than last year and may be slightly worse.

This means that the pace of Communist China's recovery from the three disastrous years 1959 to 1961 continues to be fitful and slow.

In the absence of official Peiping statistics information collated by Western agencies in Hong Kong is at best a guesstimate. But the cautious tone adopted by Peiping itself during the past month, combined with such observations as are available from visitors and refugees, suggest that the Chinese Communists do not have a great deal to cheer about on the agricultural front as they face the coming winter.

ONE BRIGHT SPOT

Floods north of the Yangtze River and drought in southern coastal provinces have taken their toll of the wheat and rice crop. Despite strenuous efforts to increase the supply of chemical fertilizers, production remains a bottleneck and as in previous years the bulk of the available supply has gone to industrial crops such as cotton. In fact, cotton is the one bright area in the Chinese Communist production picture; acreage increased by 20 percent and the harvest also is expected to go up by a similar percentage. This means in turn that textile factories, which have been operating at 30 to 40 percent of capacity, may raise production to about 50 percent.

This will be welcome news to citizens of mainland China who have been having to make do with cloth rations of 3 to 7 feet a year.

On the food front visitors from Shanghai report that the situation has eased and that nonstaple foods (including meat and vegetables) are more available than in the past, but that citizens still do not live as well as they did in 1957, before the disastrous great leap forward of 1958.

Overall, one rough estimate of grain required to feed 700 million mainland Chinese is 200 million tons. Last year's harvest came to between 180 and 185 million tons.

WHEAT IMPORTED

Imported Canadian and Australian wheat helped to make up the difference especially in great urban centers like Shanghai and Peiping.

This year's harvest is not likely to be much better and perhaps foreseeing this eventuality Peiping already has contracted for 5.3 million tons of Western grain for delivery this year.

This difficult domestic situation, complicated by the economic consequences of the Sino-Soviet dispute, is undoubtedly one of the principal reasons for the moderate tone Peiping has adopted in its trade dealings with Western countries such as Britain and Japan.

THE SOVIET INDUSTRIAL AND ECONOMIC CRISIS

[From Metalworking News, Oct. 22, 1963]

DECENTRALIZED PLANTS, RESEARCH LACK RETARD SOVIET TOOLING TECHNOLOGY, SAYS U.S. AID

(By Philip Trupp)

WASHINGTON.—Decentralized production facilities and a lack of applied research are keeping the Soviet machine tool industry technologically backward, according to a Government research specialist.

In an interview with Metalworking News, Joseph A. Gwyer, senior Soviet research analyst with the Library of Congress, said the U.S.S.R. annually produces about 170,000 machine tools. But of this total, he said, only 20.3 percent are forming types.

He noted 55 to 60 percent of the cutting tools annually produced by the Russians are lathes and drills.

"The lack of forming equipment is in evidence throughout the country," he said.

The decentralization of production facilities, he continued, tends to jack up the cost of new tools and makes the fabrication process slow, inefficient, and tedious.

In its production planning policies, Mr. Gwyer said, the U.S.S.R. has failed to meet the demand for forming equipment. Even in the area of cutting types—the variety of tools most produced by Soviet industry—the pinch of decentralization is being felt.

YEARS BEHIND UNITED STATES

In the field of general-purpose tools, as well as in the area of numerical-controlled equipment, the Russians are years behind the United States, the researcher noted.

"There aren't enough tools to go around," he stated, "and the replacement of obsolete tools is inadequate."

Last year, Mr. Gwyer pointed out, the U.S.S.R. produced only 13 percent of its estimated quota of numerical-controlled equipment. He said numerical-controlled technology in Russia is in the "infant stages," lacking the sophisticated controls found on U.S. models. Though the Soviets at recent tool shows in Europe have displayed relatively modern automatic machinery, most of it is for "demonstration purposes only," Mr. Gwyer said, and cannot be found in the majority of Soviet factories.

Little is known about the machinery used in Soviet defense plants, but indications are that what little advanced equipment is being developed and utilized in these plants is costing the U.S.S.R. tremendous amounts of time and money, he continued.

Moreover, the U.S.S.R. is importing much of its precision machinery, Mr. Gwyer said. Even some American equipment—sold to Western European nations by the United States—occasionally, through trade deals, winds up in Soviet plants.

West Germany, Italy, Switzerland, and Britain supply much up-to-date machinery to the Soviets, he said. These items include grinders, transfer machines, and the like.

SPENDS MORE ON REPAIRS

Mr. Gwyer reported that the U.S.S.R. spends more to repair its existing machines than it does to build new ones. Last year, he said, the U.S.S.R. spent some $1 billion to repair portions of their inventory.

Soviet tool research is directed at producing workable automatic controls, Mr. Gwyer said, but their efforts in this field are still "theoretical."

He noted that U.S.S.R. industry shows a glaring lack of transfer machines.

"The notion the Soviet Union annually turn out 100 transfer machines in incorrect" he pointed out.

When reporting production figures, they lump together numerical-controlled semi-automatic, and transfer equipment.

Mr. Gwyer asserted that the U.S.S.R. has only 340 transfer units in operation. Two years ago, he said, they had 200 such units.

In the area of semi-automatic machines, the Soviets are also doing poorly, he continued, and are critically short on spindle and turret lathes.

Russian high energy rate forging and explosive, and electrohydraulic forming are still in the "experimental stage," he added.

Much of the Soviet's tool research is aimed at future military production, he said, with the added drawback that very little is in the "practical," or "applied" stages.

PRODUCTION LAGS

To make matters worse, the U.S.S.R. isn't fulfilling its production quotas. Mr. Gwyer pointed out the Soviets had hoped to produce 205 new transfer units for a big automobile plant by the end of 1962. To date, only 43 have been built.

At present, he said, repair functions occupy 50 percent of all Soviet machine tool workers and 30 percent of all existing tools.

U.S.S.R. machine equipment, by American standards, is inadequate, Mr. Gwyer stated, and the Soviet tool inventory, for the most part, is obsolete.

He pointed out that 63 percent of all Soviet machine tools are 10–20 years old or older.

"I don't think the U.S.S.R. is ahead of the United States in any branch of metalworking," he said. "In fact I don't think they're ahead of any of the Western European nations."

The researcher noted that the bulk of Russian tool experts go to other Soviet bloc nations. Soviet exports outside the Communist bloc amount to only about 1 percent of their total tool export figure, Mr. Gwyer said.

[From the New York Times, July 28, 1963]

ECONOMIC PRESSURE GROWS IN THE SOVIET—KHRUSHCHEV'S 'PEACE OFFENSIVE' IS WEIGHED IN THE LIGHT OF NEED TO EASE BURDEN OF ARMS RACE

(By Harry Schwartz)

Western analysts trying to probe the factors behind Premier Khrushchev's "peace offensive" toward the West in recent weeks are paying increasing attention to the economic pressures upon the Soviet leader. Substantial new evidence on this score became available a few days ago with publication of the official Soviet report on the economy's performance during the first half of 1963.

The Premier himself referred obliquely to these pressures in his major speech last July 19. There, he declared that the real test of socialism is the amount and quality of the food, clothing and other amenities and necessities provided the people living under Socialist rule.

"If socialism does not provide for all this and does not give advantages over capitalism, we shall be idle babblers and not revolutionaries," Mr. Khrushchev declared bluntly.

BASIC PROBLEMS

Moscow's basic economic problem can be stated simply, as can be the relevance of the degree of international tension to that problem:

The Soviet Union now finds itself grossly overextended economically, saddled with vast military, space, and other programs whose demands on Moscow's limited resources cannot be satisfied without keeping a sharp rein on the growth of Soviet living standards. The central importance of Premier Khrushchev's present peace offensive from this point of view is this: Only if international tension is substantially reduced can Premier Khrushchev divert large numbers of men and large amounts of materials from the military and space sectors to ordinary industry and agriculture producing for civilian needs.

The signs of Soviet economic difficulty are plainly visible in the latest economic report and other recent Soviet economic news.

In the first half of this year, Soviet industrial production increased at a slower pace than during any year since World War II. The volume of new housing completed during this period was less than that of a year ago. Soviet collective and state farms produced less milk during the last 6 months than they did in the period a year earlier, and on June 30 last they had fewer hogs and poultry than they had had 12 months earlier. Soviet foreign trade grew by only 2 percent during the first half of 1963, though it had grown by 13 percent in the same period of 1962.

But the most vivid sign of current Soviet economic difficulties is the evidence that a drastic campaign of cutting back capital investment programs is going on throughout the country. Thousands of projects are being halted or slowed because there are not enough resources to go around, and the Soviet Government is therefore trying to concentrate the labor and materials it does have on those new factories, mines, etc., which can be brought into production quickly. Premier Khrushchev last month

went to the extreme of suggesting that no new capital investment project be started next year unless it had extraordinary importance and has been approved by the highest Soviet authorities.

WORST PINCH

From the point of view of Soviet consumers, the worst present pinch comes from the abysmal failure of Soviet agriculture to meet its goals during the current 7-year plan period. Soviet food and fiber production has roughly kept pace with Soviet population growth since 1958. This is good enough to prevent hunger, but it is completely inadequate to give the Soviet people the vastly improved diet—with more meat, milk, eggs, butter, and the like—which Premier Khrushchev has promised them, or to provide the needed stocks of agricultural raw materials—leather, cotton, wool, etc.—needed sharply to increase Soviet output of clothing and footwear.

Here is where the vise in which Premier Khrushchev's economic policy is caught is to be seen most clearly. Soviet agriculture fails to produce what is desired of it for two main reasons. One is the failure to provide adequate incentive to Soviet peasants by paying them satisfactorily high prices for their output. The other reason is the scarcity of many essentials needed for a more efficient and more productive agriculture—farm machinery, fertilizers, insecticides, and the like.

To pay the peasant higher prices, Mr. Khrushchev would have to produce more consumer goods so as to match the increased money incomes on farms with real goods available for purchase. To produce more farm machinery, fertilizers, and other chemical aids to agriculture, Premier Khrushchev must allocate more capital to build new factories and expand existing ones. But where shall these additional resources be found when the economy is already terribly strained to meet the existing needs?

SPECIAL PLAN

Even before his latest peace offensive, Premier Khrushchev had begun trying to meet the problem. His "solution" offered some time ago, was virtually to scrap many features of the current 7-year plan and to order preparation of a new special 2-year plan that will replace the current plan in its last years, 1964 and 1965. The key to Premier Khrushchev's efforts has been a massive rearrangement of investments, with capital allocations for new steel plants and other similar "old" branches of industry cut sharply, while the amounts saved in this way are diverted to the chemical, farm equipment, and related industries.

But the possibilities opened by this approach are of limited scope, and each cut in an old industry encounters great opposition from its top bureaucrats and other vested interests. These opponents point out that to slow down the growth of Soviet steel production, for example, is to threaten nonrealization of the grandiose blueprint for achieving communism which was adopted by the Communist party 2 years ago.

The hard fact Premier Khrushchev faces is that the only possible quick way to revitalize Soviet agriculture and industry—particularly those branches producing food and consumer goods—is to withdraw large amounts of resources now tied up in the Soviet military and space efforts and divert them to civilian economy.

But to cut back on arms and on the moon race, Mr. Khrushchev requires a détente in the cold war, a much more radical shift from the Soviet-United States tension remaining after last October's thermonuclear confrontation over Cuba than anything that has yet occured.

It should not be forgotten that in Moscow's equivalent of the Pentagon there are Soviet marshals and generals who oppose any talk of a military spending cutback by arguing fiercely about the dangers threatening Russia from imperialist warmongers. Premier Khrushchev needs tangible evidence of Soviet-American agreement to refute the arguments of his military politicians.

ANSWER IN NEGATIVE

Is the present economic pressure on Premier Khrushchev likely to be long lasting, or is it only temporary, a problem soluble by some short-term measures? The answer would seem to be in the negative. Now that his fight with the Chinese Communists is out in the open, Premier Khrushchev is publicly more committed than ever before to the idea that communism can defeat capitalism only by giving its people a high standard of living and by the Soviet Union's outproducing the United States in industry and agriculture.

The kind of economic competition upon which Premier Khrushchev has banked his reputation and strategy is simply incompatible with any longstanding program of massive military and related nonproductive spending. If the Soviet leader's strategy is ever to be given a chance to see if it can succeed, he needs a long-range detente with the United States and the opportunity for massive diversion of his resources from rockets to tractors and from hydrogen bombs to artificial fertilizers.

[From the Christian Science Monitor, Apr. 29, 1963]

SOVIETS PARE SPENDING

(By Paul Wohl)

Militarization of Soviet industry advances with seven-league boots. This is the one hard fact which seems to emerge from the maze of contradictory figures about stoppage of construction projects, reallocations of investments, etc., which the Kremlin has given out in the past 2 weeks.

First Deputy Premier and chairman of the newly formed Supreme Economic Council, Dmitry F. Ustinov, who has headed Soviet armament industries continuously for 22 years, is pruning bloated industrial finances and molding industrial development in accordance with his purposes.

These purposes are:

1. A stronger, more efficiently organized Soviet economy.

2. Top speed industrialization of central Asia and Siberia.

REPORT ON OUTPUT OF ROCKETS

Colonel General Ustinov, the youngest of the three First Deputy Premiers, reported to the 21st party congress in February, 1959, on the production of rockets and sputniks as the outstanding achievement of the armament industries and an example of the mobilization of the internal resources of industry.

Together, with his longtime deputy in the Armaments Ministry, Konstantin N. Rudnev, head of the State Committee for Coordination of Research, he is one of the main sponsors of the Siberian branch of the Soviet Academy of Sciences.

The shelving of some 500 construction projects planned for this year and of several hundred other unfinished projects could emanate only from Mr. Ustinov's Supreme Economic Council, which has jurisdiction over the two planning agencies (for current and prospective plans) as well as over the central construction board Gosstroi.

SOME PROJECTS ON BOOKS 15 YEARS

The impact of this little publicized measure can be inferred from the fact that, according to the plan, the building of 628 major enterprises was to be started this year.

Some of the unfinished projects have been on the statute books for more than 15 years. By the end of 1961, they immobilized 25 billion rubles, a sum equal to about two and a half times the annual, official defense budget.

These unfinished projects block the even progress of industry. According to the first December issue of Kommunist, 20 iron and steel works were to be started between 1959 and 1962. Only five are being built. "In the machine-tool industry 2 projects are under construction instead of 10."

There are many more examples. "The Government's requests to increase the capacity of specialized enterprises were sabotaged," wrote Kommunist. The word "sabotage" has an ominous ring.

AUTOMATION DEVICES MENTIONED

The "specialized enterprises" referred to by Kommunist were engaged in developing automation devices which Mr. Ustinov in 1959 had called imperative.

Mr. Ustinov was given his economic empire and entrusted with the revision of the current 7-year plan (1959–65) a few days after Premier Nikita S. Khrushchev's great speech on arts and letters.

In view of the importance of these measures, which so far have not been explained to the Soviet public, one must ask whether the present accent on ideology is not merely the political accompaniment of a progressive militarization of the Soviet economy.

The development of investments in the past few years makes it appear as though this process had been going on for some time. Since 1960 the growth rate of investments in all major industries declined sharply (with the exception of powerplants, especially in Siberia), while the total investment outlay continued to grow at the usual rate of between 12 and 9 percent.

BUILDING MATERIAL GAIN—ZERO

Thus investment in metallurgy last year increased by only 2 percent as compared with 12 percent in 1960, investment in the chemical industry by 8 percent as compared with 33 percent in 1960. The corresponding figures for the gas and oil industry were 5 and 10 percent respectively. Investment in building materials (for civilian purposes) does not seem to have increased at all.

One plausible explanation of this contradictory development is that a large part of the total investment in the economy for the past 3 years actually has been earmarked for armament production, including Mr. Ustinov's sputniks and rockets.

[From the Washington (D.C.) Star, June 28, 1963]

KHRUSHCHEV ACTS—FAULTY TV SETS RILE REDS

(By Bernard Gwertzman)

Fed up with complaints about broken-down TV sets, Soviet authorities have called for a campaign to make a televizor that works.

As campaigns go, this probably is one of the most popular the Khrushchev regime ever has dreamed up. If letters to the editor are any index, Russians have been grousing for years about the "dead box in the corner" that once was a television set.

So bad is the present situation, a top-level state commission reported the other day in Pravda, that more than 60,000 complaints were received last year alone about television snafus.

The Party-State Control Commission of the Central Committee of the Communist Party and the Council of Ministers were called on to investigate the television industry, after Premier Khrushchev complained about burned out tubes at a party meeting last fall.

As part of their investigation, the commission reported that 30 to 50 percent of five makes of sets tested stopped working in the first hours of use.

On one line—the Yenesei—80 percent broke down soon after being plugged in.

And of all sets sold, 65 percent were brought back for repairs within the first 6 months of use.

In addition, the commission said televizors are sold with slipshod finishing and with crude defects.

The Soviet Union has produced about 9 million sets since 1950.

"Why do many factories manufacture unreliable television sets?" the control commission asked.

One reason given was lack of proper inspection procedure. Other reasons were poor quality tubes, sloppy work, and "illegal activities."

The report noted that each factory has a certain monthly production schedule of units to manufacture. The best method, the report said, would be to space the units out during the whole month. But the common practice, it said, is to rush them in a few days.

In Bakinsky, for instance, almost a half month's work is produced in the last 5 days of the month. In Leningrad, two-thirds of a month's work is finished in 10 days.

As is usual in these control commission reports, a few individuals were made scapegoats for the whole industry. The director of one plant was severely reprimanded. Other supervisors received punishment ranging from 2 months' loss of pay to dismissal from their jobs.

Such exposés about economic "crimes" have become a regular feature in the Soviet press. The party-state commission is headed by A. N. Shelepin, former head of the KGB (secret police) and is authorized to bring to light various economic wrongdoers.

[From the Christian Science Monitor, June 12, 1963]

MOSCOW JUNKS 7-YEAR PLAN

(By Paul Wohl)

Moscow's much vaunted 7-year plan (1959-65), approved by the 21st party congress and by the Supreme Soviet, has been scrapped. This is the burden of a communique of the U.S.S.R. Council of Ministers of June 4.

Even the plan for this year, which the Supreme Soviet confirmed in December has been made over. "Of the 3,000 largest projects (so far) reviewed, 2,430 are being corrected with the objective of concentrating resources in a (new) order of priority," Gosstroi chairman Ignaty T. Novikov reported in Pravda of June 5.

Gosstroi, the state committee, or superministry, in charge of construction, is one of the three top economic agencies of the U.S.S.R. The others are Gosplan, in charge of long-range planning, and the Economic Soviet of the U.S.S.R., which implements the plan for each current year. Since March 13, these three agencies are coordinated by a Supreme Economic Soviet, headed by veteran Armament Minister, now First Deputy Premier Dmitry F. Ustinov.

An inkling of what was in the cards came on May 27, at a Gosstroi conference attended by Mr. Ustinov, which had before it a devastating report of the Construction Minister of the R.S.F.S.R. (Russian Republic). The theme once again was: Dispersal of investment capital on too many projects to the detriment of important ones. But the Construction Minister was not the only one to be criticized. The other culprit was the Economic Soviet for the R.S.F.S.R.

The Economic Soviet for the U.S.S.R., headed by Deputy Premier Veniamin E. Dymshits, which is one echelon above the R.S.F.S.R. Economic Soviet, also came in for criticism.

"If in the planning organs they do not understand, let us make jobs free for more farsighted workers," Premier Nikita S. Khrushchev angrily told the managers of a large electrical plant in Yaroslavl on June 5.

NEW PLAN ORDERED

Included in this warning was Gosplan, now at work on the plan for the 2-year period 1964–65, which for all practical purposes no longer is an organic part of the old 7-year plan.

For the time being, Gosplan and Gosstroi are to make "a completely new plan for capital construction." Also needed is "a unified plan for the supply of construction projects with technical equipment and material," wrote Mr. Novikev.

In the same article he admitted that the Soviet Union at present had 195,000 unfinished projects, which in the first quarter of this year had swallowed up "almost half of all material resources and pinned down nearly half of the labor force."

This year alone "tens of large enterprises under construction, hundreds of medium ones, and more than 1,000 other projects" will be abandoned and the material resources tied up there, "redirected."

WORKERS DIRECTED

One wonders how the millions of workers "freed" from their present place of work and "directed" to other projects will feel about it. The confusion caused by all these shifts and "redirections" must be boundless.

One must also wonder how good the original 7-year plan and the plan for the current year can have been, if now so much has to be planned all over again. This question suggests itself so strongly that it may explain why the sweeping announcement of June 4 was made only on behalf of the government, without reference to the party's central committee.

Still, it would be a mistake to close one's eyes to the fact that the Soviet industry is progressing. Only the cost is vast, and the so-called plan constantly has to be revised in accordance with the time-honored method of trial and error.

[From the Christian Science Monitor, May 28, 1963]

SECONDS DESTROYED—SOVIETS ACT TO HALT BREAKAGE

(By Paul Wohl)

The Kremlin's newly appointed chief production economists are to be communism's minutemen in the battle against economic muddle and waste. One of their tasks will be to ferret out and stop an industry unique in the world—the Soviet industry of breakage.

Whole industrial installations, complete with conveyor belts and electronic equipment, at times, have been set up to destroy brandnew products turned out by the factory next door.

As a rule these products could be marketed at the right price, even if transportation costs were added.

A trickle of the vast output slated for industrial destruction does reach the open-air bazaars, which can be visited in many cities. In the Ukraine not so long ago, for example, I saw stand after stand selling new off-quality furniture, porcelain, cutlery, fabrics, and electric fixtures. The shrewd-looking peasants at the stands seemed to be doing a brisk business.

QUALITY RECALLED

As I walked through the crowded bazaar, I inquired here and there where these goods came from. Since this was not one of the beautifully laid out, covered markets of the Government, but a large-scale flea market affair, I at first thought these might be products of village industries.

These village industries, which employed about 10 million before World War I, used to be famous for their craftsmanship. I remember samples of cutlery and fabrics which my father had brought home from Russia as souvenirs in the first years of the century. When I was in the Soviet Union in the 1930's these products of folkcraft were still around, but they no longer had their old, fine quality.

What I saw in the Ukranian flea market seemed to have no quality at all. It came from Government factories, I was told, and was sold here "legally."

COST ESTIMATED

Not wishing to query any further, I sought an explanation in the newspapers. It was there I first discovered the existence of a sizable industry devoted to what might as well be called breakage which, as now spelled out in Pravda and in the Economic Gazette, may cost the Soviet Union several hundred million rubles a year (a ruble equals $1.10).

The goods sampled in the flea market may somehow have slipped past the purveyors of this industry.

All this is to be stopped now by the Kremlin's production economists, seconded by the million-strong joint state and party control apparatus and by the bookkeepers of the state bank.

What this latest economy drive is up against was illustrated by a report published last July 14 in Pravada Ukrainy, the Russian-language daily of the Ukrainian Communist Party, under the headline: "Throw the Fur Into the Fire."

QUALITY CONTROL

The report summarized the findings of an investigation made in a dozen factories with special installations to destroy a large part of their production.

An example was the stocking factory of the provincial capital of Zhitomir, which had one conveyor belt to produce stockings, and another to destroy what had been produced. The latter mechanism, according to the party newspaper, worked more efficiently than the former. A special machine tore up 5,000 pairs of stockings in 8 hours.

Regardless of quality, a pair of stockings was destroyed if one stocking was 1 inch shorter than another. No effort was made to sell them at a reduced price.

In one porcelain factory, 38.3 percent of the production was destroyed in the first quarter of the year. One "shockworker" earned a large bonus for destroying more than 4,000 plates an hour.

"It is savageness to destroy, consciously, coldly, values created by the work of the people, and equally savage to produce valueless goods," wrote the newspaper.

Henceforth such off-quality products are to be sold at lower prices. But this is no new idea. Party inspectors could not believe their eyes when they visited the Zhitomir stocking factory and saw the conveyor belt of the "destruction" shop. They rang up the Ukrainian Economic Soviet in Kiev, the capital of the Ukraine.

TIPS FROM CAPITALISTS?

They were tersely told by N. Grad, chief engineer of the council's light-industries division, that formerly the factories of the region had turned out stockings of four different qualities. "We have ordered them to produce only two qualities," said Mr. Grad. "They have to follow our directives."

"The fleas bite you" commented Pravda Ukrainy, "and you throw the fur into the fire."

The bureaucracy's indifference is the thing which worries the Kremlin more than ever today. The way out, as Soviet Premier Nikita S. Khrushchev seems to see it, is for the chief production economists, appointed by the Communist Party, to teach Soviet managers elementary capitalist virtues.

[From the Christian Science Monitor, June 14, 1963]

CONSUMERS GRUMBLE—SHODDY GOODS PROVOKE SOVIETS

(By Ralph Nader)

The problem of quality control is racking the Soviet Union. From shoddy consumer

goods to defective machinery, the Soviets, from Premier Nikita S. Khrushchev to Ivan, are grumbling over the quality of Soviet production.

This rampant dissatisfaction is observable from various perspectives. A tourist in Moscow or Leningrad is made almost self-conscious as Soviets admire the quality of his clothing and other material possessions. One of the easiest ways to start a Muscovite complaining is to talk about shoes. What wrath he pours on the sloppy workmanship of shoe manufacturers.

Cartoonists in Krokodil and other satirical magazines are having a field day with their caustic portrayals of rejects and unmarketable goods.

RESOURCES DRAINED

This is not a new situation. But as the nation's industrialization has matured beyond the point where quantitative goals were the chief preoccupation of planners, the emphasis on product quality has been growing stronger. Two pressures are chiefly accountable.

First, defective machinery is draining scarce resources by its adverse effect on production efficiency and output. Second, rising consumer expectations are resulting in refusals to purchase substandard merchandise which is piling up in warehouses.

Widespread criticism recently in Soviet journals and newspapers discloses the failures of industrial organization responsible for such poor quality performances.

There are about 1 million inspectors employed in Soviet factories. The Technical Control Division (OTK) administers the network of quality control throughout the country. No products are permitted to leave any factories without the OTK stamp of approval and certificate of quality.

INSPECTORS POORLY PAID

But the system under which the OTK inspector works militates against his effectiveness. He is paid at lower rates than most production workers whom he is inspecting and is subordinate to the plant managers. Bonuses for workers and managerial personnel are predicated on surpassing production quotas.

Consequently, actions by conscientious OTK inspectors could result in the nonfulfillment of quotas and no bonuses which are a substantial portion of total wages.

In many plants, the "OTK" stamp is a mere formality. This kind of situation, where a potentially advantageous clash of interest between inspectors and managers is, in practice, resolved to the detriment of optimum industrial operation, was decried by Premier Khrushchev before the Communist Party's Central Committee last November.

Breakdowns in quality occur over virtually the entire range of industry. Soviet technical journals often enumerate instances of defective products. A recent copy of Ekonomicheskaya Gazeta noted there are 40 million electric meters and an annual output of 4 million units in the country. About one-quarter of all counters are in repair shops.

TV SET FAILURES

Izvestia reported that 60 percent of all TV sets sold in 1961 failed to work during the 6-month guaranteed period. Komsomolskaya Pravda declared that all washing machines manufactured in August 1962, by the Chelyabinsk plant were found defective and that operators of the Vladimirets-28 tractors complain of spending more time under the tractor repairing it than behind the steering wheel.

Mechanizatsiya i Avtomatizaztsiya Proizvodstva (Mechanization and Automation of Production) noted that 20 percent of all electric motors are constantly in repair shops and that more is spent on maintenance of single-scoop excavators than on the production of new units.

An indication as to the overall economic effect of substandard production was contained in a recent article in Kommunist by a leading quality control specialist, V. Gostev. He estimated an annual loss to the Soviet economy from defective manufacturing at between $16 and $21 billion or more than one-fourth of the income of the state budget.

The lag of Soviet standards, according to Mr. Gostev, is shown in lower quality requirements for many raw materials, such as coal, and finished products such as automobile tires, bearings, electric light bulbs, and radio tubes.

ATTITUDE CONDEMNED

He mentioned certain economic districts where, because of defects, about 25 percent of automobiles, 15 percent of tractors and 30 percent of electric motors remain idle. Along with other commentators, he strongly condemned the attitude of heavy reliance on production cost index without considering improvement of quality.

Last year the Committee on Standards, Measures, and Measuring Instruments of the U.S.S.R. Council of Ministers concluded that a chief cause of defective workmanship is the poor reliability of measuring instruments.

What all this critical consensus amounts to is recognition that action must be taken to scientifically build quality into the product from the very beginning of the manufacturing process, not just inspect at the end of the assembly line, and establish industrial procedures to deter substandard work. Because quantity has been for so long the chief measure of plan fulfillment, a profound shakeup in the present system is required.

FEEDBACK MISSING

In two jolting Izvestia articles, the well-known airplane designer, O. Antonov, attributed the inefficiency throughout Soviet industry to the absence of an independent feedback which, he added, is provided for under capitalism by market forces and competition.

The vast reorganization of the economic system now underway has as one of its aims the development of countervailing forces that work toward quality output. This involves a wide range of changes from more stringent laws and enforcement against those responsible for defective goods and data falsification to greater autonomy and accountability at the factory level. Under serious consideration is a plan to make bonuses dependent more on plant earnings than on surpassing production quotas.

But quality improvement has to rely on more than sharper incentives and sharper lines of responsibility. Of great importance are advances in the science and engineering of quality control.

The Soviets have made notable gains in mathematical methods but their engineering of these methods into the production process is seriously lagging. That is one reason for the current program of reorientation and organization of Soviet industry to remove the roadblocks.

[From the Christian Science Monitor, Apr. 22, 1963]

SCHISMS LOOSEN GRIP OF RED BEAR

(By Joseph C. Harsch)

LONDON.—Largely unnoticed in the West, Rumania of recent days has done an unusual thing.

Its Communist government in defiance of Moscow policy has returned its Ambassador to Albania, signed a new trade agreement with Communist China which increases that trade by 10 percent, and placed a large order for television sets from Japan.

The purchase of the television sets is particularly interesting because the deal involved rejection of Soviet television sets. Japanese sets were bought instead—on the candid grounds that the Japanese ones were better. Why, the Rumanians asked, should they buy inferior Soviets sets when they could get better Japanese sets at a lower price?

The above does not mean that Bucharest is adopting an anti-Soviet or anti-Khrushchev line but rather that it has taken advantage of the strain between Moscow and Peiping to exercise freedom of maneuver to pursue a line to its national advantage.

ANATHEMA TO MOSCOW

Rumanian trade, until now, has been managed to Moscow taste and for the benefit of the Soviet Union and the Communist bloc. But Rumania has gold, probably the healthiest agriculture of any Communist bloc country, and is generally in relatively good economic condition.

It would have been inconceivable even 6 months ago that any one of the Eastern European Communist countries would have dared renew diplomatic amenities with Albania which, after all, is still anathema to Moscow. Equally inconceivable would have been what amounts to the secession of one of these countries from the Communist economic system known as "Comecon."

That the impossible is now possible and has been done is evidence of how far the loosening of ties of the Communist system has progressed under the hammer blows of the Moscow-Peiping schism. There still is no sign of any healing of that schism. In fact, during this past week Red Star in Peiping began publishing another long serial of Chinese complaints against Moscow in the familiar guise of a defense of Lenin.

ABOVE PARTY?

So far as is known in the West, Nikita Khrushchev was still in the Crimea when a long adulatory article appeared in Pravda in Moscow which some Western observers read as paving the way for a maneuver which would "elevate" Mr. Khrushchev above party as Mao Tse-tung has been elevated in Peiping.

There could be a difference in implication. Mr. Mao is apparently still calling the signals in China. There begins to be doubt that Mr. Khrushchev could give up an official state office and continue to exercise full power behind the scenes.

If he gave up state office he would lose perhaps his last chance of recouping his damaged political fortunes. Negotiations are going on for another Kennedy-Khrushchev meeting. The very fact of such a meeting would be a plus for Mr. Khrushchev. But to meet the President of the United States a man must either be a prime minister or a head of government. Washington does not recognize mere party secretaries in the fraternity of world figures.

CONFLICT EASED

In the midst of such uncertainty there continues to be evidence of what might almost be called partial ideological disarmament between East and West. Most striking has been the sequence of events in relations between Moscow and the Roman Catholic Church.

This began with the Adzhubei visit to the Vatican in early March. Since then the papal encyclical "Pacem in Terris" has all but called off the Catholic crusade of recent years against Moscow and all its works.

Add that during the past week Franz Cardinal Koenig from Vienna was in Budapest undoubtedly trying to complete negotiations for the retreat of Joseph Cardinal Mindszenty from the American Embassy there to Rome. The most significant business being transacted across the Iron Curtain involved Moscow and the Vatican.

[From Metalworking News, Oct. 7, 1963]

CZECH EFFORT TO MODERNIZE SEEN STALLED

(By Bernard Leason)

PRAGUE.—Plans for modernization and expansion of basic sectors of the Czechoslovak metalworking industry—particularly the well-subsidized machine tool branch—have reportedly been stalled or postponed 1 to 3 years because of foreign currency shortages.

During a recent tour of Czechoslovak foundry installations and a visit to the Brno International Trade Fair, a Metalworking News correspondent was told of hopes to buy new automatic foundry equipment for moldmaking from Britain or Japan and of the pressing need to divert resources to the task of reequipping the country's own machine tool producing plants.

Considered very indicative of the present situation is quiet but earnest talk among Czechs in the industry about the possibility of obtaining Western licenses in fields where development costs are especially high. It is believed this could include complex electronic gear for factory automation and such new Western developments as high energy rate forming.

Equipment in most Czech factories of the favored machine tool industry averages 13 years old; most of it was installed during a retooling drive lasting from 1946 until the Communist seizure of power in 1948. Other less favored factories are believed to be equipped with prewar tools.

FULL CIRCLE

In the eyes of knowledgeable Western observers, Czechoslovakia's metalworking industry has come full circle.

Emphasis since 1948 on full production to support a politically inspired export drive of almost total proportions, and an accompanying regime refusal to cut production for the sake of continuing modernization, research, and development has now resulted in an investment bind of major importance.

It is felt the situation has matured in the midst of other, more general, economic troubles and that the Czechoslovak situation is probably reflected to a greater or lesser degree in other strongly industrial Soviet bloc states.

Defective production throughout the economy cost the country about $500 million in 1962, according to the regime's own complaints. Prague acknowledged that Rumanian protests about badly produced equipment were correct, and it has been reported that whole shipments of Skoda cars have been returned to South American importers.

SORRY PICTURE

The country's own consumers are rebelling against badly made or tastelessly finished products.

The minister of metallurgical industry and ore mining, V. Supka, in an August interview with the Czech trade union newspaper Prace presented this picture:

In July, not a single foundry achieved its planned production.

Almost all blast furnaces had a high incidence of breakdowns "due to deterioration prior to major repairs."

Production of raw steel was 3.4 percent short of the plan, and rolled material was 4.1 percent under the plan in July.

In the opinion of observers of the Soviet-bloc economic scene Czech efforts to do a quick repair job on past bad relations with the United States, to settle American commercial claims against Czechoslovakia, and to increase United States-Czech trade stem from the economic situation.

For West European machine tool producers, a gradual respite from Czechoslovak low pricing and long-term credit policies in machine tool sales is expected. Sources in Prague maintain the country can no longer support large subsidies for the industry and that it must begin paying its own way, particularly if large new investments are now made for modernization and expansion.

It is also ventured that the industrial situation in Czechoslovakia, Poland, East Germany, and Hungary is probably worse than has been generally recognized in the West, and that this will become more evident during the winter of 1963–64, which is expected to be a tough one.

MUST TURN TO WEST

Prague's planners find themselves in the position where they must deal with Western producers of sophisticated automatic equipment if the metalworking sector is to receive the doctoring it needs.

The transfer line for processing motor blocks in the 2-year-overdue Skoda plant at Mlada Boleslaw, outside Prague, is reportedly being supplied by a French group; the electronically guided overhead conveyor-supply system for carrying bodies and blocks will be British.

Czechoslovak plants seen by Westerners in September exhibited an almost total absence of automatic machinery.

Behind talk of modernization and licensing, and the noticeable improvement of United States-Czechoslovak relations, lie several facts of great importance.

The year 1962 was the worst year economically for the Czech Communists since they took power in 1948. A drop in labor productivity from 1961 to 1962 was on the order of 10 percent. Production increases in the past have come mainly from increases in the labor force. But reserve labor is now largely exhausted.

[From the New Leader, Oct. 28, 1963]

RUSSIA'S CONTINUING CRISIS

(By Richard Judy)

On September 3, 1953, Nikita Khrushchev went before the central committee of the Communist Party of the Soviet Union to sound the tocsin: Agriculture was in crisis. A decade of Khrushchevian husbandry has passed, and Soviet agriculture remains in crisis.

The immediate crisis of 1963 is acute. A long and viciously cold winter killed many crops before they could sprout; the summer was hot and dry in many parts of the country, causing widespread drought. The grain harvest this year may have been the worst in the past 10 years.

The poor harvest apparently caught the Soviets with grain reserves that were insufficient to tide them over until next year. Bread shortages were reported as early as midsummer. Both the state and the party issued appeals to the population to exercise great care in the use of grain and bread. Cafeterias ceased to serve free bread with their meals, and severe penalties were dealt out to profit-seeking individuals who took advantage of artificially low state prices to buy bread for fattening livestock.

Crop failure and negligible reserves placed the Soviet leadership in great difficulty. A harvest upon which the nation could subsist in 1953 was grossly inadequate in 1963: The population had grown by 37 million mouths. Importation of food became an immediate necessity. Russian orders for vast quantities of flour went out to brokers in Western Europe and colossal wheat purchases were contracted from Australia and Canada. A quantity of grain was "borrowed" from Rumania and negotiations are now underway in Washington which may lead to large sales of American wheat.

The size of the Soviet grain imports is enormous, with the total cost expected to exceed $1 billion. Indications are that the Russians feel great urgency for immediate delivery. Everything testifies to the acuteness of the present food crisis in the U.S.S.R.: The expenditure of such quantities of gold and foreign exchange is unprecedented in Soviet history.

The apparent absence of grain reserves raises serious questions about Soviet agricultural performance in recent years. Western calculations indicate that if Soviet harvests since 1953 had been as high as officially reported, there should have been very ample reserves to meet the contingency of this year's crop failure. A possible explanation is that official harvest reports for recent years may have been greatly exaggerated. Experts in the U.S. Department of Agriculture have suspected an increasing degree of exaggeration in these harvest data for at least the past 6 years.

It may me that the falsification has occurred at the lowest level—that Soviet farmers responded to high-level pressure for larger harvests by inflating their reports. If this is true, then top Soviet officials have been misled and have only discovered in the past few months that the graneries were emptier than they had assumed. In any case it is now very difficult to accord the official data much credence, for the harvests for recent years may have been as much as 30 percent below official claims.

In broader perspective, the present acute grain shortage is but an aggravated instance of a chronic agricultural crisis. The Stalinist strategy of economic development gave agriculture, along with other consumer-related sectors, a very low priority. Stalin's main interests in agriculture were to squash any potential political opposition from the peasants and to extract as much farm produce as cheaply as possible for export and urban consumption. At the time of his death in 1953, Soviet agriculture had not yet recovered from the twin traumata of collectivization and wartime destruction.

The sequel to Khrushchev's oratory at the September 1953 plenum was an immediate and dramatic rise in agriculture's priority. State purchase prices of farm goods, which Stalin had maintained at levels far below costs of production, were boosted. Consumer goods were made available in village stores. Peasant incentives were lifted and collective farms found that they had resources to invest. Khrushchev greatly expanded state investment in agriculture; in fact, the share of all state investments going to agriculture increased by half. Soviet farms also received greatly increased quantities of trucks, tractors, and other equipment, and from 1953 to 1958 deliveries of mineral fertilizer rose by nearly two-thirds.

Perhaps the most decisive Khrushchevian measure during the period 1952–58 was the plowing of about 100 million acres of virgin and idle land on the steppes of Kazakhstan, Western Siberia, and other eastern areas. The wisdom of this venture was questioned in the Soviet Union and abroad on the grounds that the climate in these areas was too arid and erratic for agriculture. But Khrushchev prevailed, and vast quantities of men and material were sent to the steppes.

The results were striking. Grain harvests for the years 1954–58 were reportedly about 40 percent above the level for the period 1949–53. Higher priorities for agriculture combined with excellent weather to produce a bumper crop in 1958. The output of livestock products increased sharply. By American standards, the Russian diet continued to be monotonous and starchy, but by local standards Soviet tables were more abundantly spread than they had been since before collectivization. Buoyed by success, Soviet planners set ambitious targets for agricultural growth during the period 1959–65.

Contrary to plan, Soviet agricultural developments since 1958 have been dismal. Instead of expanding, harvests exceeded the 1958 crop only in 1962—and this is now open to serious question due to doubts about the accuracy of official data. Why has nothing gone as planned by Khrushchev and his colleagues?

Unfavorable climatic conditions have contributed to the poor showing in most years since 1958. In particular, drought has drastically reduced the productivity of the new lands. Rainfall in these areas is always sparse and irregular, and abundant harvests were possible in the first few years of their exploitation because moisture had been stored in the soil during the preceeding long period of fallow. The continuous grain cropping and inadequate fallowing of recent years have combined with paltry rainfall to deplete drastically the moisture content of the soil. Dust Bowl conditions now prevail over much of the Soviet Union's virgin lands.

After a brief stay at a comparatively giddy height on the party scale of priorities, agriculture also found itself demoted to its more accustomed position after 1958. Increasing demands on scarce Soviet resources were levied by such high priority programs as the space effort, the arms race, foreign aid, and reemphasized rapid growth in heavy industry. The shore of total state investment that was allocated to agriculture declined to about the same level that it had occupied during the Stalin era. Soviet farms received only 62 percent as many trucks during the year 1959–61 as in the preceding 3 years. Fertilizer deliveries similarly lagged. In the conviction that the agricultural problem was solved, the Soviet leadership, in the words of one American expert, appeared to "sit back to watch and eat."

By the end of 1961, it was obvious to the Soviet leaders that agriculture was lagging far behind what had been expected. The 1961 harvest was reported to be 11 percent below plan, meat output trailed by 16 percent; and milk production fell behind by nearly 13 percent. A plenum of the central committee was convened in March 1962 to consider agricultural problems. By this time an intensive debate was raging in party circles over the proper priority to be accorded agriculture. At one extreme were those who argued that agriculture must be stimulated whatever the cost might be to other sectors of the economy. At the other extreme were the champions of undiminished top priority for space, military, and heavy industry. The latter opposed any measure that appeared to transfer resources from these claimants to agriculture.

The debate over priorities is dramatically illustrated in two speeches by Khrushchev—one was his keynote address to the March 1962 plenum, the other his concluding remarks to the same body. Only 4 days of controversy separated the first speech from the second, but in tone and content they were far apart indeed.

Khrushchev's keynote speech contained two important proposals: The first was a retrogressive plan for the formation of a party bureaucracy to supervise the operation of collective and state farms. The second was a proposal for the intensification of Soviet agriculture, i.e., for raising acreage yields and placing emphasis on animal husbandry. To this end, Khrushchev recommended that millions of acres of grassland and fallow be seeded to grain and forage crops, and called for a broad program of technical and material aid to agriculture.

Noting that state and party attention to agriculture had declined in recent years, the Soviet Premier asserted that "some officials display unconcern and irresponsibility with respect to the urgent problems of increasing the output of equipment, mineral fertilizers, herbicides, etc." Some leaders, he said, even thought it should be possible to divert resources from agricultural investment to other sectors of the economy. Such erroneous views were alleged to be held even by unnamed persons in departments of the Central Committee. "Serious conclusions must be drawn from this," he continued. "Agriculture must not be treated lightly. The entire economy may be undermined if the agricultural lag is not recognized and remedied in good time."

But in his closing speech to the same plenum, Khrushchev retreated from his demands for dramatically increased allocations to agriculture. The arguments that occasioned this retreat may be surmised from his remarks. He said: "* * * measures for increasing aid to agriculture do not signify that resources will now be diverted to agriculture at the expense of the development of industry and the strengthening of the nation's defenses. The buttressing of Soviet military power is our most important task, and we will perform it unflinchingly." The results were thus inconclusive: Farmers were asked to content themselvs with vague promises of larger material inputs and admonitions to make better use of the equipment available.

Later in 1962, the matter of priorities was made even more explicit. It had long been evident that one reason for lagging Soviet livestock production lay in the fact that state purchase prices for animal products were far beneath the average costs of production. The Soviet leadership finally recognized that, as Khrushchev put it, only "a fool is going to raise meat production if the more he produces, the more the collective or state farm loses." Higher prices were necessary, and this meant a diversion of resources from some other sector of the economy into animal husbandry. But from which other sector should those resources be diverted?

The statement announcing the price boost posed the rhetorical question: "Perhaps, for the sake of the quickest possible increase in meat and milk production, we should transfer funds to this area at the expense of our defense capacity and the development of our industry?" This alternative, however, was quickly and emphatically rejected on the grounds that: "Such a decision would create the conditions our enemies are hoping for." Instead, it was decided that the funds for the development of animal husbandry would be lifted from the pockets of Soviet consumers. On June 1, 1962, the retail prices of meat went up by 30 percent and butter prices were boosted by 25 percent.

Moderate concessions have been made to the resource requirements of agriculture in the past 2 years, but it is clear that this sector of the economy has yet to be really lifted high on the party's scale of priorities. It is also clear that significant increases in Soviet farm output are likely to be forthcoming only in response to massive resource inputs. Agricultural gains during the period 1954–58 were due, in large measure, to a vast expansion of the cultivated acreage. These were relatively cheap gains in terms of the investments required to bring them about. No such easy potentials are left to be developed in Soviet agriculture.

Each additional bushel of grain wrought from recalcitrant nature will cost the Kremlin more resources. Vast quantities of capital and chemicals will be required. If and when these are provided, the problem of motivating the Russian peasant will remain. Moreover, increased investments will bring a poor return if resources are used unwisely, which is now the case. Peasant workers and managers must be able to directly associate their efforts with a decent reward, and in the 30 years of its existence, the Soviet system of collectivized agriculture has been unable to permit them to do this. One may entertain a certain skepticism that this will change soon.

The crop catastrophe of 1963 presents the Soviet leadership with agonizing choices. They may choose to become dependent on foreign food; or they may choose to force a tightening of the citizens' belts; or, finally, they may choose to do what is necessary to develop their own agriculture. If they decide on the latter, they must again choose which other cherished objectives must sacrifice the resources required by agriculture. Much talk is now loose in the Soviet Union about the necessity for a crash program of irrigation and fertilizer production. A plenary meeting of the Central Committee is scheduled for November to consider these programs. At present, it appears that the advocates of high priority for agriculture are in the ascendant. Time will tell if and to what extent this is true.

SOVIET ECONOMIC WARFARE

[From the Christian Science Monitor, Feb. 7, 1963]

REDS FORGE CHROME LEVER

(By Pieter Lessing)

SALISBURY, SOUTHERN RHODESIA.—Unless official steps are taken to prevent it happening, the West is likely before the end of this year to become totally dependent on the Soviet Union for the supply of strategically important metallurgical chrome ore.

Metallurgical chrome is an essential ingredient in the alloys needed for the manufacture of missiles and jet engines, and also for stainless steel.

Until recently Western Europe and the United States drew all their requirements from Southern Rhodesia and Turkey, the only two countries outside the Soviet bloc where adequate ore deposits are available.

The Soviet Union is also a major producer of metallurgical chrome ore, and 3 years ago it entered the European market, offering large quantities at prices below Rhodesian or Turkish production costs.

As a result it has by now captured 70 percent of the European market.

FIRMS THREATENED

The United States, particularly with its vast defense program, continued to offer a large enough market to keep both the Turkish and Rhodesian mines in production.

Four months ago, however, the Soviet Union entered the American market as well, offering high-grade ore at $1 a ton less than it costs to produce in either Turkey or Rhodesia, and it promised to reduce prices even more if large contracts were placed.

This has meant immediate disaster for the ore-supplying industries in Turkey and Rhodesia.

In Rhodesia, one in three mines has already ceased production and the prospect is that the whole industry will come to a standstill before the end of this year. It is understood that the position in Turkey is about the same.

RECOVERY SLOW

This information and accompanying forecast were given a few days ago by G. H. Parkinson, president of the Rhodesian Chamber of Mines and general manager of the Rhodesian chrome mines.

"If the West's major producers of chrome ore are forced to discontinue operations," he said, "both Europe and America will be forced to rely entirely on supplies from Russia."

He explained that once the mines close down they cannot be reopened at short notice, thus making the future of ferroalloy producers and all the industries which depend on them contingent on Soviet trading policy.

POLICY PUZZLE

Referring particularly to the Soviet capture of the U.S. market, Mr. Parkinson said:

"It is difficult to understand the policy of the American Government in this matter. On the one hand they are spending many millions of dollars each month in an effort to persuade European, African, and Asian states to remain outside the influence of the Communist bloc, while on the other hand they are prepared to permit American industry to become dangerously dependent on Russian switches of policy."

The Rhodesian Chamber of Mines is convinced that the Soviet Union is pricing its chrome ores without regard to economic costs with the sole intention of forcing competition into bankruptcy in order to become the world's sole supplier.

Freight costs from Rhodesia to a U.S. port amount to $14 a ton.

The Soviet ore comes from the center of the Urals and must therefore be moved long distances by rail before being shipped on a long sea journey.

It is therefore estimated that the Soviet freight costs must be considerably higher, yet Soviet chrome ore has on occasions been offered in the United States for as little as $16 a ton.

COMPETITION FELT

American alloy manufacturers who are switching to the Soviet chrome ore have explained that they have been forced to do so because European and Japanese producers have for some time been buying cheap Soviet ore and then shipping the alloy to America to undersell American alloy producers. The only way for American producers to compete is therefore also to buy Soviet ore cheap.

Mr. Parkinson commented: "For the chrome ore producers in Turkey and Southern Rhodesia the economic consequences are serious, but the issue is even bigger than that. As chrome ore is strategically important material, both Europe and America must face up to the dangerous situation which has developed."

[From the Christian Science Monitor, October 1963]

MOSCOW VISIT ALERTS OILMEN

(By Walter Lucas)

ROME.—The visit to Moscow of Prof. Marcello Boldrini, the president of the Italian state oil corporation (ENI), is the subject of widespread speculation in the Italian press and Rome oil circles.

The natural question is: What is he doing there? Questioners note especially that the invitation came from the Soviet side. He has, to date, had lunch with Nikolai Petolichev, president of the State Committee for Foreign Trade, and had talks with Soviet experts in the chemical and petroleum business.

The interest and speculation aroused by this visit caused the press officer of ENI here in Rome to take the unusual step of telephoning this correspondent and asking him not to draw any conclusions from the visit, which was, so that official claimed, only an occasion for Professor Boldrini to meet some of his Soviet friends.

UNUSUAL PICTURE

Such an interpretation of the trip paints the unusual picture of one of Italy's leading industrialists taking the long and expensive trip to Moscow, accompanied by experts from his office, for the pleasure of social chatter among the clatter of teacups with some of the Soviet Union's leading industrial figures and managers of factories.

This may be the object of his visit, just to exchange courtesies, but, at the same time, the visit certainly offers an opportunity for some business talks, too.

In the first place, a time fast is approaching when the ENI oil deal with the Soviet Union must be renegotiated. It looks then as if the conversation in his meetings with Mr. Petolichev and other experts might well turn from social chatter to the questions of oil, petrochemicals, and synthetic rubber; both of these latter products ENI has or will have surpluses to dispose of.

HIGHER PRICES

In regard to Soviet crude oil, information gathered here indicates that the Soviet Union might be wanting higher prices for its crude than it has previously offered to such favored customers as the Italians.

Obviously, a higher price detracts from the attraction of buying Soviet oil, especially now that in the present state of the world oil market there are Western sources which might be prepared to match the Soviet price in a long-term deal. Such a deal would follow the lead of Standard Oil which recently signed an agreement with ENI for a medium-term supply at a favorable price.

But, nevertheless, an oil deal with the Soviet Union has the advantage that it can be arranged against payment in the kind of products ENI has to offer and wishes to sell.

There are other pointers which indicate that Professor Boldrini might be exploring the possibilities in Moscow for an advantageous trade deal. For instance, Italian exports are not as buoyant as they were. The rate of increase in 1962 was not as high as it was in the preceding years, and there is nothing in the first quarter of this year to show that matters in this respect are improving.

SIGNIFICANT ITEM

With exports now assuming such an important role in the Italian economy, there is every reason that Italian industrialists should look for new markets wherever they can be found.

It is interesting that there has recently been a noticeable increase in propaganda for greater trade exchanges with the Soviet Union. Such exchanges certainly offer great possibilities if they can be exploited and if satisfactory means of payment can be found. It is not only ENI which is interested in this direction; several large industrial corporations in the private industrial sector have been trying to line up deals, for building whole plants or providing machinery and equipment for Soviet factories.

But as far as ENI is concerned, basically the question comes back to oil. A small significant item, appearing in the press recently, disclosed that 300 new cars were taking to the Roman streets every week. If that figure is translated into national figures, some idea is given of the growing consumption of gasoline in Italy—in fact, for the first 2 months of this year (and these were winter months), this growth in consumption was 15.2 percent.

Since ENI is maintaining and even increasing its share of Italian sales of gasoline, here is one indication of ENI's rapidly expanding need for more supplies of crude at economic prices if it is to meet its liabilities, not only at home but around the world.

ENI is never tired of stating its agreement with Standard and in no way restricts its freedom to acquire its crude requirements wherever it is most profitable to do so—and that, of course, includes the Soviet Union.

LEVER SUGGESTED

It has been suggested in some oil circles here that the deal with Standard could be used as a lever in the negotiations for further Soviet supplies, providing always that the Soviets are still interested in pushing their exports of crude. This depends upon domestic political and economic considerations, which are difficult to judge.

In any case, whatever may be the ultimate objective of Professor Boldrini's present visit to the Soviet Union, it can only be of an exploratory nature, since Italy is without a government, and Mr. Boldrini has no official mandate for any conclusive arrangement which might commit a government which is still to be formed.

MOSCOW CONTINUES THE COLD WAR

[Lima Radio America network, in Spanish, 033, GMT, October 26, 1963]

SUBVERSIVE PROPAGANDA SEIZED ON U.S.S.R. SHIP

SÃO PAULO.—The police of the port of Santos seized large quantities of subversive propaganda aboard a Russian ship that had arrived from Havana. The ship was returning (200?) Chilean, Argentine, Brazilian, Paraguayan, and Uruguayan students to their homes.

[From the Baltimore (Md.) Sun, Oct. 30, 1963]

UNITED STATES ACCUSES REDS OF LAOS VIOLATIONS—SAYS SENDING OF MILITARY EQUIPMENT IS ILLEGAL

(By Howard Norton)

WASHINGTON, Oct. 29.—The U.S. Government charged today that the Communists have violated the Geneva agreement on the neutralization of Laos.

The accusation came from an official spokesman of the State Department, who declined to say what the United States might do about the violation.

The spokesman said this country has "intelligence reports" that military equipment has been sent to the Communist Pathet Lao forces in Laos from North Vietnam.

He declared that the United States is satisfied that these reports are true, and that the information has been forwarded to the International Control Commission in Laos, which is now attempting to verify the violations.

HAVE BEEN CHECKING

The reports of the illegal shipment of arms and munitions into Laos from North Vietnam first came to the attention of the U.S. Government about 3 weeks ago, it is reported, and American sources have been checking them since then.

"The Geneva agreements," the State Department spokesman pointed out, "prohibit the introduction of armaments, munitions, and war materials generally except as requested by the Laos Government for the national defense of Laos.

"Since the Laos Government has not requested such supplies from North Vietnam," he declared, "the military supplies introduced from there are in violation of the agreement."

NOTED OFFICIALLY

The spokesman said that the U.S. Government has officially brought this matter to the attention of the International Control Commission, and that the Commission has attempted and is attempting "to verify the violations of the agreement wherever they may occur."

"But the Pathet Lao have refused to allow the International Control Commission team to conduct a meaningful investigation in Pathet Lao territory," the State Department spokesman said.

He pointedly declined to say what the United States might choose to do about the violation of Laotian neutrality, but indicated that if a serious proved violation of the Geneva agreement should occur, it would "undoubtedly lead to a consultation among the governments signatory to the agreement."

Under questioning, the spokesman acknowledged that the consultation might not include "all" the governments who signed the agreement—presumably meaning that the Communist governments might not have a part in such a meeting.

The spokesman speculated that the Communist Pathet Lao forces might be getting the new military supplies for any one of a number of reasons.

He said it might be simply to reequip the Communist forces in the country, it might be to strengthen their position, or even to enable them to carry on some limited military action.

Whatever the purpose, he said, the resupplying of these forces is a direct violation of the Geneva agreement.

AGREEMENT OUTLINED

This, according to the State Department spokesman, was brought out clearly in a

letter, outlining the agreement, written by the head of the neutralist government, Prince Souvanna Phouma, to the cochairmen of the International Control Commission on June 2, 1963.

Observers here point out that any violation of the Geneva agreement opens the floodgates to rearmament on both sides.

The violation by the Communists, for example, gives the United States the right to increase its military assistance to the central government to guard against the possibility of Communist attack.

And any increase of American or other Western supplies to the central government is likely to cause a boost of the inflow of Communist arms.

[From the New York (N.Y.) Times, Oct. 12, 1963]

COUNT OF CONVOY'S TROOPS IS DEMANDED BY RUSSIANS

BERLIN, October 11.—Soviet forces moved armored vehicles and guns into position on the autobahn from West Germany to West Berlin today to block a U.S. Army convoy detained in East Germany since 9 a.m. yesterday.

Diplomats here and in Bonn said they considered the military action to be related to the talks between the United States and the Soviet Union on a détente. Officials emphasized that the matter was not a local issue but had very serious implications for the entire political scene.

U.S. officials declined to comment on reports that the unit had tried to break through the checkpoint barriers but was stopped by Soviet soldiers and armor.

The convoy of 61 men and 18 vehicles was starting on the 110-mile trip to West Berlin from the West German border when it was stopped by Soviet troops for the first time at Marienborn.

After being held for 15 hours, it was allowed to proceed, only to be stopped again at 4 a.m. at the Babelsberg checkpoint, just outside West Berlin, which is an enclave in East Germany.

COUNT OF PERSONNEL ASKED

The Soviet guards demanded that the Americans leave their vehicles and submit to a count. U.S. officers rejected the demand as unwarranted under existing Western Allied rights of access to West Berlin on the ground that fewer than 75 men were involved.

The Russians then brought armored personnel carriers, antitank guns, and other equipment to obstruct the superhighway. The soldiers were spending the second night in their jeeps and trucks.

Five Soviet armored cars were sent to Marienborn yesterday when the convoy was halted for the first time, and a truck and trailer obstructed the autobahn.

A second convoy, bound from West Berlin to West Germany, also was detained at Marienborn yesterday.

The three Western Allied commandants met in West Berlin for almost 2 hours to review the situation after the U.S. Army had delivered two protests to the Soviet troop command at Wunsdorf.

In Bonn, the political counselors of the three allied embassies met twice to consider the situation.

Civilian traffic on the autobahn was halted briefly at noon as the Soviet armor moved into position but was later allowed to proceed in both directions on the westbound lane.

Truckdrivers coming in from the west said the Russians had set up a military camp equipped with antitank guns and an antiaircraft gun. The U.S. Army announced that the Russians had moved in about 12 armored personnel carriers, but civilian travelers reported counting 30 to 40 Soviet armored vehicles in the area.

A second westbound U.S. convoy, which left Berlin with 143 soldiers on 25 vehicles at 8 a.m. was ordered by the Army to remain at Babelsberg with the unit detained there although the Russians had cleared it within 45 minutes.

A third convoy from Berlin reached West Germany without delay or incident at 11 a.m.

All the troop movements were made in connection with an exchange of two Army units between Berlin and West Germany that began Monday. All such moves are now suspended.

Last May the Russians held a U.S. unit for 4 hours on the same grounds as those today. In 1959 five U.S. servicemen in four trucks were detained for 56 hours.

During much of the day a U.S. helicopter hovered over the scene. A Soviet Mig fighter circled the area for about 15 minutes.

[From the New York (N.Y.) Times, Oct. 11, 1963]

CONCERN GROWING—EMERGENCY SESSIONS ARE HELD AT THE WHITE HOUSE

(By Max Frankel)

WASHINGTON, October 11.—The United States protested strongly and repeatedly to the Soviet Union today against the day-long blocking of an American military convoy by Soviet troops outside West Berlin.

The convoy remained stalled on the Communist-controlled autobahn tonight, and Washington still had no satisfactory explanation from Moscow. As the hours passed, the administration took an increasingly serious view of the incident.

Officials expressed certainty that Premier Khrushchev and other Soviet leaders had had time to be briefed on the situation. Their refusal, or inability to clear the convoy at a time when both sides seemed eager to hold down tensions aroused concern and puzzlement.

The concern was expressed to the Soviet Ambassador here, to the Soviet commanders on the scene and in Potsdam, to the foreign ministry in Moscow and in public statements. It also brought about an emergency session of the four-power ambassadorial steering committee on Berlin affairs, and two meetings at the White House.

EASED ATMOSPHERE IN PERIL

The administration's view is that the longer the blockade remains in effect the more serious the consequences, both international and in domestic politics.

High Soviet officials indicated during the day that they did not intend to let the incident grow into an issue of major proportions. But their first reaction was to support the technical demands of their officers on the scene. U.S. authorities said that nothing less than release of the convoy would satisfy them.

The feeling here was that the timing of the new dispute threatened to spoil not only the conciliatory atmosphere of recent weeks but also the political tolerance for conciliation that President Kennedy has tried to develop in the United States.

Only 48 hours ago, with some political risk, the President authorized the sale of at least $250 million worth of wheat to the Soviet Union.

Yesterday, while the same convoy was being held for 14 hours at the West German end of the autobahn, the President and other officials conferred for more than 8 hours with Andrei A. Gromyko, the Soviet Foreign Minister.

Leading Government officials continued this evening to give the Soviet Union what they called the "benefit of the doubt." They meant their readiness to believe that the autobahn incident was local in origin and was not ordered from Moscow.

But they also believed that Moscow's failure to resolve the dispute promptly after strong protests were delivered here, in Moscow and in Potsdam—a Soviet Army headquarters in Germany—pointed to a Soviet desire to exploit the incident diplomatically.

OTHER THEORIES EXPRESSED

That was the mildest of many theories offered by Government analysts. Some thought the Russians needed an opportunity to demonstrate their power in Berlin, especially after they had conceded great economic weakness. Some noted that Premier Khrushchev had not been seen in Moscow for 2 weeks and they expressed the belief that military leaders wish, through an incident, to spoil the present East-West calm.

There also were some signs that Soviet commanders in Berlin might have wanted to avenge recent displays of force by the Western garrisons.

All sides, however, were assuming that Soviet forces in Berlin could not long act independently of orders from Moscow.

The immediate issue at the Babelsberg checkpoint, near the Berlin end of the 110-mile autobahn through East Germany, was a Soviet demand that the American soldiers in the 18-vehicle convoy dismount for an individual count. The Americans refused.

Behind this situation lies an even subtler problem.

The United States has never acknowledged the right of Soviet guards to inspect or otherwise issue orders to any military convoy on the highway.

For some time, however, "as a convenience," U.S. commanders have made it a custom to show their troops for counting whenever the number of passengers in a convoy exceeded 30. There was some doubt here today about whether this number had ever been given to the Russians.

Drivers and codrivers of vehicles were not included in this American calculation. As far as could be determined here the number of soldiers in the stalled convoy was below 30, but the 18 drivers and some codrivers presumably made a total of more than 30.

PREVIOUS DELAYS

Two- to three-hour delays on the autobahn have been imposed on military convoys almost regularly, at least once or twice a week. At times, considerably longer delays were imposed by some technical argument.

The convoy now blockaded, however, has had a particularly rough journey. It came onto the autobahn at the Marienborn checkpoint about 6 a.m. yesterday, New York time. When it had been stalled there more than 8 hours, Washington was alerted.

The news was rushed to Secretary of State Dean Rusk just before he went to the White House meeting between President Kennedy and Mr. Gromyko.

American officials raised the incident as an example of the kind of thing that must not occur if relations are to improve, but Mr. Gromyko professed ignorance of the situation.

Mr. Rusk saw the Soviet diplomat again at dinner last night, but by then he thought the incident was closed. The convoy was passed through the Marienborn checkpoint about 7 p.m., after a delay of 14 hours, presumably without any concession to Soviet demands.

About 3 hours later, however, while diplomats were still at dinner at the Soviet Embassy here, the convoy reached the Berlin end of the road and was again denied clearance.

At 5:45 this morning, New York time, after a delay of 7 hours, the convoy's commander threatened to proceed past the checkpoint without clearance, if necessary. An hour later he ordered his men to raise the bar across the road and ordered the vehicles forward.

After moving only a few yards, however, they were stopped again, this time by eight Soviet armored personnel carriers. Another convoy was hastily mounted by Americans in Berlin and sent to the checkpoint.

It was cleared quickly and without incident, but then parked on the road to assist the stalled vehicles in case of trouble. Both have been there since.

[From the Washington (D.C.) Star, Oct. 22, 1963]

REDS AGAIN EYE BERLIN ISSUE

(By Edmund Stevens)

Moscow.—With the nuclear test ban sealed, signed, and delivered, the Russians show symptoms of again pressing for the oft-threatened, oft-postponed showdown on West Berlin.

At a glance, this seems inconsistent: First Moscow takes the initiative in pressing for a test ban and improved relations with the Western Powers, in order to revive the one issue sure to generate tension.

The Kremlin sees no inconsistency. The desire for a test ban and an accommodation with the West was spurred by its mounting trouble with Red China for the Russians are determined to avoid the prospect of having to face threats from opposite directions simultaneously.

WANT NEUTRAL WEST LINE

Because of the new menace along the vast length of the border with China, the Russians would like to neutralize their Western approaches. But they consider this impossible while the Western Powers continue to occupy West Berlin and while West Germany is committed to a policy of rearmament.

Because the horrors of the Hitler invasion are still etched in people's memories, German rearmament is a highly emotional issue here. The Kremlin leaders have deliberately played it up for political reasons.

This helped reconcile the citizenry to sacrifices for the sake of defense. It also helped to keep the Poles and other restive satellites in line.

But as sometimes happens, the Kremlin ended by believing its own propaganda, especially since the propagandists selected and collected evidence which, though one-sided, made a fairly convincing case.

DIRECT ATTACK

The proposal for a nonaggression pact between NATO members and the Warsaw Treaty powers, which Foreign Minister Andrei Gromyko first tried to crank into the test ban negotiations, was the first move in the renewed Soviet diplomatic offensive on the issues of Germany and West Berlin.

Since the reception this proposal received in NATO chanceries was less than lukewarm, the Kremlin, as an alternative to an oblique approach, has since trained its sights directly on the target. Thus, Premier Khrushchev, in his message to President Kennedy on the coming into force of the nuclear test-ban treaty, referred to the need for "liquidating the remnants of World War II." In Soviet parlance this is synonoymous with the signing of a German peace treaty and demilitarization of West Berlin.

For several months prior to this, the Soviets ignored the Berlin issue, muted their press attacks on NATO and even toned down their criticism of the Bonn Government to keep from rocking the boat before the test ban was settled.

But now, along with the revival of the German peace treaty-West Berlin issue, Moscow has resumed its attacks on NATO, pegged principally to the project for a multinational nuclear force which is pictured as a Bonn inspired subterfuge for getting nuclear weapons into West German hands.

Simultaneously, on the eve of Konrad Adenauer's resignation, the Soviets mounted a blistering campaign of invective against the old man, accusing him of filling his administration with former Nazis and SS troopers and plotting preventive war against the U.S.S.R. The Soviet Foreign Ministry even issued a statement charging Mr. Adenauer lied when he recently asserted that he had tried to achieve German unification on the basis of offering Moscow a 10-year "armistice."

MOSCOW'S KROLL EFFORT FAILED

Doubtless the Russians were angered by Mr. Adenauer's comment that he was opposed to selling wheat to the U.S.S.R. without exacting political conditions and by his skeptical attitude toward the present easing of tension.

But the main reason for painting the outgoing Chancellor in the blackest colors was to make his successor, Ludwig Erhard, look good by comparison on the theory that any change from Mr. Adenauer could only be for the better. Although hardly wild about Mr. Erhard, the Kremlin is at least prepared to give the benefit of a doubt.

About 2 years ago Mr. Khrushchev seriously flirted with the idea of making a separate deal with West Germany, bypassing the United States and Britain.

He made overtures to Mr. Adenauer though Hans Kroll, then West German Ambassador to Moscow. Mr. Kroll had a strong empathy for Mr. Khrushchev—the saying around the Moscow diplomatic colony was that these two saw eye to eye, being of almost identical height and build.

And Mr. Kroll's response to Mr. Khrushchev's feelers was so eager as to prove his undoing. For Mr. Adenauer spurned Mr. Khrushchev's proposition and Mr. Kroll was recalled for exceeding his mandate.

L'affaire Kroll was never fully ventilated, but apparently the Kremlin was prepared to go a long way toward reunification and economic relations in return for West Germany's giving up NATO and acceptance of an Austria-like neutrality.

The reason the Russians, after blowing hot and cold on their demand for the signing of a German withdrawal from West Berlin, may now be set on forcing the issue ties in with their belief that the threat from China, while serious, is not immediate.

The Kremlin may consider its bargaining position with the West is better now than it will be when China is strong enough to press its challenge. And the Russians probably hope that with Mr. Adenauer out, the Bonn government may prove more malleable.

NEEDS OF OUR CITIZENS MUST BE FULFILLED FIRST

Mr. GRUENING. Mr. President, at a recent banquet in Charleston, W. Va., our able and distinguished colleague, the senior Senator from West Virginia [Mr. JENNINGS RANDOLPH], gave as his opinion that it was more important to help people on earth than to hurry a man to the moon.

A somewhat similar theme, expressed differently, was eloquently voiced the week before last by the junior Senator from Arkansas [Mr. FULBRIGHT], who said it was desirable, in our spending, to establish some priorities. He emphasized that it was more important that we cut down on space and some other expenditures, and concentrate our spending on some of our domestic needs, such as education.

It was natural that our able colleague [Mr. FULBRIGHT] should emphasize the importance of education, he being a former university president, and having been a pioneer in extending education in the international field, through the Fulbright scholarships.

Likewise, I feel it is our duty to focus our attention on problems at home, and it is more important to take care of the unemployed, this great curse in this land of plenty and abundance, and the wealthiest Nation on earth, before we start on ventures overseas.

This idea has relevance to the debate now going on in connection with foreign aid. I am not opposed to foreign aid, but I think its extravagant expenditures could well be reduced in a number of countries which no longer need our aid, for various reasons. Some of the money could be used to put the unemployed back to work.

While we are debating the authorization of the expenditure of several billion dollars in foreign countries, our funds for public works at home have run dry. Hundreds of worthwhile projects are processed and waiting to be put into effect, but cannot be because there is no money. That, at the same time we are discussing an expenditure of $4 billion in foreign aid, is in my view a failure to give proper consideration to our own citizens.

I pay tribute again to the able speech of the distinguished Senator from Arkansas [Mr. FULBRIGHT], made a week and a half ago, on the subject of priorities, which agrees with the view I have, a view which we cannot emphasize too much. I think our first priorities should be for domestic needs, to putting our unemployed back to work. So long as 5½ percent of our people are out of work, our first duty is to work on that problem. I have pending an amendment to increase our accelerated public works fund. What we eliminate from the foreign aid, and space programs, should be expended at home for needed public works projects that help diminish unemployment.

I ask unanimous consent that the editorial which quoted the distinguished Senator from West Virginia [Mr. RANDOLPH], entitled "Needs of Our Citizens Must Be Fulfilled First," which appeared in the Charleston Gazette of October 30, be printed at this point in my remarks.

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

NEEDS OF OUR CITIZENS MUST BE FULFILLED FIRST

Voices throughout the land are being raised in opposition to the continuing expenditure of fantastic sums to accelerate the lunar space probe and to agument the Nation's "overkill" and conventional arms supply.

It wouldn't be accurate to claim that these voices represent a majority, but many public officials, businessmen, labor leaders, and private citizens are having hard second thought about the billions upon billions being pumped into the economy for purely destructive purposes and for the questionable purpose of placing a man on the moon.

One of the leaders in this fight, we're happy to report, is West Virginia's own Senator RANDOLPH.

The other evening in Charleston at an AFL-CIO banquet, Senator RANDOLPH told the audience that in his opinion it was much more important to "help people here on earth than hurry a man to the moon."

He acknowledged the necessity of the United States meeting its foreign aid, defense, space and nuclear obligations. But he doubted that withdrawing a mere billion from these programs and using it to assist the Nation's jobless and impoverished would seriously jeopardize these obligations.

His argument was later supported by George Meany, AFL–CIO president, the principal speaker of the occasion.

Meany noted that the chronic above-5-percent unemployment rate, the educational lag among those having lost jobs to machines, the inability of the economy to provide the abundant life for far too many citizens living in areas like Appalachia, and the too low national economic growth rate aren't indicators of health or prosperity.

Landing a man on the moon no doubt would enhance U.S. prestige, but is this accomplishment more to be desired than maintaining a decent standard of living for all Americans?

The imperatives of a strong national defense, which is costly and necessitates certain sacrifices to sustain, are facts of life the Nation must accept—probably for generations. Nevertheless, what good is any defense, if the overall economy is flabby and malnourished?

If, as is generally contended, this Nation is in a struggle to the finish with the Soviet Union to determine whose ideology is superior, aren't the imperatives of a self-sufficient society equally as vital as an unassailable military position?

The Randolph-Meany view is quite simple, very precise: Unless the United States can retain its democratic principles while providing for its citizens the indispensable criteria associated with a meaningful and rewarding civilization, the Nation's defense capabilitity and an American astronaut on the moon with flag will count for nothing in the pages of history.

As a nation, the needs of our citizens must be met. Otherwise, as a nation, we will have failed ourselves and our destiny.

AMENDMENT OF FOREIGN ASSISTANCE ACT OF 1961

The Senate resumed the consideration of the bill (H.R. 7885) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. HOLLAND. Mr. President, I ask unanimous consent that the order for the yeas and nays heretofore ordered on my amendment be now vacated.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. FULBRIGHT. Mr. President, I have been in consultation with the Senator from Florida [Mr. HOLLAND] about this amendment. The addition of the reauthorization of what is already authorized was inadvertent. We had in mind dealing only with this year's $975 million. The law already carries the authorization for $1,500 million, and the clerk of the committee inserted it by reiterating the full language of section 202(b).

I have no strong feeling about the overall limitation of authorization. We have had the authorization for development lending since 1961. In 1961, Congress, in an effort to give the program continuity and, it was thought, some efficiency, authorized it in the act for 5 years. We have never appropriated the full amount. The administration has never requested it. This year the administration requested $1,060 million.

I think it has no real effect on Congress. Congress can always change it, as Congress did in the appropriation for this year.

There is specific language in section 616 of the act which reads:

Except as otherwise provided in the Act, funds shall be available to carry out the provisions of this Act as authorized and appropriated to the President each fiscal year.

It is not easily apparent what the real effect is. It is merely a strong hope, I suppose, as to what would be accomplished. It was hoped, in 1961, at least, that this authorization would give the agency some feeling of continuity and that it would improve its planning and administration.

Generally, the really serious criticism in the committee has nearly always been about the efficiency of administration. Back in 1958 or 1959, the Senate approved the proposal for continuing authority to use a public debt transaction, a method of financing which has been used successfully in many other cases by other agencies of Government. But at that time the House of Representatives rejected it; particularly, the House Committee on Appropriations opposed it.

The later action, in 1961, was, in a sense, an outgrowth of the previous action. The main motive was to try to give to the agency a more efficient administration.

Nevertheless, in spite of that fact, I do not wish to have a controversy over this question at this time, and I am disposed to accept the amendment of the Senator from Florida. I think the reauthorization should not have been in the amendment. However, I shall be glad to take the amendment to conference and support it in conference. As I have said, each Congress has full authority to change these authorizations each year the question arises.

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

Mr. FULBRIGHT. I yield.

Mr. HOLLAND. If the amendment were to be adopted, however, the Congress would be without authority to appropriate for the Development Loan Fund, except under that authorization as a ceiling for 1965 and 1966, unless an increased authorization were voted meantime by Congress itself.

Mr. FULBRIGHT. The Senator is quite correct. Congress has every right to change the authorization, as well as the appropriation, in the coming year.

As the Senator knows, I have recommended to the administration, as has the committee, that it reevaluate the entire program and seek a new approach to it. I am thoroughly in accord with that recommendation.

I do not think the Senator and I disagree on that aspect of the problem. We may disagree as to our estimates of what importance it has had in the past and what a great contribution it has made, in spite of faults in its administration.

Be that as it may, I am reluctant to oppose the Senator's amendment. I think it does not drastically change matters, because next year Congress can either increase or decrease the authorization, as the Senator so well stated.

Mr. HOLLAND. I thank the Senator very much for accepting the amendment.

Mr. FULBRIGHT. Mr. President, I accept the amendment.

Mr. MORSE. Mr. President, will the Senator yield for some additional questions?

Mr. FULBRIGHT. I yield.

Mr. MORSE. There are some of us who, for the purpose of legislative history, would like to obtain a statement in the RECORD as to what, in the opinion of the chairman of the committee, the effect of the Holland amendment would be.

I understand the Senator from Arkansas is willing to take the Holland amendment to conference. There are those of us who believe that there should be no authorizations for 1965 and 1966. The answer is that there already are in the act authorizations for 1965 and 1966. Our answer to that is that there is nothing to prevent us from stopping such authorizations as are in the act. That is what we propose to do, if the parliamentary situation will permit us to do it, before consideration of the Holland amendment is concluded.

My first question is this: Assuming that the Holland amendment is agreed to by the Senate, and assuming it goes to conference and is accepted in conference, would it be necessary for a foreign aid bill, with this authorization for 1965 and 1966, to come before the Congress again next year?

Mr. FULBRIGHT. It will be necessary for a bill to come, but, so far as the authorization as to amount is concerned, it would be the same as this year. If there were no effort to change it in any respect, it would not be a matter of action. But it would be if any effort were made—which has been done in this case—to make a change in the existing authorization; not merely by this amendment, but by the proposed Mansfield amendments and the fact that the request of the administration for appropriation was only $1,060 million.

Mr. HOLLAND. Assuming that the Holland amendment is written into law this year, there is nothing that will stop the Congress next year from striking the authorization of $975 million?

Mr. FULBRIGHT. No; I do not see that there is anything to stop it.

Mr. MORSE. Why, therefore, in the opinion of the Senator from Arkansas, is it desirable that the bill this year contain a figure of $975 million as an authorization?

Mr. FULBRIGHT. As I said a moment ago, having the figure after 1964 was an inadvertence on our part; and was no need to reiterate the authorization, because it is already in the law. Since it was done, I was agreeing to take the Senator's amendment to conference. So far as I can see, it does not do too much harm. I am perfectly willing to take it to conference.

Mr. MORSE. Mr. President, I hope the Senator will bear with me. This may be clear to the Senator, but it may not be clear to many people who are unfamiliar with Senate procedure; and I believe that for their sake I must be guilty of some repetition. Even though the bill is passed this year—assuming a hypothetical situation—containing either the

$1,500 million on line 8 of the Mansfield amendment, or the figure of $975 million in the Holland amendment, as a substitute therefor, the adoption of either figure does not in any way bind Congress for fiscal 1965 and 1966 to authorize either figure, depending on which figure is adopted.

Mr. FULBRIGHT. That is my understanding.

Mr. MORSE. There is a desire on the part of some of us to strike any figure for 1965 and 1966; in other words, to amend the existing act by striking what is already in the act for 1965 and 1966, because if Congress is not bound by it anyway, we see no harm in taking it out, and we see some advantage, because the committee in its own report is urging the administration to make a careful review of the entire aid program; and we would at least provide a psychological incentive to accomplish that end if we took action this year to strike the language which is already in the act representing an authorization for 1965 and 1966.

Does the Senator from Arkansas see anything particularly wrong with that proposal?

Mr. FULBRIGHT. Yes; I do not believe it is realistic to assume, as the Senator does, that the program, though it may be lacking in some virtues, is to be ended. I know the Senator expressed that view in committee. I do not agree with him. Much as I would like to end it, I do not believe it is realistic to expect to end it altogether.

What I believe the committee did is to take a new approach. We are proposing a better way to reduce its scope, particularly with respect to the military provisions of the bill.

I do not believe it is realistic to expect this kind of activity to be ended completely. I hope that some method of administration superior to what we now have will be developed by the administration, together with Congress. That is as far as I can go at the moment. It is my hope that we can find a better way to discharge the function of trying to maintain the integrity of the free world. That is one of the major purposes, at least, to help new countries develop as independent countries, rather than to become satellites of the Communist world.

I am sure we shall be called upon to do something. How much, I do not know. The pending bill clearly reduces the amount. That is about all I know about it. If the Senator is suggesting that we delete the amount for the next fiscal years altogether, there again I do not know that that would be disastrous, but I would not support such a proposal. If I am not mistaken, in 1961, when the question was before the Senate, the Senator supported it, just as I did, to give some continuity to the administration of the aid program.

Mr. MORSE. The Senator is absolutely correct. However, this is 1963, and not 1961.

Mr. FULBRIGHT. I agree.

Mr. MORSE. The conditions in 1963 are different than they were in 1961. We were hopeful that there might be some improvement in the administration of the program. I hold to the point of view that there has not been, but, instead, that it has worsened.

Perhaps on this particular question, the difference between the Senator from Arkansas and the Senator from Oregon is perhaps a difference of definition, or perhaps a matter of semantics. The senior Senator from Oregon has never taken the position that this program should end. The position of the Senator from Oregon is that it should continue, but under an entirely different program; that we should announce to the world that we are ending it in its present form, but that we are immediately starting a new foreign aid program. On the basis of terms and conditions, reservations, and guidelines mentioned in my amendment, it would be a better foreign aid program.

There is merit in what the Senator from Arkansas says; that, in a sense, this is an ending and new beginning. I also stress the fact that I propose to start over. I do not propose the ending of all foreign aid. Perhaps it should be put this way: I propose to end the program and immediately substitute for it a new foreign aid program.

That perhaps represents the difference between us. Eliminating the authorization for the Development Loan Fund for 1965 and 1966 will make perfectly clear to the administration that when they come before us with their authorization requests next year, they will have to come prepared to take into account the recommendations which the Senator's committee report makes to the State Department. I believe that puts us in a stronger position. I am not sure from the parliamentary standpoint that this can be done. I shall ask a series of parliamentary questions of the Chair after I obtain the floor in my own right.

Mr. HOLLAND. Mr. President, it seems to me that a specific benefit would be accomplished by the adoption of the amendment; namely, a reduction of $525 million for 1965 of the ceiling on the appropriation for the Development Loan Fund, and a similar reduction in the ceiling of the authorization for 1966. Is the Senator in accord with that?

Mr. FULBRIGHT. The Senator's interpretation is correct.

Mr. HOLLAND. It seems to the Senator from Florida that without any more information before us, about all we can do is to show by our vote that we do not expect the program to be bigger, or the Development Loan Fund to be enlarged, in the 2 succeeding years, and therefore we are not abandoning the position the Senate has repeatedly taken—and I wish to call the particular attention of the Senator from Oregon to this point—that we prefer the loan program to the grant program.

The loan program is here because of the Senate's demand that it be here. The Senator from Florida, both in the consideration of the authorization bills and in the consideration of appropriation bills, with respect to which he has also had some responsibility, has given preferment to the Development Loan Fund.

Therefore it seems to me that in the circumstances we would not be justified in taking as drastic action as that suggested by the Senator from Oregon.

I am hopeful that the Senator from Arkansas, in accepting the amendment, will be followed by the Senate, for this is the first and only opportunity we have had to show that we want a substantial reduction in the program and that we are working toward ending of the program at such reasonable time as the end can be reached. This is an excellent opportunity to show that intention by the adoption of the amendment. I appreciate the willingness of the Senator from Arkansas to accept the amendment.

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

Mr. HOLLAND. I yield.

Mr. GRUENING. I am much interested in what the Senator from Florida has said, and heartily approve of it. But I wish to raise a question which will arise in the form of an amendment. Does the Senator from Florida consider that the so-called loans we are making at three-quarters of 1 percent interest with a 10-year grace period are really loans? The change from grants to loans was in response to the feeling of the Senate that this money should not be given away, but that those who receive it should be asked to repay it. It seems to me that to call money advanced under those terms a loan is really a deception and a fraud upon the American people, for it is not a loan at all. It is obvious that our Government must borrow money from the American people at higher rates of interest, and that we are actually making a grant when we make a so-called loan, as well as a loan.

Mr. HOLLAND. I thoroughly agree with the Senator from Alaska. The terms of the loans, in many instances, have been much too liberal. This is not fair to the taxpaying public. Unfortunately, we cannot hit that part of the program at this point; but, as I have already said, we now have a golden opportunity to say that we want the program reduced substantially and brought to an end as quickly as possible.

Mr. GRUENING. I was somewhat distressed when the President apparently indicated that he was opposed to the half billion dollar cut made in the House. In some remarks I made on the floor last Tuesday, I showed, country by country, how I believe the aid program could be improved by stopping aid to certain countries which either no longer need it, or should not have it for other valid reasons. We are continuing aid to countries like Japan, West Germany, and France which are prospering and no longer need it. Our aid to those countries should be stopped. Aid to other countries, such as Israel, Greece, and Lebanon, is practically finished for the same reasons. We should cease our aid to a country like Taiwan. We have already poured over $3 billion into that little island. It should be self-sufficient by now. I think it is time for aid to such countries to be brought to an end.

Countries, like Egypt, which are engaged in aggression or Indonesia which threatens war on Malaysia should have their aid stopped until we make sure the money is not being used for military ventures but for the purposes intended—namely, to build up the economy and help their people.

If we were to consider the situation country by country, we could decide in which countries the program should continue or be discontinued. By this approach we could make a substantial cut in the total amount, and not only not impair the program but improve it. We could decide whether this country, that country, or the other country should or should not have more money right now.

In my opinion, that is the way to approach the situation, rather than by a blanket, meat-ax cut of a certain amount, which might be too much or might not be enough. That is the way we should focus attention on the bill. That is what we should do in this debate. To cut substantial sums without specifying where and why is not desirable. While I consider there was ample justification for the House cut, I would prefer a country-by country or project-by-project approach. Then the administrators of the program would have the kind of guidance they should have but have never had in the past from the Congress, which has the constitutional responsibility for authorizing expenditures and appropriating for them.

Mr. HOLLAND. I am thoroughly in sympathy with the suggestion of the Senator from Alaska. I have no objection to making such an approach. I regard this as our first opportunity to make a substantial reduction in the foreign aid program and to bring it to an end as quickly as possible.

Mr. GRUENING. I heartily agree.

Mr. HOLLAND. I hope that my proposal will meet with the approval of the Senate, so that we may give a clear indication to the people of our intention to reduce the foreign aid program.

Mr. GRUENING. It will be a bit of encouraging news and it will improve the program.

Mr. HOLLAND. It certainly should cause widespread encouragement over the country.

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

Mr. HOLLAND. I yield.

Mr. MILLER. Do I correctly understand that the amount in the bill passed by the House was $900 million?

Mr. HOLLAND. I am not familiar with the amount stated in the House bill. The authorized amount for this year, 1964, with which we are now dealing, was $1,500 million. The request of the Budget—as approved by the committee—the request of the administration—was $1,060 million. The amendment offered by the leadership on both sides of the aisle and by the senior members of the Committee on Foreign Relations from both sides of the aisle would reduce that amount to $975 million. By my amendment, I call attention to the fact that we now have an opportunity to cut equally the authorizations which are already law for 1965 and 1966. I think it is our duty to do it. I am sure we are not interested solely in the appropriation to be made this year, but that we are thinking in terms of reduction and of the elimination, finally, of the program.

Mr. MILLER. I thoroughly agree with that approach; but my question is: If the House saw fit to reduce the amount to $900 million—I understand from the Senator from Arkansas that that is what happened—what justification is there for increasing the amount to $975 million? Why not make it $900 million, just as the House did, so that the conference committee would have one less item with which to concern itself?

Mr. HOLLAND. My answer is that if the Senator from Iowa feels that way, he should offer an amendment to the appropriation authorized for this year, which, under the amendment of the leadership, would be fixed at $975 million. The proposals I am offering would be in conference. I feel quite certain that the conference would return with a single answer, rather than to have the authorization for this year differ from the authorizations for 1965 and 1966. The House has not had an opportunity to consider the authorizations for 1965 and 1966 in connection with this bill.

Mr. MILLER. I appreciate the Senator's suggestion, but has he any suggestion as to why the amount should be $975 million in the authorization bill, rather than the $900 million in the bill passed by the House?

Mr. HOLLAND. The reason why I have selected the figure $975 million is that it is in the amendment proposed by the leadership on both sides of the aisle and by the two ranking members of the committee who dealt with this question, and who know much more about the situation than does the Senator from Florida, and perhaps more than most Senators can know about it. It seems to me, without having a greater knowledge of the situation, that we would be on firmer ground if we placed the authorization for the 2 succeeding years at some ceiling that had been fixed by the group of distinguished Senators who have offered the amendment for this year, which provides for $975 million. The Senator from Florida knows perfectly well that Congress has never appropriated an amount up to the ceiling authorized. Authorization bills have been consistently lower than was the blanket authorization for 1961, and appropriation bills have been consistently lower than that. We are not talking now about the amount that will actually be appropriated. I am simply trying to offer an amendment to bring the authorization into conformity with what is recommended by the group of distinguished Senators as what should be authorized for this year.

Mr. MILLER. I am strongly in agreement with that approach. I propose to support the amendment.

Mr. HOLLAND. I thank the Senator from Iowa.

Mr. MILLER. If the amount were the same as the amount the House sent to the Senate, I would feel a little more comfortable about it, unless perhaps the Senator from Arkansas might enlighten the Senate as to the justification for the extra $75 million.

Mr. HOLLAND. The Senator from Iowa is talking about the authorization for 1964. My amendment relates to the authorizations for the 2 succeeding years.

Mr. FULBRIGHT. This amount is the amount that was actually appropriated for this year, 1963, by the Committees on Appropriations of both Houses. That is the reason.

Mr. MILLER. Mr. President, will the Senator from Florida yield further, so that I may ask another question?

Mr. HOLLAND. I am glad to yield.

Mr. MILLER. The response of the Senator from Arkansas is that the appropriation for this year was $975 million. However, I invite attention to the fact that the House, notwithstanding the fact that the appropriation was $975 million, saw fit to reduce the authorization to $900 million. So the Senator from Iowa is still intrigued by the justification the Senate has now found to increase the House amount in the authorization bill from $900 to $975 million.

Mr. HOLLAND. I wish I could respond to the distinguished Senator from Iowa; but not having sat in the committee, I do not know what the reason was. I do know that, so far as I am concerned, my amendment does not relate to the authorization for this year at all. I take it that amendments possibly will be offered to other parts of the amendment offered by the group of distinguished Senators. I have merely tried to reduce the authorization for the 2 succeeding years by $1,050 million, which I think is a worthwhile objective toward which all of us should try to work.

Mr. MILLER. Again, I pledge to support the Holland amendment. However, I hope that perhaps the colloquy that has taken place might develop whether the Holland amendment may be improved a little by reducing the amount to $900 million, which is the amount provided by the House in the bill sent to the Senate.

Mr. HOLLAND. The Senator from Iowa can accomplish what he suggests in another way, because my amendment relates only to 1965 and 1966.

Mr. ELLENDER. Mr. President, will the Senator from Florida yield?

Mr. HOLLAND. I yield.

Mr. ELLENDER. I have an amendment that I shall propose today or tomorrow, if I have the opportunity to do so, to reduce the amount in the so-called Mansfield amendments from $975 million to $900 million. As I understand, for next year the amount of authority would be reduced from $1,500 million to $975 million, and there will be ample time to reduce it from $975 million to perhaps less than $900 million.

Mr. HOLLAND. If experience indicates anything, there will be ample energy and ambition to move in that direction.

Mr. ELLENDER. I thank the Senator from Florida.

Mr. HOLLAND. I thank the Senator from Louisiana for his comment.

Mr. MORSE. Mr. President, I think it very important that we take a few minutes at this time to try to clarify the parliamentary situation which confronts

us as regards the parliamentary effects of the Mansfield amendments and the parliamentary effects of the Holland amendment. Many of us want to amend the money provisions of the bill as well as many particulars of its policy. But we are concerned and are not too clear about our parliamentary rights in regard to money item amendments.

The Senator from Louisiana has spoken about an amendment which he will propose, and I wish to make certain that he will be in a parliamentary position in which he can propose it.

I have an amendment, which I have not yet submitted in final form, which would amend the text on page 1, in lines 7 to 9 of the Mansfield amendments, by striking out "$975,000,000 for the fiscal year 1964 and $1,500,000,000 for each of the next two succeeding fiscal years," and by inserting in lieu thereof "$900,000,000 for the fiscal year 1964." That would mean that we would automatically drop any reference in the bill to 1965 and 1966, and we would accept the House figure for 1964; namely, $900 million.

I should like to add a further amendment: On page 2 of the Mansfield amendments, strike out lines 10 and 11, and insert in lieu thereof the following:

On pages 40, line 10, strike out $175,000,000 and insert in lieu thereof $150,000,000.

That would take us back, as regards the contingency fund, to $150 million. If parliamentarily possible, we would desire to handle those two matters together, although we could separate them, and could deal with an amendment to the contingency fund separately from the Mansfield amendments—and perhaps we should, and then we could deal separately with an amendment of $900 million for Development Loan Fund; $900 million is the figure voted by the House.

These amendments then would leave the Alliance for Progress program as it now is in the Mansfield amendments.

The economic aid program to the Alliance for Progress program is very important. I would be willing to raise it beyond what is proposed in the Mansfield amendments. If any further saving is made in Latin American military aid it should be added to the Alliance for Progress economic aid program. That would be welcomed, I believe, by all our friends in Latin America among the heads of state of democratic governments.

Mr. President, my first parliamentary inquiry is as follows: Are we in a position to seek to amend the Manfield amendments by changing the figure $975 million, in line 7, to $900 million; or are we now in a parliamentary position—with the Holland amendment pending—in which we cannot act on the Mansfield amendments until first we act on the Holland amendment; and if we act first on the Holland amendment and if the figure $975 million, which is called for by the Holland amendment, prevails, then will we be foreclosed from amending it to $900 million, particularly if—as are the custom and practice here—a motion to reconsider and a motion to lay on the table are agreed to?

The PRESIDING OFFICER. If the Holland amendment is agreed to, the figure $975 million would be agreed to in line 8; and the Parliamentarian informs the Chair that once the Holland amendment is agreed to, insofar as line 8 is concerned, thus changing the amount to $975 million, line 7 of the Mansfield amendments would still be open to amendment.

Mr. MORSE. Does the Chair mean to state that the Mansfield amendments would still be open to amendment in line 7, even though the Holland amendment calling for $975 million had been agreed to, insofar as line 8 is concerned?

The PRESIDING OFFICER. That is in accordance with the understanding of the Chair.

Mr. MORSE. Assuming that in line 7, the figure $975 is changed to the figure $900 million, as called for by the bill as passed by the House, would we then be in a position in which we could not subsequently change the $975 million figure in line 8?

The PRESIDING OFFICER. That is correct; the $975 million figure in line 8 would then be frozen in, and—assuming adoption of the Mansfield amendments—could not be amended further.

Mr. MORSE. That was my understanding, and that is why I wish to make it a matter of record, and to point out again to the Senate that although some do not like my use of the phrase "powerhouse amendments," it is a rather apt description of the Mansfield amendments.

Before acting on it, any amendments to it, we must be perfectly certain that there is no way at all for us to reach some meeting of the minds in regard to this bill, for I have no intention of agreeing to the taking of a vote on the Holland amendment at this hour until there has been ample cloakroom discussion in regard to the parliamentary effect of the Holland amendment as regards other changes we wish to make later, when the Senate may reach the conclusion that other changes should be made.

It is a difficult position to occupy, and yet it is important that it be occupied, and I occupy it not alone. We want Senators to realize the limitations that have been placed upon their freedom of parliamentary action in the Senate by the introduction of the Mansfield amendments. We think there should be a good many money changes in the bill. I shall ask some parliamentary questions on that point in a moment. We have some avenues open that will make that possible. But my own judgment is that days of time would be saved if the Mansfield amendments were withdrawn, if we cleared the decks, and if we started on the bill item by item, section by section, rather than to have a cut by way of a general money cut on the Mansfield amendments, which create serious parliamentary hurdles for those of us who think that the bill should be cut much more than the Mansfield amendments would cut it.

Mr. President, I should like to ask the following questions: If the Holland amendment were adopted, parliamentarily it would not affect in any way the item of $975 million on line 7. Is that true?

The PRESIDING OFFICER. That is true.

Mr. MORSE. Mr. President, if the Holland amendment were adopted, and the amount of $975 million were written into line 8 in replacement of the amount of $1,500 million, could those of us who think that the bill should be changed further offer a complete substitute for section (b) of the Mansfield amendments?

The PRESIDING OFFICER. It would be in order provided a substantial change were made in the paragraph.

Mr. MORSE. I shall come to that point in a moment. Assuming that a very substantial change would be made in the paragraph, would we then be in a position in which we could modify the amount of $975 million in the Holland amendment, even though the Holland amendment were agreed to?

The PRESIDING OFFICER. The Parliamentarian states that such action would be in order.

Mr. MORSE. Now we come to what a substantial change would be. If we offered an amendment to paragraph (b) which would read:

Section 202 of the Foreign Assistance Act of 1961, as amended, is amended by striking out "for each of the next four succeeding years," and inserting "for each of the next two years,"

Would that be a substantial change?

The PRESIDING OFFICER. The Chair feels that reducing the period of time from 4 to 2 years would be a substantial change.

Mr. MORSE. Mr. President, before we might offer such a substitute for paragraph (b), we would be in a parliamentary position, even though the Holland amendment were adopted, to offer, for example, the amendment that many of us propose to offer on the contingency fund, leaving it at the figure of $150 million? The adoption of the Holland amendment would in no conceivable way affect our parliamentary right to amend the contingency fund?

The PRESIDING OFFICER. Agreeing to the Holland amendment would not affect any other part of the bill.

Mr. MORSE. Likewise we could propose to cut further into the military aid figures of the Mansfield amendments.

Mr. President, I should like the leadership of the Senate to give consideration to a withdrawal of the Mansfield amendment for the time being so that we will not have to do all the parliamentary manipulating and maneuvering in strategic action that would be called for as long as the Mansfield amendments are before the Senate, so that those of us who wish to change the bill in respect to various provisions can go ahead and see how much we can change. Then they can decide whether or not they wish to offer or reoffer the amendment.

We know our reasons in making that proposal. I do not believe it would come to pass, but let us hypothetically assume that we are beaten on most or all of our amendments. Then the proponents of

the bill might decide that they do not want to cut the bill at all, not reoffer the Mansfield amendments, and let the committee bill stand as it is.

We are perfectly willing to run that risk. But what we feel sad about is that we have been placed in this parliamentary position in which we have to consume a great deal of time in conference and prevent votes from occurring here in the Senate until we can see the end of the trail parliamentarywise.

So far as we are concerned, all the Mansfield amendments have done is to slow us up. We are cautious men, and we shall be exceedingly cautious, for no matter who disagrees with us, we believe we are putting up a fight here in the Senate on a question so vital to the welfare of the American taxpayer and so important to the welfare of our country foreign policywise, that we are going to take all the slings and arrows that may be directed at us until we are satisfied that we can say to our constituents that we did all we could. We at least tried not to go to sleep by swallowing any parliamentary pills that the leadership may have stuffed into us.

I only make the plea. I cannot bring about a withdrawal of the Mansfield amendments unless the proponents wish to withdraw them. My parliamentary question is as follows: There is nothing that prevents the proponents of the Mansfield amendments from withdrawing the amendments, is there?

The PRESIDING OFFICER. There is nothing that would prevent the Mansfield amendments being postponed temporarily or withdrawn.

Mr. MORSE. When the Chair states "postponed temporarily," such action would not clear the floor of the Senate for other amendments?

The PRESIDING OFFICER. The amendments can be withdrawn at the request of the proponents. The Senator from Montana [Mr. MANSFIELD] might make the request.

Mr. MORSE. The amendments could be reoffered at any time the proponents of the amendment wished to reoffer them?

The PRESIDING OFFICER. The Senator is correct.

Mr. MORSE. Of course, if they were withdrawn, the Senator from Florida could nevertheless offer his amendment as a separate amendment to the bill.

He could not very well offer it to a withdrawn amendment. But I would assume—I do not know—that if the Mansfield amendments were withdrawn, the Senator from Florida would probably give consideration to postponing any further consideration of his amendment at this time. He would have to change its form, in any event, if the Mansfield amendment were withdrawn.

I have raised all the parliamentary inquiries that I care to raise at this time, so there can be some consultation on the suggestions that I am making in behalf of those who are opposed to the bill in its present form.

I suggest the absence of a quorum, and request that it be live.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 203 Leg.]

Aiken	Hart	Mundt
Allott	Hartke	Muskie
Anderson	Hayden	Nelson
Bartlett	Hickenlooper	Neuberger
Bayh	Hill	Pearson
Bible	Holland	Pell
Boggs	Hruska	Prouty
Brewster	Humphrey	Proxmire
Burdick	Inouye	Randolph
Byrd, Va.	Johnston	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell
Cannon	Keating	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Simpson
Church	Long, La.	Smathers
Clark	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Tower
Ellender	Metcalf	Walters
Ervin	Miller	Williams, N.J.
Fong	Monroney	Williams, Del.
Fulbright	Morse	Yarborough
Gore	Morton	Young, N. Dak.
Gruening	Moss	Young, Ohio

Mr. HUMPHREY. I announce that the Senator from Mississippi [Mr. EASTLAND], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Washington [Mr. JACKSON], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Michigan [Mr. MCNAMARA], the Senator from Rhode Island [Mr. PASTORE], the Senator from Connecticut [Mr. RIBICOFF], and the Senator from Missouri [Mr. SYMINGTON] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent due to illness.

Mr. KUCHEL. I announce that the Senator from Maryland [Mr. BEALL], the Senator from Kentucky [Mr. COOPER], the Senator from New Hampshire [Mr. COTTON], the Senator from Arizona [Mr. GOLDWATER], the Senator from Idaho [Mr. JORDAN], and the Senator from New Mexico [Mr. MECHEM] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. JAVITS] are absent on official business.

The PRESIDING OFFICER (Mr. BAYH in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, what is the pending question?

The PRESIDING OFFICER. The pending question is the amendment of the Senator from Florida [Mr. HOLLAND] to the amendments offered by the Senator from Montana [Mr. MANSFIELD], for himself and other Senators, to the committee amendment.

Mr. DIRKSEN. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. DIRKSEN. Is it in order to ask for the yeas and nays on the so-called Mansfield amendments?

The PRESIDING OFFICER. It would be in order.

Mr. MANSFIELD. Mr. President, have the yeas and nays already been ordered?

The PRESIDING OFFICER. No; they have not been ordered.

AMENDMENT NO. 296

FOREIGN AID BUILDS INDUSTRIES ABROAD TO COMPETE WITH U.S. INDUSTRIES

Mr. GRUENING. Mr. President, one of the greater follies committed under the foreign economic assistance program has been the practice of using U.S. dollars to establish or expand industries abroad which compete with U.S. industries.

Since 1945 we have spent $1,735,685,782 building up steel producing capacities in such countries as Japan, Turkey, France, India, Korea, Liberia, Peru, and Yugoslavia. Today our own steel mills are operating well under their capacities.

We have spent abroad, since 1955, $14,507,024 to build up foreign fishery resources, while our own fishing resources at home have been sorely neglected and are floundering.

We have given or loaned millions to establish and expand textile mills in many foreign countries while our own textile mills are in ever more serious trouble because they cannot compete on an equal footing with the more modern textile mills abroad.

Paper mills, rubber plants, chemical plants, and aluminum plants could also be cited as examples of instances in which AID dollars have been used to build facilities abroad to compete with U.S. industries either in the United States or in foreign markets.

I send to the desk and ask that it be printed and lie on the table, an amendment to H.R. 7885, the bill to amend further the Foreign Assistance Act of 1961, so as to lessen competition to the United States from foreign businesses founded with U.S. AID funds.

I ask unanimous consent that this proposed amendment be printed at this point in my remarks.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table; and, without objection, will be printed in the RECORD.

The amendment (No. 296) proposed to be offered by Mr. GRUENING is as follows:

On page 51, between lines 13 and 14, insert the following:

"(f) No assistance shall be furnished under this Act for the construction or operation of any productive enterprise in any country unless the President determines that similar productive enterprises within the United States are operating at a substantial portion of their capacity and that such assistance will not result in depriving such United States enterprises of their reasonable share of world markets. The President shall keep the Foreign Relations Committee and the Appropriations Committee of the Senate and the Speaker of the House of Representatives fully and currently informed of assistance furnished under this Act for the construction or operation of productive enterprises in all countries, including specifically the numbers of such enterprises, the types of such enterprises, and the locations of such enterprises."

Mr. GRUENING. Mr. President, this provision is identical with the provision

dealing with this same subject appearing in the House-passed bill.

The Foreign Assistance Act of 1961 already has a provision aimed at cutting down competition with U.S. industries through loans abroad. I ask unanimous consent that section 620(d) of the Foreign Assistance Act of 1961 be printed in the RECORD at this point in my remarks.

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

(d) No assistance shall be furnished under section 201 of this Act for construction or operation of any productive enterprise in any country where such enterprise will compete with United States enterprise unless such country has agreed that it will establish appropriate procedures to prevent the exportation for use or consumption in the United States of more than 20 per centum of the annual production of such facility during the life of the loan. In case of failure to implement such agreement by the other contracting party, the President is authorized to establish necessary import controls to effectuate the agreement. The restrictions imposed by or pursuant to this subsection may be waived by the President where he determines that such waiver is in the national security interest.

Mr. GRUENING. Even a cursory reading of this provision indicates that it is severely limited—more limited than it should be to protect adequately U.S. business. As I shall demonstrate shortly, many industries in the United States have lost their foreign markets to a considerable extent.

It should be noted that the provision on this subject in the present law—section 620(d)—is limited to development loans.

It has been further limited by the interpretation of its provisions by the Agency for International Development. I ask unanimous consent that Order No. MO-1016.1 of the Agency for International Development Manual entitled "Impact of Aid on the U.S. Economy—Competition With U.S. Enterprise," effective August 1, 1962, be printed in full at the conclusion of my remarks.

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

(See exhibit 1.)

Mr. GRUENING. This is a truly remarkable document.

It is an attempt to give to the congressional directive contained in section 620(d) of the Foreign Assistance Act the narrowest possible interpretation.

In the first place, Mr. President, there is a curious shifting of the burden of proving that the granting of the loan will lead to competition with U.S. business. Thus paragraph II-A of this order provides as follows:

A. Likelihood of competition: Section 620 (d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

Under this paragraph, Mr. President, note that it must be proven by "substantial evidence that competition in the U.S. market will take place." However, if there is a possibility that such competition will occur, the loan may still be granted. Apparently it must be proven by the strongest evidence that there will be competition. In these enterprises—such as steel mills, for example—why should there not be the requirement that it must be proven by substantial evidence that there will not be competition with U.S. industries?

But this strange order weakens the congressional directive contained in section 620(d) even still further.

Paragraph II-B provides:

B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

Observe, Mr. President, the only consideration is the market for the particular product in the United States. The paragraph specifically decrees that exports outside the United States are not to be considered even though such exports would compete with U.S. enterprises in foreign markets.

The proverbial man from Mars, Mr. President, would have great difficulty understanding our actions during the past 10 years. He would have seen the United States of America, a great export nation, deliberately using its funds to establish abroad, steel mills to compete abroad with our steel mills, paper mills to compete abroad with our paper mills, textile mills to compete with our textile mills, and so on and on and on.

At the same time the man from Mars would have heard the AID administrators proudly proclaim that 80 percent of the AID dollars are spent in the United States. Of course they are now. That was not so a few years back.

But even so, Mr. President, should not the AID administrators in the past have considered the end result years from then when the steel mills built with AID funds could compete abroad for steel orders against our own steel producers? And with our steel mills operating well below capacity they are, in addition, forced to compete with steel produced in modern plants erected with AID funds.

In the past 5 years the Export-Import Bank has loaned for steel mill construction and expansion of facilities the sum of $327.8 million—all U.S. dollars.

In the past 5 years the World Bank has loaned for steel mill construction and expansion the sum of $380.3 million, a good portion in U.S. dollars.

In the years between 1954 and 1962 AID and its predecessors have granted and loaned the sum of $249.3 million for steel mill construction and expansion of facilities.

These three agencies alone account for loans and grants to erect and expand steelmaking facilities abroad of $957.4 million.

I ask unanimous consent that tables showing these loans for steelmaking be printed at the conclusion of my remarks.

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

(See exhibit 2.)

Mr. GRUENING. Mr. President, the gentleman from Texas, Representative BOB CASEY, has obtained from the Library of Congress a listing of loans and grants to steel industries abroad, to pulp and paper plants abroad, to petroleum and related facilities abroad, to chemical plants abroad, to aluminum plants abroad, to plastic plants abroad, and to rubber plants abroad. He is greatly to be commended for obtaining such a list. It is admittedly an incomplete list since the Library of Congress forwarded it to him with this caveat:

The enumeration of total foreign aid to specific industries can be undertaken with only limited success. * * * The Agency itself does not compile aid figures according to industry or by name.

According to that chart, in the years from 1945 to 1963 the United States has given or loaned for steel mills the total sum of at least $1,735,685,782.

Is it any wonder, Mr. President, that now—but a few years later—our steel industry is operating at less than capacity, that our textile industry is in difficulty, and so on?

Add this, Mr. President, to the facts disclosed to the Senate by the distinguished senior Senator from Illinois [Mr. DOUGLAS] on July 15, 1963, when he disclosed the shocking dual rate system under which imports into the United States pay lower ocean freight rates than must be paid to export the very same item from the United States.

The wonder, Mr. President, is that our balance-of-payments problems is not worse than it is.

No, we cannot be complacent about the fact that 80 percent of the AID dollar is spent in the United States when it is being spent to build up industries abroad which will compete on advantageous terms with U.S. industry in the years ahead.

It is time that we stopped using tax dollars from U.S. industry to build up competition with that very same industry abroad.

But, Mr. President, let us continue to study the amazing AID document issued to implement the congressional directive contained in section 620(d) of the Foreign Assistance Act of 1961.

Paragraph III states that the directive is limited to development loans and only development loans for productive enterprises. It does not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market. The paragraph does make a concession for loans to development banks or program loans by saying it is applicable only where it is known that the loan will be used to assist enterprises which will compete in the U.S. market.

Note here, Mr. President, where the burden of proof is placed. It must be known that the industry aided by the loan will compete with U.S. business in the United States to have section 620(d) of the Foreign Assistance Act of 1961 apply. But even if there is a possibility that the industry aided will compete with the United States in the United States that possibility may be disregarded.

Mr. President, it is time we went to the aid of the U.S. businessman.

We must do away with the warped thinking which seems to have all too many officials in its sway—the warped thinking that what helps business abroad of necessity helps business in the United States. That just is not so.

Therefore, I hope that my amendment—which is exactly the same as appears in the House-passed bill—will be adopted.

EXHIBIT 1

IMPACT OF AID ON THE U.S. ECONOMY—COMPETITION WITH U.S. ENTERPRISE

I. LEGISLATION

Section 620(d) of the Foreign Assistance Act of 1961 prohibits loans to productive enterprises which will compete with U.S. enterprises in the U.S. market unless the country agrees to limit the enterprise's exports to the United States to 20 percent of the annual production of the facility for the life of the loan. This prohibition may be waived by the President where it is in the national security interest to do so.

II. GUIDANCE

All development loan proposals should be reviewed to determine whether the provisions of 620(d) are applicable. In testing loan proposals for this purpose AID will be guided by the following principles:

A. Likelihood of competition: Section 620 (d) will apply in those cases where there is substantial evidence that competition in the U.S. market will take place during the life of the loan. It should not be considered applicable in those cases where there is only a possibility that such competition will occur or where there is no reasonable expectation that competition will develop prior to repayment of the loan.

B. U.S. market: The restrictive provision applies only with respect to direct competition in the U.S. market. It is not designed to limit exports for use or consumption outside the United States even though such exports would compete with U.S. enterprises in foreign markets.

C. Nature of loan: The application of the provision is limited to assistance provided in the form of development loans rather than to all economic assistance under part I of the act. It is further limited to loans for the operation or construction of productive enterprises. It will not apply to commodity import loans, loans to development banks, technical assistance loans, stabilization loans or program loans where the loan cannot be clearly identified as aiding a productive enterprise which will compete in the U.S. market. In the case of most loans of this type it will be practically impossible to determine what particular enterprise will benefit. In the case of loans to development banks or a program loan where it is known that the loan will be used to assist enterprises which will compete in the U.S. market, section 620(d) may be applicable. Determination as to the applicability of section 620(d) will need to be made on the basis of the facts in each such case.

In the event a positive finding is made that an aided enterprise will compete with U.S. enterprise, an agreement to establish procedures to prevent exportation for use or consumption in the U.S. market of more than 20 percent of the annual production of the aided enterprise during the life of the loan must be reached. This agreement may be incorporated in the loan agreement or take the form of a separate agreement. The President is authorized to impose import controls necessary to effectuate the objective of section 620(d) if the agreement is not reached or implemented.

Section 620(d) expressly authorizes the President to waive the restrictions of that section where he determines such waiver is in the national security interest. Authority to grant such waivers is expressly reserved to the President under the terms of Executive Order No. 10973 of November 3, 1961.

III. U.S. AREAS OF SUBSTANTIAL LABOR SURPLUS

Sections 201a, 211a, and 604a of the 1961 Foreign Assistance Act require the President to take into account possible adverse effects of the use of the Development Loan Fund, development grants, technical cooperation, and procurement outside the United States on the U.S. economy, "with special reference to areas of substantial labor surplus."

EXHIBIT 2

World Bank loans for steel mills

[In millions of dollars]

Colombia, South America	30.0
Australia	13.4
Belgium	12.1
Italy	1.9
Yugoslavia	8.7
India (four loans):	
1	29.2
2	75.0
3	20.0
4	32.5
Total	156.7
Japan (10 loans):	
1	5.13
2	20.00
3	8.00
4	33.00
5	10.00
6	22.00
7	24.00
8	20.00
9	6.00
10	7.00
11	2.39
Total	157.52
Total loans made for steel mills by World Bank	380.32

Lines of credit extended by Export-Import Bank for steel mill construction and expansion of facilities—1958 to 1963, inclusive

[In millions of dollars]

Japan, 7 credits	84.8
Philippines, 1 credit	62.3
Turkey, 1 credit	15.0
France, 4 credits	6.4
Italy, 4 credits	83.9
Spain, 4 credits	30.8
Argentina, 3 credits	19.4
Chile, 1 credit	8.3
Mexico, 1 credit	16.9
Total, 26 credits	327.8

AID or predecessor agency obligations for iron and steel projects by country and project, fiscal years 1954–62

[In thousands of dollars]

Region, country, and project	Fiscal year obligated	AID or predecessor obligations [1]
Total, all regions		249,333
Europe		116,060
Spain		7,560
Altos Bornos de Viscaya cold rolling mill	1954 and 1956	4,460
Empresa blast furnace	1954	3,100
Yugoslavia		8,500
Sisak Ironworks (development loan)	1961	8,500
European Coal and Steel Community		100,000
Contribution to capitalization (loan) [2]	1954	100,000
Far East		2,923
China, Republic of		695
Steel tube mill, Ya Tung Enterprise, Inc	1955 to 1956	466
Tang Eng Ironworks	1957	229
Korea		2,228
Wire Rope Manufacturing Co	1956	122
Chain Manufacturing Co	1956	111
Pusan Ironworks	1955	1,995
Near East and south Asia		130,350
India		750
Bokaro Steel Plant	1962	750
Turkey		129,600
Steel mill (Eregli) (development loan)	1959 and 1961	129,600

[2] Data on development loans are loan authorizations.

[1] Data on proportion for steel only not available.

Economic development projects from U.S.-owned foreign currencies,[1] July 1, 1954, to June 30, 1962

[In thousands of dollar equivalents]

Country and project	Source of funds	Fiscal year obligated	AID or predecessor obligations
Total			15,686
Austria			3,154
Steel mill	480	1957	1,346
Steel mill and tool manufacture	480	1958	846
Steel and malleable foundry	480	1958	577
Fabricated structural steel	480	1957	385
Brazil			6,831
Minas Gerais steel plant	480	1961	6,831
India			91
Bokaro steel plant	402	1962	91
Yugoslavia			5,610
Iron works, Niksic	480	1958	5,610

[1] Represents the use of U.S.-owned foreign currencies derived from sales of surplus agricultural commodities under sec. 402 and title I, Public Law 480. Data on Public Law 480 loans to Japan are not in sufficient detail to differentiate any loans benefiting the steel industry.

AID or predecessor agency commitments for aid to iron and steel industry, summary by country and fiscal year of supporting tables II to IV, July 1, 1948, to June 30, 1962

[In millions of dollars or dollar equivalents]

Region and country	Total through June 30, 1962	Fiscal year											
		1949	1950	1951	1952	1954	1955	1956	1957	1958	1959	1961	1962
Grand total	472.5	129.8	71.6	5.2	0.9	107.0	2.4	0.8	1.9	7.0	12.3	132.6	0.9
Europe	332.3	129.8	71.6	5.2	.9	107.0		.6	1.7	7.0		8.5	
Austria	28.2	18.7	6.4						[1] 1.7	[1] 1.4			
Belgium	8.3	5.5	2.9										
France	75.5	70.0	1.3	4.1									
Italy	54.8	7.6	46.1	1.1									
Netherlands	14.9		14.9										
Portugal	.8	.8											
Spain	8.4				.9	7.0		.6					
United Kingdom	27.2	27.2											
Yugoslavia	14.1									[1] 5.6		8.5	
European Coal and Steel Community	[2] 100.0					100.0							
Far East	2.9						2.4	.2	.2				
China, Republic of	.7						.4	(3)	.2				
Korea	2.2						2.0	.2					
Near East and south Asia	130.5										12.3	117.3	.9
India	.9												[1] .9
Turkey	129.6										12.3	117.3	
Latin America—Brazil	6.8											6.8	

[1] Represents the use of U.S.-owned foreign currencies generated by surplus agricultural commodity sales under sec. 402 and Public Law 480, title I; India includes the equivalent of $100,000 in fiscal year 1962; all other data are dollar commitments.

[2] Data on proportion for steel only not available.

[3] Less than $50,000.

NOTE.—There were no commitments in fiscal year 1953 and fiscal year 1960.

European iron and steel projects financed in part by the United States under the European recovery program, by country and project, fiscal years 1949–51 [1]

[In thousands of dollars]

Country and project	Project approval date	ECA dollar obligations
Total, all countries		207,565
Austria		25,119
VOEST (Vereinigte Oesterreichisch Eisen-und Stahlwerke A.C.) Linz	Apr. 1, 1949	2,887
VOEST, Linz	do	8,362
Do	Apr. 6, 1950	2,169
Alpine Montan (Oesterreichisch Alpine Montangesellschaft), Donawitz	Feb. 25, 1949	4,147
Alpine Montan Donawitz	May 26, 1949	3,346
Do	Apr. 27, 1950	4,208
Belgium		8,343
S.A. Metallurgique d'Esperance-Longdoz, Liege	Apr. 1, 1949	2,329
S.A. Ougree Marihaye, Ougree	Feb. 9, 1950	2,866
Phenix Works at Flemmale-Haute, near Liege	Apr. 1, 1949	3,148
France		75,475
SOLLAC (Societe Lorraine de Laminage Continu), Hayange and Ebange	June 14, 1949	56,164
USINOR (Union Siderurgique du Nord de la France), Denain (Nord) and Montataire (Oise)	Apr. 1, 1949	11,919
SIDELOR (formerly Societe Lorraine des Acieries de Rombas), Rombas	Sept. 2, 1949	1,301
Sto. Anonyme des Forges et Acieries de Dilling, Dillingen in the Saar	Dec. 21, 1950	2,038
Acieries de Longwy, Mont Saint Martin	do	2,094
J. J. Carnaud et Forges de Basse-Indre	Feb. 25, 1949	1,959
Italy		54,769
FINSIDER	Aug. 18, 1949	32,390
FIAT, Turin and Avigliana	Aug. 4, 1949	7,408
Accialerie e Ferriere Lombarde FALCK, Milan	June 30, 1949	1,649
Do	May 18, 1950	4,502
Cantieri Metallurgici Italiani (FALCK subsidiary), Castellamare di Stabia	June 30, 1949	2,131
SISMA, Soc. Industrie Siderurgiche e Affini, Villadossola	do	2,538
TERNI, Societa per L'Elettricita, Terni	Apr. 6, 1949	1,315
RECAELLI, Giuseppe e Fratello Redaelli, S.p.A., Rogoredo	Aug. 17, 1950	1,067
Ilssa-Viola, S.A. Pont St. Martin, Aosta Valley	Aug. 30, 1949	1,569
Ferrotubi S.p.A. (FIT), Milan	July 12, 1949	200
Netherlands		14,935
Royal Dutch Blast Furnace & Steel Co, Ijmuiden	Dec. 1, 1949	14,935
Portugal		847
A. J. Oliveira Filhes & Co., LDa., S. Joao da Madeira.	Feb. 14, 1949	847
Spain		853
Sagunto Steel Plant [2]	June 23, 1952	853
United Kingdom		27,224
Steel Co. of Wales, Ltd., Margram and Troste, South Wales.	Apr. 1, 1949	25,373
Stewarts & Lloyds, Ltd., Corby, England, and Clydesdale and Tolcross, Scotland.	May 26, 1949	1,851

[1] List includes 1 project approved in 1952.

[2] Financed under Spanish loan program, Public Law 759, 81st Cong., approved Sept. 6, 1950.

U.S. and international agencies aid to the steel industries of the world, 1945–63

EXPORT-IMPORT BANK CREDITS TO FOREIGN STEEL INDUSTRIES, 1945–63

	Amount authorized
Africa:	
Liberia:	
Liberia Mining Co., 1949	$4,000,000
Liberia Iron Ore Ltd., 1960	5,625,000
National Iron Ore Ltd., 1960	6,000,000
Liberian Amer-Swed Minerals, 1960	30,000,000
Asia:	
Japan:	
Fuji Iron & Steel Co., 1957	10,300,000
Yawata Iron & Steel Co., 1957	26,000,000
Toyo Kohan Co., Ltd., 1958	7,100,000
Toyo Kohan Co., Ltd., 1960	3,000,000
Japan Steel & Tube Co., 1961	6,500,000
Fuji Iron and Steel Co., 1961	15,600,000
Sumimoto Metal, Inc., 1962	8,100,000
Yawata Iron & Steel Co., 1962	26,000,000
Kawasaki Steel Corp., 1962	18,500,000
Philippines:	
American Wire & Cable Co., 1957	98,000
Ysmael Steel Mfg. Co., 1957	68,000
Jacinto Steel, Inc., 1958	58,000
Central Bank of Philippines for steel mill construction, 1961	62,300,000
Turkey:	
Vulcan Iron Works, 1946	5,341,014
Vulcan Iron Works, 1947	2,521,469
Republic of Turkey, 1950	681,563
Republic of Turkey, Karabuk Iron & Steel, 1959	15,000,000
Canada:	
Steep Rock Mines, Ltd., 1948	5,700,000
Europe:	
Austria: Oesterreichisch-Alpine, 1957	28,150,000
France:	
Union Sid du Nord, 1960	1,036,000
Union Sid du Nord, 1960	1,142,000
Union Sid du Nord, 1960	3,536,000
Union Sid du Nord, 1961	842,000
Germany: August Thyssen-Hutte, A.G., 1956	10,000,000
Italy:	
Instituto Mobiliare Italiano, 1947	9,000,000
Instituto Mobiliare Steel Mills:	
Alti Forni, 1947	3,634,000
Terni, 1947	1,350,000
Dalmine, 1947	1,300,000
Cornigliano, 1947	3,000,000
Equipment for steel mills, 1955	2,000,000
Equipment for steel mills, 1955	5,000,000
Equipment for auto and steel, 1956	10,000,000
Innocenti, S.P.A., 1956	1,500,000
Equipment for steel mill, 1958	7,000,000
Blast furnace and rolling mill, 1958	6,500,000
Itatsider steel plant, 1962	25,000,000
Spain:	
Union de Siderurgicas Asturians, S.A., 1958	6,800,000
Empress Nacional, 1959	4,400,000
Empresa Nac Siderurgica, 1960	2,300,000
Empresa Nac Siderurgica, 1961	13,000,000
Altos Hornos Viscaya, 1961	18,000,000
Empresa Nac Siderurgica, 1962	6,600,000
Yugoslavia: Government of Yugoslavia to purchase original U.S. steel mill equipment, 1961	15,000,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

	Amount authorized
Latin America:	
Argentina:	
Soc Mixta Siderurgia, 1955	$60,000,000
Acinfer, S.A., 1959	700,000
Socie Indus Argentina, Tubos Acero, 1959	1,710,000
Acindar Ind. Argentina Aceros, 1960	5,645,000
Dalmino, SAFTA, 1960	1,842,000
Soc. Ind. Argentina Tubos Ac., 1960	1,675,000
Industrias Puerto San Martin, 1958	90,000
Somisa, Steel Mill Equipment, 1960	12,000,000
Acinfer Ind. Arg. Acero SA, 1960	170,500
Acinfer Ind. Fundiciones SA, 1961	105,000
Rycsa SAM Steel Shear, 1961	9,000
Est. Metalurgicos Santa Rosa, 1961	241,660
Dolmine SAFTA, Equipment, 1961	21,000
Acinfer Ind. Arg. Fundiciones, 1961	20,400
Tinigal SRL Equipment, 1961	5,000
Est. Metalurgicos Santa Rosa, 1962	91,700
Est. Metalurgicos Santa Rosa, 1962	225,900
Est. Metalurgicos Santa Rosa, 1962	100,600
Est. Metalurgicos Santa Rosa, 1962	127,100
Est. Metalurgicos Santa Rosa, 1962	26,200
Metalurgica Tandil, 1962	114,500
Brazil:	
Cia Sid NAC, 1950	25,000,000
Cia Metalurgica Barbara, 1952	2,185,000
Cia Siderurgica Belgo, 1955	780,440
Cia Sid NAC, 1956	35,000,000
Acos Villares AA, 1957	2,320,000
Soc Tecnica Fundicoes Gerais, 1957	2,558,000
Cia Vale Do Rio Doce SA, 1958	12,500,000
Chile:	
Corp. De Fomento Prod., 1951	58,000,000
Cia de Acero del Pacifico SA, 1956	3,550,000
Cia de Acero del Pacifico, 1957	16,000,000
Cia de Acero del Pacifico, 1960	15,574,000
Cia de Acero del Pacifico, 1962	8,300,000
Mexico:	
Cia Fundidora de F.Y.A. Monterrey, S.A., 1945	800,000
National Financiera S.A., 1951	5,000,000
Cia Fundidora de Fierroy, Acerode Monterrey S.A., 1952	4,500,000
National Financiera S.A., 1952	3,600,000
La Consolidada S.A., 1955	662,000
Hojalata y Lamina S.A., 1955	2,055,000
Aceros de Chihuahua S.A., 1955	720,000
Cia Fundidora de Monterrey, 1956	46,500,000
National Financiera S.A., 1957	16,000,000
Altos Hornos de Mexico S.A., 1960	174,000
Aceros de Chihuahua S.A., 1960	550,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

	Amount authorized
Latin America—Continued	
Mexico—Continued	
Altos Hornos de Mexico S.A., 1960	$1,479,000
Altos Hornos de Mexico S.A., 1960	443,850
Tubacero S.A., 1960	4,000,000
Altos Hornos de Mexico S.A., 1961	120,000
Manufacturas Metalicas MSA, 1961	113,500
Altos Hornos de Mexico S.A., 1961	290,000
Altos Hornos de Mexico S.A., 1961	345,000
Altos Hornos de Mexico S.A., 1961	51,886
Altos Hornos de Mexico S.A., 1962	1,850,000
Peru:	
Marcona Mining Co., 1953	2,500,000
Marcona Mining Co., 1957	10,000,000
Marcona Mining Co., 1961	6,500,000
Marcona Mining Co., 1962	6,000,000
Metalurgica Pervana, 1962	1,950,000
Uruguay:	
Cinoca, S.A., 1961	65,500
Cinoca, S.A., 1961	35,000

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT LOANS FOR FOREIGN STEEL INDUSTRIES, 1946–63

Asia:	
India:	
Indian Iron & Steel, 1952	$31,500,000
Indian Iron & Steel, 1956	20,000,000
Tata Iron & Steel Co., 1956	75,000,000
Tata Iron & Steel, 1957	32,500,000
Indian Iron & Steel, 1961	19,500,000
Japan:	
Japan Development Bank:	
Yawata Plate Mill, 1955	5,300,000
Yawata Steel Production, 1959	20,000,000
Kawasaki Strip Mill, 1956	20,000,000
Kawasaki Steel Production, 1958	8,000,000
Kawasaki Steel Production, 1960	6,000,000
Sumitomo Steel Production, 1958	33,000,000
Sumitomo Steel Production, 1960	7,000,000
Kobe Steel Production, 1958	10,000,000
Nippon Kokan Steel Production, 1958	22,000,000
Fuji Steel Production, 1959	24,000,000
Europe:	
Belgium: Equipment for steel and power industries, 1949	16,000,000
France: Miferma, 1960	66,000,000
Luxembourg: Steel mill and railroad, 1947	12,000,000

INTERNATIONAL FINANCE CORPORATION LOANS TO FOREIGN STEEL INDUSTRIES, 1956–63

Asia:	
India: Republic Forge Co., 1959	$1,500,000
Pakistan: Steel Corp. of Pakistan, 1958	630,000
Latin America:	
Argentina: Acindar Industria Arg. de Aceros S.A., 1960	3,660,000
Mexico:	
Compania Findidora de Fierro y Acero Monterrey, 1963	1,126,000
Tubos de Aceros de Mexico, 1963	400,000
Venezuela: Siderurgica Venesolana SA, 1960	500,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

EUROPEAN RECOVERY PROGRAM ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1949–51

Europe:	*Amount authorized*
Austria:	
Voest, Linz, 1949	$2,887,000
Voest, Linz, 1949	8,362,000
Voest, Linz, 1950	2,169,000
Alpine Montan, 1949	4,147,000
Alpine Montan, 1949	3,346,000
Alpine Montan, 1950	4,208,000
Belgium:	
S.A. Metallurgique d'Esperance-Longdoz, Liege, 1949	2,329,000
S.A. Ongree Marihaye, Ougree, 1950	2,866,000
Phenix Works, Flammale-Haute, 1949	3,148,000
France:	
Sollac, Hayange and Ebange, 1949	56,164,000
Usinor, Denain and Montataire, 1949	11,919,000
Sidelor, Bombas, 1949	1,301,000
Ste. Anonyme des Forges, Saar, 1950	2,038,000
Acieries de Longwy. Mont, St. Martin, 1950	2,094,000
J. J. Carnaud et Forges de Basse-Indre, 1949	1,959,000
Italy:	
Finsider, 1949	32,390,000
Fiat, Turin and Aviglina, 1949	7,408,000
Acciaierie e Ferriare, Milan, 1949	1,649,000
Acciaierie e Ferriare, Milan, 1950	4,502,000
Cantieri Metallurgici Italiani, 1949	2,131,000
Sisma, Villadossola, 1949	2,538,000
Terni, Societa per L'Elettricita, Terni, 1949	1,315,000
Recaelli, Rogorado, 1950	1,067,000
Ilssa-Viola, Aosta Valley, 1949	1,569,000
Ferretubi, SPA, Milan, 1949	200,000
Netherlands: Royal Dutch Blast Furnace & Steel Co., 1949	14,935,000
Portugal: A. J. Oliveira Filhos Co., 1949	847,000
Spain: Sagunto Steel Plant, 1952	853,000
United Kingdom:	
Steel Co. of Wales, Ltd., 1949	25,373,000
Stewarts & Lloyds, Ltd., 1949	1,851,000

AID OR PREDECESSOR AGENCY ASSISTANCE TO FOREIGN STEEL INDUSTRIES, 1954–62

Europe:	
Spain:	
Altos Hornos de Viscaya, 1954	$4,460,000
Empresa Blast Furnace, 1954	3,100,000
Yugoslavia: Sisak Iron Works, 1961	8,500,000
European Coal & Steel Community: Contribution to capitalization loan, 1954	100,000,000
Far East:	
Republic of China:	
Ya Tung Tube Mill, 1955	466,000
Tang Eng Ironworks, 1957	229,000
Korea:	
Wire Rope Mfg. Co., 1956	122,000
Chain Mfg. Co., 1956	111,000
Pusan Iron Works, 1955	1,955,000
Near East and South Asia:	
India: Bokaro Steel Plant 1962	750,000
Turkey: Eregli Steel Mill, 1959	129,600,000

U.S. and international agencies aid to the steel industries of the world, 1945–63—Con.

FOREIGN STEEL INDUSTRIES ASSISTED FROM U.S.-OWNED FOREIGN CURRENCIES, 1954–62

Europe—Continued	*Amount authorized*
Austria:	
Steel mill, 1957, Public Law 480	$1,346,000
Steel mill and tool manufacturing, 1958, Public Law 480	846,000
Steel and malleable foundry, 1958, Public Law 480	577,000
Fabricated structural steel, 1957, Public Law 480	385,000
Yugoslavia: Niksic Iron Works, 1958, Public Law 480	5,610,000
Latin America:	
Brazil: Minas Gerais Steel Plant, 1961, Public Law 480	6,831,000
Asia:	
India: Bokaro Steel Plant, 1962, Public Law 402	91,000

U.S. aid to specific foreign industries, 1958–62

PULP AND PAPER PLANTS

	Amount of aid grants and loans
1958:	
Taiwan: Papermill expansion	$162,000
Iceland: Wastepaper pulp equipment	2,000
Yugoslavia: pulp and paper manufacturing equipment	21,000
Israel: Paper plant	3,000,000
Finland: Wood pulp equipment	750,000
Argentina: Pulp and paper mill	7,600,000
Colombia: Papermill	5,700,000
Mexico: Pulp and paper mill equipment	333,000
1959:	
Vietnam: Pulp plant	265,000
Yugoslavia: Processing pulp	47,000
Argentina: Pulp mill expansion	2,220,000
Philippines: Pulp and paper mill machinery	5,400,000
Colombia: Pulpmill machinery	180,000
1960:	
Finland: Pulp and paperboard machinery	2,056,000
Argentina: Pulp and paper mill	9,190,000
Venezuela: Papermill machinery	198,000
Tanganyika: Pulp and paper mill	6,250,000
Egypt: Pulpmill	6,700,000
Yugoslavia:	
Pulp and paper products machinery	54,000
Pulp and paper mill	3,093,000
South Africa: Pulp machinery	61,000
India: Pulp and paper mill	18,500,000
1960:	
Finland: newsprint machinery	5,203,000
Israel: Pulp and paper machinery	670,000
Greece: Pulp machinery for fiberboard	2,500,000
Argentina: Pulp and paper machinery	80,000
Colombia: Cellophane paper machinery	196,000
Panama: Paper bag machinery	17,000
1962:	
Philippines: Pulp and paper mill machinery	100,000
Egypt: Cellophane plant	3,000,000
Venezuela: Bagasse plant	1,450,000

U.S. aid to specific foreign industries, 1958–62—Continued

PETROLEUM AND RELATED FACILITIES

	Amount of aid grants and loans
1958:	
India:	
Oil and Gas Commission	$41,000
Fuel Research Institute	25,000
Israel: Oil field conservation techniques	6,000
Taiwan:	
Petroleum refining	145,000
Petroleum products diversification	97,000
Bolivia: Ministry of Petroleum	83,000
Argentina: Petroleum asphalt plants	289,000
1959:	
India: Oil and Commission	12,000
Israel:	
Oil field conservation techniques	6,000
Petroleum facilities	367,000
Argentina: Petroleum asphalt plants	83,600
Spain: Petroleum production study	8,000
Panama: Petroleum regulations study	16,000
Greece: Petroleum facilities	500,000
1960:	
India: Oil and Gas Commission	42,000
Israel: Oil field conservation techniques	38,000
Panama: Petroleum laws study	1,000
Italy: Petroleum and chemical plant	2,890,000
Argentina: Petroleum asphalt plant	10,000
Pakistan: Petroleum gas treating plant	1,994,000
1961:	
India: Oil and Gas Commission	31,000
Israel: Oil field conservation techniques	6,000
Greece: Petroleum facilities	836,000
Finland: Petroleum facilities	1,750,000
Chile: Petroleum plants	34,500
1962:	
Colombia: Petroleum asphalt equipment	31,000
Greece: Petroleum facilities	570,000

CHEMICAL PLANTS

1958:	
Taiwan:	
Caustic soda	144,000
Urea plant	1,617,000
Japan: Chemical plant expansion	2,300,000
Mexico: Chemical production	460,000
1959:	
Taiwan: Urea plant expansion	189,000
India: Phosphorous plant	21,000
Korea: Soda ash plant	5,600,000
Colombia: Chemical plant facilities	460,000
Peru: Chemical plant	700,000
1960:	
Taiwan:	
Urea plant	1,884,000
Sulphuric acid plant	74,000
Indonesia: Nitrogenous chemical plant	33,200,000
Argentina: Phenol plant	2,000,000
Mexico: Citric acid plant	800,000
Israel: Chemical facilities	258,000
1961:	
Israel: Chemical plant	7,150,000
Mexico: Chemical plant equipment	58,000
Peru: Chemical plant equipment	508,300
Turkey: Chemical plant	2,800,000

U.S. aid to specific foreign industries, 1958–62—Continued

	Amount of aid grants and loans
1962:	
India: Chemical plant facilities	$7,650,000
Japan: Ammonia and urea plant	800,000
Argentina: Chemical plant for synthetics	413,000
Chile: Sulfuric acid plant	95,000
Colombia: Chemical fertilizer plant	237,200
ALUMINUM PLANTS	
1958:	
Taiwan: Aluminum plant modernization	672,000
Austria:	
Aluminum products plant	385,000
Aluminum plant	1,000,000
1959:	
Tawain: Aluminum plant	1,350,000
Colombia: Aluminum plant facilities	400,000
1960:	
India:	
Aluminum reduction plant	13,650,000
Aluminum fabricating plant	5,000,000
Aluminum plant	2,000,000
Lebanon:	
Aluminum plant	400,000
Aluminum extrusion facilities	124,300
1961:	
Taiwan: Aluminum plant modernization	238,000
Philippines: Aluminum press	150,500
Mexico: Aluminum smelter	6,500,000
PLASTIC PLANTS	
1958:	
Cuba: Plastic injection molders	14,000
1959:	
Argentina: Polyethylene plant	8,000,000
France: Plastic plant facilities	370,000
1960:	
Argentina: Plastic extrusion facilities	110,000
Yugoslavia: Plastics plant	23,000,000
1961:	
Argentina:	
Plastics plant equipment	9,000
Plastics products equipment	24,500
Korea: Plastics plant for fibers	3,200,000
Israel: Plastics equipment	80,000
RUBBER PLANTS	
1958:	
Colombia: Rubber development	2,000
Peru: Rubber development	200,000
Latin America: Regional rubber development	600,000
Austria: Rubber plant equipment	769,000
1959:	
Guatemala: Rubber development	50,000
Latin America: Regional rubber development	400,000
Spain: Rubber plant	650,000
1959:	
Argentina: Rubber pneumatic plant	3,300,000
Guatemala: Rubber plant	5,000,000
Israel: Rubber plant facilities	457,000
1960:	
Guatemala: Rubber development	156,000
Peru: Rubber development	199,000
India: Rubber plant	4,500,000
1961:	
Guatemala: Rubber development	180,000
1961:	
Peru: Rubber development	20,000
Turkey: Rubber plant	4,000,000
India: Rubber plant	8,000,000

U.S. aid to specific foreign industries, 1958–62—Continued

	Amount of aid grants and loans
1962:	
Guatemala: Rubber development	$26,000
Brazil: Synthetic rubber plant	3,400,000

U.S. aid to specific foreign industries, 1958–62—Continued

	Amount of aid grants and loans
1962—Continued	
Turkey: Rubber plant	$3,125,000
India:	
Rubber equipment	500,000
Synthetic rubber plant	3,000,000

Hourly employment costs—American versus foreign steel industries

Country	Hourly employment costs [1]		Increase 1961 over 1952		Foreign as percent of United States	
	1952	1961	Cents	Percent	1952	1961
Luxembourg	$0.98	$1.47	$0.49	50	42	37
Belgium	.82	1.26	.44	54	35	32
France	.72	1.11	.39	54	31	28
West Germany	.69	1.37	.68	99	30	34
Italy	.64	1.04	.40	63	27	26
Netherlands	.53	1.40	.87	164	23	35
European coal and steel community average	.72	1.25	.53	74	31	31
Japan	.32	.63	.31	97	14	16
United States	2.32	3.99	1.67	72	100	100

[1] Sources: 1952–60 data, Information Statistique; 1961 data, Siderurgle; 1962, No. 5 and 6, European Coal and Steel Community; Japan Iron and Steel Federation; and American Iron and Steel Institute.

AMENDMENT NO. 297

COMPTROLLER GENERAL SHOULD HAVE THE RIGHT TO AUDIT FOREIGN AID PROGRAM

Mr. GRUENING. Mr. President, I send to the desk and ask that it be printed and lie on the table an amendment to H.R. 7885, a bill to amend further the Foreign Assistance Act of 1961.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. GRUENING. Mr. President, the amendment is also one which appears in the House-passed bill and was offered by Congresswoman KELLY at the request of the Comptroller General.

The amendment merely provides that all aided countries must agree, before qualifying for aid, that they will submit to such reviews, inspections, and audits as the President of the United States may require in order to ascertain whether the assistance granted is being administered in such a way as to carry out the purposes for which it was granted or loaned.

I ask unanimous consent that the text of the amendment be printed at this point in my remarks.

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

On page 51, between lines 13 and 14, insert the following:

"(k) No assistance shall be furnished under section 201, 211, or 251 of this Act to the government of any country which does not agree to permit such reviews, inspections, and audits by the United States as the President may require for the purpose of ascertaining whether such assistance is being administered within the recipient country to carry out the purposes for which it was furnished."

Mr. GRUENING. Mr. President, in making this request to Congresswoman KELLY, the Comptroller General states:

Although we have been able to resolve satisfactorily the difficulties we have encountered in auditing foreign aid programs, it is to be noted that recipient countries are not required, as a condition to receiving economic and technical assistance grants and loans, to permit observation and review by, or furnish information to, U.S. representatives. Enactment of such a requirement would make it clear that recipient countries are expected to grant the right of observation and review to U.S. representatives.

It is a simple request and one which the Congress should honor. As the Comptroller General states, resistance to audit has been overcome in all cases so far but his task would be much easier if the agreements contemplated by my amendment were in existence.

I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll and the following Senators answered to their names:

[No. 204 Leg.]

Aiken	Hart	Mundt
Allott	Hartke	Muskie
Anderson	Hayden	Nelson
Bartlett	Hickenlooper	Neuberger
Bayh	Hill	Pearson
Bible	Holland	Pell
Boggs	Hruska	Prouty
Brewster	Humphrey	Proxmire
Burdick	Inouye	Randolph
Byrd, Va.	Johnston	Robertson
Byrd, W. Va.	Jordan, N.C.	Russell
Cannon	Keating	Saltonstall
Carlson	Kuchel	Scott
Case	Lausche	Simpson
Church	Long, La.	Smathers
Clark	Magnuson	Smith
Curtis	Mansfield	Sparkman
Dirksen	McCarthy	Stennis
Dodd	McClellan	Talmadge
Dominick	McGovern	Thurmond
Douglas	McIntyre	Tower
Ellender	Metcalf	Walters
Ervin	Miller	Williams, N.J.
Fong	Monroney	Williams, Del.
Fulbright	Morse	Yarborough
Gore	Morton	Young, N. Dak.
Gruening	Moss	Young, Ohio

The PRESIDING OFFICER. A quorum is present.

The question is on agreeing to the Holland amendment to the Mansfield amendments to the committee amendment in the nature of a substitute.

Mr. MORSE. Mr. President, before I deliver my next major speech in op-

position to the bill, I have another parliamentary inquiry to address to the Chair. Suppose the Holland amendment is adopted, and suppose I then offer a substitute for the paragraph of the Mansfield amendments in lines 4 to 9 on page 1, and suppose the substitute were to read:

On page 1, lines 7 through 9 of the Mansfield amendments, strike out "$975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years" and insert in lieu thereof: "$900,000,000 for the fiscal year 1964."

Would that substitute language be sufficient substantial change in the language of the paragraph on page 1, lines 4 to 9, to meet the previous ruling of the Chair that if I offered substitute language for this paragraph, and if my substitute were agreed to, the whole paragraph, including the Holland amendment, would come out?

The PRESIDING OFFICER. The Chair would rule that such an amendment would be in order—even after the Holland amendment was agreed to—as being a sufficient substantial change.

Mr. MORSE. Yes; the amendment would be in order. But if the amendment were adopted, would that wipe out the Holland amendment, with the result that then we would finally have an authorization only for 1964, and it would also automatically amend the Mansfield amendments by wiping out any authorization of $1,500 million for 1965 and 1966?

The PRESIDING OFFICER. Does the Senator from Oregon have a copy of the proposed amendment to submit to the Chair for the Chair's consideration?

Mr. MORSE. Yes, Mr. President; and at this time I send it to the desk.

Before the Chair rules, let me restate my objective, because I want the Senate to know—in spite of any other views which may be held—what my parliamentary objective is: I want to get myself and my colleagues in a position where we can move expeditiously, amendment by amendment, to deal with the amendments now at the desk, without first being required to hurdle any parliamentary barrier, for the consideration of these amendments moneywise and policywise, in connection with our attempts to modify or amend this bill.

Many of the amendments will be adopted. We believe they should all be adopted. But let us assume, hypothetically, that they are not. Senators should know the risk that those of us who are opposed to the bill are willing to run. Assuming that we lost on our amendments, the proponents of the Mansfield amendments might decide not to offer any amendment and try to win on the bill as is, which is their right. We believe it would be a great mistake for the country, but they would be in a position to act in that manner.

They could say, "We do not like the position which the Senator from Oregon has taken as to why he thinks the amendment was offered." Forget for a moment about the motivation of the amendment. The effect of the amendment is to put those of us in opposition to the bill at a parliamentary disadvantage. That will not hasten the final consideration of the bill, because we have got to have time to figure out as best we can how we can at least reduce that disadvantage.

Mr. KUCHEL. Mr. President, will the Senator yield for a question?

Mr. MORSE. I should like to finish my explanation, and then I shall be glad to yield.

We have suggested to the leadership that they lay aside for the time being the Mansfield amendments and give the opposition an even break in the race, if we might use that figure of speech. At least they should not put us under a handicap. Let us try our amendments and let the Senate work its will on them. If we lose, we lose. We do not think we will lose on a good many of them. I am very frank to say that I do not want to be in a position of delaying action on the bill.

A few minutes ago I talked to the whip. I do not see him present at the moment. I am not going to agree to a unanimous consent request to limit debate and fix a time to vote on the bill. This is one major piece of legislation that will go through the Senate in keeping with what I think the procedure of the Senate ought to be on all major legislation. Debate will run its course, and we shall vote without any limitations upon the debate. Senators will not like it, but that is just too bad, so far as I am concerned. That is the way it is going to be. That will guarantee to the American people full and adequate debate on the bill. They are entitled to it. I believe that they will approve of that procedure.

Time would be saved if the Mansfield amendments were temporarily laid aside, to see how we get along with our amendments. I do not know whether that course will be agreed to or not; the proponents have not told me that they will or that they will not agree. Therefore, I intend to make my next speech on the bill. But before beginning that speech, I want a ruling on the parliamentary question. If the leadership refuses to lay aside the Mansfield amendments, and the Holland amendment is adopted, the Holland amendment would reduce the authorization for 1965–66 to $975 million. I would congratulate the Senator. That would be wonderful. The only thing wrong with it is that it would not go far enough. But the result is better than the proposed $1.5 billion. What I wish to do is to get rid of the authorization of 1965 and 1966 entirely. In effect, what I wish to do is to offer an amendment that would amend the entire foreign aid program so that the authorization would be only for 1964. Then we would return next year and decide what to authorize for 1965 and 1966.

Psychologically, it would be one of the greatest things for the country, and it would be clear notice to the present administration that the recommendation in the Foreign Relations Committee report that the administration ought to reorganize the foreign aid program should cause them to go forward and do so.

The majority of the committee, with whom I disagree on many parts of the bill, have so recommended in the committee report. I am trying to accommodate them by eliminating the authorization for 1965–66. I wish to know whether or not the amendment that I have sent to the desk for a parliamentary ruling would, first, be in order after the Holland amendment was adopted; and, second, if it would be in order after the Holland amendment had been adopted, would it, in effect, if agreed to, eliminate all authorizations for 1965–66? That is, would it eliminate the $1.5 billion continuing authorization now in the law? That is my objective.

Will the Senator from California accept by apology? I wanted to get that point clear before I yielded.

Mr. KUCHEL. Mr. President, though the authors of the Mansfield-Dirksen amendments are not present, I should like to ask the following question: Is it not true that if at any time a Senator obtained an order for a yea-and-nay vote on the Mansfield-Dirksen amendments, Senators would be powerless to withdraw the amendment in the absence of a unanimous-consent agreement?

Mr. MORSE. Certainly. For that reason the order for a yea-and-nay vote has been withdrawn, so that there may be a period of negotiations. But it only illustrates again why—although I hurt feelings apparently—I referred to the amendments last Friday as "powerhouse amendments." That is exactly what they are. I know of no more apt description of them. They are a parliamentary powerhouse. They put those of us in opposition to the bill at a great parliamentary disadvantage. Those who have proposed the amendments are perfectly within their rights. I do not question their right. The question is whether or not it is wise to create this kind of parliamentary jam in the Senate. Partly as a result of it—but that is only one of the causes—there will be no unanimous-consent agreement to limit debate.

Mr. KUCHEL. I misunderstood my friend. I thought he voiced some apprehension that if the amendments to the Mansfield amendments were offered and defeated, there would be no guarantee on the part of any Senator that the Mansfield-Dirksen amendments would not subsequently be withdrawn.

Mr. MORSE. I did not mean to say that if I said it.

Mr. KUCHEL. I thank my friend.

Mr. MORSE. There is no guarantee that they would not subsequently be offered again. That is what I thought I said.

Mr. President, I ask for a ruling of the Chair.

The PRESIDING OFFICER. The Chair rules that the amendment would be in order after the adoption of the Holland amendment. For the sake of the record, the Chair will state the amendment:

On page 1, lines 7 to 9, of the amendment, strike out "$975,000,000 for the fiscal year

1964 and $1,500,000,000 for each of the next two succeeding fiscal years," and insert in lieu thereof, "and $900,000,000 for fiscal year 1964."

The amendment would be in order.

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

Mr. MORSE. I yield.

Mr. HOLLAND. I call attention to the fact that the Senator's question was predicated on the adoption of the Holland amendment beforehand, which itself would have eliminated the $1,500 million figure and substituted for that figure, "$975 million."

The PRESIDING OFFICER. The Senator from Florida is correct. If the amendment were agreed to, line 7 of the Mansfield amendment would read as follows: "the fiscal year 1963, $900,000,000 for the fiscal year 1964." The remainder of lines 8 and 9 would be stricken out.

Mr. MORSE. My question is this: If the Senate adopted the amendment, would that automatically amend the existing law, which presently contains an authorization of $1.5 billion for 1965–66?

The PRESIDING OFFICER. The Chair is in no position to interpret what the laws are today as they are on the books.

Mr. MORSE. The Presiding Officer is in a position, is he not, to advise the Senate as to whether adoption of the amendment would automatically amend existing law in respect to 1965–66?

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment.

Mr. MORSE. What I am seeking to do is to eliminate from the Foreign Aid Act as it is now on the books any and all authorization of funds for the years 1965 and 1966. I want to know if the passage of the Holland amendment will prevent me from offering an amendment aimed at accomplishing such an end. Such an amendment would defeat the purpose of the Senator from Florida—which is also my purpose, although I would go further. The situation that we would then face if I cannot eliminate the $1.5 billion for 1965–66 would be to seem to support a continuation of a huge authorization beyond the year 1964.

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

Mr. MORSE. I yield.

Mr. SALTONSTALL. I have read the amendment of the Senator. It would authorize $900 million for fiscal year 1964 and eliminate the law that Congress passed last year or the year before to carry on through 1965–66; so that if we wanted any aid to be provided next year for the same purpose we would have to pass a completely new authorization.

Mr. MORSE. I believe so. That is what I wish to do. However, I cannot obtain a ruling that says I would accomplish that end. Until I get such a ruling that I would accomplish that end, I must take the time to find some other way to get around the Mansfield amendments so that I can accomplish that objective.

Mr. SALTONSTALL. I have read the amendment and talked with the Parliamentarian. That is what the Senator would accomplish. So the issue before the Senate, if it votes on the amendment, would be whether to eliminate all authorizations for every year after the year 1964.

Mr. MORSE. That is what I am trying to do. I am trying to find out if I can succeed, and the Presiding Officer has told me he cannot advise me.

The PRESIDING OFFICER. The Chair has no authority to interpret the legal affect of an amendment, but his amendment could only change the law which is referred to in the amendment.

Mr. MORSE. I drafted this amendment because I was advised it would accomplish the objective. That is why I wanted to get the matter on record. I will draft another amendment to try to accomplish the same end.

I repeat, what I am trying to do is to eliminate 1965–66 entirely. If I cannot eliminate it entirely, I should like to reduce the amount to the House figure—$900 million. I prefer the Holland amendment to the allowance of $1.5 billion. I like the figure of $900 million better.

This procedure takes time. I am acting in good faith. Those opposed to the bill are entitled to have time—and I shall see to it that they get the time—to see if we can perfect the bill so that our objective, at least, will be brought before the Senate for a vote.

Mr. SALTONSTALL. Mr. President, will the Senator yield for a parliamentary inquiry?

Mr. MORSE. I yield.

Mr. SALTONSTALL. If the amendment of the Senator from Oregon is not what I tried to state, but would leave in 1964–65, would it not become an amendment in the third degree after the Mansfield amendments and the Holland amendment? In other words, is it necessary to eliminate 1964 or 1965 before the Senator can offer his amendment at this time?

The PRESIDING OFFICER. If the amendment deals only with the matter contained in the amendment of the Senator from Florida, and would be in order.

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

Mr. MORSE. I yield.

Mr. HOLLAND. It seems to me there is a mistake in understanding. The Senator from Oregon has predicated his position upon the premise that the so-called Holland amendment would first be adopted and written into the so-called Mansfield amendment.

Mr. MORSE. That is correct.

Mr. HOLLAND. In that case, there could be no objection arising of the nature suggested by the Senator from Massachusetts, to the effect that the amendment would be an amendment in the third degree.

Mr. MORSE. We have these rulings. The staff members of the Foreign Relations Committee who have been assigned to me, and my own staff and others who share my opposition to the bill, can take note. I respectfully request that they get the help of legislative counsel and proceed with the work of drafting an amendment—which I can submit later this afternoon for a series of other parliamentary rulings—so that we can finally get one that will be in order, and that will accomplish the objective I have in mind.

What we are trying to do is to offer an amendment to reduce the authorization for 1964 to the House figure of $900 million. We are trying to perfect an amendment that would eliminate the $1.5 billion authorization for 1965 and 1966 so that the only authorization that then would be left in the law would be $900 million for 1964, with nothing for 1965 and 1966.

This would mean that the administration would have to take a look at the program from the standpoint of the committee's recommendations that the administration should consider reorganizing the foreign aid program. That is sorely needed.

Such a course would leave no doubt that we should be in a better position next year, when the Foreign Relations Committee considers foreign aid legislation again, to consider a much smaller authorization for 1965 and 1966. I believe that by that time the reaction in the country will be such that the Congress will be more prone to cut down the number of countries we are now aiding, from somewhere in the neighborhood of 90. We are having difficulty obtaining the official figure—as to whether it is 90 or 107, or some figure in between—but I believe by next year the temper of the country will be such that the people will want that number of countries cut down to at least the figure in one of the amendments I shall offer—which would limit foreign aid to 50 countries. I believe that about 50 countries which are getting aid do not need it and should not be getting it. That would be a great saving to the taxpayers. If that should be true, we do not need anything in the neighborhood of a $975 million authorization, to say nothing of $1.5 billion.

If my assistants will check with the Parliamentarian and proceed to draft an amendment to accomplish that end, I will hold the floor until it is drafted.

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

Mr. MORSE. I yield.

Mr. MANSFIELD. I have met with the Senators who joined me in the offering of the amendments, and I am sorry to report back to the Senator from Oregon that there is no possibility for change in the initial procedure.

Mr. MORSE. That is perfectly all right. I understand. The Senators are well within their rights.

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

Mr. MORSE. I yield.

Mr. MORTON. If there is any question about the amendment as the Senator from Oregon submitted it, and assuming it is adopted after the Holland amendment is considered and adopted, would it not be made perfectly clear, if the Senator's amendment remained just as it is, and a new section were inserted which specifically repealed those sections of the act referred to?

Mr. MORSE. Yes. The ruling of the Chair was interesting. It was a perfectly proper ruling, but if the Chair supports me, my amendment will be in

order, and I am of the opinion that it would accomplish exactly what I have in mind, for the Chair has not told me what effect my amendment will have, because the Parliamentarian apparently follows——

The PRESIDING OFFICER. If the Senator will indulge an interruption by the Chair, it is the Chair's understanding that the Chair cannot interpret the legal effect of any measure passed by this body. That is not within the province of the Chair. The Chair was fearful the remarks he made might be misinterpreted. All the Chair said was that lines 8 and 9 of the Mansfield amendments would no longer be in the bill and that the final line then would read: "the fiscal year 1963, $975,000,000 for the fiscal year 1964"—period

The Chair does not have the right to interpret the effect this amendment would have on existing law.

Mr. MORSE. I understand. I am not criticizing the ruling of the Chair. I am trying to explain to the Senator from Kentucky, and through him to the Senate, what my interpretation of the ruling of the Chair is. I shall give study to it.

My interpretation is that when the Chair rules my amendment to be in order, the effect of this amendment will be to eliminate from the existing law $1,500 million of the authorization for 1965–66. That is my judgment. We apparently shall have to wait until my amendment is adopted, and if it is adopted, then obtain a ruling.

I want legislative counsel to take note of the suggestion of the Senator from Kentucky: We can also add an additional section, that proposes to leave no room for doubt, by repealing the authorization for 1965 and 1966.

While my assistant and legislative counsel are giving further consideration to this question, I turn to another discussion of some of my objections to the bill.

One of the amendments I have offered calls for a 25-percent cut from anticipated 1964 aid levels for Spain, Portugal, Greece, and Turkey. These countries are included in one amendment because our aid programs for all are assumed to promote the defenses of Europe.

Ignoring for a moment the question of whether they do promote the defense of Europe, it is still no more our obligation to aid these countries than it is the obligation of all our partners in European defense. Three of the four are NATO members. One of these, Portugal, receives military aid from us in payment for use of her Azore Islands as an air base.

Since Portugal contributes no manpower and very little seapower to NATO defenses, one might reasonably ask why she should not offer the use of the Azores to the Alliance as her contribution. She does not; she gets military aid from us in payment for it. That aid is not to build up Portuguese NATO forces because there are virtually none.

Why should the United States alone pay the cost for this base? Why, if Portugal must be paid, does not each NATO member help pay the bill?

We have already extended $498 million in aid to Portugal. Currently, her aid is entirely in military grants—not loans, but grants, out-and-out gifts by the American taxpayer.

My amendment calls for a military aid program 25 percent below what is planned for fiscal 1964. Unless other NATO members make up whatever difference Portugal requires to make her NATO memberships worth her while, I believe the United States should abandon use of the Azores and cease all aid to Portugal.

Mr. President, I do not like to be held up; I do not like to be told by Portugal, "You pay, or else." That is the position of Portugal. I say, go around her.

Mr. President, do not tell me that we must have the Azores as a base. It is true that we must have the Azores as a base if we want to use certain types of planes, but those planes are already semiobsolescent, and there are other air lanes we can use without going to the Azores.

It is about time that Congress stood up in opposition to what I call a form of international blackmail; for, if it is a case of Portugal saying to us, "Pay, or else," I am for taking the "else."

It is about time for us to make very clear to Portugal that, as a NATO member, she has obligations, too, and that no longer should she be on the receiving end. She must also be on the paying end.

I say to my colleagues in the Senate—and I quote no one—that we would greatly strengthen the hand of this administration, in connection with European diplomacy, if we took a long, hard look at what this bill contains by way of payments for Europe, and cut them drastically.

In my opinion, if that were done, this administration would be put in the position where it could say, in the diplomatic organizations in Europe, "Congress made very clear the limit and the checks that are placed upon us."

In my judgment, if we adopted the amendment of the Senator from Oregon and those who joined with him, we would almost automatically, overnight, change the relationships between Europe and the United States. They would stop spitting in our face. They would stop insulting us with their anti-American nationalism. They would start realizing that the people of the United States, through their elected representatives, had had enough, and that they would either have to fulfill their NATO obligations or we would withdraw.

The fact is that our NATO Allies have not fulfilled their NATO obligations. I challenge any member of the Foreign Relations Committee to stand up and show that there is any NATO ally that has lived up to her NATO commitments—not even West Germany.

What the senior Senator from Oregon is pleading for, in behalf of the taxpayers of this country, is that we stop paying more than our share in respect to Europe, for we have done our duty to Europe. We have rehabilitated Europe. The greatest steel mills in the world are no longer in the United States.

That is having a tremendous effect on the American economy. It is having a tremendous effect on American labor, too. That is so even though much of American labor has been misled into believing that paying more than our share is having a longtime benefit on American labor. I am at a loss to understand the position of some American labor leaders on the question of foreign aid. If they think it is in the longtime best interest of American labor, they could not be more wrong. In order to continue to pay more than our share, we must continue to export more and more jobs from the United States. It is about time that we paid some attention to seeing to it that we provide job opportunities for our own people.

GREECE AND TURKEY

In my earlier remarks on the bill, I have dealt in great detail with what I consider to be the failure of our huge aid program in Turkey. During the committee hearings, I asked AID Director Bell for a report on what our NATO partners are doing to help Turkey and Greece, both of which make available large numbers of troops to NATO. The answer was that some economic aid goes to them, chiefly from Germany, but virtually all their military aid comes from the United States.

Mr. President, Turkish aid has already totaled over $4 billion. For the last 10 years, it has averaged over $300 million per year, and the fiscal 1964 plans are for a sum in considerable excess of $300 million.

If anyone believes that Turkey is a showcase for democracy, he has never been to Turkey, or has never studied the existing system in Turkey. Turkey is anything but a democracy. Is it any wonder, then, why millions of people in the world suspect us of being hypocritical? We are. The sordid fact is that we are a hypocritical Nation with respect to many phases of American foreign policy. We are hypocritical when we say we seek to establish freedom around the world by encouraging governments which have guaranteed to their people self-government based upon the American doctrine that the people should be the masters and not the servants of the state. Yet we pour $4 billion into Turkey, and she is in a worse state now than she was in 1947. What was a trend toward freedom in Turkey has disappeared. Only by a stretch of semantics could one say he has found anything resembling democratic government in Turkey.

I do not know why we should carry the burden alone. Except for some token payment that West Germany makes, we are doing it practically alone.

To Greece we have already given $3.5 billion. The yearly amount in 1961 was $86.2 million and in 1962 it was $82.8 million. But unless some reduction is made this year by Congress, Greek aid will get up far over the $100 million mark once again.

Why? I ask that I be given some reasons. Where is the brief of the administration which justifies $100 million of American taxpayer money for Greece? I want to see the facts. I want to see the

brief, I want to proclaim it, so that the American people can criticize it. They will.

The administration cannot sell to the American people $100 million of aid to Greece. The American people will make their opposition known. The American people will say to Congress "Unless the other NATO allies want to come in and help with Greece and Turkey, you must cut down to a reasonable amount American aid to Greece and Turkey."

That is my thesis. I would like to have the administration's answer. I would like to see the administration's justification for $100 million in aid to Greece, without our NATO allies giving a fair share toward that aid.

I do not see any reason why the subsidizing of Greek-Turkish NATO forces should continue to be an American function. If those forces are important to the alliance, their financing should be the function of every member.

SPAIN

Spain is in very much the same position as Portugal, except that she is not a NATO member, even though we treat her as though she were. The U.S. bases in Spain are essentially for the defense of Europe. In payment for those bases, the United States has, through fiscal 1962, extended $1.173 billion in economic aid to Spain, and $524 million in military aid.

She is down for tens of millions more in military aid next year.

A few weeks ago, it was announced that a new agreement extending our leases had been reached. What is in that agreement is still unknown to the American people and to most of Congress.

It is known to call for an undisclosed amount of military aid to Spain. More recently, it has also become known that the agreement does not permit the United States to use the naval base at Rota for our Polaris submarines that are assigned to NATO forces in the Mediterranean. Since the Strategic Air Command bases in Spain are steadily decreasing in importance, it is very difficult for me to see what purpose has been served by this agreement, except another lush handout to Spain.

More important, it is a disservice to the people and to Congress that the terms of this executive agreement and its price tag are kept secret.

Imagine the hue and cry that would go up in this country if an executive agreement of this kind were worked out in secret—and held in secrecy—with Indonesia, or British Guiana, or Algeria, or some other totalitarian government of the left. But little is said about a secret agreement with a totalitarian government of the right, such as how much it is going to cost the American people and whether we are getting our money's worth.

Let it be remembered that there is no executive agreement that cannot be overridden by an act of Congress. The Executive cannot appropriate the money for Spain—only Congress can do that.

And until the American people are shown that every NATO partner which enjoys the protection of those American forces in Spain is helping to pay for their cost, I am not in favor of any such military aid program for Spain as is planned in fiscal 1964.

My proposal is extremely simple. I merely say to my administration, "Tell the American people all the facts about the executive agreement with Spain." If we have really reached the point where a President of the United States, acting through his Secretary of State and Secretary of Defense, can enter into an executive agreement of this type with Spain, pledging all this money, and the elected representatives of the people cannot learn the facts about it, and the American people cannot be told the facts. I do not know how one would describe the situation; but if that is to be the policy, I call it a further step in the direction of a police state. A police state is based upon secrecy; a police state is based upon concealment from the people and the people's elected representatives such pertinent facts as I am calling for in regard to whatever agreement was entered into with Spain. I am for cutting it. I am for an amendment to the bill that will slash it. How can, in any other manner, notice be served on the administration. If the administration wants to go about the world, entering into the kind of arrangement it entered into with Spain, and is not willing to make the facts public, that administration should be cut off at the purse strings. Congress should deny the administration the money. If Congress is not willing to do that, in my judgment, it will have surrendered one of the greatest checks that our constitutional fathers wrote indelibly into the Constitution—the check upon the executive branch of the Government through the purse strings. I am not for giving one dime to Spain until at least we know the facts.

FIRM STAND NOW IMPORTANT

It was never more important for us to take a firm stand on these NATO costs than now. Unless Congress is firm now, the American people are going to find themselves saddled with the cost of yet another NATO venture, one of the most expensive and least useful of all—the Polaris-carrying surface fleet.

One would think that at a time when the American Government has been trying to persuade our NATO partners to start putting up their fair share of the conventional forces of the alliance, it would have better judgment than to propose at the same time a nuclear fleet for which we are offering to pay 40 percent of the cost.

What a sham we are making of the notion that NATO is a multilateral alliance. It is a German-American alliance, as this proposed nuclear fleet makes embarrassingly clear. It is an alliance from which France has virtually withdrawn now that the great flow of money from the United States has ended. It is an alliance that Britain belongs to only to the extent she thinks is necessary to retain some voice in its affairs. Along with Italy, these are the great powers of Western Europe; but when it comes to the financing and manning of the military defenses of the alliance, there are really only two members.

This is true now of its conventional forces. We, the United States, are now trying to make it true for a nuclear force as well. How do American spokesmen expect to make the case stick for the fulfilling of NATO force goals when at the same time they are urging members to let the United States pay 40 percent of the cost of a nuclear force?

Of course, one has to go to Bonn, or Paris, or London, or Rome to find out exactly what our spokesmen are urging.

We do not find it out in Washington, D.C. No Secretary of State or Defense, or Under Secretary, or even Assistant Secretary has discussed the proposed multilateral NATO fleet with the Senate Foreign Relations Committee. Perhaps they have with the Armed Services or Appropriations Committee—I do not know—but if so, it has been kept very quiet.

We Senators have to do our best to find out what it is all about from reading the papers, and buttonholing foreign dignitaries, and foreign newsmen to get some idea of the American objective.

We ought to slash into the NATO funds; we ought to serve notice this year—now—that NATO funds will be drastically reduced. In my judgment, that would not only strengthen the hand of the President and the Secretary of State in diplomatic negotiations; it would also serve notice in the form of a very much needed lesson in democratic self-government to our allies abroad. They need to be told that in this country the executive agreements of a President must be implemented with appropriations. Now is the time to make it clear that any agreements under NATO have run on the rocks; that NATO will not get the appropriations—that is, if the House Committee on Ways and Means and the Committees on Appropriations of the House and Senate intend to carry out the will of the people.

In due course, I shall offer a series of amendments, country by country, if the parliamentary situation forces me to do so, calling for reductions in NATO appropriations. Let Senators stand up and be counted.

PURPOSES OF MULTILATERAL FLEET

On one central point they are all agreed: this new fleet is a political and not a military venture. Apparently it has two purposes; one, to head off a German nuclear arms drive, and second, to give NATO something to work on while waiting for De Gaulle to pass from the scene.

To take the second point first, many Americans are great believers in the theory that working out infinite details and spending large sums of money in joint projects brings nations together irrespective of the value of the project itself. But even if that were true—I think anything but that is true—I do not believe it is worth several billion dollars to the American people.

The second reason given for pressing this fleet is that it will give to the Federal Republic of Germany a hand in a nuclear weapons system and thereby re-

lieve any desire on her part for nuclear weapons of her own.

This is a very large-sized assumption. I have not heard any clamor from the German people to become a nuclear power. They know, as the world knows, that any step in the direction of nuclear weapons for West Germany is considered by the Soviet Union to be a grave threat to her security. Aside from that problem, nuclear weapons are very expensive. It is problematical whether that is an expenditure the German people are ready to make.

Of even greater concern to me is the constant implication in all these discussions that once the nuclear fleet is a reality, the United States would be willing to give up the control of its warheads. That is the old gimmick. That is the "come-on." We offer to pay far more than our share; and to keep the American people quiet, it is said that the warheads will remain under American control. But once the project is a reality, once our money is spent and gone, then our policymakers find it convenient to invite the noncontributing countries in to help to run the fleet and decide when, where, and how its nuclear warheads will be fired.

There have even been rumors in the press that administration officials have hinted that we would turn our entire share of the fleet over to Europeans. These are rumors and allegations that have frightening implications. The very least of them, aside from all the implications of the expansion and proliferation of nuclear forces, is that once again, Uncle Sam is preparing to finance, pay for, and furnish to Europe the instruments of her defense.

I am not at all interested in any more of these military giveaways to Western Europe. Either NATO is going to be an alliance in which everyone pays a fair share, or the alliance should die. The time to find out is now, and the place to begin finding out is here in the Senate, in connection with this foreign aid bill.

Before leaving this point, I want also to bring to the attention of the Senate an article, by Crosby S. Noyes, which appeared in the Evening Star of October 24, 1963. In this article, Mr. Noyes describes the meeting now going on in Paris under the Western European Union treaty. He points out that one provision of this treaty obliges France, now that she has nuclear weapons in production, to submit to a vote of the council of the Western European Union "the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe." It takes a majority vote of the council to make such decisions.

As Mr. Noyes indicates, France is already in violation of that treaty obligation. France has no intention of submitting the control of her nuclear weapons to a majority vote of the WEU; and apparently no member of the treaty group is planning to hold France to account under its provisions.

Yet it is also this treaty—and this treaty alone—that proscribes the Federal Republic of Germany from manufacturing nuclear weapons and which limits German armaments in other fields, as well. I ask unanimous consent that the article from the Star be printed at this point in the RECORD.

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

EUROPEAN CONSPIRACY OF SILENCE

(By Crosby S. Noyes)

PARIS.—The ministers of the Western European Union who meet in Brussels tomorrow are partners in a curious conspiracy of silence.

The conspiracy consists of the fact that France—which is a member of the seven-nation group—is or soon will be in open violation of provisions of the Western European Union treaty. And not one of the assembled ministers is at all likely to so much as mention the fact.

Under little-known terms of the treaty, France is solemnly bound to submit its national nuclear program to the control of the Council of the Western European group as soon as it begins production of nuclear weapons.

From recent statements of high French officials, this stage would now seem to have been reached. On October 16, Minister for Information Alain Peyrefitte announced that "France has started to provide itself with an operational nuclear force."

The terms of the Brussels Treaty, signed in 1954 by Premier Pierre Mendes-France (who also launched France's nuclear development program that same year), are quite explicit:

"When the development of atomic, biological, and chemical weapons in the territory on the mainland of Europe of the high contracting parties who have not given up the right to produce them has passed the experimental stage, and effective production of them has started there, the level of stocks that the high contracting parties concerned will be allowed to hold on the mainland of Europe shall be decided upon by a majority vote of the Council of the Western European Union."

BEHIND THE SILENCE

The reasons for the conspiracy of silence when it comes to invoking this clause are very simple.

France, at least as long as President de Gaulle is running the country, will most certainly not volunteer to place its nuclear force under the control of any international group. Other members of the group—most of whom profess to deplore France's national nuclear effort—feel that invoking the treaty would be the quickest possible way of destroying the Western European Union.

At this stage, the Western European Union is valuable primarily because of its nonmilitary aspects. European powers look on it as a way of maintaining contact after Britain's exclusion by France from the Common Market. Economic and political questions are expected to dominate the discussions at Brussels.

The argument that France, if challenged, would simply denounce the Brussels treaty is somewhat disingenuous. France may not worry very much about the organization which forms a bridge between Britain and the Common Market. But behind the organization is a treaty which is of enormous importance to France as well as the other countries of the Western community.

THE TREATY'S IMPORTANCE

The Western European treaty regulates, among other things, the degree and quality of German rearmament. It is the treaty—and the only one—that prevents Germany from manufacturing nuclear weapons for itself. It also limits German-made armaments in many other fields. It would not be torn up lightly by France if for no other reason than the fact that France relies on the treaty to preserve its nuclear monopoly on the continent of Europe.

The problem of revising the Brussels Treaty is equally hard. Presumably if seven powers can agree not to raise the issue of the French nuclear program, they can also agree to revise the treaty to eliminate the embarrassing clause.

But this would inevitably involve demands for changes from the German side. And this is the problem which the seven Western European powers would dearly like to avoid as long as possible.

If they were asked, French officials would have a ready answer for their failure to adhere to the terms of the Brussels treaty.

Conditions, they would say, have changed greatly since the treaty was signed 9 years ago. At that time, for instance, there were no atomic weapons in Europe. Since 1954, the accumulation of large American nuclear stockpiles in Europe—which along with British stocks are not subject to control of the WEU powers—has made the relatively small nuclear French stockpile unimportant.

This remains to be seen. As things stand at present, the simple fact is that Britain, Belgium, Holland, Luxembourg, Italy, and Germany possess between them undeniable legal control over the French nuclear effort which they claim—in varying degrees—to oppose.

It may be the smart practice of civilized diplomacy to continue to ignore this solemnly ratified international undertaking. But it is doubtful that the issue—which goes to the heart of Europe's future—can indefinitely be swept under the Western European rug.

Mr. MORSE. Mr. President, Russia commits many wrongs; and, in my judgment, Russia has for years deliberately followed a course of action by which she has sought to arouse our concern and to create crisis after crisis. But, many times we are guilty of the same tactics. If we continued to support NATO while France followed her naitonalistic course of action, and if we did not see to it that West Germany continued to be proscribed insofar as the acquisition of nuclear weapons is concerned, we would have to assume a part of the responsibility for creating what I believe would be a very frightening and dangerous crisis in the immediate future between the Western World and Russia. I do not know why anyone should think Russia would stand mute and would remain idle with France building up great nuclear power on the continent of Europe, and with France already in violation of the treaty provisions in regard to the amount of nuclear power a country can maintain on the continent. If there were added to that situation any weakening whatsoever of the proscription of nuclear power insofar as West Germany is concerned, there would be a greater crisis than the 1962 Cuba crisis.

That is why I am fearful that this mad, insane nuclear armaments race will end in war, because if we follow a course of action that leaves Russia no other course, just as Russia last year was following in Cuba a course of action which left us with no other course, the challenge will be laid down. So if we are dedicated to preventing war, we now have an opportunity in dealing with this foreign aid bill, to use it in such a way as to change U.S. policy in regard to NATO. It is for that reason that I said a few minutes ago that Congress could

very well strengthen the hand of the President of the United States in diplomatic relations with our NATO Allies by saying to him, "Mr. President, we will allow you only so much money for NATO"—much less than the amount the bill now provides.

Many do not fully realize that what we are doing in connection with some aspects of the foreign aid bill, particularly in connection with the NATO aspect, may very well have a direct bearing on whether in the years immediately ahead we may have to assume our share of the responsibility for plunging the world into a nuclear war. Yet I cannot see any basis for reconciling the nationalistic course of action of De Gaulle with world peace, and I cannot see any basis in reality for assuming that any move to make West Germany a nuclear power could be reconciled with world peace. If Congress does not do something about this matter, insofar as NATO is concerned, in connection with the foreign aid bill, Congress will have to assume its share of the responsibility for the outbreak of a nuclear war, for I am perfectly satisfied that if a nuclear France and a nuclear West Germany are built up, Russia will act before the buildup is completed, because her position is bound to be that although she may not survive, her only chance of survival will be had if she takes action to stop such a nuclear buildup. Senators now can appreciate my belief in regard to the seriousness of the bill.

Of course, others can disagree with my evaluation of this situation; but many persons share it, and that is why a group of us are seeking to amend the pending bill.

It can be argued, at almost any time that Germany wishes to make the argument, that the failure of France to live up to the treaty and the failure of the other members to hold France to account under the treaty have reduced the whole 1954 agreement—to use a notorious phrase—"to a scrap of paper."

In my opinion, the time for Britain, France, Holland, Italy, and Belgium to indicate their rejection of nuclear weapons for Germany is right now. If they have any apprehensions of a nuclear-armed Germany, they must make the Western European Union a meaningful organization. If they do not act to apply its provisions to France, then they are washing their hands of any future limits upon German nuclear forces.

They have already made it pretty clear that they are not interested in diluting German nuclear activity with their own participation in a multilateral fleet. Once again, they expect Uncle Sam to remain in partnership with Germany so that Germany will not become a nuclear power in herself. But they are not interested in sharing the expense.

They will never share expense in any project to which the United States is party so long as they have the constant example of our aid coming in whether they do their share or not.

FAILURE TO MEET NATO FORCE GOALS

We already know the sorry record that our major allies in Europe are making in connection with NATO force goals.

Before the Senate begins voting on the amendments to the foreign aid bill, I hope that each Member will obtain from the Department of Defense its summary of "NATO Country Forces in Being and Force Objectives." This is a frightening document. It is frightening to me for one major reason: It indicates that not only has one of the major suppliers of NATO forces failed to supply those forces, but it has no intention of supplying them.

I refer, of course, to France. Many other of our NATO partners do not have the forces "in being" that they are assigned. Some do not plan to make any improvements next year. But France has reduced her already meager forces under NATO; she has no intention of meeting her force goals this year. And in terms of the troops, ships, and air squadrons she is supposed to furnish to the Organization at the time of mobilization, France does not intend to furnish more than a small fraction of her assignment at the time of mobilization. What an ally. By what stretch of reasoning can we vote more money to her? If the secret document to which I have been referring could only have the label "Classified, Secret," removed from it and the American people could know its contents. I take the position they should be allowed to know the contents. I wish that the "secret" document which I have on my desk could only be known to the American people so that the American people could know what we can count on from France and what we cannot.

If this document could have the "Secret" label removed from it so the American people could know what we can count on from France and what we cannot, our men, women, and dependents would be pulled out of France so fast it would make your head swim. There would be a revision of the alliance demanded by the American people that would count France out formally, as she has already counted herself out informally.

Senators are welcome to come to my desk and read the document. If they come, I particularly suggest that they look at the section labeled "B—NATO Country Forces in Being and Force Objectives." Take a look at the record of our allies. It is a shocking record. We continue to vote aid to them. So far as the Senator from Oregon is concerned, he will continue to call it what it is—a deception of the American people. The American people are entitled to better treatment. If the administration does not like that language, I challenge it to release the document to the American people and obtain their verdict. My language calling it "a deception of the American people" is mild in comparison with what the American people will call it. I challenge members of the Committee on Foreign Relations to answer my argument. Let that classified document be read by every Senator before he casts his vote on the foreign aid bill and then justify his vote if it is for it.

I am always astonished at the anguished cries that go up from the press and politicians of the Federal Republic of Germany whenever it is suggested that some American troops could be brought home.

Before I proceed further, I ask Senators, "Why do you not talk to the chairman of the Senate Committee on Armed Services in regard to the issue of how many American troops are needed in Germany?

I do not propose to placate West Germany any further. We should bring home at least four divisions now. I completely disagree with the President of the United States in his announcement of no intention to bring American forces home from Germany. They ought to be brought home and quickly—at least four divisions of them. That would leave, for the most part, two divisions. I am not sure that we ought to leave more than one division over there.

That action would have a great deal to do with our gold supply. In spite of the rationalizations that the administration has tried to make in regard to the so-called irrelevancy of the troops in Germany to our gold supply problem, they do not make a case. It would have a great effect. We ought to bring them home.

West Germany is a prosperous nation with full employment.

Mr. President, we see an ironical paradox. If Germany were to fulfill her commitments to NATO, she would have to take a great many men out of industry.

But the great United States—supposedly the great industrial example of the world—does not have to take men out of industry to fill up her troop ranks. She takes them out of the unemployed group. There is a lesson to be drawn from that situation. I would bring them home. I would put them to constructive work by spending some of the foreign aid money to develop underdeveloped areas in the United States. I would do something about the falling water table in many parts of America. Such a program requires workers. It requires great dams. It requires great reclamation projects. I would do something about schools in America with some of the foreign aid money that I would take out of Europe. I would build schools which are sorely needed at all educational levels—elementary, secondary, higher education, and graduate. There is such a shortage of schools in our country that tens of thousands of young men and women are being denied the development of their educational opportunities.

Mr. President, my heart does not bleed for West Germany, but my heart does bleed for the boys and girls in this country who are being denied the development of their educational potential. The money that we are wasting on the foreign aid program is needed for the improvement of American health.

I would be perfectly willing, if anyone is at a loss to understand what we can do with that money, to turn it all over to heart research, to cancer research, to arthritis research, or to any other kind of research sorely needed in connection with other diseases that take their heavy toll. I could go on for an hour listing the needs of this country with respect to which we could spend the money.

I would say to West Germany that I do not approve of our Secretary of State going there and promising them that we will not bring home any American divisions. We have already told them that if Russia makes a move against them we will join them in their own defense. We have just finished demonstrating to them that under our airlift power—if it is manpower they need, together with their own divisions, and one or two that we will leave there—they will be quickly reinforced, if necessary, by manpower.

But whom are we kidding, Mr. President? Such a war will never be a manpower war: It will never be a conventional war. We continue to spend billions of dollars for our nuclear might because we know, if war should break out with Russia, that it will be a nuclear war, and military manpower in the old conventional sense to a large extent will be a surplus commodity. Of course, if war should break out, it would be a nonexistent commodity, too—including civilian manpower.

We should stop the waste of money involved in maintaining so many divisions in Germany. We should cut that amount and spend what is saved in the development of our own economy and in helping the truly unfortunate sections of the world, such as are encompassed by the Alliance for Progress program, where the fight for freedom is still to be won.

I have said many times—though I continue to be misrepresented in the press of this country—that I am not for cutting economic aid to Latin America. I will join in increasing it. I will vote to maintain it as it is, and then I will vote to add to it every dollar that we cut from military aid to Latin America. I would take some of the savings made by cutting military aid to other parts of the world and utilize it by giving more economic aid to Latin America. That is the way we will win the case for freedom in the world. But I would not waste the taxpayers' money in the type of military aid we are now supplying West Germany.

Mr. President, the same voices that raise these cries are all too often the same voices that cry out for closer military and political relations between France and Germany. Yet, as our Secretary of State has pointed out in Germany recently, there was not so much as a tremor in Germany when France took her Atlantic fleet out from the command of NATO. Of course, her Mediterranean fleet is long gone. Her failure to meet her troop commitments for the defense of Germany is the most scandalous military problem faced by the entire alliance.

It is a matter of history that after Germany was brought into NATO as a full partner, and when she began furnishing much of NATO's manpower, there was a radical shift in NATO defense plans for central Europe.

It had been the plan in the early 1950's that the alliance would have a "trip-wire" force in Germany that would serve to absorb the initial blow of a prospective Soviet invasion while the nuclear retaliation of the United States was being brought into play. These trip-wire forces were not expected to defend Germany, but to fall back and leave it to massive retaliation to destroy Russia.

But once Germany became an active member of the alliance, she was not satisfied to see the abandonment of Germany as a defense strategy for Europe. She began to insist upon being defended, not liberated. So there was developed, and rightly so, what we now call the forward strategy of defense. It calls for Germany to be defended on her eastern border, and not serve as ground across which NATO will retreat, keeping France as the steppingstone back to the Continent.

To carry out the American part in that defense we have some 250,000 troops, roughly speaking, in Germany.

But the German political leaders, defense leaders, and military leaders who led the cause for the forward defense idea, many of whom are also the chief advocates of throwing in Germany's cause with De Gaulle, have never seen the fulfillment of France's part of the forward defense. Nor will they. I suggest that the next time they raise the cry that Germany is being abandoned by the United States, they go to De Gaulle and see how many French troops they can get from him for the defense of Germany. Let them take Germany's defense problem to De Gaulle, and see how much manpower they get from him.

Certainly, if we all accepted the De Gaulle assumptions about Europe and the Soviet Union, there would be no need for American forces in Germany at all. De Gaulle is assuming that there is not going to be any Soviet attack across Europe. He is assuming that the large NATO ground forces are a waste of time for France. If De Gaulle is right, then they are a waste of time for the United States, as well.

For some reason, I do not hear his counterparts in Germany accepting that line of argument insofar as the United States is concerned. They do not seem to argue with De Gaulle that he is wrong; for them, it is only wrong for the United States to play down or underestimate the dangers of attack from Russia.

Yet the more De Gaulle ignores the defense of Germany, the more some German politicians seem to love him. The more De Gaulle plans on defending Europe at the Rhine instead of the eastern border of Germany, the more he appeals to some German politicians. I will tell you what I suspect: I suspect that their alliance with De Gaulle is only for the purposes of justifying Germany to become an independent nuclear power, just as France has done.

I think they know perfectly well that so long as the De Gaulle theories of European defense prevail, they will get no help from France in defending the territory of Germany from attack from the East. I think they are also willing to accept that, in return for the right of Germany to emulate the French example and to adopt as their own the French reasons for having independent nuclear forces.

That, too, is their right and their country's right. But I think it makes a mockery of their outcries over the withdrawal of American forces, and their advocacy of the De Gaulle theory that the United States will not live up to its obligations to Europe.

We will not fail in our obligations; we are not failing now. We never have; and we are the only member of the NATO that has not. But it is obvious that the other partners, principally France, do not agree that it is necessary to have so many men stationed in Germany. Even Germany has not furnished the manpower asked of her in NATO force goals.

Since we have not won our allies around to our way of thinking on this matter, I think it is only reasonable to accept their decision, and to go along with them. We should reduce our own forces in Germany, and most certainly we should reduce our forces in other places in Europe.

The place we should start is in France. Remember that while we have some 250,000 men in Germany, we have around 400,000 in all of Europe. I would like to see the total of American forces in Europe brought down to the figure of 250,000. That is a cut of 150,000. We should start by bringing back the tens of thousands of troops we have in France.

We could also reduce our very large garrisons in Britain, Italy, Turkey, and Spain.

We should start by bringing back a division from Germany now, in 6 months another division, and in another 6 months a third division. Germany would know that we would defend her immediately, will all the power of the United States, in case she were attacked by Russia—assuming, of course, she herself did not commit an act of aggression.

AMERICAN AID TO NATO PARTNERS SHOULD CEASE

But above all, we must stop up the constant outflow of American aid to these countries. Despite the pleas that have been made from this floor in the last 3 years alone, and despite the promises that have been made "downtown" to head off drastic congressional action, the aid to our NATO partners still flows in one form or another. We are usually told that no new commitments are being made, and that all aid, except to Greece and Turkey, is in fulfillment of past commitments.

In light of some of their own poor performances in fulfilling NATO commitments, I am no longer much impressed with this argument against cutting off our aid. Virtually all of it is military aid. But there is not one recipient that is not capable of furnishing all its NATO forces without aid from us, if it so desires.

It does not intend to do so. It intends to continue to "soak" the American taxpayer. It intends to continue to let Uncle Sam assume European obligations. He has all he can do to assume American obligations now. The word that ought to be on the lips of every Senator is "cut." Cut, and continue to cut the bill until justice is done the American taxpayer, because doing justice to the American taxpayer by the cuts will not weaken the security of this country one iota.

I believe that the bill should not go to the White House without a flat prohibition on new aid commitments to NATO members and a directive that existing commitments immediately be renegotiated downward.

Not only should no new commitments be made by the United States to Norway, Denmark, Great Britain, France, Germany, Italy, Holland, Belgium, Canada, or Luxembourg, but any existing commitments should be promptly revised downward. At the very least, there should be an American policy that any NATO member that does not fulfill its commitments to the organization forfeits any American aid under existing agreements.

The President made a statement in his news conference yesterday in which he said that additional American forces were sent to Germany in 1961 because of unfulfilled commitments by other allies.

Note that, Mr. President; we sent American boys over there in 1961, according to the President of the United States, because of the unfulfilled commitments of other allies. Why? By what justification? I do not know. That statement by the President is an indication that the Congress must no longer leave any choice to administration officials. We must write it into the law that this country is no longer to underwrite the failures of our allies.

Let me read an excerpt from the Foreign Relations Committee hearings on the Foreign Assistance Act of 1963, which includes the colloquy I had with Mr. Bell, of AID. The colloquy is very interesting. I read a part of it:

Senator MORSE. Mr. Bell, I share the views of Senator FULBRIGHT that he has expressed with regard to this European aid.

I won't use the figures although I think figures have been used in public, but I want to direct your attention for a moment to economic and military aid to Greece and Turkey.

Mr. BELL. Yes, sir.

Senator MORSE. That amounts to many millions of dollars. That is as much as I will say. They amount to many millions of dollars. And the United States makes the contribution.

Greece and Turkey supply 24 divisions of men in the Mediterranean area under NATO. Here again those divisions are dependent upon the United States because our further military assistance would encompass the cost of their maintenance.

I digress to say that, in spite of all the talk about Turkish and Greek divisions, they are of no value if not maintained by the United States. We equip them. We pay them. They are dependent upon us. That is not my idea of a very effective or efficient ally.

To return to the colloquy:

What I am at a loss to understand is why shouldn't West Germany—West Germany in particular, although I think it is true of other NATO countries, too—contribute economic aid to Greece and Turkey?

Mr. BELL. They are, sir.

Senator MORSE. To what extent and in what amount percentagewise?

Mr. BELL. I am not sure I have the figures with me. But I would be glad to supply them for the record. May I expand on that a moment, if I may?

We have within the last year taken two steps which are exactly in the direction that you are indicating as desirable and which we agree is desirable.

I marvel, all through the hearings on foreign aid, that whenever we had the State Department or other administration witnesses in a tough position, they invariably found themselves in agreement with us on principle. The difficulty with the State Department and other officials of the administration is that they seem to be unable to implement what they deem is sound in principle. It is when we come to their administrative practices that they break down. That is where the inefficiency develops. They are good talkers, but they are failures when it comes to putting into practice their good talk.

Mr. Bell continued:

First we sought a special contribution from Germany and other NATO countries directly to the Greek military budget as part of an increase in the funds available for the Greek military forces. During the last or current fiscal year, Germany has contributed specifically and directly to Greece as we have been doing for many years, for the purpose of helping them carry larger military forces than their own economic circumstances would permit.

Secondly, we have, under the Organization for Economic Cooperation and Development, the OECD, and its Development Assistance Committee urged the establishment of a consortium of countries. Germany is a member; we are a member; several other countries are as well. We will consider the requirements for economic progress in Greece, and together consider what the contributions might be made to that progress.

This consortium has met twice and the Germans have made a substantial pledge.

Furthermore, Senator, as you know, Greece is one of the cases where we are now rapidly changing the form of the assistance that we make available.

Last year, 1962, we made our last economic grants to Greece.

This year, the present fiscal year, we have made only loans to Greece. The last loan, that I approved the day before yesterday, is at 3½ percent interest and 20 years, like the one you commented on a week ago with respect to Taiwan.

So that we are moving in what seems to me a sensible direction toward providing such assistance as we still will provide to Greece on terms that are more relevant and more appropriate in the light of the progress Greece is making; and we have been trying to urge and arrange for greater and more appropriate participation by Germany and other European countries.

Again, my comment should be qualified to say that we would hope the Europeans will do more than they have to date, but we certainly concur in the direction that you are pointing.

Mr. President, it sounds good. They always sound good. However, when we analyze their language, it is always evasive. The talk by Mr. Bell is not substantiated by policy. So I again say to my administration: "Tell me how much we are going to be able to make it possible for us to cut in Turkish and Greek aid, in terms of the amount of money that the NATO allies are now willing to contribute as their share, thus reducing our share?"

I have been advised that the talk about West Germany contributing still does not put them into a substantial contribution in comparison with the contribution of the United States. There is little from France. If there is anything from Great Britain, it is only a token contribution. Where are the other NATO allies?

I serve notice on the State Department that I am not at all impressed with the kind of "snow job" language they flutter down on us every time they testify on foreign aid. They are great seducers. I am not interested in being seduced into a further waste of taxpayer money. I want some delivery of savings from the State Department. We are not going to get them until we cut the foreign aid bill far below the Mansfield amendments, at least to the House figures, although I would reorganize the House figures by taking more off military aid and adding that saving to economic aid.

The colloquy continued:

Senator MORSE. Let me see if I could get into the record on a percentage basis an answer to this question. Let's take all of the economic and military aid that Greece and Turkey get. Let's set the other NATO countries off to one side and compare their contributions to the U.S. contributions to Greece and Turkey percentagewise.

What percentage would the other NATO countries be paying and what percentage would the United States be paying? We don't have to talk about specific amounts.

Do Senators know why we could not talk about specific amounts? The information is classified. It is top secret. That is so, even though it involves taxpayer money. It is a very sad thing. It is discouraging, too. In this examination of Mr. Bell, as a member of the committee, I could not talk in terms of specific amounts, because they are classified. So I had to resort to the indirection of talking in terms of percentages.

I say to the American people, "How long are you going to tolerate such a situation? How long are you going to take it? When are you going to crack down on the politicians? When are you going to whip them by leaving them at home unless they are willing to start protecting your interest? When are you going to serve notice on the politicians that the veil of secrecy must be lifted to a very large extent?"

I say to the American people, "You get exactly the kind of government you are willing to tolerate. If you are willing to tolerate a government of secrecy, you will get a government of secrecy. But if you are going to make it clear to the politicians that you want them to remove government by secrecy from the American scene, and that you want them to do something about stopping the waste of hundreds of millions of dollars encompassed in the foreign aid bill, or you will beat them, you will start getting foreign aid reform, and not before."

That, of course, applies to Democrats as well as Republicans, so far as the senior Senator from Oregon is concerned. We are talking about a nonpartisan issue in which there is no room for partisanship.

I do not know of any other way. Unless Congress is willing to live up to its responsibilities in protecting the American people, they will have to protect themselves in what I said last week is the citadel of American freedom, the voting booth. Their first opportunity will be in 1964.

When I asked Mr. Bell what percentage the other NATO countries would be paying and what percentage the United

States would be paying, and stated that we did not have to talk about specific amounts, he answered as follows:

Mr. BELL. I have partial data in answer to that question now and I will answer the rest of it if I may in the record.

In the years 1960 through 1962, apart from military assistance, just looking at the economic side, about 70 percent of the foreign assistance disbursements to Greece came from the United States and 30 percent from West Germany.

Senator MORSE. From West Germany?

Mr. BELL. Yes, sir.

Senator MORSE. Is she the only country that participated?

Mr. BELL. In those years. However, the consortium that I spoke of, includes in addition to Germany, France, Italy, Belgium, Netherlands, Luxembourg, Canada and ourselves.

So that the current flow of assistance to Greece which is being influenced by this consortium will include contributions from at least some of these other countries.

And I will put the exact facts in the record, sir.

(The information referred to follows:)

"UNITED STATES-ALLIED EFFORTS IN GREECE AND TURKEY

"GREECE

"U.S. assistance to Greece in calendar year 1963 will represent 53 percent of total free world aid, compared to 70 percent for the 1960–62 period. It is estimated that Greek receipts of official assistance from European sources during calendar year 1963 will nearly equal U.S. aid during the same period. Receipts under European official credits in calendar year 1963 will be about 47 percent of total aid receipts.

"A large part of the European aid to Greece in calendar year 1963 consists of loans from European investment banks and drawdowns under German Government loans, as well as over $13 million in grant aid by European NATO members for support of the Greek defense program.

That is very interesting. For years, we made grants. We rebuilt our NATO allies and made them prosperous, so that in 1963 they were very cooperative. At good interest rates, they made bank loans to Greece. That is a far cry from grants. Now that we have made them into economic surplus nations, now that they are prosperous, they are willing to make some money out of Greece.

Mr. President, do you know what I favor? I favor letting the entire amount be loaned. There are other places where we ought to put our money. Let the whole program be taken over on a loan basis, and let us put the money in Latin America, at our front door. Let us do something about our Pacific problems. I call upon the administration, I call upon our NATO allies, to relieve us of any further obligations in respect to Greece at all.

Mr. Bell supplied me with the following material on Turkey:

TURKEY

The U.S. portion of assistance to Turkey is expected to drop to 65 percent in calendar year 1963, as Turkey receives the assistance extended by the European countries and Canada under the consortium. In the past, the United States has been providing most of the economic assistance received by Turkey. In calendar year 1961, disbursements under U.S. loans and grants (excluding Public Law 480) represented about 75 percent of Turkish aid receipts. Germany provided the other 25 percent.

Do not forget that all the data I have been discussing in the last few minutes are economic-aid data, not military-aid data. In military aid, we are being taken for even more of a ride. In that area we are doing most of the paying. Mr. Bell admits it, for under the heading "Military assistance" there is an interesting sentence in his report to the Committee on Foreign Relations. Under the heading "Military Assistance," it is stated:

The United States provided almost all the military equipment used by Greece and Turkey.

That was to the tune of hundreds of millions of dollars. Mr. Bell's own figures show that in connection with economic aid we still provide most of the funds. Now that West Germany and other countries have become prosperous because we built them up, they are obliging, they are willing to make money out of Greece; they are willing to make hard loans at good interest rates. All I am saying to the administration is "Draw out entirely; use our money in Latin America."

I want to know what the answer is to this almost hidden sentence in Mr. Bell's report to the Committee on Foreign Relations, under the heading "Military Assistance":

The United States provided almost all the military equipment used by Greece and Turkey.

We shall continue to do so if we do not stop. We will not get any assistance from our NATO allies. So long as Uncle Sam is willing to pay through the nose, he can continue to pay through the nose. That one sentence in Mr. Bell's report ought to be emblazoned on the walls of the Chamber during the course of this debate:

The United States provided almost all the military equipment used by Greece and Turkey.

How long are we going to keep it up? How long shall we accept the noncooperative attitude of our NATO allies? Are Greece and Turkey not important to them? We would hear much howling if the United States decided not to supply almost all the military aid. Of course Greece and Turkey are important to the defense of Europe. It is also important that our NATO allies, whom we have rehabilitated and made prosperous, give us a little assistance in keeping Greece and Turkey militarily strong.

The colloquy in committee continued:

Senator MORSE. Can you tell me if you think that that consortium will change that 70- to 30-percent ratio?

That is, with respect to economic aid—

Mr. BELL. Yes, sir, we do.

Senator MORSE. How much?

Mr. BELL. We have been working in most of the consortiums toward a rough 50–50 ratio, and I assume we will do the same here.

Greece is a case in which we expect economic assistance to be terminated within the next 2 or 3 years, and at that point we expect them to be able to obtain the external capital they need from the World Bank, the Export-Import Bank, from normal commercial and private sources.

Our allies get out of it by paying practically nothing. The American people must remain soaked and socked. That is not right. This is a matter of common fairness to the taxpayers. I do not know why the ratio should be 50–50. Mr. Bell says that the administration will work "toward a rough 50–50 ratio." If it is a "rough 50–50," it will not be on the low side, so far as the American interests are concerned. That is an interesting use of the word "rough." I will tell Senators what he means. He means, "It will not be 50; it will be somewhat more than 50; but we hope not too much more than 50." But what is "too much" with the State Department? If it were 70 percent, they would be heard to say, "We are working toward a rough 50 percent." If it were 60 percent, they would say, "We are working toward a rough 50 percent."

But I raise the question, why 50 percent? I do not know why the ratio should be 50 percent for the United States and 50 percent for the rest of the countries. I would like it much better if Mr. Bell had said we would be working toward an exact 20 percent, not a rough 50 percent. I say to Mr. Bell and the State Department: "Fifty percent is entirely too much, even if you reach that point; but you are not there."

The language about the creation of a consortium is another semantic device to divert us. Setting up a consortium does not mean a single thing until we consider what results will flow from it.

Senators will vote on the foreign aid bill without having any commitments from other countries, either through the consortium or through any other medium, whereby they will assume any other obligation, or in some instances any obligation at all, as regards Greece and Turkey.

Under the heading "Consortium for Military Assistance to Greece," we find in the committee hearings, on pages 638 and 639, the following:

CONSORTIUM FOR MILITARY ASSISTANCE TO GREECE

Military assistance then will be the only significant kind of assistance that goes into Greece.

This will present a problem which we have not yet worked out the arrangement of a new kind of consortium. This is a new problem for us, and has only arisen as the European countries in recent years have been able to meet their own defense requirement and to begin to be able to contribute to others.

I expect over the next 2 or 3 years we are going to have to work toward consortium-like systems in the military field just as we have developed them in recent years in the economic field.

Senator MORSE. Am I correct in my understanding a very large percentage of military aid to Greece and Turkey over the years has been paid by the United States? Would it be an understatement—if I correctly recall the figures—to say that we have been paying at least 70 percent of the costs of military aid to Greece?

Mr. BELL. More than that, sir. For Greece and Turkey.

Senator MORSE. And Turkey?

Mr. BELL. Yes, sir. I would say 90 percent of military aid has been paid by the United States.

Mr. President, we should not be fooled by the earlier testimony by Mr. Bell in regard to economic aid, when the figure he stated in regard to economic aid by

the United States was in the neighborhood of 70 percent, for the amount of economic aid is much less than the amount of military aid. When we consider the total program for Greece and Turkey—both military aid and economic aid—it is clear that I am quite correct when I say that the United States has paid so much that, when we consider the other NATO countries as a whole, their payments have been only token payments. When we consider West Germany's contributions aside from those from the rest of the European NATO countries, we find that West Germany has paid—but only for a small part of the time—in the neighborhood of 30 percent. However, let us not forget this testimony by Mr. Bell, which is to be found on page 639 of the hearings:

I would say 90 percent of military aid has been paid by the United States.

I read further from that hearing:

Senator MORSE. I think one of the trouble spots you are faced with on this bill, which, I think, faces a strenuous drive for reduction, is this European field. Among others that I can mention is this last country I am going to ask about because you have been very patient, the chairman has been very patient, and I will submit the rest of my questions in writing.

Then I proceeded to discuss Pakistan. I shall refer to that at a later time, when I take up an amendment dealing with Pakistan, because here, too, a very large cut in our aid needs to be made.

Mr. President, at this time I have concluded my speech on the NATO issue, and I have just had a whispered conversation with my very good friend, the Senator from Florida [Mr. HOLLAND]. During the remainder of the afternoon, I plan to discuss procedure, if that arrangement meets with the pleasure of the Senate; and in a moment I shall proceed to do so.

At this point I wish to add to the speech I have just concluded a further reference to the "secret" document I hold in my hand. I shall return it immediately to the staff of the Foreign Relations Committee. I requested it from Mr. Marcy. His memorandum reads as follows:

Attached is information supplied by the Department of Defense in response to inquiries which we initiated in your behalf in regard to NATO costs. Please note that this is classified "secret," and return to the Committee on Foreign Relations when you have finished with it.

I have told Senators that it is available to them in the Foreign Relations Committee. I deplore the fact that its contents are marked "secret." The American people are entitled to know the contents of this document; and if they did know them, I am satisfied there would be some major revisions in this foreign aid bill—as I have said before, because what this classified report shows is that we have no right to hope for any better treatment in the future from our NATO allies than the treatment we are receiving now.

I have referred to this item, section (b) of this classified document. I shall not read into the RECORD any of its contents; but this is the item which deals with M-day, and these are the data which deal with Mobilization Day; these are the data which show the commitments of our alleged allies and what they are willing to do when the shooting is about to start. Mr. President, you will be shocked to read this document. Under the heading "Forces in Being, December 31, 1962," we find the country-by-country plans for M-day, the NATO program for M-day, the requirements up to the end of 1966. All I wish to say by way of generalization is that we find deficiency after deficiency on the part of ally after ally. We do not even have from them commitments that they will agree to live up to the requirements of M-day. So I do not understand why we should be asked in this foreign aid bill to aid them further.

If Mr. Holt, of the Foreign Relations Committee, will now come to my desk, I shall place this classified document in his possession. I now return it to him. I brought it to the floor of the Senate in the hope that I could elicit some interest on the part of Senators in informing themselves—before they vote, some days from now—on the question of further U.S. aid to NATO countries, for, in my judgment, this document is dramatic evidence that we should vote to cut it; and I shall offer amendments that will give the Senate an opportunity to vote to cut it.

I cannot tell the Senator from Minnesota [Mr. HUMPHREY] how pleased I am to have him on the floor while I make some suggestions or proposals in regard to the further handling of this bill. I wish the RECORD to show, first of all, that the Senator from Minnesota has made perfectly clear to me, over and over again, that he does not agree with me on many of the stands I take on the foreign aid bill.

Mr. President, our discussions at least show that the Senator from Minnesota does not consider the Senator from Oregon an ogre or obstructionist, or one who is suffering great internal and introspective pains on the floor of the Senate that causes an empathy reaction on the part of others. I am only presenting my case. I am perfectly willing to let the jury cast the verdict, but the jury will not be here. The jury will be the people of America.

I wish to get on with the bill. We are setting forth our general case against the bill. We must make our specific cases now, amendment by amendment.

Earlier this afternoon I had hoped that we could remove what we find to be a very difficult parliamentary barrier that the Mansfield amendments have thrown in our way. We are at work and are making some progress in finding ways of mollifying somewhat the parliamentary effects of the Mansfield amendments. I do not know whether we can succeed in accomplishing our objective, but we will continue to try. We need a little time for that. The Holland amendment to the Mansfield amendments is before the Senate. If we have to live with the bill as it is, the Holland amendment is a great contribution to its improvement. If we cannot do better than the Holland amendment, I intend to vote for the Holland amendment. But we are going to try parliamentarily to remove 1965 and 1966 authorizations from the bill and have an authorization for no year but 1964. We need a little time tonight to put our parliamentary case in shape for a plea for such action tomorrow.

For that reason, in a whispered conversation with the Senator from Florida [Mr. HOLLAND], I told him that I would try to avoid a vote on his amendment tonight. I believe that in the regular course of events there could be an early vote on his amendment tomorrow, but it will not be held under any unanimous-consent agreement to vote, for, as I said earlier this afternoon, there will never be any such agreement while the bill is before the Senate. We do not need it. We shall see what the lay of the land is parliamentarywise, and try to understand what obstacles the powerhouse amendments have thrown in our way. I pointed out again that they are parliamentary "powerhouse" amendments which are very effective. I commend the generalship of the proponents. After all, if they wish to be so shortsighted as to try to accomplish the objectives of their bill, their generalship is very good. But losing a battle does not lose the war, although it sometimes makes it tougher to win it.

So we will do what we can to reduce the amount in the Mansfield amendments and, if possible, eliminate the Holland amendment completely by eliminating any need for fixing the amounts for 1965 and 1966. But if we must fix an amount for 1965 and 1966, and cannot fix a lower amount than the amount proposed by the Senator from Florida, we will rally behind him and vote for it.

I address myself to the Senator from Minnesota because it is now a quarter after five. It has been a hard day. More progress has been made in the cloakrooms than the work on the floor of the Senate may show. The Senator from Montana [Mr. MANSFIELD] conferred, came back, and announced that he would not withdraw the amendments. I told him that that was his right, and that we would move on from there. I think it would be a mistake for me to call for further speakers tonight. It is late enough. Those of us on the opposition have work to do.

I should like to suggest, without my being required to call further speakers tonight—if any other Senator wishes to say anything, he can say it—that we not seek to obtain any agreements of any kind tonight, that the Senate recess, and proceed tomorrow. If we cannot obtain an agreement on the Holland amendments, I suggest that the Senate vote on the Holland amendments. Then we will offer our amendment, which will be a substitute for paragraph (b) of the Mansfield amendments. It is the amendment that I discussed earlier this afternoon, which we think would probably have the effect of eliminating authorizations for the years 1965 and 1966. If not, we will be told so by tomorrow, and we will try to reword it so that we can accomplish that end. It may be that we shall have to follow the recommendation of the Senator from Kentucky and offer a new section that would amend the For-

eign Aid Act of 1961 that seeks to drop the authorizations for 1965 and 1966. That is the position of the Senator from Oregon as of now. I shall await whatever course is followed by the Senate.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

[No. 205 Leg.]

Aiken	Hartke	Muskie
Allott	Hayden	Nelson
Anderson	Hickenlooper	Neuberger
Bartlett	Hill	Pearson
Bayh	Holland	Pell
Bible	Hruska	Prouty
Boggs	Humphrey	Proxmire
Brewster	Inouye	Randolph
Burdick	Johnston	Robertson
Byrd, Va.	Jordan, N.C.	Russell
Byrd, W. Va.	Kennedy	Saltonstall
Cannon	Kuchel	Scott
Carlson	Lausche	Simpson
Case	Long, La.	Smathers
Church	Magnuson	Smith
Clark	Mansfield	Sparkman
Curtis	McCarthy	Stennis
Dirksen	McClellan	Talmadge
Dodd	McGovern	Thurmond
Dominick	McIntyre	Tower
Douglas	Mechem	Walters
Ellender	Metcalf	Williams, N.J.
Ervin	Miller	Williams, Del.
Fong	Monroney	Yarborough
Fulbright	Morse	Young, N. Dak.
Gore	Morton	Young, Ohio
Gruening	Moss	
Hart	Mundt	

The PRESIDING OFFICER. (Mr. McGOVERN in the chair). A quorum is present.

Mr. DIRKSEN. Mr. President, I ask for the yeas and nays on the Mansfield-Dirksen "powerhouse" amendments.

The yeas and nays were ordered.

The PRESIDING OFFICER. The clerk will call the roll.

Mr. MORSE. Mr. President, before the Senate votes, there should be some discussion.

Mr. HOLLAND. Mr. President, the pending question is on the amendment offered by the Senator from Florida.

The PRESIDING OFFICER. The Senator from Florida is correct.

Mr. MORSE. Mr. President, I should like to ask the leadership what its desires are for the remainder of the evening.

Mr. HUMPHREY. Mr. President, in the light of earlier discussion, now that the yeas and nays have been ordered on the Mansfield-Dirksen amendments, and the fact that the Senator from Oregon indicated that he wanted to discuss his proposal of another amendment with some of his colleagues, there is no intention, as I see it now, to attempt to force a vote. There may be some Senators who have an item or two they wish to place in the RECORD; but, as I understand, the pending business is the Holland amendment. Is my understanding correct?

The PRESIDING OFFICER. The Senator is correct.

Mr. HUMPHREY. There is no intention to force a vote on that amendment tonight.

Mr. FULBRIGHT. Is there any objection to voting on the Holland amendment tonight?

Mr. MORSE. Yes.

Mr. HUMPHREY. The Senator from Oregon indicated that not only was there objection, but that he wanted to look into the parliamentary situation with reference to whether that amendment might be modified or amended. That seemed to be a reasonable request.

Mr. MORSE. If the Senator from Minnesota will permit me to do so, I shall be glad to make a progress report.

Mr. HUMPHREY. Very well.

Mr. MORSE. Mr. President, I send to the desk another amendment dealing with this subject. It splits the amendment I first offered and provides:

On page 1, lines 7 to 9, strike out "$975,000,000 for the fiscal year 1964, and $1,500,000,000 for each of the next two succeeding fiscal years," and inserting in lieu thereof "and $900,000,000 for the fiscal year 1964."

I ask that the amendment be printed.

The PRESIDING OFFICER. The amendment (No. 303) will be received and printed, and will lie on the table.

Mr. MORSE. A discussion has taken place since the discussion earlier this afternoon. We want to verify the proposal overnight and be ready to offer it tomorrow, after the vote on the Holland amendment; and we believe that it would do the job. In effect, it would amend the act, so that what is called the continuing authorization, so far as 1965 and 1966 are concerned, would be repealed. If we satisfy ourselves that that is in line with the interpretation of the Senator from Massachusetts, that will be the purport of our amendment.

Mr. President, I send to the desk, for printing, the second part of the amendment I offered earlier. That will be called up separately. It really has nothing to do with the Holland amendment.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. MORSE. I have informed the majority whip that it is our plan to proceed without delay tomorrow with the Holland amendment and then to offer the first Morse amendment, which we think would improve the bill even beyond the Holland amendment. I shall vote for the Holland amendment because, in my judgment, it is a great improvement. We think the Morse amendment would improve the bill that much more. But there are other speakers, if it becomes necessary to speak longer tonight. However, we believe that that would be a waste of time in the long run.

Mr. HUMPHREY. As the Senator from Oregon looks ahead, Is it his proposal that the Senate vote on the Holland amendment, or any substitute therefor, tomorrow?

Mr. MORSE. I assumed that that would be the order of business when the Senate convened tomorrow. If any Senator wished to talk about the Holland amendment, he would make his remarks; then the Senate would vote on the amendment.

Following the disposition of the Holland amendment, I propose to offer my amendment, or a modification of it, if a conference on the parliamentary situation causes us to believe that that is necessary to accomplish what we are seeking to do.

Mr. HUMPHREY. Then, the Senator would take only a reasonable time tomorrow?

Mr. MORSE. That is all I ever take.

Mr. HUMPHREY. That means that tomorrow there will be some votes. I feel that with the assurances we have had from the distinguished Senator from Oregon, tomorrow will be a very fruitful, productive day.

Mr. MORSE. Today has been a very fruitful day.

Mr. HUMPHREY. I am sure it was; but tomorrow will be even more fruitful. The fruit will be riper.

Mr. MORSE. That depends on one's interpretation.

Mr. HUMPHREY. So the plan will be to have the Senate convene tomorrow at 12 o'clock noon and proceed to the pending amendment, which is the Holland amendment, and also look forward to having a number of votes. All Senators should be on notice.

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

Mr. HUMPHREY. I yield.

Mr. DIRKSEN. Does that mean that there will be no votes tonight?

Mr. HUMPHREY. There will be no votes tonight.

ALLIANCE FOR PROGRESS

Mr. CHURCH. Mr. President, in our discussions of the foreign aid bill this week, many of the defects of this program are being pointed out. Although I have criticized parts of this program, I do believe that the Alliance for Progress warrants and needs our continued support. I ask unanimous consent to insert at this point in the RECORD two articles pertaining to the Alliance for Progress authorization which were published in the October 22 issue of the Journal of Commerce and the October 4 issue of the Catholic Standard.

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

[From the Journal of Commerce, Oct. 22, 1963]

FORMER COLOMBIAN CHIEF HOPEFUL ON LATIN PACT

LONDON, October 21.—Ex-President of Colombia, Dr. Alberto Lleras Camargo, said today he was very optimistic about the future of the Alliance for Progress and hoped Britain and other European countries could use it as the framework for stepping up their aid to Latin America.

Mr. Lleras Camargo told a press conference he hoped that his trip to Britain at the invitation of the British Council would help increase British interest in Latin America.

He said that in the past 20 or 30 years British influence and interest in Latin America had declined, but that the trend could be reversed through such practical measures as increased technical assistance, and increased trade.

ALLIANCE FUTURE DISCUSSED

Mr. Lleras Camargo spoke at length about the Alliance for Progress and its future. He said he was very optimistic about its future and considered that in its first 2 years it had made tremendous steps forward.

He told the newsmen that the Alliance should not be seen as a purely U.S. venture but as a project of all Latin American States.

Answering questions he said he thought it would be possible for European nations to

help more, and that it would be a good thing if this were done through the framework of the Alliance.

Mr. Lleras Camargo emphasized on several occasions that no one could expect the Alliance to work perfectly in 2 years. He said that the beginning was bound to be difficult, because in Latin America more was needed than money—the human resources had to be developed, and technicians formed.

FIVE-YEAR VISTA

He said he was certain that in 5 to 10 years it would accomplish what it was aiming to do.

On the issue of the role of military elements in Latin America, he said when military coups did occur they were a setback for the democratic process in Latin America and not for the Alliance for Progress. He said the Alliance as such was not designed to protect democratic regimes but to help them develop.

Mr. Lleras Camargo also spoke of Colombia's difficulties over coffee. He said the Latin American States had shared the tax-free U.S. market with African producers, and in this way were helping African states.

He said that at the same time as coffee prices had dropped the cost of imported machinery and manufactured goods had increased, so that Colombia was also supporting the high cost of living in the United States.

[From the Washington (D.C.) Catholic Standard, Oct. 4, 1963]

THE SENATE AND THE ALLIANCE

Among the many problems to come before the Senate is the question of foreign aid. The House has voted to slash $998 million off President Kennedy's foreign aid request, a figure far beyond the recommendations of General Clay's special committee. This aid cut, if the Senate allows it to stand, will force a change in our aid policy. In particular, the proposed cut in aid for Latin America endangers the continued existence of the Alliance for Progress.

Latin American countries have not hidden their displeasure at the House's aid cut vote. Latin American papers, even those friendly to the United States, have noted that the U.S. aid to the entire Latin American area will be only slightly higher than the Soviet aid to Cuba alone.

The House's aid slash is opening up a distrust for the United States at a time when the Alliance for Progress needs strong backing. The work in Chile has shown that the combined effort and determination of government and private groups can bring a nation to the beginnings of true freedom and economic prosperity.

But the Alliance needs the help of U.S. dollars, too, especially now when it is in its infant stages. The cut in aid to Latin America demands careful thinking. At stake is the future of Latin America. It is up to the Senate to make this future possible by restoring that aid cut and thus continuing the work of the Alliance for Progress.

J.M.O'C.

SUBCOMMITTEE MEETING DURING SENATE SESSION ON WEDNESDAY

Mr. HUMPHREY. Mr. President, I ask unanimous consent that the Subcommittee on Manpower and Labor of the Committee on Labor and Public Welfare may be permitted to meet during the session of the Senate on Wednesday, November 6.

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

SENATOR BARTLETT ADDRESSES LOCAL SERVICE AIRLINES

Mr. MONRONEY. Mr. President, I ask unanimous consent to have printed in the RECORD a speech by Senator E. L. BARTLETT, an able and distinguished colleague of mine on the Aviation Subcommittee, delivered at the fall quarterly regional meeting of the Association of Local Transport Airlines in Honolulu, Hawaii, on November 1, 1963. His remarks concern the publicly announced plans of the Civil Aeronautics Board to reduce drastically the subsidy paid to local service airlines.

I concur wholeheartedly in his views. They deserve careful and thoughtful study by all the Members of the Senate.

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

THE BIRD IS BORN TO FLY

(Address by Senator E. L. BARTLETT, of Alaska)

Since the last quarterly meeting of the Association of Local Transport Airlines, something has transpired. Something has happened that has caused comment, concern, and searching for cause and effect in and out of the aviation circles. I do not refer to the announced decision of Mr. Khrushchev not to race us to the moon. I make no allusion to what happened to the New York Yankees. I am not here to call to your attention my views on the 1964 Republican presidential nomination—although that doubtless would be of great interest to you—and I could add a dividend by revealing to you the name of the man who, in my judgment, will cop the Democratic nomination. No. It is none of these things. It is the paper written for the Civil Aeronautics Board, duly approved by the Board, published, filed, but not forgotten, relating to the local service airlines.

You will have heard of it. In an uncertain world, this is one thing of which I am certain. Indeed, I suspect every member of this element of the industry has parsed or sought to parse every sentence in the report and could, blindfolded, insert every comma and period in its proper place if such were to be erased—and I have reason to believe some might like to erase the entire report with no power of recall, absolute or partial, left to anyone anywhere.

As a member of the U.S. Senate Commerce Committee's Aviation Subcommittee, I have for the last couple of weeks, among other things, been in fairly regular attendance at the hearings called by my friend, Chairman MIKE MONRONEY, on the proposed supersonic transport airplane. During this time I have learned much of which I was ignorant before. Among the things I have learned is that the minimum skin temperatures on this vehicle when it is way up yonder will be in the neighborhood of 450° F. It is my suggestion now that this temperature does not exceed, and in fact may be lower than, certain temperatures which came into being immediately after publication of the CAB report.

My appearance before you today is in plural capacity. Because the people of Alaska—thank goodness—have so ordered it, I am here as a U.S. Senator and, more specifically, as a member of the Aviation Subcommittee. Perhaps when the records are searched it will indeed be proved that I am a charter or early member of ALTA. Finally, for the purposes of this discussion, I am one who has had an interest in aviation originating long ago and who for a variety of reasons frequently uses the local transport airlines.

Although it is my intention to speak about the Civil Aeronautics Board report and the segment of the industry which is reported upon, it will not in my opinion serve any useful purpose to stand here and seek to attain a high popularity rating with you by denouncing the Civil Aeronautics Board and its works. During my years in Washington I have found the members of the CAB to be in the main reasonable men, informed men, men desirous of encouraging this great transportation system which is even yet so relatively new. These years in Washington have passed for me with supersonic speed; almost one-fifth of a century has gone by since I first took the oath of office in the U.S. House of Representatives as Delegate from the then territory of Alaska. This was at a time when the DC-3 was still predominant in the domestic commercial skies. Many things have changed since then. During that time there have been many changes in the membership of the Civil Aeronautics Board. And, since for the moment we are talking of men rather than things, let me publicly record the fact, namely, that airlines in the category in which yours are found have never had a better friend, a more understanding and effective advocate than in the days when your executive director and general counsel, Gen. Joseph P. Adams, was a member of the CAB.

What would you have done had you been a member of the Civil Aeronautics Board and were confronted by this passage from the President's transportation message to the Congress, dated April 5, 1962:

"I am asking the Board to develop by June 30, 1963, a step-by-step program with specific annual targets to assure sharp reductions of operating subsidies * * * within periods to be established by the Board for each type of service or carrier?"

Would you have failed to heed that instruction? Of course not. You would have honored it, just as the CAB did. The report was made. It suggested subsidy reductions over a 5-year period. In sending the report to the President, Chairman Alan S. Boyd stated: "The Board intends to proceed with implementation of its program as soon as practicable, and subject to such revisions as may be indicated after consideration of your views and the views of Congress."

Logically, realistically, and at the same time with appropriate consideration of the demands upon the Public Treasury being made by the subsidy program, I desire to suggest here that "implementation" will not be "practicable" within the foreseeable future. I speak as an individual Senator. I speak as one who is not affronted or affrighted when the word "subsidy" is uttered. Admittedly, this statement is not true insofar as many others in and out of Government are concerned. They look upon subsidy of whatever nature as an evil not to be tolerated. But history reveals that every nation at whatever time has had to employ this device, not only for the benefit of the immediate recipients, but for the benefit of the many, or all. Subsidy payments of one kind or another have been made since the early days of this Republic. They are being made now. They will be made in the future. They will be tolerable and justified and defensible so long as the public interest is served. I maintain and will hold the view against all comers that the subsidy program for the local service air industry is not only justified but is imperatively necessary. There is not one of you who would not prefer to be in the position of my friend Bob Reeve—that is, off subsidy, rather than on. You are working to that end. That is your goal. You will reach it. But you cannot do so within a 5-year period. If there were to be "implementation" of the CAB report, starting now, my prediction is that sheer chaos would result.

Before coming over here, I had a long talk with myself and told myself that my speech must not have undue concentration placed upon Alaska, tempting as the subject is. But Alaska, and Hawaii no less, offer a perfect example of what would happen with such an abrupt withdrawal of Uncle Sam's financially helpful hand. It is a truism that Alaska has only about 5,000 miles of roads even though it is two and a quarter times as big as Texas. It is a truism that there is no American-flag carrier of the maritime service except insofar as that service is provided by State-owned ferries in southeastern Alaska. It is a truism that more often than not in Alaska if you don't fly, you don't travel. It is a truism that not a single Alaska local carrier now on subsidy could survive for a year or even perhaps a month without subsidy. Without it, the airlines would fold and people who want to travel and need to travel couldn't. Certainly, the same situation exists in Hawaii, where the only connection for people from one island to another is by air. To a lesser extent, but to a very considerable extent, this same statement applies all across the Nation. Railroad passenger trains are removed from service just about as rapidly as the railroads can arrange it. Between points now served by the local carriers, it is generally possible to travel by bus or by private car, even though the compass heading must be changed many times on many journeys. But the fact remains that this air service is essential, no less, in the first 48 States as it is in the two newest. I simply cannot believe that the Appropriation Committees of the Congress or a substantial number of Members of Congress would be deaf and unresponsive to the outraged cries which would arise border to border, from ocean to ocean, if the recommendations in the CAB report were to become effective now. It cannot be. Logic and need dictate otherwise.

As Senator MONRONEY put it, "It is hardly our will to support any move which will strike a severe blow to the small- and middle-size communities of America and jeopardize the future of the local service airline." Senator MONRONEY speaks with the voice of knowledge and the voice of authority.

After all, the basic purpose of the local service airlines is to serve—to serve the public, to provide efficient, and convenient transportation, and to create a demand where no demand existed before, making new passengers for themselves and feeding now passengers to the trunklines.

The primary purpose of our Federal subsidy program is to help the local service carriers in these tasks.

The initial goal of the CAB should not be the reduction of subsidies but rather the strengthening of the local service carriers. Strengthened local carriers will provide improved service to the public and in time will require less subsidy from the Government. CAB thinking as reflected in its recent report to the President seems to get the thing backward. As I read the report, the underlying, undoubted principle adopted seems to be nothing more than a determination to meat ax the subsidies.

A couple of "public service" ribbons are tied around the meat ax but the blade remains as sharp.

It is the CAB's hope—and this is a nice thought—that the coming year's local service subsidies can be reduced as new revenues increase. These revenues, says the Board, will exceed new costs by 100 percent. They never have in the past, but the CAB thinks they will in the future. It is a nice thought but it is one upon which it is difficult to build a nationwide policy.

At this point, I take especial pleasure in presenting to you an especial greeting from an especially knowledgeable man. I have referred to him before. He is Senator MONRONEY. Unable to come here himself in response to your invitation, and knowing I had been asked in his stead, he wrote out and requested me to read this message:

"Congratulations on another dynamic and successful year of service to the smaller communities of this Nation—a year which has shown substantial gains in revenue passengers, mail, express, and freight ton-miles.

"In reviewing the accomplishments of the local service carriers I am again heartened by the fact that your dependence on subsidy is decreasing. This is a tribute to the vigor and initiative of management which continues to provide vitally needed air service to our smaller towns at less cost to the Government with some profit, although probably not enough in your opinion, to the carriers.

"While I realize you are still not out of the woods financially, the trend is encouraging. I am confident you will exhibit the same initiative in succeeding years as you have in the past, and that both profits and service will improve immensely.

"I am also confident that subsidy will be maintained at a level adequate to enable you to achieve these goals. With a continued increase in traffic and a more intense effort to obtain a new aircraft suitable for your needs, I am optimistic about your future.

"I am hopeful, too, that 1964 will be the year when a new short-haul aircraft will move from paper designs into the shop and onto the production line.

"Best wishes for another year of successful operations and improved service."

To me, one sentence above all others stands out here. It is the one which is phrased in this manner: "I am also confident that subsidy will be maintained at a level adequate to enable you to achieve these goals."

I bring you another greeting. It is from WARREN G. MAGNUSON, U.S. Senator from the State of Washington, chairman of the Senate Commerce Committee and aviation's good friend. Senator MAGNUSON keeps a vigilant and friendly eye on the aviation industry not only in his capacity as chairman of the legislative committee but also as chairman of the Senate Independent Offices Appropriations Subcommittee which doles out the money to the CAB, the FAA, and by whatever roundabout routes to the local service carriers. No one knows better how essential your segment of the industry is.

With your permission, I am going off on a brief tangent which will take us off course for a bit on a subject which to my way of thinking is closely allied with what we are talking about here today. There has been some talk about tax reductions. There has been some talk that these should not be made without an accompanying and like reduction in Federal spending. I feel very strongly that there is a general fallacy in this line of reasoning and a specific fallacy which relates directly to you. To start with, tax reductions are being urged principally as a means whereby the economy may be stimulated, business may grow, industry may thrive, and unemployment may decline. This would be on account of the injection of dollars into the economy by taxpayers according to their own needs and desires instead of having those dollars grabbed by the Government. If tax reductions are made on the order of $11 billion, and Federal spending is to be decreased by like amount, it seems clear to me that the one would cancel out the other, that the gain made by the tax reduction would be exactly offset by the limitation on Federal spending. But I should not trouble you with my economic conclusions in this regard were it not for one matter which very specifically might affect the local service carriers.

Where does your tax dollar go? Well, 75 percent or 80 percent of every dollar you hand over to the Federal Government goes for defense, for explorations in space, for veterans' benefits, and for interest on the national debt. There is one thing of which we can be mighty sure: Should the budgetary cut amount to $11 billion or whatever, not one single dollar will come out of any of the categories mentioned above except possibly, although not probably, reductions will be made in space now that the Soviet Union has publicly bowed out of the moon race.

So where will the reductions be made? Obviously, they will have to come from the other 20 or 25 cents of your tax dollar. And, believe me, should this come to pass, subsidy payments of the kind we are so concerned with now will be among the first to be whacked. If up to this point the CAB report should have been principally an exercise in accommodation, then it likely would turn out to be a matter of brutal fact.

The Congress has determined that it is in the national interest that the local service carriers be subsidized. The subsidy program has, in my view, worked extremely well. The local carriers now provide 80 percent more service for each subsidy dollar than they did 10 years ago. Over the last 10 years the available seat-mile costs have been held constant, while unduplicated route miles have more than doubled, increasing from 28,500 to 52,000. A strong local service network benefits the communities served, the region, the trunks, the economy, and the Nation.

I want to repeat here at this stage of the proceedings that I, at least, see no point at all in picking up the cudgel and using it to thump the collective head of the CAB. That agency, in issuing the report which gave so many of us the shivers, responded to a command.

The transportation message was sent to the Congress, as mentioned, in the spring of 1962, a year and a half ago. It has been considered by the Congress. It is being considered by the Congress. The likelihood is that this examination will continue for some little time. The subject is complex, the subject is vital to our economy and to the national interest.

Chairman Boyd was careful in his letter of transmittal to the President to note that the Board would not proceed with its recommendations until after the views of the President and the "views of the Congress" had been obtained. Senator MONRONEY has given more than a hint of what his view is. Add mine to his, and you have right there a fiftieth of the U.S. Senate. There will be others. Neither the CAB report, nor the President's transportation message, can be considered as the policy of the National Government until it has been approved by all concerned. It has not.

I would say that time itself will solve the problems that so earnestly and properly engage the attention of those in the administrative and legislative branches of the Government and in the industry. Time, and not precipitate action, will suffice. I honor the desire of the administration to reduce the outflow of tax dollars paid by way of subsidy. But I submit that to change the rules of the game while the game is in full play would be to inflict grievous economic losses upon the general economy far surpassing in amount the total of the subsidy payments. Time will take care of this if for no other reason than that our population is increasing so very rapidly. With 300 million people in the United States by the turn of the century, as the census experts tell us will be the case, there will be so many people flying to so many places that by then, in my judgment, history will record how useful a Government-assistance program, already ended, was in helping to establish and to maintain until the time came it

could fly on its own, a transportation facility so vitally important in so many areas.

And by then surely American ingenuity will have developed and long since will have had in service aircraft designed and built to meet every need of the local carriers. After all, this should not be beyond the capacity of the Nation which even now is preparing to launch and fly a supersonic airplane in a decade or less.

Just as the bird is born to fly, so was the airplane built to remain aloft. And just as the mother bird instructs her young how to fly, let us as a nation remember that while the glamour and the drama attach to the plane flying at Mach 2.2 or Mach 3, there are some earthlings who will always need to be taken through the sky at lower altitudes for shorter distances by none other than local service carriers.

Our friends in the CAB have performed their function. They have submitted their report. That chore has been accomplished. Now let us all sit down together, passengers, industry, and Government and, guided by realism, and necessity, join in improving this local service, in stabilizing it, in taking it off subsidy at the earliest possible time—but not before then—and in the meantime performing those services which we simply cannot do without. As a fare-paying passenger, as one U.S. Senator, as one member of the Aviation Subcommittee, I assure you of my earnest desire and intention to cooperate. Let us go on from here to where we ought to go. Let us go without recrimination. Let us go without industry attacking Government or Government attacking industry or the public attacking both. Let us, especially, join in the fullest measure of cooperation. Let us keep that bird flying.

TOWARD AN AFFIRMATIVE APPROACH TO CHINA

Mr. McGOVERN. Mr. President, for many years I have felt that our policy with reference to the Chinese mainland is a sterile, shortsighted approach that is against our best interests. I wonder how long we can maintain the ostrich-like position which ignores a nation embracing one-fourth of all the human beings in the world. Does such a policy advance American security?

Some of the questions that have concerned me, are raised by Mr. O. Edmund Clubb, former director of the State Department's Office of Chinese Affairs, in an article appearing in the November 1963 issue of the Progressive magazine.

I ask unanimous consent that this article entitled "Toward an Affirmative Approach to China" together with a brief reference to former President Truman's recommendation that we offer wheat to China, be printed at this point in the RECORD.

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

TOWARD AN AFFIRMATIVE APPROACH TO CHINA

(By O. Edmund Clubb)

(NOTE.—O. Edmund Clubb, formerly Director of the Office of Chinese Affairs of the State Department, is an author and lecturer on Asian affairs at New York University and was visiting lecturer at Columbia University from 1959 to 1962. He has had 20 years of experience in East Asia, including assignments as consul general at Vladivostok and Peiping.)

The General Assembly of the United Nations has once again refused to approve membership for Communist China, thus putting that issue on the shelf for another year. However, the subject of China may well be prominent in American discussions of foreign policy in the months ahead for there is mounting evidence that the Kennedy administration might welcome a national debate looking toward a somewhat more affirmative U.S. approach toward mainland China.

It is now more than a decade since our traditional China policy was reversed. In the 19th century, the United States fought hard to win acceptance of its envoy in Peiping, and struggled to gain access to China's market. Daniel Webster and Adm. Alfred T. Mahan alike looked upon China as offering a great potential outlet for American goods. As the century ended, Secretary of State John Hay evolved the open-door policy to further our trade aims. East Asia was viewed as the New Frontier of that era, to be opened up to absorb the surplus production of an ever-expanding American economy.

Since 1950, however, a diametrically opposite policy has been developed. The United States, which had worked for a century to break through China's Great Wall of exclusionism, now endeavored to build a barrier designed to keep China "contained." The Kennedy administration, following its predecessor's policy, does not maintain diplomatic relations with Peiping. It contends that it enjoys relations with the rightful Government of China by virtue of its alliance with Chiang Kai-shek's Nationalists on Formosa. It prohibits the travel of Americans to mainland China on the facile ground that protection is not available to our citizens where diplomatic representation is lacking. Finally, Washington imposes a complete embargo on trade with China. The policy is thus one of total nonintercourse. The United States also campaigns in the world community against China's admission to the United Nations. Hoping to achieve "containment" of China, we have substituted the closed-door for the open-door policy.

But winds of change are blowing in the Sino-Soviet relationship, upsetting the premises on which our present China policy is based. In July, world attention turned to the meeting of Chinese and Soviet delegations at Moscow which was called to settle differences that had risen between the two great Communist powers. The conference broke up in a fortnight with the dispute unresolved. In its bout with Moscow, Peiping obtained satisfaction for none of its demands.

The Soviet Union, instead of brandishing its nuclear weapons against us in the international arena and braving nuclear annihilation for itself, as proposed by Mao Tse-tung, has signed a pact with the United States and more than a hundred other countries which reduces the danger of nuclear confrontation. Instead of pouring from its none-too-copious cornucopia a wealth of goods and services for the benefit of "socialist" China, the U.S.S.R. is giving aid to "bourgeois" India. In spite of such heretical acts against Peiping doctrine, and in the face of subjection to Mao Tse-tung's worst thunderbolts and fulminations directed against him as the greatest "revisionist" of them all, Nikita Khrushchev still remains on his pedestal.

The character of the new relationship developing between China and the Soviet Union is now becoming clearer. Evidence of reappraisal and adjustments in the power strategies of the two Communist giants has been discernible ever since the summer of 1960, when the U.S.S.R. pulled its technicians and blueprints out of China and began to reduce assistance to its nominal ally. More evidence of a massive Chinese reaction to all this has become available since the breakdown of the July discussions. Peiping has denounced the test ban agreement among the major nuclear powers—the U.S.S.R., Britain, and the United States—as a "dirty fraud" and indicated that China proposes to go ahead and develop nuclear weapons of its own. Peiping charged Soviet subversion in the Sinkiang-Uighur autonomous region, and in central Asia. China also shows signs of stepping up its own subversive activities in southeast Asia, while a clash of Sino-Soviet interests in India already has taken place. More conflicts of national interest between the two Communist powers are likely to come over such pivotal countries as Indonesia and Japan.

The Sino-Soviet quarrel has been starkly reflected in the economic field. After the calamitous economic plunge that resulted from its attempted great leap of 1958, China, through prodigious effort, succeeded by 1962 in restoring agricultural production to about what it was in 1957. But the population had increased by 60 to 75 million in the meantime, leaving China with a worse food shortage than that of 5 years earlier. Steel production dropped from a peak of an estimated 15 million metric tons in 1960 to less than 10 million tons in 1962. Not only have new starts in industrial construction been drastically curtailed, but important projects already under way, such as the Sanmen hydroelectric plant on the Yellow River, have been suspended for want of machinery which was to have come from the U.S.S.R.

China's overall foreign trade in 1962 was substantially lower than in 1960. Estranged from the Communist bloc, excepting Albania and North Korea—neither a pillar of economic strength—China is turning now to trade with countries it has hitherto execrated as imperialist—Great Britain, France, West Germany, and Japan—and our own northern neighbor, Canada.

The United States for the past decade has exerted the strongest possible pressure against its friends and allies to refrain from such trade with China. It is noteworthy that of China's big non-Communist trading partners only one, Great Britain, has recognized the Peiping regime—but all permit their citizens to visit China and all are prepared to do business with her. American pressure has consequently won only minor successes to date, at the price of arousing strong resentments and finally defiance among our allies. Now, with the breach between Moscow and Peiping forcing China to seek other sources of supply and become a more profitable customer for the trading nations, the American "Chinese Wall" policy is more futile than ever.

Various big international traders have been carefully but persistently exploring the potential of the Chinese market. China has been buying grain abroad since 1961. In the first half of the present year, China purchased 1,300,000 metric tons of wheat from France; in August it contracted for the purchase of 2 to 3 million tons from Canada for delivery over a period of 3 years. After a break in trade relations in 1958, China and Japan began trading again in 1961. In 1962, their two-way exchange amounted to about $80 million; this year it is expected to total $150 million, and a Japanese firm has just sold China a $20 million vinyl plant. In early 1963, the British sold some Vickers prop-jet transport planes to China (after carefully removing American-made navigation equipment). This summer, three British companies opened the first British trade fair in Peiping. The British chargé d'affaires, who presided at the opening, said that a substantial increase of Sino-British trade was "both possible and desirable." And to replace oil supplies previously obtained from the U.S.S.R. at high cost, China now buys some oil from Western countries.

This all adds up to a major reorientation of China's trade. Peiping will not find the adjustment easy, or fully satisfying. Industrialized countries such as Britain and Japan

are hardly likely, given China's weak foreign exchange position, to grant Peiping the cheap prices it wants and the long-term credits it needs to cover its purchases. China's basic economic ills will not be cured by a simple change of trade channels. Nevertheless, its trade with the Communist bloc now is dropping from the heights of several years ago, while trade with the non-Communist world promises to grow. The veering course of China's trade is a major development on the world scene. China is not breaking with the Communist bloc in favor of alinement with capitalism, but her contacts with capitalist nations are bound to increase as the rift with Russia widens.

Another trend of great potential significance has entered the picture: the huge expansion of Soviet wheat buying in the West. The U.S.S.R. contracted in September for the purchase from Canada, for delivery by the end of 1964, of a half billion dollars worth of wheat—about 6,500,000 tons. Some of that grain is to be delivered to Cuba, but none to China. In the past, Moscow, like China, has bought wheat elsewhere, but not, of course, in the United States where administration policy, until recently, prohibited such sales.

Washington, while severely limiting trade with Communist countries, has recently urged American businessmen to export more goods in an effort to redress the unfavorable balance of payments and stop the outflow of gold. At the recent White House Conference on Export Expansion, President Kennedy advocated a 10-percent increase over our present $21 billion export volume which, he said, would "practically" solve the balance-of-payments problem.

The administration's decision to sell surplus U.S. wheat and feed grains to Russia and other Communist nations in Europe removes a major contradiction of our earlier policy: We will no longer be urging more exports while refusing to sell wheat to the Soviet. Now our new wheat shipments pose this question: If hungry Soviet citizens, and even Cubans through Russian transshipments, may eat of hallowed American wheat, shall Chinese citizens go hungry?

The silence of Members of Congress, along with the general acquiescence of the American press in the existing state of affairs, evidences the absence of domestic pressures strong enough to change our fruitless campaign to isolate China behind a wall of embargoes. Yet, there are west coast businessmen and shippers who remember past trade profits and who are chafing at Washington's restrictions. Any considerable expansion of China's trade with the West would lead other American entrepreneurs to challenge the policy that bars them from selling to a nation of more than 700 million consumers.

In the immediate situation, then, the obvious question seems to be: What is the value of our present policy? The New York Times observed recently that "Speculation about China falters because nearly nothing is known of the thinking of the younger Communist generation in Peiping." How shall we learn, if we continue to be barred by the State Department from putting foot on China's mainland? Our policy is equally barren in the economic sphere: A total American embargo is useless in the presence of China's alternative sources of supply. Nor can there be hope, or even straightforward discussion, of global nuclear controls, disarmament, or world stability, without taking revolutionary China into account. A stubborn American stance off the China coast will neither preserve our interests nor guarantee that the existing situation will be maintained. Our immobility does not ameliorate, but rather aggravates, the grave difficulty of our dilemma.

As Abbe Raynal once wrote, "There is an infinity of political errors which, being once adopted, become principles." Commitments and positions determined a decade ago inhibit adjustment of our current policy toward China. The administration has shown signs of discomfort in its present cramped position. In a seemingly inspired dispatch from Washington, the New York Times reported that the Kennedy administration was haunted by a policy paradox respecting Communist China: "Administration leaders, including President Kennedy, are saying that Communist China will be the Nation's No. 1 foreign affairs problem over the next decade. But their policy planners report that virtually no fresh ideas on the subject are percolating in the Government." Under Secretary of State Averell Harriman later remarked on a television program that "There was a certain period when anyone who questioned our policies toward China was considered something of a traitor," and then went on to voice what was presumably an official invitation to a nationwide debate on the Government's China policy. "The only way the American gets to understand such questions," he observed, "is through debate."

This invitation must be viewed with some reserve. The administration did not wait upon an expression of public opinion before formulating its current China policy, and it should be able to find its own way out of the labyrinth. It needs only the determination to follow the thread back. Unfortunately, it is evident that given the involvement of our China policy in domestic politics, the administration has no intention of adopting a radically changed approach in east Asia. Adlai Stevenson, as the American representative to the U.N. General Assembly, argued in the December 1961 debate on the Chinese representation issue that "The de jure authority of the Government of the Republic of China [the Nationalist regime on Formosa] extends throughout the territory of China." And although Presidential Candidate John F. Kennedy had said in 1960 that Quemoy and Matsu were "not essential to the defense of Formosa," in June 1962, as President, he effectively reaffirmed the Eisenhower policy regarding those offshore islands and Formosa.

What, then, was the significance of Harriman's references to a debate on China? We have some hints. Laurence Barrett of the New York Herald Tribune staff subsequently reported from Washington that the United States, "in a roundabout whispered dialog with unrecognized Communist China, has revived the question of exchanging delegations of newsmen." If that is true Washington might as well save its (whispered) breath. Peiping stated categorically, in the era of John Foster Dulles, that it was not interested in any such exchange; there is no reason to assume that the Chinese regime has changed its mind.

But the matter may go somewhat deeper than the exchange of newsmen. Speaking at the World Affairs Council in Boston recently, Under Secretary Harriman upheld the official American stand against trade with China. But, in contrast to Washington's action of a few years ago, when it effectively blocked the proposal of an American businessman to sell wheat to China—then in the midst of an agricultural disaster—Harriman proclaimed that grain was an exception to the rule. He implied that we should not prohibit the sale of food to the hungry.

The administration's expressed willingness for a debate on China policy may be genuine to the degree that Washington presumably hopes there will thus be created a public demand which would support a relatively minor shift in policy. This seems to promise little enough. Still, it is conceded that with our China-Formosa policy frozen into principle as well as written into law, any substantial change in policy would require considerable effort over an extended period. But a defrosting must begin somewhere. The sale of grain to China, if it desires to buy, whether this year or next, offers the opportunity to make a start.

Even after such a beginning, most of the task of developing proper relations would still remain. The present policy maladjustment goes too deep to be corrected easily or even painlessly. The amelioration of Sino-American relations can hardly come by insistence on an American victory.

Washington could readily go further by unilaterally lifting—since it unilaterally imposed—its prohibition of travel of Americans to China. In all logic, it could—and should—abolish its total embargo upon general trade with China and place that trade on a level with our trade with other nations of the Communist bloc. At the height of the 1958 Formosa Strait crisis, the late Secretary of State John Foster Dulles himself suggested that if an effective cease-fire in the strait were achieved—and the cease-fire could be de facto instead of depending upon written agreement—something should be done toward reduction of the Chinese Nationalist garrisons on the offshore islands. It is now 5 years since that storm blew over. Is it not time to do something toward reducing the danger of being dragged into a war over the continued presence of Nationalist garrisons on islands which are historically and legally intrinsic parts of mainland China?

It is only by bringing genuine peace to the Formosa Strait, and reaching a final determination of the status of Formosa, that relations between China and the United States can be put on a normal basis in the long run. The way to normal relations with China is obviously circuitous and arduous. But it has to be undertaken, and given world developments, this would seem to be a good time to begin the long journey back.

Above all, let us have the debate that administration spokesmen say they desire. Our present China policy clearly does not meet adequately the challenge of the evolving political and economic situation in East Asia. It is high time to develop a new policy.

A new policy, to be effective, would necessarily be based upon concepts other than those that now seek to outlaw and contain Communist China. That hypothetical policy should assume that (1) there is practically no likelihood that the existing order in Peiping will be replaced by Chiang Kai-shek's regime or anything resembling it; (2) the Chinese revolution has by no means reached its end, and, consequently, can be expected to send out shock waves over an extended period; and (3) this renascent Chinese power does indeed create new problems for the world and for the United States, but such problems are better solved by endeavoring to integrate China into the community of nations than by trying to isolate her and brand her as unfit for human society.

President Kennedy, in his widely acclaimed American University address, called for a reexamination by Americans of their attitude toward the Soviet Union. "No government or social system," he said, "is so evil that its people must be considered as lacking in virtue." The time has come to apply this thought to the Chinese nation as well. No matter what our feelings about Communist China, within its borders lives one-fourth of all humanity.

TRUMAN URGES WHEAT FOR CHINA

Probably the most experienced cold war veteran of our time is former President Harry S. Truman. During his administration NATO was formed, the Berlin airlift conducted, and most of the Korean war fought. Although in some ways as tough-minded about the Communists as even BARRY GOLDWATER might wish, the former President said:

"I question whether it has been altogether wise for the United States to sit by and wait for China to ask us for help to meet the

hunger problems of millions of helpless Chinese. We have wheat and other grains to spare. Why not simply offer it? We have always been responsive to the plights of other people without waiting for them to beg. Hunger is everyone's concern.

"Why not get off our high horse and make a tender of wheat and other grains to China without any kind of fuss or maneuvers? It could be a step in the direction of peace."

Warning that his proposal would be called appeasement or worse, Mr. Truman reminded Americans that historically they were not "of a narrowly selfish nature" and have made "tremendous contributions to the needy and less fortunate of the world."

Both considerations of humanity and the requirements of peace call for an end to the isolation of China. The former President believes that an offer of U.S. surplus wheat might be a beginning—and we fully agree with the independent man from Independence.

THE COAL PIPELINE—THE INTEGRAL TRAIN—LONG DISTANCE TRANSMISSION OF ELECTRICITY

Mr. MOSS. Mr. President, having introduced S. 2066, a bill to grant the right of eminent domain for the transportation of coal by pipeline, I should like to call attention to other newly developed media through which the coal industry of Utah stands to advance steadily in the years ahead.

First, it is important that my colleagues understand that Utah's coal mines are an integral component of our overall economy. The coal industry itself is presently doing a $25 to $30 million business in our State. It stimulates railroad freight business and is a vital source of revenue for suppliers and equipment manufacturers.

More than one-tenth of Utah's total area contains workable coal deposits. In a little more than 100 years, some 270 million tons have been produced, yet almost 14 billion tons remain. Our maximum production took place in 1947, when 7,429,000 tons of coal were extracted. In the ensuing decade and a half, output has roller-coasted too freely, with production dropping from 5,159,000 tons in 1961 to a distressing low of 4,270,000 tons last year.

Utah's coal business needs a stimulant, particularly in hard-hit Carbon County. The mining companies and the United Mine Workers of America have cooperated marvelously to keep prices low and quality high. Our mines are equipped with the most modern devices that scientific and engineering technology has yet made available, thus permitting a steady increase in output per man-day. A large portion of the commercial coal produced in our State is water washed or air cleaned so that slate and other undesirable refuse are removed before the product is shipped to market.

In an economy of sharply rising fuel requirements, it is disappointing that Carbon County and other areas looking to better things for coal are still waiting for demand to improve.

But, Mr. President, there may be great things in store for coal as a consequence of two transportation innovations. The coal pipeline which operated over a 108-mile stretch in eastern Ohio for several years was responsible for reducing transportation costs by more than $1 per ton. Because of the competition, determined railroad officials adopted the unit-train concept and are now able to undersell the pipeline tariff on that particular run.

Through similar competition in the West, coal will go places. It will generate electricity for the sprawling California market, and it will bring needed dollars into Carbon County and other parts of our State.

Of a certainty, the unit train—like the coal pipelines—offers an opportunity to move coal from our mines to the west coast at tremendous savings over conventional transportation methods. Many railroads in the East, the South, and the Midwest are already utilizing the full train-load method of carrying coal from mine to market. By picking up all the cars at a single mine or gathering yard, running them through nonstop to their destination, and then emptying the cars so that they may be turned around and sent back without delay, railroads have been able to effect remarkable economies in freight handling. On August 16 of this year the Philadelphia Electric Co. filed a new electric service tariff with the Pennsylvania Public Utility Commission, claiming that a savings of $4.4 million was made possible through the use of solid trains of coal operating directly from coalfields to local powerplants. The announcement emphasized the advantages that can accrue to the consuming public when a revolutionary method of transportation is adopted. Using only conventional equipment—hoppers that may have been in service for many years—some of the eastern mines have been able to reduce freight costs from 85 cents to $1.50 per ton on coal moving from northern West Virginia and western Pennsylvania to the east coast. Eventually even more efficient integral trains—with cars of greater capacities than those now in ordinary use, and with motive power not confined to front and rear of the train—will make still more attractive freight rates possible.

Another technical breakthrough which opens new horizons for coal is the improved efficiency in long distance transmission of electricity. During the past year a group of electric utility companies announced plans for construction of two 800,000-kilowatt generating units in western Pennsylvania, power from which will be carried over long lines into Philadelphia and Newark, with tielines to the New York metropolitan area. Late last month the engineering firm to coordinate the design and manage construction of the 500,000-volt lines was named, and—according to present schedule—power from one of the huge generating units will be in transmission sometime in 1967.

Utah, too, expects to benefit by the technological advances that permit transmission of electricity over greater distances without substantial line losses. Actually, this new technique could well be used in conjunction with the pipeline or integral train to make coal-generated electricity available on the west coast. The fuel might initially move over pipeline or train to a generating station situated beyond the final mountain range on a site where there is abundant water, yet far removed from the metropolitan area. The long distance transmission line would close this remaining gap.

Bituminous coal mined in Utah and other Rocky Mountain States has for more than a decade been considered as a potential source of energy for the electrical requirements on the Pacific coast. As long ago as 1949 the late Bert P. Manley, who was executive secretary of the Utah Coal Operators Association, wrote for a national utilities publication an article entitled, "The West Coast Looks to Coal Fuel." The article noted the great availability of coal in Utah and other Rocky Mountain States, flatly predicting that this solid fuel would become the source of power for generating plants in southern California.

The Pacific Gas & Electric Co., in a report published in the Oil and Gas Journal of September 16, 1963, foresees a steady increase in the use of coal in the electric energy market in Western States. Utah coal, the report indicates can provide substantial supplies to the California market within a few years.

Mr. President, the right of eminent domain for the coal pipeline provided in my bill is essential to the allout development of the coal industry. It is a vital step in reducing a handicap that has impeded coal's ability to compete. Railroads have demonstrated their ingenuity in meeting the challenge, with sharply reduced freight rates resulting from development of the integral train. Meanwhile, the ever extending transmission lines carry additional hope for coal, and when the coal industry progresses, so does Utah and all our mining States.

FIGHTING QUACKERY

Mr. WILLIAMS of New Jersey. Mr. President, automobile models change every year, and so do the forms of quackery directed at the gullible, suffering people of our Nation. The old nostrums have been replaced, to a large degress at least, by the electronic machine, the new drug that cures nothing, and new gadgets and formulas sold by the most modern sales methods.

To help the American public realize the dangers and losses that can result from quackery, the American Medical Association and the U.S. Food and Drug Administration last week cosponsored the Second National Congress on Medical Quackery. Their warning: Quackery is on the increase, and the biggest single group of victims are the elderly citizens of the United States.

The Second Quackery Congress was a significant followup to the first congress, held 2 years ago. It also developed testimony given by witnesses at hearings conducted by Senator PAT MCNAMARA for the Senate Committee on Aging last January. The work begun at that time will now be continued by the Subcommittee on Frauds and Misrepresentation Affecting the Elderly in the same committee. As chairman of that subcommittee, I intend to continue the inquiries begun so well by Senator Mc-

NAMARA against quackery and other frauds against the elderly.

The interest aroused by the recent congress should help make the work of the subcommittee more productive than it would have been. A public alerted to the quackery menace should be all the more help to us as we make our inquiries. The AMA and the FDA—and every speaker who participated—are to be congratulated for an excellent program.

Mr. President, the AMA News ran an editorial in its October 28 issue to explain the purposes and method of the congress. Another excellent summary appeared in an Atlantic City (N.J.) Press editorial of October 25. I ask unanimous consent to have both printed in the RECORD.

In addition, I would like to draw the attention of the Senate to a recent series written by Charles Schaeffer of the Advance News Service here in Washington. This series appeared earlier this month in the Newark Star-Ledger and other Newhouse newspapers. Mr. Schaeffer has drawn a vivid and valuable portrait of quackery today, and I believe that his writing will be of help to everyone concerned about this problem.

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

[From the AMA News, Oct. 28, 1963]

FIGHTING QUACKERY

The Second National Congress on Medical Quackery, sponsored by the American Medical Association and the U.S. Food and Drug Administration, is another attempt to increase public awareness of health frauds and to find new methods of fighting the medical mountebank.

This won't be easy. It will take the efforts of physicians, the press, community groups, business organizations and Government agencies. The American public is not stupid but, as Samuel Hopkins Adams said, "Our national quality of commercial shrewdness fails us when we go into the open market to purchase relief from suffering." Most of the quack's victims are intelligent people, some of whom are desperate and all of whom are cunningly misled.

The public is vulnerable to the modern quack. The public has learned, for good reason, to respect advertising, and many quacks are masters of advertising. In this age of rapid communication, the quack reaches more people than ever before and often through respectable media. The quack's "discovery," couched in atomic age jargon, may come as no surprise to a public familiar with the language of science and accustomed to legitimate medical breakthroughs.

Moreover, many people are misguided because of the quack's ability to gain favor among prominent persons in positions of leadership. Fake healers through the ages have been able to get testimonials from the nobility, literary men and politicians. In the 18th century, hundreds of Englishmen sought the nostrums of William Reed, a tailor, who treated Queen Anne and was made a knight of the realm. In our own day, Senator PAUL H. DOUGLAS and others have taken up the cause of krebiozen. Quackery is especially tragic in an age when proper medical care has so much to offer.

The American Medical Association has fought quackery for 116 years. It keeps track of charlatans throughout the country and exposes them at every opportunity. The AMA's high ethical and educational standards are designed to protect the public. The First National Congress on Medical Quackery, held in 1961, led to widespread State and community campaigns of public education. The FDA, the Federal Trade Commission and the Post Office Department are constantly seeking tighter antiquackery regulations.

There is much that the individual physician can do. Delegates to the National Medical Convention, the meeting at which the AMA was formed in 1847, stressed this point: "It is the duty of physicians, who are frequent witnesses of the enormities committed by quackery, and the injury to health and even destruction of life caused by the use of quack medicines, to enlighten the public on these subjects, to expose the injuries sustained by the unwary from the devices and pretensions of artful empirics and imposters."

In protecting his patients against charlatans, the physician is practicing good preventive medicine. The intimacy of the physician-patient relationship as it exists in this country provides the ideal setting for discussions that can save lives and money. Reports of quackery should be brought to the attention of the local medical society, so that the entire profession can take action.

Leonard W. Larson, M.D., past president of the AMA, has cited two needs in the battle against medical con men: "We must not only prove the worthlessness of quackery, but we also must establish confidence in sound medical and health care."

The physician's practice of sound medical care is basic to the struggle against quackery. His role is frequently delicate and difficult. He must have the complete trust of patient and family when, in desperation, they are tempted to turn to the charlatan. The physician can, through courtesy, patience, and reason, do much to show that not hope but only a cruel illusion of hope is on the side of the quack.

[From the Atlantic City Press, Oct. 25, 1963]

THE DANGER OF QUACKERY

The medical quack can be and often is a killer. Were quacks merely merry oafs who bilked the gullible, peddling hair growers, bust developers, and sundry other weird nostrums and potions, they would hardly suffer the unceasing attention of the Food and Drug Administration, the American Medical Association, State and Federal health agencies, and better business bureaus.

But quacks can be as dangerous as they are cruel. Any time wasted on useless remedies by persons who have contracted diseases urgently requiring early diagnosis, such as cancer or arthritis, can result in hastened death.

Thus the American Medical Association for more than a decade has been concentrating its antiquack activity on the charlatan who professes to have discovered a magic cure for cancer. Of late the AMA's propaganda and exposure has been considerably broadened. Two years ago the association joined the Food and Drug Administration in sponsoring the first National Congress on Medical Quackery. This symposium in the Nation's Capital resulted in widespread State and community campaigns of public education about medical quacks and health charlatans who peddle worthless treatments.

A flyer sent out to editors to announce the second such national congress, slated in Washington for this weekend, took the form of a sack of low-grade uranium ore. The sponsors noted that it wouldn't make an atom bomb—neither would it "cure disease as claimed by fakers, quacks, and charlatans."

Just as the discovery of electricity gave birth to numberless devices for which miracle cures were claimed, so radioactivity is today's hotbed of quackery. Medical charlatans thrive also where orthodox medicine fails fully to meet public needs, as in curbing cancer. The so-called wonder drug Krebiozen was finally ruled worthless by the FDA and the National Cancer Institute only on October 16.

Quackery has been a menace, of course, since the earliest days of medicine. Indeed, the healing arts originated with the priest-magician, the witch doctor, of primitive tribes. The first recorded prescription for a hair grower was that made up for Queen Ses of Egypt at about 3400 B.C. It was a mixture of dogs' toes, date refuse, and asses' hooves. It is believed to have been quite as effective as today's hair restorers. Quack devices and treatment cost the public about $1 billion a year. And the sad fact is that the suckers are the fearful, the sick in spirit, the elderly, and those who can least afford the luxury of wishful treatment.

[From the Long Island Press, Oct. 7, 1963]

BOOMING QUACKERY RACKET: MODERN WITCH DOCTORS SWINDLE THE SICK AND GULLIBLE

(By Charles Schaeffer)

(NOTE.—Modern witch doctors equipped with fancy machines and scientific-sounding names—but still smelling of snake oil—are on the rise. They are swindling the sick and gullible out of billions. Here's the first in a series of five reports on this growing health menace, the booming quackery racket.)

Lincoln said it: "You can even fool some of the people all of the time."

Today, giddy Americans bent on proving him right are foolishly pouring out an estimated $1 billion for fake health machines, phony "cures," and worthless stay-young concoctions.

Most will lose a bankroll in the quest for shortcut health—others something more important: their lives.

No one can begin to judge the toll of despair or anguish of the really sick who fall prey to health hucksters. Or count the red faces of the pitchmen's patsys who belatedly discover they suffer from nothing worse than bad judgment.

They can't fool you? Don't be too sure. Quackery is no longer the shady business of the sideburned hawker of snake oil. It is a high-powered, slick, booming business—commercial, almost respectable, urbane and modern.

Brazen health faddists and fakers, glibly mimicking medical terms and outfitted with impressive-looking machines, are hoodwinking people of every shade of education and intelligence.

Every day charlatans challenge scientists, doctors and officials in the Food and Drug Administration, the Federal Trade Commission, the Post Office, and the American Medical Association.

Indeed, there seems no limit to the ingenuity used by frauds to bilk the legions of sick or miserable who will grasp at anything for relief: Spectro chromes, uranium gloves for arthritis, radioscopes, microdynameters, seawater, aspirin, and vitamins peddled by other names at fancy prices, to name a few.

Now the war is getting hotter. Irked FDA officials last year seized or oversaw voluntary destruction of 1,168 microdynameters—an $875 device its manufacturers claimed could diagnose lurking disease by measuring the body's electrical currents.

The FTC, taking the brunt of 7,000 complaints a year, recently persuaded several manufacturers to stop advertising medical miracles for fancy massage machines.

The Post Office, cracking down on medical quackery by mail, boasts a 98 percent conviction rate against claims ranging from bust developing to sinus trouble cures.

Invading the murky world of nutritional food and diet-pill peddlers is toughest of all for Government sleuths. The job is made no easier by many of America's 10 million nutrition and vitamin faddists who believe

they are making themselves healthier or thinner, when indeed they are not.

Nevertheless, campaigns of public education and warnings are beginning to dull some of the glitter of the health magician—and cut into his profits, too.

Says Dr. Kenneth L. Milstead, Director of FDA's Bureau of Enforcement: "We're making an impact in the nutritional food area. Sales are falling off."

On October 25–26 FDA will join AMA in the second National Congress on Medical Quackery here. Some 600 doctors, State and Federal health detectives and psychiatrists will try to diagnose the chronic disease, quackery, and what can be done to cure it.

Oliver Field, director of AMA's Department of Investigation, regards the conference partly as preventive medicine to vaccinate the public against quackery.

Figuring the national quackery bill exactly is impossible, since much of the money flows through the hands of illicit operators. But the experts believe at least $1 billion goes down the drain this way: $250 million for worthless arthritis treatment and cures. $500 million for phony food supplements, dietary concoctions, and unneeded vitamins; $250 million for a wide range of useless gimmicks, gadgets, and nostrums for diagnosing and curing ailments ranging from cancer to baldness.

Quackery is big business. Many of its promoters are well heeled and adroit in evading the law for a fast buck.

Worse, it is sometimes a deadly business. Dinshah P. Ghadiali from India did a flourishing business with his Spectrochrome Institute until the U.S. Government prosecuted him in 1947 for repeated violation of the food and drug law.

Testimony showed that Ghadiali, who claimed 15 degrees including an "honorary M.D.," told an elderly diabetic to stop taking insulin. While using the spectrochome, the diabetic went into a coma and died.

An epileptic who testified that the same machine had helped him collapsed on the witness stand from an epileptic fit.

The court fined Ghadiali $20,000, but he escaped prison because of his age. After 5 years' probation he was reported working again.

Listen to Dr. Leonard W. Larson, former AMA president: "Quackery gives birth to cults, fads, and fanatics. It floods the Nation's mailboxes with propaganda * * * with illiterate, incoherent testimonials * * * with moronic praise and rantings about the merits of this or that type of cure.

"The worst harm caused by quackery, however, is when it keeps sick people from getting competent medical attention for serious disorders which—if left to the ministrations and phony remedies of the quack—can be fatal."

[From the Long Island Press, Oct. 8, 1963]

THE DIAGNOSIS GADGETS: A "MAGIC" MACHINE THAT WAS JUST A MECHANICAL FLOP

(By C. Schaeffer, Press Washington bureau)

Not long ago Government inspectors got wind of a grandiose scheme for a kind of medical automation to take the work out of being sick. The idea was simple: Just turn the job of diagnosing and treatment over to machines.

At the peak of their popularity, thousands of practitioners, including a few misguided medical doctors, employed devices peddled by the creator of the Electronic Medical Foundation, the late Dr. Albert Abrams, of San Francisco.

With his system of radionics for treatment the practitioner needed no more skill than is required to take a patient's blood sample and send it to Dr. Abrams' laboratory.

Promptly, the doctor's radioscope spewed out a diagnosis, which was mailed to the sender with a handy reminder about other machines available for treating the disease.

Curious Food and Drug Administration (FDA) officials decided to put the machine to an acid test. They mailed samples of animal blood, blood from a dead man and ersatz blood of colored water.

The machine, of course, flunked. It couldn't tell the blood of the living from the dead nor even pick out the colored water. Shortly, FDA got a Federal court injunction prohibiting the radioscope.

The court banned 13 treatment machines which either produced a weak magnetic field or emitted shortwave radio waves—both worthless in treating disease. Yet, it is possible some are still in use today.

Why do quacks keep popping up with magic machines and why do the gullible bite? First, there is much that is inconclusive about modern medicine. When a genuine doctor is unable to pinpoint or alleviate a chronic ill, the sufferer is apt, in desperation, to turn to the glib assurances of the quack.

Even though he cannot cure the sufferer, the quack—unlike a real doctor—can exude optimism. The idea is to get the patient in front of the machine for several fast (and expensive) treatments, maybe sell him a machine in the bargain, and send him on his way—uncured and maybe sicker than ever.

Tragically, modern medicine's use of some legitimate machines helps the quack to operate behind a screen of electronic mumbo-jumbo. Most patients can't tell one dial from another. So the quack exploits this ignorance along with his copycat talent for making the fake item look real.

FDA's public information director, Wallace F. Janssen, recently told a chiropractors association convention: "There are no machines or devices which are capable of diagnosing or treating all manner of diseases simply by turning dials or applying electric contacts to the body. Do not believe the salesman who claims to have such a machine."

Mechanical quackery is as old as the charms and amulets primitive man used to ward off evil spirits. Even George Washington accepted medical aid from a man the Encyclopedia Britannica calls a quack.

When Washington was President, Dr. Elisha Perkins hatched the idea that magnetized metals could draw disease from the body. In 1796 he invented metallic tractors, two pointed rods 3 inches long.

Dragged over an infection, the fork literally was supposed to yank out disease. Perkins tried it on the president who believed, as did hundreds of other educated people, that the thing worked.

Perkins' son got rich selling tractors in England. But a skeptical American doctor made some tractors of wood, which does not hold magnetism, and won testimonials for his treatment.

Today, modern mechanical quackery flourishes under sophisticated new guises. And it takes the combined skill of FDA, the Federal Trade Commission (FTC), the American Medical Association, the Post Office, the Better Business Bureau, and others to keep it in check. Even so, useless machines account for many millions of the Nation's $1 billion annual quackery bill.

Could a change in the law strengthen FDA's hand? Its experts think so. Now, FDA must prove a device is ineffective no matter how obvious the case. This consumes endless hours chasing around the Nation to catch miscreants shipping their hokum over State borders.

Some FDA officials believe they could make a big dent in device quackery by making applicants prove the safety and effectiveness of their machines—the way the drug law now reads.

Still, the Government does outwit distributors of useless devices. Just a year ago the U.S. Supreme Court, in effect, outlawed a machine called the microdynameter by refusing to consider an appeal by the manufacturer, the Ellis Research Laboratories, Chicago.

The microdynameter is nothing more than a simple device for measuring electric current installed in a flashy cabinet. Its promoters claimed it could detect disease by measuring weaker current supposedly pulsing from diseased organs.

Actually, FDA investigators proved the amount of the current flowing through the machine had nothing to do with disease—but depended upon the amount of moisture on the skin.

Said an FDA official wryly: "Whether you had diabetes or syphillis depended on how much you were sweating."

What's more the machine was fooled more often than not when FDA experts hooked it up to a dead body just to see what would happen.

Recently, 18 FDA district offices reported seizure of 282 microdynameters and voluntary destruction of another 811. FDA Commissioner George Larrick has called the device "a peril to public health because it cannot correctly diagnose any disease."

He said "Thousands of patients are being hoodwinked by its use into believing they have disease which they do not have, or failing to get proper treatment for disease they do have."

The lure of the blinking light, the buzzing machine and the jiggling dial are irresistible. Shortly after FDA closed the micro-dynameter file, U.S. marshals were seizing sunlamps, marketed with exaggerated health-giving powers, and electronic doo-dads built to measure the state of your nerves along with chronic fatigue, distress, depression, worry, and fears.

[From the Long Island Press, Oct. 9, 1963]

THE ARTHRITIS SWINDLE: PAIN CAN MAKE A VICTIM CLUTCH AT ALMOST ANY STRAW

(By Charles Schaeffer)

Scene: A Senate committee investigating medical quackery.

The witness: Jerry Walsh, a victim of crippling arthritis for 22 years.

"I know I went from copper bracelets to buckeyes (chestnuts) to find a cure. I've tried vibrating machines and diets, and had a chiropractor break one of my legs with his special treatment.

"Yet continually I went back, maybe to the tune of $2,000 or $3,000 or more. You don't keep track of the dollars. You are always looking for relief."

Now 40, Walsh was a promising athlete when he got arthritis as a Christmas present in 1940. Sentenced to life in bed, he arose after 4 years using sheer willpower and managed, through strenuous doctor-supervised exercise, to walk again. He then went to work for the Arthritis and Rheumatism Foundation, which has launched full-scale war on quack cures.

Today Jerry Walsh says he "is sick and tired of being exploited." Yet if someone came along with glib assurances of a cure, he recently told Senators investigating quackery, he would listen.

In a way, Jerry Walsh symbolizes the agony of arthritis everywhere, clutching at straws. They've heard there is no cure for arthritis. Still * * * maybe.

The mystery of arthritis—what causes it, why its pains come and go—is a setup for the quack. He exploits the fact that the world's best medical brains have been unable to find the cause or cure. Somehow he dramatically finds a cure.

Two years ago, a congress on medical quackery found sufferers wasting $250 million a year on worthless arthritis remedies. This month they will meet again to see if a campaign of public warnings has dented the con men's market.

And a special subcommittee headed by Senator HARRISON WILLIAMS, JR., Democrat, of New Jersey, soon will investigate new frauds against older citizens.

Now nearly 12 million Americans suffer from various forms of arthritis. Probably half of them at one time or another have clutched vainly at hope for "cures."

Since arthritis rarely is fatal, most hurt only their pocketbooks by splashing in "spas," shelling out $300 for tube treatments featuring a penny's worth of useless chemicals, or swallowing ordinary aspirin disguised in fancy trappings at premium prices.

But health dangers loom, too. Just a year ago the Food and Drug Administration had to move fast to alert the public to the menace of "Liefcort," a Canadian-born nostrum. FDA Commissioner George P. Larrick called the drug dangerous and banned import into the United States. FDA said Liefcort was developed and promoted by Dr. Robert Liefman, who is wanted by U.S. marshals to answer charges involving a so-called baldness "cure." Liefman fled to Canada and is not licensed to practice medicine there, FDA charged.

Liefcort supposedly was a secret remedy. A national magazine touched off a flurry of interest by publishing an article about it. But FDA scientists found the drug contained potent hormones, estradiol, prednisone and testosterone—the first in amounts 10 times a normal therapeutic dose.

After reading about Liefcort, a 71-year-old woman flew to Canada to see Liefman. She returned to her California home with a year's supply of the drug. Later, she began bleeding internally. She was hospitalized but following operation to stop uterine bleeding, she caught pneumonia and died, FDA said.

Directly afterward promoters in St. Louis, Mo., popped up with an arthritis treatment. A Federal district judge banned the sale of this adrenal hormone cream, charging the manufacturer with false misleading claims.

Commissioner Larrick then said: "There are millions of arthritics in this country who will grasp at any straw. Many are led to believe in so-called cures because of the remissions which naturally occur in the disease. By taking advantage of this, promoters can profitably sell any product falsely claimed to offer cure or relief."

Not long ago medical pirates hatched a scheme for bottling sea water and selling it for $3 a pint to supplement alleged deficiencies in arthritics.

Did they buy? Dr. R. W. Lamont-Havers, medical director of the Arthritis and Rheumatism Foundation, reports that some patients began going to their physicians with "water logging" of the body.

"This is caused by the excessive intake of salt and could have very serious consequences in patients with heart and kidney disease," he said. "There is also danger of infection from unpasteurized sea water."

Some over-the-counter medicines do, in fact, contain active ingredients, usually pain-relieving salicylates found in common aspirin.

"If it has aspirin in it, it is going to make them feel better, but why pay $1 or $2 for a bottle of aspirin?" Dr. Russell L. Cecil, consulting medical director of the Arthritis and Rheumatism Foundation, told the Senate Quackery Committee.

The word arthritis literally means joint inflammation. There are probably 60 different rheumatic diseases; but the two most common are crippling rheumatoid arthritis which often strikes younger people and osteoarthritis of older people. It is sometimes called everyone's disease.

No on knows exactly what causes arthritis, but one theory is that it stems from an allergic reaction to an infection in some other part of the body. Some scientists believe the rheumatoid type is caused by a virus or bacteria, although the culprit has not been found.

Sound medical treatment can reduce arthritic pain and swelling. And therapy can help unfreeze some joints.

The best bet, though, is a recognized doctor. Avoid the health hucksters claiming to have a cure. It doesn't exist.

[From the Long Island Press, Oct. 10, 1963]

THE CANCER "CURES": BOGUS REMEDIES, LIKE BAD PENNIES, KEEP TURNING UP

(By Charles Schaeffer)

When a Federal court recently gave a Texan a 4-year suspended sentence for selling a phony cancer cure it proved this: Bogus remedies, like bad pennies, keep turning up.

The counterfeit item convicting Thomas T. G. Reynolds of the Reynolds Clinic, Palestine, Tex., actually was minted nearly 50 years before, thousands of miles away in Michigan.

It bubbled out of the cauldron of Dr. William F. Koch, embryology instructor at the University of Michigan around 1914. He called it "Koch's Glyoxide," modestly ballyhooed as a cancer treatment.

FDA investigators later said it was closer to sterile water than anything else. Dr. Koch was tried twice inconclusively, in 1943 and 1946. Then he went to Brazil.

Later, a letter reached FDA:

"At present there is a chiropracter in Palestine, Tex., advertising as follows. * * * 'Genuine Koch Glyoxide for cancer patients is available at $25 from the Reynolds Clinic in Palestine, Tex.' * * * it is your duty to prosecute this crook.

"Sincerely yours,

"WM. F. KOCH."

Cancer quacks are the ghouls of the medical swindlers' world. They offer false hopes, profit from the dying, and, unforgiveably, deny real therapy that could effectively treat and prolong the lives of many cancer victims.

Despite the fact that medical science knows only two sure remedies for human cancer—surgery and radiation—some 4,000 charlatans mulct millions of dollars with a witchdoctor's cabinet of cures. These include useless machines, herbs, injections of colored water, vitamins, raw vegetables, and the like.

How do you recognize the cancer quack? Dr. L. Henry Garland. University of California School of Medicine, gives these hints:

"His treatment is usually secret, or its method of preparation is secret.

"He advertises, plants stories, or distributes testimonials to support his claims. You can't find his work in reputable scientific journals.

"He hides behind the name of a high-sounding organization or foundation easily confused with a real one.

"He discourages or refuses consultation with known local doctors, claiming the 'medical trust' is against him.

"His records are scanty or nonexistent.

"Many of his 'cured' cases show no evidence that the patients ever had cancer."

Several years ago California, fed up with the havoc wrought by the cancer quacks, became the first State to pass a law aimed directly at this crowd. The legislature created a cancer advisory council in the department of public health. The law regulates drugs, medicines, compounds, and devices used in the diagnosis, treatment, and cure of cancer. And it bars unlicensed practioners from using them.

When lawmakers held hearings in Los Angeles and San Francisco, quacks jammed the room, taunting witnesses for the bill and booing American Medical Association and Food and Drug Administration testimony.

But California got its law and can now punish charlatans. Other States are dawdling. In the vacuum, FDA, the Federal Trade Commission, or the Post Office Department must hold off until a quack transports phony drugs and machines across State borders—or merchandises his lies through the U.S. mails.

Even then, convictions are hard to get. Consider the case of Harry Hoxey, now the classic example of cancer quackery. Hoxey, who ran a so-called "cancer clinic," in Dallas, testified he personally saw 6,000 patients in 1 year. In his book, "You Don't Have To Die," Hoxey said he had 10,000 patients taking his treatment.

Though he never went beyond the eighth grade, he called himself "Doctor." Authorities estimated that patients from all over the United States poured $50 million into his coffers. One Hoxey treatment alone cost $400, plus $60 in expenses. AMA called it a cough syrup, and FDA said it might have been a mild laxative, too.

It took FDA years, however, to prove a case against Hoxey. Investigators traveled more than 17,000 miles, interviewed cured patients, their families, and doctors.

They found the "cured" had either never had cancer, had received previous successful surgery or radiation, or still had the disease.

Even a U.S. court of appeals decision in 1952 holding the treatment worthless failed to stop promoters. They bought space in friendly periodicals to attack the government. When it was clear court proceedings were going to drag on indefinitely, FDA published a nationwide warning against the treatment. Eventually, many of the duped got the truth and Hoxey's business dropped, though some continued to believe his claims to the end.

[From the Long Island Press, Oct. 11, 1963]

THE HEALTH FOOD FAD; GLIB PHONIES RAKE IN $500 MILLION EVERY YEAR

(By Charles Schaeffer)

More people are falling for the phony promotion of special foods and tonics than any other products in the health field.

Food and vitamin faddism is big business today, netting promoters a conservative $500 million a year—about half the Nation's quackery take.

The Food and Drug Administration says there are about a dozen major companies in the field and a number of smaller ones. Two years ago these firms employed 50,000 full- or part-time peddlers.

One of them once had 15,000 doorbell ringers—about 7 times FDA's entire staff—pushing a shotgun formula of vitamins in a secret base of alfalfa, parsley, and watercress.

Some inroads have been made by the FDA but America's hypochondriacs, neurotics, and food faddists—an estimated 10 million intelligent and ignorant alike—continue to sop up and believe the suave pitchmen of these products.

Although he has shaved his handlebar mustache, and writes bestsellers instead of haranguing a carnival crowd, the modern patent medicine man's line is as old as the snake-oil peddler's.

For behind this boom is one of the biggest hoaxes ever perpetrated—that standard grocery store food lacks necessary nutrients and vitamins.

Noted Harvard nutritionist and Sunday Press columnist, Dr. Frederick J. Stare, who is often abused by food faddists says:

"No one food is essential to health. Some 60 nutrients are. By eating a varied diet, from foods available in any grocery store, you will get them."

Does this mean vitamin supplements are always superfluous? No. Health authorities believe that most Americans get the required 12 vitamins in their regular diet—and others could if they ate properly.

For those with vitamin deficiencies (and only a licensed doctor can diagnose this) a low-potency vitamin supplement prepared by recognized drug firms can act as preventive medicine, says Dr. Stare.

Health-food quackery is bad if it only raids your purse. But gobbling potent vitamins and off-beat nature foods willy-nilly can damage your body, too, warns Dr. Stare: "There are times when persons with real health problems rely on the products of nutritional quackery rather than on sound medical treatment. There are times when people actually create or contribute to their dietary deficiencies by abandoning their normal diets and turning to so-called health foods."

One of these was a young secretary. Ordinarily in good health, she began to sense periodic spells of weakness and fatigue. Her friends said she was "probably anemic." When she later heard a television pitchman's smooth spiel for pepping up "tired blood," the secretary convinced herself she had iron-deficiency anemia.

She swallowed the tonic for 8 months. Meanwhile, she suffered progressive weakness, weight loss, and swollen ankles. Frightened now, she went to a doctor. Diagnosis: chronic nephritis, a kidney disease she had all along.

Though she was anemic, too, this stemmed from diseased kidneys—not from causes that could be altered by iron tonic. Luckily, the doctor saved her life, but others who self-doctor their symptoms with pills, powders, and potions aren't always so fortunate.

Slick nutrition peddlers craftily skirt the law just outside of the Goverment's reach. Nutritional quackery is the hardest to prove. Occasionally some are netted.

The Federal district court, Detroit, recently gave William L. Abt, naturopath and itinerant health food lecturer, a 1-year suspended jail sentence and fined him $1,000. In 1961 Abt lectured Detroit audiences, sold Health foods, peddled a book on the keys to health and longevity, and offered his products for the treatment and prevention of ailments including cancer, glaucoma, arthritis, heart conditions, and ulcers, FDA said.

When he launched a new series last March, FDA inspectors rushed to the scene and obtained criminal information, charging the health foods were misbranded because of lecture statements. Police arrested Abt before he could return to his Canadian home. Later, said FDA, the health-food lecturer changed his plea from innocent to guilty.

In truth, most Americans must go out of their way to avoid being overnourished. Then why the fantastic health-fad boom? The experts sum it up: Ignorance, fear, superstition, and hypochondria. All of it exploited by an army of glib health hucksters.

Recently, FDA chronicled four myths of nutrition that can help you detect and avoid the health-quack's clutches:

Myth No. 1: Impoverished soil produces inferior food leading to malnutrition that can only be offset by natural foods grown by organic farming.

Myth No. 2: Our food is devitalized by overprocessing and fails to provide proper nourishment. (This, says the American Medical Association, "is a condemnation of our food industry that is, in fact, supplying us with the most nourishing and wholesome foods in the world.")

Myth No. 3: Most, if not all diseases are caused by faulty diet—arthritis, heart disease, anemia, and brittle bones, to name a few.

Myth No. 4: Most Americans suffer from "subclinical deficiencies" curable only by dietary supplements. Nonsense, says AMA. Subclinical means without signs or symptoms, unrecognizable with no evidence of disease. By its very definition it cannot exist.

FDA, too, has issued warnings against: shotgun vitamin formulas, promising as many as 32 vitamins; expensive "organic" foods that are no more nutritious than grocery store items: miracle foods alleged to prevent dangerous disease; medically unsupervised diet pills; extravagant mail-order promises; and "health food" lecturers.

Alarmed at quackery's spread, authorities are mounting campaigns on many fronts. They look to public education as a means of unmasking the culprits.

This is one of the aims of a quackery congress presently to meet in Washington. But there is also the sterner approach. Says Milton P. Duffy of California's Department of Health:

"From the vantage point of 47 years of dueling with quacks, I firmly believe there is nothing so educational as a stretch in jail—or a stiff fine which takes the profit out of profiteers."

TREATMENT OF THE MENTALLY RETARDED

Mr. WILLIAMS of New Jersey. Mr. President, the National Association for Retarded Children recently held its annual convention in Washington. The outcome of this meeting was an indication of great progress in prevention, treatment, and rehabilitation of the mentally retarded.

Richard J. Hughes, Governor of New Jersey, was the keynote speaker at this convention. Governor Hughes has been vitally interested in the work of this organization. He is chairman of the Governors' Conference Committee on Public Health and Welfare. Within New Jersey he has helped to establish an interdepartmental committee on lifetime disability and has invited the formation of a Governors' advisory council on the same subject. The Governor's pending bond issue includes provisions for strengthening institutional facilities and developing community centers for group living, sheltered workshops, day care, and other new programs.

Governor Hughes' speech is a fine summary of the present efforts to aid retarded children. I ask unanimous consent that this speech be printed in the RECORD at this point.

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

ADDRESS OF GOV. RICHARD J. HUGHES TO ANNUAL CONVENTION OF NATIONAL ASSOCIATION FOR RETARDED CHILDREN, MAYFLOWER HOTEL, WASHINGTON, D.C., OCTOBER 23, 1963

It is indeed a privilege for a fairly recent recruit in the fight against mental retardation to be asked to address a meeting of combat veterans in this field. Despite 10 active years on the New Jersey bench, and numerous civic interests, the tragedy of retardation was but a sad statistic to me until I became Governor. Then a full confrontation with the dimensions of this problem reshaped my entire outlook.

And so, as with most recruits, I expect that I will have to make up in enthusiasm what I lack in knowledge of the complexities of the problem of mental retardation. Yet, I draw a great measure of moral support—as I am sure you do—from the fact that the President of the United States is joined with us in this battle.

Truly this must be an exciting time in the life of the National Association for Retarded Children as you review the accomplishments of the past year. After years of struggling in the darkness, you did not despair and in the past year alone you can tally more significant progress than in earlier decades.

Among these notable events was the report of the President's Panel on Mental Retardation, blueprinting the first national action program for combating mental retardation; the President's message to Congress on mental illness and mental retardation, recommending Federal programs for implementing the report of the President's panel; and the White House Conference on Mental Retardation. I daresay that even the most optimistic among you would not have anticipated this dramatic turn of events.

Now your cause is receiving unprecedented attention at the national level. With Dr. Stafford Warren as a Special Assistant to the President for Mental Retardation, you have a spokesman at the highest reaches of Government. And it is your great and good fortune to have as a champion, Mrs. Eunice Kennedy Shriver.

But in reciting these instances of recent achievements for the cause of mental retardation, I do not intend to overlook the steady accomplishments over many years of the National Association for Retarded Children and its affiliated State associations and local chapters.

Your organization—like the many other voluntary service groups in this country—embodies two outstanding characteristics of the American people: the compassionate generosity of the Good Samaritan and the free cooperation of the self-reliant. Let us hope that this tradition of voluntary service shall prosper for, as demonstrated by your efforts, it adds immeasurably to the health of our society. If it were not for the helping hand which you have extended to the mentally retarded, there would be an even greater burden on the conscience of America for the long years of accumulated neglect.

My emphasis on the splendid contributions of voluntary associations and the virtues of individual generosity and self-reliance should not be misunderstood as opposition to the social programs of Government rightly responsive to human needs and the demands of social justice.

Edmund Burke once observed that "government is a contrivance of human wisdom to provide for human wants." If we are wise we will recognize that there is a proper role—indeed, I would say, an obligation—for government action, not merely to encourage the activities of private individuals and groups, but to provide for the general welfare when human needs are beyond the competence of individual citizens and their voluntary associations.

Certainly, both the dimensions of the problem and the demands of social justice necessitate the use of that "contrivance of human wisdom" in the service of the mentally retarded.

In his message to Congress on mental illness and mental retardation, President Kennedy clearly stated the reasons for the involvement of Government. In his words:

"The fact that mental retardation ordinarily exists from birth or early childhood, the highly specialized medical, psychological, and educational evaluations which are required, and the complex and unique social, educational, and vocational lifetime needs of the retarded individual, all require that there be developed a comprehensive approach to this specific problem."

For the first time we have a President who has given full recognition to this Nation's obligation to the afflicted and their families and has initiated a bold new approach to the problems of mental retardation. We all have a duty—every State in the Union—to become involved in the action program set forth in the report of the President's Panel on Mental Retardation.

What is needed is a partnership of service to the mentally retarded. And if this partnership is to be successful, if it is to deliver a satisfactory range of services to those afflicted, we must put aside those petty jealousies and parochial concerns which often bog down the bureaucracy. We must

put aside the sterile debates over intergovernmental relationships which ignore the actual arrangements of roles and functions of the American system of cooperative federalism.

Our focus should be functional—fixed on those persons in need of services. All levels of government, along with private individuals and associations, should work together with each contributing the service of which it is best suited and most capable. This concept assumes no prejudice against any level of government, rather it seeks to reflect the reality of the American system. Americans have fashioned many combinations of intergovernmental programs which are devised not to achieve a single logical pattern of fixed jurisdictions, but to get on with the business of America.

Having recognized the practical diversity of intergovernmental arrangements, I would like to call attention to the important role of State government:

"State leaders, especially those in public positions, have a particularly useful perspective on the needs of their citizens as well as on the State's resources for meeting those needs. This perspective is denied to the local community because it is too small and too close to the problem. It is likewise denied to the Federal Government because it is too large and too distant, and lacks the authority for direct action which has been reserved to the States."

It is clear then that the success or failure of this major national effort will depend upon the response of our States to the recommendations of the President's panel.

Speaking as Governor of New Jersey, I fully accept that obligation, that responsibility for leadership in my own State. Speaking as chairman of the Governors' Conference Committee on Public Health and Welfare, I urge that my fellow Governors throughout the country recognize this obligation and their responsibility for leadership in our fight against mental retardation.

No elected official should be hesitant to join in partnership with other levels of government and voluntary associations for service to the mentally retarded. Yet, some are reluctant to translate their admitted moral obligation into the necessary facilities and programs. It is up to you—your associations working with other interested individuals and groups—to build the bonfires under your State leaders and your fellow citizens—and to keep them burning until you get action.

With the full support of the national administration now committed to your cause, there has never been a more opportune time to develop public awareness of the problem of mental retardation so that support for new and improved programs can ben generated in the local communities.

I wonder, for instance, how many of our citizens appreciate what might be called the "iceberg factor" of mental retardation, that great body—estimated to be 75 to 85 percent of mildly retarded—who are the products of poverty and the other kinds of social and cultural deprivations found in city tenements and rural slums. The public must be made to realize that such conditions result in a tremendous waste of human resources and a substantial drain on the public treasury.

But let no one think that the task will be easy. I can testify to that from my own present campaign to secure the passage of a bond program which in the field of mental retardation would provide funds for strengthening our institutional facilities and developing new programs, including community centers for group living, sheltered workshops and day care. I would alert you to the type of citizen who is immune to the call of conscience, whose sole interest is defined in tax dollars: I recall one such citizen confronting me with the query—"Why don't you worry about the 97 percent of us (taxpayers) who aren't mentally retarded?"

Perhaps it might be possible to convince such a person that the financial consequences to the taxpayer of untreated, untrained mentally retarded can be substantial. In this as in any field, preventative action is sound economics as well as humane public policy.

Efficient and effective programs of service require comprehensive planning and coordination of effort. There is a critical need for cooperation between the departments and agencies at all levels of government. We in New Jersey, working with the New Jersey Association for Retarded Children, have established this year an interdepartmental committee on lifetime disability. It is composed of five cabinet members from the appropriate departments and a representative of the Governor's office, and its function is to plan and coordinate State services to all those with permanent handicap. The aim, of course, is to strengthen our services to the handicapped so that they will be brought out of the shadows and into the world of opportunity for personal growth, self-respect, and independence.

To augment the work of the interdepartmental committee, I have invited a broad representation of lay and professional citizens to form a Governor's advisory council on lifetime disability. The council will bring the public, voluntary, and professional efforts into coordination with the planning and the programs developed by the interdepartmental committee.

As I see the function of the advisory council, it would operate as a constructive critic and as a consumer's representative, so to speak. For this reason we have insisted on a clear distinction between the government authorities with administrative responsibility and the advisory group comprised of professional people, interested lay leaders, and representatives of the consumers of the services.

I would like to think that an advisory council would be in a position to alert the Governor as the watchdog of the State's programs. It does not serve the interest of the handicapped to have an advisory council so closely identified with those planning and administering services that it would fail to exercise a critical function for fear of offending a pleasant, but ineffective government official.

And lest I seem to be deserting members of the governmental establishment, let me offer a cautionary word to those interested and single-minded citizens who are apt to be overcritical of the efforts of government authorities. Most such citizens do not feel the broad impact of competing demands upon the scarce resources of their governments. Nothing is quite as sobering as looking down the doubled-barrel of increasing needs and diminishing revenues.

This point was well made by the late Commissioner John Tramburg, who many of you in other States admired and respected as we in New Jersey did. In speaking to the 1961 annual convention of the American Association on Mental Deficiency, Commissioner Tramburg warned of professional workers who "ask for program expansion without successfully undertaking broad information policies that might result in the taxpayer and elected representative supporting such programs despite any reflected increase in taxes."

Although adding that note of caution, I am not an apostle of patience. Considering that we are faced with what President Kennedy has called "the tradition of neglect," impatience is clearly required. And we must communicate a sense of impatience to the public as well as the realization that there is much that can be done to eliminate those conditions which cause so much retardation. For as was stated by the President's panel:

"Our greatest hope for a major victory over mental retardation lies in the general measures—long-range in character—which are designed to overcome the social and economic ills which plague the underprivileged in our society."

The National Association for Retarded Children will undoubtedly join in such a broad spectrum attack. I would hope that you will be found fighting not only for specific programs, such as PKU testing, sheltered work programs and mental retardation facilities construction, but for the kinds of social and economic policies and programs which offer the promise of raising the living level of the underprivileged. While we may never completely eliminate adverse environmental conditions, each advance against the unrealized needs of those who are in want pays the dividends of fewer retarded children.

This is a great fight, and one which may in our time never result in total victory; but it is a fight which edifies its participants and permits them to leave on the face of this troubled world a record of noble and high achievement, perhaps the highest within the reach of ordinary mortals. Understanding this, I rejoice in being your companion in this struggle upward toward the light.

STAN MUSIAL

Mr. WILLIAMS of New Jersey. Mr. President, one of baseball's truly great men has retired this year after 22 years in the sport. Stan Musial, for the full duration of his career, played dedicated and sporting baseball for the St. Louis Cardinals, and has now retired from active playing to become a vice president of the ball club. The Daily Home News, of New Brunswick, N.J., on August 28, 1963, printed an editorial honoring "Stan, the Man," Musial. I would also like to call your attention to a letter to the editor written by Mr. John J. Wolczanski, executive director, New Jersey Polish-American League. Mr. Wolczanski pays appropriate tribute to Stan Musial, "son of a Polish immigrant." Mr. President, I ask unanimous consent that this editorial and letter be printed in the RECORD.

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

[From the New Brunswick (N.J.) Home News, Aug. 28, 1963]

LEARNING FROM STAN

Stan Musial, no doubt, has taught many people many things. (This includes plenty of pitchers not to serve up a fat pitch to him.) Even so, there's one lesson that all of us—especially the youngsters—can learn from this sterling player, retiring after 22 years of major league play.

His great success was compounded on a disappointment. When he broke into baseball in 1938 he wanted to be a pitcher. After 2 years he developed arm trouble and nearly quit the sport. His manager in the minors talked him into trying the outfield and his willingness to stick it out, even though he felt he'd failed, led to fame and records in the book.

In Gene Ward's column appearing in the New York Daily News (Sunday edition) on Sunday, September 29, 1963, a notable statement by Hank Sauer, the old Cub and Giant outfielder, summed it up for all of us in one sentence. "Any guy who ever says anything bad about Stan Musial has to have

something wrong with him." That said it all.

On Sunday, October 6, the color magazine section of the New York Daily News again (God bless them), a picture and story by Stan will be published by Benjamin K. Handel, magazine editor.

STAN MUSIAL, "GENTLEMAN OF BASEBALL" AND GREAT POLISH ATHLETE, RETIRES

Hon. HUGH N. BOYD,
President, the New Brunswick Home News, New Brunswick, N.J.

DEAR MR. BOYD: As a great admirer of Stanley F. Musial, the great St. Louis Cardinals National League baseball star, I wish to cordially thank you for the excellent editorial you published on "Stan, the Man" in your newspaper on Wednesday, August 28, 1963.

It was a never-forgettable thrill for me personally to represent New Jersey Gov. Richard J. Hughes and the people of New Jersey by presenting a citation to Mr. Musial at the New York Polo Grounds, where a "Musial Night" was held in his honor last year. Among other admirers and messages sent that evening was from the President of the United States, John F. Kennedy.

We, from 8 to 80 can learn many facts of life from the son of a Polish immigrant, who is known as the "Gentleman of Baseball." Among his virtues, he never argues with an umpire or refuses to give his autograph.

Baseball will lose a great public relations man. We will miss his happy smile and peculiar stance at the home plate.

He is a credit to American sportsdom.

God bless him.

JOHN J. WOLCZANSKI,
Executive Director,
New Jersey Polish-American League.

ANTIDUMPING LEGISLATION

Mr. HUMPHREY. Mr. President, as the first session of the 88th Congress draws into its final weeks, it becomes increasingly difficult to expect any action this year on a piece of legislation that remains, nevertheless, of important and even vital concern to our economy. I am referring to the antidumping amendment, S. 1318, and H.R. 5692, and other related bills in the House, which would tighten loopholes and provide for fairer, more effective procedures in the administration of the Antidumping Act of 1921.

What we have proposed is a moderate, constructive amendment which does not alter the act of 1921's basic purpose, philosophy, or function; nor does it conflict with the Trade Expansion Act.

This bill has received the enthusiastic bipartisan support of 27 Senators and 50 Representatives, as well as about 2 dozen affected trade associations, industry groups and labor unions.

While it appears that time may run out on us this calendar year, with the decision to conduct hearings on the President's medicare bill in the House Ways and Means Committee, I know that the sponsors of the proposed Antidumping Act amendment are deeply hopeful that hearings will be called early next session, and that Congress may proceed to an orderly consideration of this legislation.

In the meantime, interest in this amendment remains high, and discussion of the purposes and possible effects of the amendment continues vigorously. This is well, for in the period until hearings are definitely determined and scheduled, wide public discussion may help to bring about a consensus on the need for this legislation.

In introducing the amendment, I did not contemplate that the precise language of the proposal would ultimately be adopted. Rather, the proposal was designed to provoke discussion, hearings and ultimately to produce legislation refined in the legislative process which would carry out the general purposes of the proposal. Those purposes I now wish to review briefly.

On the basic problem of dumping, I believe there to be very wide agreement. Dumping is an unfair trade practice. The Antidumping Act of 1921 is sound in principle. And there appears to be widespread agreement that only changes in the act can provide for fairer and more effective administration of the act.

In its efforts to tighten loopholes that have appeared in the act, this legislation proposes the following:

Legal authority for Treasury Department flexibility necessary to meet the problem of dumping from Communist countries.

Consolidation of complaints against dumping, so that related complaints may be filed and considered together, rather than being sent to the Tariff Commission country by country.

Penalties against filing of false information or failure to file on the part of foreign manufacturers, foreign exporters and importers.

Strengthening the Treasury Department's ability to consider appropriate larger margin in evaluating pricing formulas used by "dummy" foreign exporters.

Permitting quantity discounts for exporters to the United States only if they actually reflect cost savings, as in the Robinson-Patman Act.

In seeking to provide fairer, more effective administration procedures, the amendment would—

Place a reasonable limitation on amount of time that the Treasury Department can take in dumping cases, with escape valves where necessary.

Require the Treasury to publish fuller reports on facts and reasoning behind the Treasury's dumping determinations.

Require Treasury to issue proposed reports so that interested parties may have an opportunity to correct any fallacies and to supply additional information.

Require that complainants under the act should have disclosed to them nonconfidential cost data used against them.

Provide for dismissal by Treasury within 15 days of any unsupportable complaint. Failure to dismiss complaint would not cause automatic withholding of appraisement.

Clarify the right to judicial review, for both importers and complainants, of Treasury and Tariff Commission findings.

Mr. President, these are the general objectives of the amendment. I recognize that the specific proposals may very well be improved or modified in the legislative process. I shall welcome the close attention of the appropriate committees of the Congress, and the opportunity for full public discussion which any good legislation requires prior to enactment.

There has been considerable criticism of the Treasury Department relative to its enforcement of the Antidumping Act, and in all fairness, I asked the Assistant Secretary of the Treasury, James A. Reed, to comment for the record on some of the major criticism of his Department on this score.

The able Assistant Secretary of the Treasury consequently prepared for me a letter which I am pleased to note demonstrates a considerable stepup in the level of enforcement of the Antidumping Act since the advent of the Kennedy administration. In other words, while I believe that the law can be amended to provide for better procedures, we must applaud the action of Treasury in its improvement over the previous administration.

At the same time, I am pleased to be informed by Assistant Secretary Reed that the Department is preparing to conduct "a review of the entire procedure in the Treasury Department and the Customs regulations under the Antidumping Act to determine whether there are changes which should be made to improve the administration of the law."

This is a constructive, affirmative attitude, and I commend Assistant Secretary Reed and the Department for this decision.

Mr. President, I ask unanimous consent to have printed at the conclusion of my remarks a letter from Assistant Secretary of the Treasury James A. Reed, in which he reviews the recent history of his Department in the antidumping field.

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

TREASURY DEPARTMENT,
Washington, September 11, 1963.

The Honorable HUBERT H. HUMPHREY,
U.S. Senate,
Washington, D.C.

DEAR SENATOR HUMPHREY: I appreciate very much your giving me the opportunity to present a few comments on behalf of the Treasury Department relative to enforcement of the Antidumping Act.

Our job in the Treasury Department is to determine if there is dumping as to price—that is (in the typical case) if imported goods are sold in the United States below a foreign producer's home price. The Tariff Commission's job is to determine if there is injury to American industry. If both injury and price discrimination are present, a dumping finding is made and dumping duties are assessed. In addition, where price discrimination is found but the foreign producer thereafter makes price revisions to correct the situation and the amounts involved are minimal, Treasury often closes the case without reference to the Tariff Commission upon assurance that the revisions will remain in effect. It should also be noted that while the dumping cases are being processed, Treasury withholds appraisement if there is reason to believe or suspect the presence of price discrimination.

In the past 9 years Treasury has found price discrimination and, accordingly, has taken action in protection of U.S. industry in approximately one-third of the cases presented to it. This enforcement record has been considerably stepped up under the Kennedy administration. Whereas, during the period 1955–60, determinations of dumping price by the Treasury or price revisions

by foreign producers ending dumping were found in only 27 percent of the cases processed, the figure for 1961 was 40 percent, and the figure for 1962 was 60 percent. Withholding of appraisement, which often brings imports to a stop while cases are being processed, has increased from an average of 10 percent of cases processed in the middle 1950's to 50 percent in the past year.

With reference to steel products, the Treasury Department has passed upon five cases involving steel wire rods of which four were sent to the Tariff Commission with determinations of dumping price. Six cases are pending with regard to steel pipe, but no decision has been reached in any of these cases.

A year ago an interdepartmental study group was formed to consider in detail what improvements should be made in the administration of the Antidumping Act. Recommendations were formulated, largely designed to speed up the administration, which have now been placed in effect.

Recently a study was completed by an outside consultant on the troublesome question of low-price imports from Japan. Recommendations were made as to how this question should be further explored, and these recommendations are now being followed.

It is natural that when the Treasury rejects a complaint the domestic producer often alleges that his position, views on the law, and allegation of fact have been given inadequate or improper consideration. Similarly, when the Treasury finds sales at a dumping price, the foreign exporter, his government, and the American importer are likely to allege that the Antidumping Act is being enforced unfairly in favor of the interest of domestic manufacturers. Accordingly, over the years we have received numerous protests from both sides. Since we endeavor to administer the law with impartiality, this no doubt will continue to be the case. We do not, however, look on the situation with complacency and are about to conduct a review of the entire procedure in the Treasury Department and the customs regulations under the Antidumping Act to determine whether there are changes which should be made to improve the administration of the law.

Sincerely yours,

JAMES A. REED.

COOPERATIVE MOVEMENT IN LATIN AMERICA

Mr. HUMPHREY. Mr. President, before the Senate concludes its business tonight, I wish to comment on one particular aspect of the foreign aid bill which is before the Senate. In my presentation in support of the foreign aid program last week, I referred briefly to the role of the cooperative movement as applied in the development of Latin America.

Last week, in my speech on the Alliance for Progress, I referred briefly to the role which the cooperative movement is playing in the development of Latin America. I mentioned that I have offered an amendment to the existing aid bill to assist in the development in an inter-American cooperative finance system. The amendment was accepted by the Foreign Relations Committee and is incorporated into the bill before the Senate, and also in the committee's report on the bill. I would like to speak briefly today on this section of the bill.

A significant breakthrough in expanding the self-help, private enterprise feature of our assistance program in Latin America is made by new provisions included in H.R. 7885 which authorizes the President to "assist in promoting the organization, implementation, and growth of the cooperative movement in Latin America as a fundamental measure toward strengthening of democratic institutions and practices and economic and social development under the Alliance for Progress." This was the amendment I introduced 2 years ago to encourage giving further attention to the cooperative movement in this hemisphere.

There are today nearly 6 million people in Latin America who are already members of more than 16,000 cooperatives. These cooperatives are urban and rural. They deal in credit and fishing. They are trying to provide housing and transportation. In short, they include people from every walk of life. The charter of Punta del Este and the inauguration of the Alliance for Progress are offering new hope and new expectations among these people and among the millions who are not yet a part of any institution or system which permits them to participate in their own economic development and the economic development of their countries. A strong integrated cooperative movement offers one of the finest means through which a significant segment of these masses can organize their own institutions to permit them to participate economically and which, incidentally, will teach them the value of a private enterprise system and the value of practicing democracy. It gives them a stake in the stability of their own government since they will, for the first time, own something which can be lost.

A strong cooperative movement provides:

First. Locally owned and locally controlled institutions in the hands of the people themselves through which their savings and efforts can be utilized for the improvement of their living standards;

Second. A growing private enterprise system;

Third. A strengthening of the buying or marketing power of the smallest purchasers or sellers;

Fourth. A means through which the untrained can afford to hire the highly trained to work in their interests on a self-sustaining basis; and

Fifth. An incentive to save and invest for the future.

Equally as important in a strong cooperative movement is the social effect of—

First. Developing leadership within the institutions and an understanding of the role of leadership in community development;

Second. Dramatizing in a practical way the benefits of working together;

Third. Dramatizing the meaning of democracy, majority rule, and the equal dignity and worth of the individual since each individual has one vote as a person; and

Fourth. A greater appreciation of the value of the free enterprise system in a democracy where people work together to promote their common ends rather than organizing to oppose or destroy.

Great strides have already been undertaken since the Charter of Punta del Este to lay the groundwork and the basis for the kind of developments which the new legislation in H.R. 7885 envisages. In February of this year the cooperative movement of this hemisphere met in Montevideo, Uruguay, to formally establish the Organization of the Cooperatives of America (OCA). Latin American cooperatives are for the first time, now united through their common organization to maximize the principle of self-help. OCA undertook, with a limited staff made possible by AID, a major socioeconomic survey of the status of the cooperative movement in Latin America, the favorable and unfavorable conditions for its development, and guidelines for its future growth. One hundred and thirty-six volunteers from seventeen countries performed this study, the first of its kind ever undertaken in Latin America. Secondly, the leaders of OCA, recognizing the necessity to unite and develop their programs throughout the hemisphere, requested AID and AID had a major feasibility study made to show them how to organize an inter-American cooperative financing system.

The proposed cooperative financing system is intended to become a self-sufficient, privately owned credit system which could finance Latin American cooperatives, attracting private capital from the United States, Europe, and Latin America rather than becoming continuingly and increasingly dependent on the U.S. Government.

The Inter-American Cooperative Finance Institute—IACFI—would serve the cooperatives of Latin America in much the same way as the U.S. Banks for Cooperatives have served farm cooperatives in this country since 1934. The Central Bank for Cooperatives and its 12 associated regional banks in the United States were organized as a private credit system although the Federal Government contributed all of the initial capital and retained important controls over operations. Borrowing cooperatives have systematically increased their equity in the banks because they have been required to buy stock in proportion to their loans. The Cooperative Banks began to retire the Government capital in 1956; ultimately the U.S. Banks for Cooperatives will be wholly owned by their cooperative borrowers. This private financial system can and does borrow approximately $500 million in Wall Street without the guarantee of the Government at interest rates only slightly higher than those paid by the Federal Government.

The proposed IACFI system for Latin American cooperatives would be similarly financed and organized. The lendable resources of the central bank, in Washington, initially would come from the sale of stock to Latin American cooperatives and from external financing from the U.S. Government in local currencies which H.R. 7885 would authorize and some hard currencies from an international lending agency such as AID. The cooperatives of Latin America have recognized that their control of such a system would only be achieved to the extent

that their own investment in such a system warrants such control. The proposed system contemplates the borrowing described above over a period of 5 years. It is anticipated that with a history of successful operations, IACFI would be able to borrow in Wall Street and in Europe although probably at a higher interest rate than is paid by the U.S. Banks for Cooperatives.

The Inter-American Institute in Washington would generally discount loans to Latin American cooperatives made by other institutions or participate in loans too large for other cooperative finance institutions and only occasionally lend directly to cooperatives. All loans would be accompanied by appropriate technical assistance measures. National Cooperative Finance Institutes—Nacfi's—would be formed in many countries with domestic capital while IACFI would provide technical assistance and discount privileges. There are appropriate cooperative financial institutions in a few countries which could be made more effective by the establishment of IACFI.

The cooperative movement in Latin America through the Organization of the Cooperatives of America has endorsed the proposed plans for this system and have indicated a willingness to undertake the obligations of participating in such a system. The cooperatives in several countries are already taking steps looking toward the establishment of the Inter-American Cooperative Finance System. Action is already underway in Chile, Peru, and Ecuador while cooperative banks are already in being in Uruguay and Venezuela. Individual cooperatives have for some time been seeking adequate financing for projects which they cannot initiate for the lack of a financing system. These include food processing; livestock and fishery development; coffee, cacao, and banana marketing and export cooperatives; consumer co-op markets; fertilizer, feed, seed, and other farm supply cooperatives, and so forth.

New provisions in H.R. 7885 providing for the expansion and growth of cooperatives in Latin America attack one of the major ills afflicting Latin American growth; namely, rural poverty. The use of local currencies along the lines provided for in this legislation not only makes effective use of local currency resources available to the U.S. Government but stimulates economic activities which will tend to lessen the need for U.S. Government loans and grants of dollars to Latin America.

This cooperative financing system will serve well the purposes of another great institution which our Government is participating in. The social projects division of the American Institute for Free Labor Development is carrying out the great task of developing a free and democratic trade union movement. Those social projects rely almost exclusively upon the development of cooperatives sponsored by free trade unions. The AIFLD is supported by the U.S. business community and foundations, by the AFL-CIO, and by AID.

The Agency for International Development has made extensive progress in developing a program for the establishment of a wide variety of self-sustaining cooperative institutions. These include credit unions, rural electric co-ops, housing cooperatives, savings and loan associations, marketing cooperatives, farm supply cooperatives, transportation cooperatives, and so forth. It has become increasingly apparent that the ultimate success of these programs depends in large measure upon the development of a proper financing mechanism. This legislation offers a concrete step for the immediate development of such an institution.

The report of the Committee on Foreign Relations very clearly indicates the support which it gives to this proposal by singling it out for special emphasis in this bill. President Kennedy, David Bell, Administrator of the Agency for International Development, and Teodoro Moscoso, the U.S. Coordinator of the Alliance for Progress, have been emphasizing the importance of self-help measures and the role of private enterprise in developing nations. This legislation can be made effective almost immediately to carry out those great objectives. I am sure that I speak for all of us when I say that we shall look forward to this course of action.

AID IMPROVES PUBLIC ADMINISTRATION IN LATIN AMERICA

Mr. President, every discussion of the Alliance for Progress eventually turns on the subject of the quality of public administration in Latin America. Whatever area we discuss—agrarian reform, taxes, education, or other—the problems in getting moving hinge upon finding good managers, well-conceived institutions, and well-run programs. Such are the key to doing the public's business in a reasonably efficient manner. We cannot afford the luxury of administrative waste.

Recognizing this, AID has given increasing attention to this area and instituted a number of programs in fiscal year 1963 in Latin America. Success or failure in the long run will hinge upon continuing and expanding this. In this area we must promote rapid but realistic administrative reform. It is not easy to achieve quick and meaningful administrative change, but we cannot wait for any Latinized Hoover Commission to get going. We must train sufficient numbers of local leaders to develop both a nucleus of competence and a better climate for reform. Such are the indispensable ingredients for significant administrative improvement anywhere.

The opportunities are limitless, whether we look at the central management functions such as budgeting and accounting, the organization for planning, statistical services, personnel and procurement practices, or whether we look at functional fields such as public works, agriculture, and education. It is not only the public administrative section which needs attention. The private sector is also important. Indeed it will have to carry the greatest load in developing Latin America.

I wish to call the attention of my colleagues to a summary of the activities carried on in these vital areas in Latin America during the past fiscal year, 1963. This provides a summary on developments in Latin America in the field of public administration, similar to those on land reform, tax reform, housing and private enterprise which I include as appendices to my Alliance for Progress speech delivered in the Senate earlier this week.

I ask unanimous consent to have this summary printed in the RECORD.

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

DEVELOPMENT ADMINISTRATION IN LATIN AMERICA—SUMMARY OF ACTIVITIES, FISCAL YEAR 1963

I. INTRODUCTION

This report highlights AID's activities in the field of development administration during the period July 1, 1962–June 30, 1963. Some of the more significant new activities are summarized first to show changes and increases in the program during fiscal year 1963. This is followed by a review of activities initiated in earlier years which, though limited, provided the indispensable base for this year's developments.

The long-term AID staff in the field fell to less than 40 in 14 countries and on regional assignments during the year, consistent with the total program shift to accelerated use of selected contractors and other Federal agencies such as the Census Bureau and the Internal Revenue Service.

During the year, OAS somewhat strengthened its resources in the field of public finance and administration. The Development Administration Division maintained close day-to-day working relationships in the development and execution of programs to assure that AID's activities complemented those of OAS. Similar informal working relationships were maintained with UNTAA which has a limited public administration program in Latin America.

II. NEW ACTIVITIES IN FISCAL YEAR 1963

A. Fiscal administration

1. The program to enlist the cooperation of the Internal Revenue Service in tax modernization in Latin America was developed, an interagency agreement was signed, and the program is in operation. IRS has constituted a 3-man Washington foreign tax assistance staff and during fiscal year 1963 made available 24 men for service in 11 countries in Latin America.

2. The Latin America Tax Assistance Reserve (LATAR) was established under AID financing and is now operational. By September, 25 IRS men will be in training for service in Latin America. The program provides for 16 weeks of special training, including 8 weeks of Spanish, for men who will be assigned directly overseas or will be on call from their regular IRS positions to meet the needs for tax administration advisors in Latin America.

3. Comprehensive surveys were made by AID/W organized teams of fiscal administration in Peru and Ecuador and of tax administration in Guatemala and Honduras. Surveys of customs administration were made in Chile, Ecuador, Guatemala, and Peru.

4. Following the fiscal survey, the first loan for administrative and fiscal reform was developed and approved by AID for Ecuador. Work has been started on a contract between the GOE and the Internal Revenue Service, the first of its type, to be financed through a loan, for modernization of Ecuadorian tax administration. Some 50 Ecuadorian tax auditors were trained in Quito by a USAID

accounting adviser and a substantial number were hired as new tax auditors by the GOE.

5. An IRS tax adviser, who had previously advised Colombia on plans for ADP, returned to Bogotá toward the end of the fiscal year to begin a 2-year tour, and work has been started to provide the team already requested by Colombia and USAID for the comprehensive survey of tax administration.

6. Panama requested the IRS tax adviser, who had developed an audit handbook and trained Panamanian auditors during a 2-month assignment, to return for a 1–2 year assignment. Plans have been completed for his return in September.

7. Plans were completed for a tax policy survey in Jamaica in July.

8. Costa Rica and Guatemala were given assistance in improving budgeting and a comprehensive survey was made of budgeting in Bolivia.

9. Public administration service started work under an AID contract for the modernization of the Contraloria in Chile.

B. Training

1. An eight-man team from the Harvard Business School is now engaged in the second phase of a program to strengthen business administration in Central America under an AID contract signed in June. The current program was undertaken following an earlier exploratory study by a three-man team from Harvard.

2. The special program of public service training at the University of Puerto Rico became operational. Late in the fiscal year a study was made of training in public administration in Puerto Rico which included both training at the university and in the Commonwealth Government.

3. Two hundred thirty-five participants were trained in the United States including Puerto Rico, through the international training division during fiscal year 1963. This represents an increase of 32 percent over fiscal year 1962. Much of the increase resulted from expanded use of facilities of the Commonwealth and the University of Puerto Rico where more than 150 participants received training.

4. AID/W sponsored and financed a series of special training programs designed to reach key groups in the development process in Latin America:

(a) A seminar on the role of personnel administration in economic and social development in conjunction with the annual conference of the Public Personnel Association at Miami Beach.

(b) A workshop on development planning in conjunction with the conference of the Inter-American Society of Planners in Santiago.

(c) A workshop in Costa Rica on the processing of economic censuses conducted by the Census Bureau with the assistance of the Inter-American Statistical Institute.

(d) Collaboration with UNESCO and OAS in supporting a program for training educational planners at the Latin American Institute for Economic and Social Planning in Santiago.

5. A comprehensive survey of the inservice training needs and interests of the governments of Central America was completed and is now under consideration by ROCAP.

6. The program to strengthen the teaching of economics at the University of Cuyo, Argentina, became operational with the arrival of faculty members from the University of Chicago and the Catholic University of Chile at Mendoza, and the arrival of Cuyo faculty members for study at Chicago. Late in June, negotiations were nearing completion with the University of Minnesota for a contract to strengthen economic training and research at the University of the Andes, Bogotá, Colombia.

7. Stanford University's first staff members began arriving in Lima to begin the establishment of a program in business administration under an AID contract. Plans were developed for new and expanded programs in public and business administration education as part of the overall contract with Pittsburgh to strengthen the Central University of Ecuador.

C. Public administration

1. A public administration program was initiated with the assignment of a senior advisor to the Dominican Republic. As a precondition the GODR established an administrative reform commission. Collett and Clapp is making a comprehensive survey of GODR administrative needs under a mission contract. The University of Michigan will begin soon to assist the GODR in setting up a program of socioeconomic surveys in support of this effort under an AID contract. A Census Bureau team helped organize the work and trained Dominican personnel to speed the processing of the last GODR Census.

2. The Institute of Public Administration of New York began its advisory program in Peru under an AID contract. Staff members are working to rebuild the training program of the Peruvian Institute of Public Administration as well as to influence administrative reform on the part of the new government.

3. In an effort to strengthen and coordinate public administration activities in Central America and Panama, a conference of public administration advisers and program officers was held in San Jose and, in the spring, a senior public administration adviser was assigned to ROCAP. Census-statistics programs were initiated in Nicaragua and Guatemala, and plans were developed for a regional census pool in ROCAP. Cadastral surveys for tax mapping purposes are in various stages of development in Central America.

4. To gear Chile to undertake public works projects more effectively bids have been solicited for a contractor to assist in reorganizing the administrative and engineering work of the Ministry of Public Works in Chile.

5. To strengthen future programs, conversations have been initiated: with OAS in the hope of finding ways to create a climate for administrative reform; with the customs services, in the hope of making their resources available for Latin America; and with the Census Bureau in a search for the development of a program for economic statistics that will capture the imagination and resources of the hemisphere in the same way as the 1950 Census of the Americas.

III. MAJOR CONTINUING ACTIVITIES

1. Argentina: The Columbia University-University of Buenos Aires program in business administration continued with two more successful seminars and increased acceptance at UBA as more Columbia-trained professors returned to teach at UBA.

2. Bolivia: Customs revenues continued to increase with the arrival of a team of United Kingdom customs experts financed by a mission contract. Tax revenues continued to increase through the use of IBM equipment made available by USAID. Some assistance was given to the new civil service, both by the USAID public administration adviser and contract personnel. A former participant helped reorganize the postal service, and active efforts were started toward the establishment of an inservice training center. Toward the end of the year USAID developed a comprehensive program for the improvement of public administration in fiscal year 1964.

3. Brazil: The mission public administration staff was reduced to three men as the GOB continued largely to ignore its administrative problems. The University of Southern California continued to assist public administration at EBAP and DASP in Rio, and the Universities of Bahia and Rio Grande do Sul. Michigan State continued its effective work with schools of business administration in Sao Paulo, Bahia, and Rio Grande do Sul. The decision to continue in business administration was largely the outgrowth of a comprehensive review of the program in Brazil by the dean and two members of the MSU faculty.

4. Chile: The tax modernization project continues to progress. Legislation authorizing higher salaries for the tax service and reorganization was approved. About half the revenue agents, 375, were trained in the tax training school, and a nine-volume manual of operations neared completion. The project continues to expand and, in all, 3 AID and 10 IRS men have been used on the tax program.

The mission has continued the careful development of other major projects and, as a result, the reorganization of the Contraloria was initiated, a survey led to agreement on plans for modernization of customs, and a reorganization of the Ministry of Public Works was about to start.

The Chicago-Catholic University program in economics is phasing out, but has contributed, directly and indirectly, to making Chile one of the best, if not the best, centers for the training of economists in Latin America.

5. Colombia: The program of the School of Administration and Finance at Medellin continues to win strong support from the business community, with the assistance of the Syracuse School of Business Administration under an AID contract.

6. Costa Rica: Continued assistance has been given the GOCR through one public administration adviser, short-term contractors, and one regional property tax man stationed in Costa Rica. In June, Costa Rica marked the 10th anniversary of its civil service system which was set up with AID technical assistance.

7. Dominican Republic (see III C–1): Previous limited activities established base for present program.

8. Ecuador: The four-man public administration team continued to make headway while establishing a firmer foundation for the expanded program under the loan for administrative and fiscal reforms. A modified merit system was adopted for the Contraloria, and personnel technicians were trained by USAID staff. Courses in accounting were developed, and more than 50 tax auditors received special training.

9. El Salvador: Robert Nathan and associates continued to assist in economic planning. One public administration advisor continued to work across the board and, with the assistance of a PAS staff member, to make substantial gains in tax administration. A survey focused attention on problems of local government.

10. Guatemala: The largest direct hire and contract advisory staff in Latin America continues to make progress on a number of fronts. The in-service training center provides training to about 1,000 public employees annually and is becoming a focal point for administrative reform. Civil service legislation has been developed and awaits presidential approval. A consulting firm, under an AID contract, has audited 20,000 government jobs in developing a classification and pay plan for the GOG. Assistance has been given in improving budgeting. The national O. & M. office is making studies of GOG management problems. In the revenue field assistance has been given on taxation, an IRS team has made a comprehensive review of tax administration, and USAID has recently submitted plans to the GOG for modernizing customs.

11. Haiti: The public administration adviser was withdrawn as part of the curtailment of the AID program.

12. Honduras: Through one public administration adviser, short-term contractors, and an IRS tax survey team, studies have been made to facilitate the transition to the new government and to establish the base for a comprehensive program after the elections. Two census advisers were completing their tours and were in process of reassignment.

13. Mexico: Mexico has been used for third-country training and U.S. AID arranged for short-term contractual services to appraise public administration training resources.

14. Nicaragua: The public administration adviser worked with the planning board in preparing the ground for necessary administrative reforms, and a training adviser began an effective program of training in office practices. A census adviser began assistance to the GON in a census program in which AID is financing a substantial share of the local costs.

15. Panama: The public administration adviser continued to assist the Department of Planning and Administration (budget, planning, O. & M., and civil service) in the Office of the President, established earlier with the assistance of the University of Tennessee. Under an AID contract, University of Tennessee continued to assist the University of Panama in public administration and agriculture and added engineering.

16. Paraguay: One public administration adviser, a training man, and a customs adviser continued to work for administrative progress. A study of the administration of the Ministry of Education was undertaken, there was a major step-up in in-service training, with 1,635 Government employees taking courses at the center, and customs revenues continued to climb. A contract adviser is assisting the University of Asuncion in building up its School of Public Administration.

17. Peru (see II, C-2): The training work of the adviser on records management and his two Peruvian assistants is now a part of the Peruvian Institute of Public Administration and is being absorbed in the new program.

18. Uruguay: Some participant training is continuing while U.S. AID is making efforts to develop more direct cooperation to achieve better administration.

19. Venezuela: U.S. AID continues to assist Venezuela indirectly in the improvement of administration through a loan for strengthening local government, cooperation with the Ford Foundation on the development of a Public Administration Institute, and enlisting the active participation of local organizations, such as Creole, in the program. Major emphasis has been placed on support of the Commission on Administration through training and some 75 Venezuelans have participated in special programs in Puerto Rico and 25 more are scheduled in the fall. A former AID participant has been named Executive Director of the Commission.

FOREIGN AID HELPS U.S. EXPORTS

Mr. HUMPHREY. Mr. President, I also wish to have printed in the RECORD a report which I find most heartening. I regret that we do not have a genuine debate on these matters, because the foreign aid bill should have not only its criticisms, but also its proper evaluation and, I believe, praise.

We know that trade is the lifeblood of an expanding economy. A little-known story in connection with our foreign aid is the degree to which it helps and is increasingly used to help expand the exports of American business, American workers, and American suppliers of raw materials.

Important facts on this were given in a recent address by Herbert J. Waters, Assistant Administrator of the Agency for International Development. I wish to insert this address in the RECORD at this time, for the benefit of my colleagues.

Approximately 80 percent of the foreign aid funds committed for fiscal 1963, will be spent in the United States. This is the highest percentage in the history of the foreign aid program. It will increase, unless funds are cut far below the level being asked.

This increase did not just happen. It was planned for in tighter procurement policies, an effort to protect our balance of payments and stimulate our economy, while at the same time helping economic development in foreign countries.

In 1960 only 17 percent of our foreign aid moneys spent for fertilizer were spent in the United States. In 1963, 97 percent was spent with U.S. suppliers.

In 1960, we financed only 11 percent of our expenditures for iron and steel products at home. In 1963, and in only 9 months, our foreign aid program has financed 87 percent of these products in the United States.

In nonferrous metals the same story holds. From 1960 to 1963, the percentage of financing in the United States increased from 11 percent to 92 percent.

Mr. Waters goes on:

The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

An estimate of reduction in exports of the United States that the cuts of the House in foreign aid would produce is approximately $250 million, plus a cut of $23 million in funds going to U.S. flag carriers for shipping.

I ask unanimous consent to have Mr. Water's statement printed in the RECORD.

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

PRODUCTION FOR PEACE

(Opening remarks of Herbert J. Waters, Assistant Administrator, Agency for International Development, U.S. Department of State, as moderator for Western States Democratic Conference Trade Panel, Friday, September 20, 1963)

Trade is the lifeblood of an expanding economy.

While we intend to examine many aspects of trade expansion in this panel today, I want to briefly review one aspect not generally understood or fully appreciated—the relationship of our foreign aid to expanding trade.

Too often people think of our foreign aid as merely helping others, without realizing how much it also helps American business, American suppliers of raw materials, and American workers in plants, factories, mines, and on railroads and ships.

Perhaps it can be put in better perspective if we point out that a total of $1,346 million in foreign aid funds was spent in the United States by the Agency for International Development during fiscal 1963.

Preliminary estimates indicate that 80 percent of the $2,424 million committed in fiscal 1963, most of which is not yet disbursed, will be spent in the United States.

This percentage of U.S. procurement is the highest in the history of the foreign aid program, and will be reflected in expenditures over the next several years. An even greater percentage is expected to be committed by AID for procurement in the United States during fiscal 1964—unless Congress cuts AID funds far below the level requested by the President.

The new record of channeling a greater proportion of AID funds into U.S. procurement is not just happenstance. It is the result of deliberately tightened procurement policies aimed at protecting the U.S. balance of payments and stimulating the U.S. economy while at the same time accomplishing our objective of helping economic development in the developing nations.

What we are really doing, in foreign aid, is sharing excess U.S. productive capacity—providing U.S. goods and services rather than just dollars.

Let me illustrate by some categories of commodities just what this change has meant since fiscal 1960—the last year of the Eisenhower administration—and the first 9 months of fiscal 1963—the latest period for which complete data is available.

For example, in 1960 we financed $55 million worth of fertilizer for other countries—but only $9.4 million worth, or 17 percent came from the United States. By comparison, in the first three quarters of 1963 alone, we financed $34.8 million worth of fertilizer, out of which this time $33.7 million—or 97 percent—came from U.S. suppliers.

The same thing is true for iron and steel products. In 1960, we financed $129.6 million worth of such products, but only $13.9 million, or 11 percent, came from U.S. steel mills. In 1963—and in only 9 months at that—we have financed $123.4 million of iron and steel products of which $107.8 million, or 87 percent, came from the United States. You may be surprised to know that at the present time more than half of all U.S. iron and steel exports are financed out of the foreign aid program.

Here in the West, you may be more interested in nonferrous metals and their products.

We financed $10.8 million worth of such products in 1960, but only $1.2 or 11 percent came from the United States. In fiscal 1963—again for only 9 months—we financed $54.5 million of such products with $50.2 million of that total coming from the United States—a good record of 92 percent U.S. procurement.

Within that total was an increase from only $300,000 worth of copper in 1960—11 percent of the total—to $35.1 million worth of copper in 9 months of fiscal 1963—99 percent of all the copper we provided for other countries with foreign aid funds.

For miscellaneous industrial machinery, engines and turbines, we have stepped up the U.S. procurement share from 23 to 81 percent—a jump in dollar volume of business from $17.8 to $96.1 million.

The same story is true in almost every other category we could examine. We can truly claim that we are using excess plant capacity and surplus American labor to carry out our AID program—a real production for peace effort that benefits our own economy as it meets the needs of other countries.

Regrettably, this side of the AID story is seldom told by its critics. Neither is the fact that some $75 million of our AID funds goes to U.S.-flag carriers to transport these commodities—meaning more jobs at U.S. ports in which the West shares heavily.

As sizable as this AID financing of U.S. exports is today, it really is still only an investment in greater markets for the future.

The economic development we are stimulating in other lands will mean an increase in the number and kinds of paying customers for U.S. goods and services in future years—the development of markets for U.S. goods in areas of the world where heretofore there were none. This—in particular—is where AID makes its greatest contribution to U.S. foreign trade.

The evidence shows that commercial imports from the United States have flourished and the U.S. share of the local market has improved in countries assisted by our economic aid program, except when the recipient's normal foreign exchange earnings have dropped sharply.

For example, a recent study of 32 countries outside of Latin America receiving about 80 percent of all AID and Public Law 480 or food for peace assistance between 1957 and 1962 shows that total imports from the United States rose about four times as fast as total economic aid. In addition, imports from the United States as a percent of total imports by those countries rose from 13.5 to 14.5 percent during the period.

In Latin America, however, commercial imports from the United States decreased, and the U.S. share of the local market dropped. However, the decrease occurred because dollar earnings fell for reasons—such as the sharp drop in coffee prices—having nothing to do with the aid program. And the drop in earnings was greater than the increase in aid. The net dollar loss, after deducting offsets of U.S. economic assistance, was about as much as the drop in Latin American imports from the United States.

AID assistance is extended to help countries import more than their own earnings allow. It is intended to add to regular imports, rather than substitute for them. That is why economic aid has shifted from the developed to the less developed countries—it is the latter whose earnings are now far short of import needs for development and security. And that is why ordinary commerce with assisted countries tends to thrive, as the foregoing evidence shows.

As we consider expansion of exports today, I want to leave with you this carefully considered observation. If the foreign aid program is cut as drastically as has already been voted in the House of Representatives, it is our estimate that this will mean a reduction of some $250 million worth of exports from the United States—and a cut of $23 million in funds going to U.S.-flag carriers for shipping.

Mr. HUMPHREY. Mr. President, I think it is time for us to understand that when we vote funds for foreign aid, we actually are voting considerable help to our own economy; and I have placed the report in the RECORD because among all the arguments I have heard about the foreign aid program, I have not heard a concise and cogent argument as to the very great amount of good the foreign aid program is doing for the U.S. economy.

To those of us who represent agricultural States, the foreign-aid program has been a lifesaver for agricultural exports; and without them, the price structure for American agricultural products in the marketplace would be considerably lower.

So the foreign-aid program is of aid to more than foreigners; it also aids the people of the United States, American industry, American agriculture, and American workers. In fact, literally thousands of American jobs are tied up to this program.

Therefore, I think it would be well for each Senator, before he votes on the question of making substantial reductions in this program, to consider what would happen in his own State, in terms of jobs and in terms of purchases by the AID administration. When that is done, I think some Senators may want to think twice before they vote to add to the unemployment rolls in their States. As I recall, over half a million jobs in American industry are involved in the foreign-aid program. If we tamper too much with the program and if we cut the heart out of the economic assistance aspect of the program and if we cut the heart out of the Alliance for Progress part of the program—for, Mr. President, as a result of this program, large quantities of American-produced goods are going to the countries of Latin America—not only shall we be trimming foreign aid, but we shall also be trimming the payrolls in State after State in the United States.

Foreign aid is good national security policy, good domestic economic policy, good politics internationally, and good morals, because it represents a commitment by the United States to help other peoples to help themselves.

So I make no apologies for my support of foreign aid. I am an advocate of foreign aid. I think we need it. I recognize that there have been some abuses and some mistakes; but for every mistake, I can find a success; and for every story of failure, there are a dozen stories of accomplishment. So I think it is about time that, instead of abusing the people in the foreign aid administration, we praise them.

I know of no finer Administrator in this Government than Mr. David Bell. I know of no one who works harder than Mr. Moscoso, the Coordinator for the Alliance for Progress. I know that my former assistant, Mr. Herbert Waters, who now is an Assistant Administrator of this program, gives unstintingly of himself, and is highly competent. I know that men such as Frank Coffin, a former Member of the House of Representatives, from the State of Maine, work day and night and are competent and able public servants.

I could go down the line and name the top echelon. They are good people. They do a good job. They love our country. They know the value of the dollar, and they like to protect that dollar. Many thousands of people who are affiliated with the program here and abroad, directly and indirectly, are trying to do a good job.

I recognize that sometimes we are disappointed. Frankly, I am disappointed with Congress. I would like to see it do a better job. I would like to see it move and accomplish results. When I hear Members of the Congress complaining about the slowness of the foreign aid administration, I wonder who we are to be talking—unless we are experts in lethargy or experts in slowdown processes. I hope that that is not the case. We have problems. So do our friends in foreign aid. They have problems. They are our fellow Americans who are operating the program. Their main problem is that today they are working in areas of the world that are poorly equipped in terms of human resources, management, public administration, planning, and, indeed, in capital resources. So we have an uphill battle.

We have a difficult time getting those programs underway, but we are making progress.

I conclude on the following note: I have placed on the desk, on behalf of the Senator from South Dakota [Mr. MCGOVERN], and myself an amendment to the so-called Mansfield-Dirksen amendments. I did so after full consultation with my leader and with Senators who join on the Mansfield-Dirksen amendments. I believe that such consultation is not only necessary but also is fair and proper.

Mr. President, I submit an amendment which I shall call up, which would restore the funds for the Alliance for Progress to the amount in the committee bill, and would cut back to the committee bill level the amount of money for the President's contingency fund.

The PRESIDING OFFICER. The amendment will be received and printed, and will lie on the table.

Mr. HUMPHREY's amendment is as follows:

On page 2, strike out lines 2 through 11 as follows:

"(1) Strike out 'for use beginning in each of the fiscal years 1963 through 1966, not to exceed $600,000,000 for each such fiscal year' and insert 'for use beginning in the fiscal year 1963 not to exceed $600,000,000, for use beginning in the fiscal year 1964 not to exceed $525,000,000, and for use beginning in each of the fiscal years 1965 and 1966 not to exceed $600,000,000'."

On page 38, line 13, strike out "(3)" and insert "(2)".

On page 40, lines 9 and 10, strike out "'$300,000,000' and" and "and '$175,000,000', respectively".

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

Mr. HUMPHREY. I yield.

Mr. DOUGLAS. I congratulate the Senator from Minnesota for the move which he is making. Maybe many features of the foreign aid program are dubious. The success of the Alliance for Progress has not been perfect, but it is crucial and it should succeed.

As one of the 100 Members of the Senate, it will give me a great deal of pleasure to vote for the amendment. I again congratulate the Senator from Minnesota [Mr. HUMPHREY] and the Senator from South Dakota [Mr. MCGOVERN] for the move which they have made.

Mr. HUMPHREY. I am very grateful to the Senator from Illinois.

I have been pleased to find that a number of Senators feel the way the Senator from Illinois has spoken. I wish the RECORD to show that we do not seek to increase the funds for the total foreign aid program. The cut of $385 million provided in the Mansfield-Dirksen amendments will be maintained. The cut—$300 million—would come in military assistance, and $85 million in the Development Loan Fund. The difference is that our amendment relating to the Alliance for Progress would merely add the $125 million that was to be canceled or taken out of the Alliance for Progress. It would restore that amount. It would take away from the contingency fund of the President the extra $125 million that was to be placed there under the Mansfield-Dirksen amendments.

So what we are really doing in the amendment offered by the Senator from

South Dakota [Mr. McGOVERN] and myself is asking the Senate to support the considered action of the Senate Committee on Foreign Relations in these two instances—the Alliance for Progress and the President's contingency fund.

I wish to make it crystal clear that the President's contingency fund of $175 million that is provided for in the bill is more than was required last year.

Second, there is an additional $300 million of contingency funds—emergency funds—that are available under the Military Assistance Act for the President of the United States over and above the military assistance moneys that can be taken out of the Department of Defense budget or appropriations, and are reimbursable. So we would not in any way tie the hands of the President. I would never do that. We carefully considered in the Committee on Foreign Relations, after extensive hearings, the President's contingency fund. While it is true that the administration asked for more than it received, it was the unanimous judgment of the Committee on Foreign Relations that the $175 million was adequate.

I am sure that Senators know that if the amount is not adequate, and there is a contingency or an emergency, the President only has to ask the Congress and he will get prompt action as he did in the instance of the Middle East Resolution some years ago.

So I hope that tomorrow Senators will find it possible to join the Senator from South Dakota and me in supporting the amendment. I cannot believe that we would want to do less next year than we did this year in relation to the Alliance for Progress. One of the reasons that we offer the amendment is that the House cut the program down to $450 million. If we should cut it to the amount suggested in the Mansfield-Dirksen amendments, which is $525 million, we would find ourselves in conference with a figure that would be somewhere around $475 million or $500 million. That would be $25 million or $50 million less than the appropriations for this year.

We all know that authorizations always suffer a cut when they reach the Appropriations Committee. So the Senator from Minnesota merely wishes to afford some bargaining power in the conference on the authorization bill and, once we come from conference, provide a figure for the Alliance for Progress that will permit the Appropriations Committee to make a reasonable appropriation for the splendid program that we now have fairly well underway.

ENROLLED BILL PRESENTED

The Secretary of the Senate reported that on today, November 4, 1963, he presented to the President of the United States the enrolled bill (S. 310) for the relief of Kaino Hely Auzis.

RECESS

Mr. HUMPHREY. Mr. President, if there is no further business to come before the Senate, I move that the Senate stand in recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 17 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, November 5, 1963, at 12 o'clock meridian.

NOMINATIONS

Executive nomination received by the Senate November 4 (legislative day of October 22), 1963:

William Jack Howard, of California, to be Chairman of the Military Liaison Committee to the Atomic Energy Commission, vice Gerald Johnson, resigned.

CONFIRMATION

Executive nomination confirmed by the Senate November 4 (legislative day of October 22), 1963:

DEPARTMENT OF JUSTICE

Bernard T. Moynahan, Jr., of Kentucky, to be U.S. district judge for the eastern district of Kentucky.

EXTENSIONS OF REMARKS

President's View on United States-Soviet Relations Challenged

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. ALGER. Mr. Speaker, President Kennedy's optimistic view of how the United States is gaining the initiative in the world struggle against the Communist conspiracy is not supported by the facts.

The disturbing fact is that the administration's soft line in dealing with the Soviet Union is being met with renewed arrogance and increased demands by Khrushchev. The victories seen by the President have more often been dismal failures of Kennedy policy. These can be counted off and are well known to all Americans and the whole world—Cuba, Laos, Vietnam, the Berlin wall, normal trade with the Communists, aid to Tito, the bewildering policies followed by the CIA, and on and on.

Under leave to extend my remarks I would like to include the text of the President's speech at the University of Maine on October 19 as it was reported in the U.S. News & World Report of November 11. Also included is editorial comment on the President's view by David Lawrence. I hope these insertions may give many Americans cause for concern as to just what purpose the President has in mind in constantly ignoring history in explaining the cold war. If it is because he does not understand communism and the Communist conspiracy then in this ignorance there is even a greater threat to the security of the United States:

WHERE UNITED STATES AND RUSSIA STAND NOW—THE PRESIDENT'S VIEW

(Text of the section on foreign policy contained in a speech by President Kennedy at the University of Maine, October 19, 1963.)

One year ago this coming week, the United States and the world were gripped with a somber prospect of a military confrontation between the two great nuclear powers. The American people have good reason to recall with pride their conduct throughout that harrowing week. For they neither dissolved in panic nor rushed headlong into reckless belligerence. Well aware of the risks of resistance, they nevertheless refused to tolerate the Soviets' attempt to place nuclear weapons in this hemisphere, but recognized at the same time that our preparations for the use of force necessarily require a simultaneous search for fair and peaceful solutions.

The extraordinary events of that week and the weeks that followed are now history—a history which is differently interpreted, differently recounted and differently labeled among various observers and nations. Some hail it as the West's greatest victory, others as a bitter defeat. Some mark it as a turning point in the cold war, others as proof of its permanence. Some attribute the Soviet withdrawal of missiles to our missiles, to our military actions alone, while some credit solely our use of negotiations. Some view the entire episode as an example of Communist duplicity, while some others abroad have accepted the assertion that it indicated the Soviets' peaceful intentions.

While only the passage of time and events can reveal in full the true perspective of last October's drama, it is already clear that no single, simple view of this kind can be wholly accurate in this case.

While both caution and commonsense proscribe our boasting of it in the traditional terms of unconditional military victory, only the most zealous partisan can attempt to call it a defeat. While it is too late to say that nothing is changed in Soviet-American relations, it is too early to assume that the change is permanent. There are new rays of hope on the horizon, but we still live in the shadows of war.

Let us examine the events of 12 months ago, therefore and the events of the past 12 months and the events of the next 12 months in the context of calm and caution. It is clear there will be further disagreement between ourselves and the Soviets as well as further agreements. There will be setbacks in our Nation's endeavors on behalf of freedom as well as successes. For a pause in the cold war is not a lasting peace—and a détente does noe equal disarmament. The United States must continue to seek a relaxation of tensions, but we have no cause to relax our vigilance.

A year ago it would have been easy to assume that all-out war was inevitable—that any agreement with the Soviets was impossible—and that an unlimited arms race was unavoidable. Today it is equally easy for some to assume that the cold war is over—that all outstanding issues between the Soviets and ours can be quickly and satisfactorily settled—and that we shall now have, in the words of the Psalmist, an "abundance of peace so long as the moon endureth."

The fact of the matter is, of course, that neither view is correct. We have, it is true,

made some progress on a long journey. We have achieved new opportunities which we cannot afford to waste. We have concluded with the Soviets a few limited, enforceable agreements or arrangements of mutual benefit to both sides and to the world.

But a change in the atmosphere and in emphasis—not a reversal of purpose. Mr. Khrushchev himself has said that there can be no coexistence in the field of ideology. In addition, there are still major areas of tension and conflict, from Berlin to Cuba to southeast Asia. The United States and the Soviet Union still have wholly different concepts of the world, its freedom, its future. We still have wholly different views on the so-called wars of liberation and the use of subversion. And so long as these basic differences continue, they cannot and should not be concealed; they set limits to the possibilities of agreements; and they will give rise to further crises, large and small, in the months and years ahead, both in the areas of direct confrontation—Germany and the Caribbean—and in areas where events beyond our control could involve us both—areas such as Africa and Asia and the Middle East.

In times such as these, therefore, there is nothing inconsistent with signing an atmospheric nuclear test ban, on the one hand, and testing underground on the other; about being willing to sell to the Soviets our surplus wheat while refusing to sell strategic items; about probing their interest in a joint lunar landing while making a major effort to master this new environment; or about exploring the possibilities of disarmament while maintaining our stockpile of arms. For all of these moves, and all of these elements of American policy and Allied policy toward the Soviet Union, are directed at a single, comprehensive goal; namely, convincing the Soviet leaders that it is dangerous for them to engage in direct or indirect aggression, futile for them to attempt to impose their will and their system on other unwilling people, and beneficial to them, as well as to the world, to join in the achievement of a genuine and enforcible peace.

While the road to that peace is long and hard, and full of traps and pitfalls, there is no reason not to take each step that we can safely take. It is in our national self-interest to ban nuclear testing in the atmosphere so that all of our citizens can breathe more easily. It is in our national self-interest to sell surplus wheat in storage to feed Russians and Eastern Europeans who are willing to divert large portions of their limited foreign-exchange reserves away from the implements of war.

It is in our national self-interest to keep weapons of mass destruction out of outer space, to maintain an emergency communications link with Moscow, and to substitute joint and peaceful exploration in the Antarctic and outer space for cold war exploitation.

No one of these small advances, nor all of them taken together, can be interpreted as meaning that the Soviets are abandoning their basic aims and ambitions. Nor should any future, less friendly Soviet action—whether it is a stoppage on the autobahn, or a veto in the U.N., or a spy in our midst, or new trouble elsewhere—cause us to regret the steps we have taken. Even if those steps themselves should be undone by the violation or renunciation of the test ban treaty, for example, or by a decision to decline American wheat, there would still be no reason to regret the fact that this Nation has made every responsible effort to improve relations.

For without our making such an effort, we could not maintain the leadership and respect of the free world. Without our making such an effort, we could not convince our adversaries that war was not in their interest. And without our making such an effort, we could never, in case of war, satisfy our own hearts and minds that we had done all that could be done to avoid the holocaust of endless death and destruction.

Historians report that in 1914, with most of the world already plunged in war, Prince Bülow, the former German Chancellor, said to the then Chancellor Bethmann-Hollweg, "How did it all happen?" And Bethmann-Hollweg replied, "Ah, if only one knew."

My fellow Americans, if this planet is ever ravaged by nuclear war, if 300 million Americans, Russians, and Europeans are wiped out by a 60-minute nuclear exchange, if the pitiable survivors of that devastation can then endure the ensuing fire, poison, chaos, and catastrophe, I do not want one of those survivors to ask another, "How did it all happen?" and to receive the incredible reply, "Ah, if only one knew."

Therefore, while maintaining our readiness for war, let us exhaust every avenue for peace. Let us always make clear our willingness to talk, if talk will help, and our readiness to fight, if fight we must. Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicion and emotion. Let us distinguish between our hopes and our illusions, always hoping for steady progress toward less critically dangerous relations with the Soviets but never laboring under any illusions about Communist methods or Communist goals.

Let us recognize both the gains we have made down the road to peace and the great distance yet to be covered. Let us not waste the present pause by either a needless renewal of tensions or a needless relaxation of vigilance. And let us recognize that we have made these gains and achieved this pause by the firmness we displayed a year ago as well as our restraint—by our efforts for defense as well as our efforts for peace.

In short, when we think of peace in this country, let us think of both our capacity to deter aggression and our goal of true disarmament. Let us think of both the strength of our Western alliances and the areas of East-West cooperation.

For the American eagle on the presidential seal holds in his talons both the olive branch of peace and the arrows of military might. On the ceiling in the presidential office, constructed many years ago, that eagle is facing the arrows of war on its left. But on the newer carpet on the floor—reflecting a change initiated by President Roosevelt and implemented by President Truman immediately after the war—that eagle is now facing the olive branch of peace.

And it is that spirit, the spirit of both preparedness and peace, that this Nation is stronger than ever before—strengthened by both the increased power of our defenses and our increased efforts for peace—strengthened by both our resolve to resist coercion and our constant search for solutions.

And it is in this spirit that I assure you that the American eagle still faces toward the olive branch of peace.

In the months and years ahead, we intend to build both kinds of strength, during times of détente as well as tension, during periods of conflict as well as cooperation, until the world we pass on to our children is truly safe for diversity and freedom and the rule of law covers all.

WHERE'S THE INITIATIVE?

(By David Lawrence)

President Kennedy's speech delivered at the University of Maine on October 19 deserves careful reading. Adroit in style and rhetoric, it emphasizes the President's palpable effort to do business with the tyrants in the Kremlin.

Mr. Kennedy says the American people can "recall with pride" their conduct of a year ago when they witnessed the "military confrontation between the two great nuclear powers." He adds that, while "well aware of the risks of resistance," this country "refused to tolerate the Soviets' attempt to place nuclear weapons in this hemisphere," but that it was nevertheless necessary at the same time to search for "fair and peaceful solutions."

The President today seems satisfied with the "solutions." Yet, for the first time in our history, we have allowed a hostile European power to establish and maintain a military foothold in this hemisphere. This is still an ignominious fact. We continue to speculate about the number of Soviet troops and "technicians" who remain in Cuba. And we seemingly acquiesce in the acts of subversion plotted there against our neighbors. The last year has witnessed the overthrow of several governments in Latin America resulting from widespread turbulence inspired by Communist subversives, helped with Communist funds and munitions, and directed in large part from Cuba.

The President asserts that we didn't win a victory a year ago nor suffer a defeat—that, while the Cuban missile episode was to some observers evidence of "Communist duplicity," the outcome has been regarded by others here and abroad as an indication of the "Soviets' peaceful intentions." But why have we glossed over this flagrant act of aggression in our hemisphere? Why has the President overemphasized instead a search for some more or less irrelevant agreements, even as he admits that "we still live in the shadows of war"?

Mr. Kennedy explains that "all of these elements of American policy and Allied policy toward the Soviet Union are directed at a single, comprehensive goal—namely, convincing the Soviet leaders that it is dangerous for them to engage in direct or indirect aggression, futile for them to impose their will and their system on other unwilling people, and beneficial to them, as well as to the world, to join in the achievement of a genuine and enforceable peace."

But why are we dealing solely with the leaders in the Kremlin? What has become of the heroic principles first enunciated by President Wilson in World War I and reiterated in World War II, as American and Allied youth gave their lives to save peoples—not to perpetuate autocratic governments?

The only force which can assure peace in the world is not the Kremlin but the people of the Soviet Union and of the Communist-bloc countries.

The President uses often the phrases of resoluteness, but they are accompanied always by the plea for talk and more talk with the Soviet rulers. He says:

"Let us always make clear our willingness to talk, if talk will help, and our readiness to fight, if fight we must. Let us resolve to be the masters, not the victims, of our history, controlling our own destiny without giving way to blind suspicion and emotion. Let us distinguish between our hopes and our illusions."

This reflects an indecisiveness and disregard of basic principle that has again and again frustrated Western governments and brought war to Europe. This is not the way to become the "masters" of our history but its victims. For we cannot ignore our main hope—an eventual alliance with the peoples behind the Iron Curtain. This can be initiated by reaching those very people with the story of freedom and the promise that the United States is willing to help in every way to sustain them when they choose the path of freedom.

Have we no voice with which to speak to the Soviet people? Is the Voice of America to be anesthetized by official instruction from the White House and the Department of State not to create tensions or say anything that might possibly offend Khrushchev and his clique? Do we really think that the few agreements we have obtained, or those we may get in the future, will prove to be anything more than a sop to our vanity and

pride—a means of lulling us into continuing our "relaxation" while the Soviet Government strengthens its hold on the peoples of Eastern Europe and infiltrates Latin America?

How should America fight the cold war—or any other kind of war? By letting the other fellow pick his own battleground, even as we hold back our real force, the power that is built by the voice of truth? For we must by day and night keep reminding the Soviet people that in the overthrow of their tyrannical leaders lies their only hope and our only hope of world peace. What has happened to our initiative?

Address by Hon. Barry Goldwater Before the California Federation of Republican Women, Coronado, Calif.

EXTENSION OF REMARKS

OF

HON. BOB WILSON

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. BOB WILSON. Mr. Speaker, the Republican women of California were thrilled last month to present as their featured speaker our distinguished colleague from the other body, the Honorable BARRY GOLDWATER. Under unanimous consent, I include as a portion of my remarks the text of his speech of October 3, 1963, before the California Federation of Republican Women at the Hotel Del Coronado, in Coronado, Calif., in my congressional district:

REMARKS BY SENATOR BARRY GOLDWATER, REPUBLICAN, OF ARIZONA, BEFORE THE CALIFORNIA FEDERATION OF REPUBLICAN WOMEN, OCTOBER 3, 1963, CORONADO, CALIF.

I am very glad to be here today and I will tell you why.

Like President Kennedy, I thoroughly enjoy these nonpolitical safaris into the Far West. They give you a chance to get out and meet the people and kiss a few babies. They give you a bright feeling of being able to grind a political ax behind a smokescreen of nonpartisanship.

Of course, if you have been reading the newspapers you know that the President's tour was devoted to the cause of "conservation." Now I hope you got the word correctly. I said "conservation," not "conservatism."

And, even though there is a lot of substance that connects these two words, I think you should know that the President had in mind such things as natural resources, wildlife preserves, waterway systems, and national parks. This, of course, is commendable even though the projects mentioned are the kind that appeal to large blocs of American voters.

Now, I have been making a few appearances, too. And I must confess that my major objective these days is conservation. But it is a different kind of conservation than the one which held the President's nonpolitical attention. My interest is in conserving the basic values of American life, as well as conserving our natural resources and the like.

But I suggest that what really needs conserving today—in the most urgent and important sense—is the freedom of the individual, the military strength of the Nation and the constitutional system of checks and balances and our capitalist economic system.

In the field of foreign affairs our job right now is the conservation of our national honor and the protection of our position as leader of the free world.

In the domestic sphere, our job is to conserve the free enterprise system, protect the concept of limited Government and conserve the right of our people to run their own affairs without interference from the Federal Government.

These are the important items on the Republican conservation list. They take a lot of doing and I can tell you right now that we are counting heavily on you women to help get the job done.

You know, I always like to speak before a group of Republican women. Not only because I have an especially high regard for the female of the species, but because I know that when the chips are down in a political campaign it is always the women who pitch in and take on the tough chores. You know men are sometimes a little reluctant to do the doorbell ringing, or work on registration, or handle the mailing and telephone campaigns. But never the women. They work with the enthusiasm of dedication to a great cause.

Frankly, I don't know what we would do in the Republican Party without the women who go in for political action. I shudder to think what might have happened to me in my two campaigns for the U.S. Senate if it hadn't been for the women who worked and, of course, the women who voted.

Let me say that I commend you for your efforts and I salute you for your accomplishments in the field of sound government and individual freedom. You can take it from me, if you will, that the Republican women, not only here in California but all over the country, are an indispensable adjunct to the rough-and-tumble campaign we face next year. And I believe that anyone who has the good fortune to run for public office on the Republican ticket next year will find it highly comforting to wake every morning to the sure knowledge that women like you are backing him and working for him.

While traveling out here I got to thinking about the recent events in the Congress and in the Government and I became more convinced than ever that Washington is the "Wonderland of the World" under the present administration.

Since the end of World War II we've spent billions beefing up our security so that Khrushchev couldn't bury us, only to discover that in the past few weeks what the Kennedys are really working for is a Soviet-American mutual aid society.

Think it over. In less than a month the New Frontier has offered to pick up the check for half the cost of a joint shot to the moon, stop testing nuclear weapons in the air and, finally, bail out the highly vaunted Soviet farm collective with a lot of what I'm willing to bet will be tons of free American wheat.

There is an old line somewhere that goes: "If you can't lick them join them," but I for one am not quite ready to lay down and play Rover to Kremlin tunes. And I doubt if any of you are either.

I think the trouble is that within the past few years we've been getting a brainwashing on the subject of Soviet capabilities. Some of those who are pushing the hardest for accommodation with the Communists would have us believe that the Soviets are superior to us all the way across the board. They have a better educational system, some professors claim; they have better vocational schools, some planners insist; they have a better agricultural system; better scientists, and so on and so on. In fact, we seem to have been exposed to some kind of Red-painted Utopia where those who once wanted to bury us are now mellowing. We are led to believe that Americans, in distrusting the Russians, are creating world tensions that must be reduced. We never seem to hear about the world tensions which the Soviets have created. The President, in one of his nonpolitical speeches last week, insisted that under his administration Communists have been stopped.

All I can say is that if they were stopped in Cuba, if they have been stopped in Laos, if they have been stopped in Vietnam, if they have been pushed back in Berlin—then I will eat my babushka. We have, however, prevented them from landing on Miami—they are still 90 miles away.

I think we ought to be proud of America and the fact that throughout the cold war we have not been the instigators of tension between East and West. I think we ought to stick up for America, the only country in the world that I know of that goes around asking everybody what they think of us.

If your husband thought there was something wrong with him, he would probably talk it over with you and not trot around the neighborhood taking a public opinion poll on his faults. But not the New Frontier. The architects of the present administration want to know what Khrushchev's temperature is every morning. They want to know how General deGaulle enjoyed his breakfast. They want to know every last syllable of what Mao Tse-tung had to say about Russia in his latest diatribe.

At the State Department I suppose all of this international gossip is highly interesting. But what to me is vastly more important is what our sworn enemies are doing—not what they say or how they feel.

What today is actually going on in this country in the administration's dealings with foreign nations is a vast campaign to see no difference, hear no difference, and speak no difference. There seems to be a sort of quasi-official feeling that we are engaging in a love feast with the Soviets that only we can disrupt.

Along the New Frontier the idea is to conform or keep quiet. Nothing must be done to ruffle Mr. Khrushchev's feelings or lead him to think that we are superior to the Soviets in any category. We do not hear a tough note out of this administration unless it is directed at one of our tried and proven allies.

Actually the President has my sympathy. Not all of it, but some of it.

Vigor—or vigah—is now a galloping ghost. It is being expended where it doesn't count. The strength which we spent billions to build is no longer used in the fashion that General Eisenhower and John Foster Dulles used to protect freedom against an aggressive enemy. No, today we must sign a treaty with the very people the President went on nationwide television just a year ago to accuse of perfidy in Cuba. What makes these international liars any more trustworthy today than they were 12 months ago when they sat in the President's Office and insisted they had no offensive missiles in Cuba? What makes us accept the idea that this nuclear test ban treaty is different from the dozens and dozens of other treaties which the Soviets have broken?

On the domestic front, the New Frontier is equally disappointing. In Washington right now you are passé unless you agree that Government has got to grow at the same rate as the population. President Kennedy is just as convinced of this today as he is with the idea that without him America would not be going forward.

I suggest there is no logic in trying to connect population growth with Government growth. For example, there are fewer farmers today but there are far more paid employees in the Department of Agriculture. If it keeps up at the present rate there will be a bureaucrat in Washington for every individual engaged in tilling the soil.

Not many years ago a corporation I happen to know about totaled its profits, filed its tax return, and went about its business of sup-

plying the American public with goods and services, creating jobs in the process. Today that same corporation has to file 3,600 Government forms every year on tax matters alone. Another firm files 37,683 Government reports annually totaling 48,285 man-hours of work—labor that produces absolutely nothing except an excuse for hiring more file clerks in Washington.

I have heard that it costs the railroads $5 million a year just to file reports with the Interstate Commerce Commission. This, of course, is a sick industry and you can guess why.

Actually, you know, the Government is smothering us with loving kindness and devoted attention to our private affairs. The cost in dollars alone is phenomenal, but it is far more serious when it is counted in individual liberties.

In the first 6 months of this session of Congress President Kennedy made 207 requests for spending authority and 70 requests for additional executive power.

This, again following the population growth, is an increase of more than 100 money requests and 40 power requests over the requests to the entire session of the previous Congress.

Actually there is scarcely a corner, a niche or a cranny of our lives that isn't covered by some real or proposed edict of government. I don't see how we take it and I hope that, with your help, we won't have to take it much longer.

I say to you that the way to keep this country great is to give it the freedom to breathe, to stop laying hands on our people every time a new child is born, to stop the Government from peering over our shoulders at every juncture of human endeavor.

Sometimes we're inclined to forget that nothing was leaning over the shoulders of our Founding Fathers but loaded muskets when they put together a new governmental experiment in human freedom.

Inventiveness, free enterprise, and a willingness to work and grow in our own way led to the building of the most productive Nation the world has ever known.

The same things will keep it growing, if our people have a chance to display these virtues.

In California you've got problems. We all have problems and we must seize the chance to solve most of them ourselves because unless we keep the door bolted and the windows fastened, somebody from Washington will be out here trying to solve them for us—and at double the local cost.

And, of course, when Washington moves in on a local problem, we get far more than help. We get tons of advice and counsel and beneath the well-modulated suggestions will be the mailed fist of centralized government.

Now there are cures for these problems. Republican cures. And if we don't foul up the medicine with our own rancor I'm sure the American people will find the remedies palatable.

You know, as Republicans we wear a pretty proud label. But it sets us apart from our fellow citizens of different political persuasion only in that what we believe we have consistently believed.

Our word is good. We can still spell thrift, honesty, and dedication.

We've never had to apologize for what we've tried to do for America, and we never will.

With this much going for us I don't see how we can lose. And we can't lose if we'll just take a raincheck when the arguments start about what kind of a Republican one or the other of us happens to be.

I'm a Republican right down to my gizzard. I always have been and I will continue to be.

I'm not going to read anyone out of the party. But I will read anyone into the party that I can get my hands on. If they can get to the polls in the right frame of mind we need them. And I doubt that a single one of them could pollute our party or strain our integrity after the many years we have stood for what is right and just and honorable for our beloved country.

Republicans do not have to be told what will happen to America if we continue down the road the administration is traveling. It is a road that leads to ruin, and you know it as well as I do.

It's a historic road, littered with the bodies of dead governments and wrecked freedom.

It's a road that goes nowhere but downhill.

In my mind it's almost a sin when vigorous, intelligent, and economically independent people turn to the Federal Government for aid and succor in solving most of their community and State problems when they can be solved close to home.

There is a place for the Federal Government in our lives—a big one.

It was conceived by our Founding Fathers as an instrument to raise the militia and the money to support them to protect us from aggression.

That is a function it can do and it is a function Americans respond to with patriotic willingness.

The blame for our failures in confining the functions of the Federal Government lies not alone with the President or the Presidents who preceded him. Congress must bear an equal burden in creating the climate of centralism that has engulfed us.

I say to you here today, that the remedy is not half as drastic as the disease. The remedy is to elect Republicans in large numbers to the House and Senate next year as you choose a Republican President.

The only pain and suffering will be on the other side, and it will be enlightening to handle the whole problem on an out-patient basis.

Let me repeat, that as Americans we need not offer any apology to any other humans on the face of the earth. Woodrow Wilson said that "only free people can hold their purpose steady to a common end, and prefer the interest of mankind to any narrow interest of their own."

We have for decades held that purpose and continue to do so.

We have, however, reached a point where we are obligated as a free people to hold to the purpose of our own way of life.

It is a purpose that is the marvel of the world, the call of freedom to the enslaved, the beacon of eternal hope to the oppressed.

It is American and I love it. I am proud of the chance to work for it, to try and make it a better country for us all.

What Happened to President Kennedy's "Profiles in Courage" in Korth Case?

EXTENSION OF REMARKS

OF

HON. H. R. GROSS

OF IOWA

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. GROSS. Mr. Speaker, the veteran correspondent of the New York Times, Mr. Arthur Krock, writes as follows in that newspaper on November 3, 1963:

At Wittenberg College, October 17, 1960, Presidential Candidate Kennedy promised that if elected he would impose "a single, comprehensive code on conflicts of interest * * * drawing a clearer line between propriety and impropriety * * * protecting the public against the unethical behavior * * *. All America seeks a government which no man holds to his own interest * * *. The next President must set the moral tone, and I refer not only to his language."

At his press conference on November 1, 1963, President Kennedy was asked these questions:

Question. Mr. President, do you think the letters that Secretary of the Navy (Fred) Korth wrote made his resignation advisable, and was requested?

Answer. I think the letters which Mr. Korth and I exchanged, I think, explain the situation as I would like to see it explained.

Question. Mr. President——

Answer. Mr. Korth, I think, worked hard for the Navy and he indicated his desire to return to private life and I accepted that decision. But I think he worked hard for the Navy.

Later in the same press conference, the questioning on the same subject was renewed as follows:

Question. Mr. President, Navy Secretary [Fred] Korth had some correspondence which indicated he worked very hard for the Continental National Bank of Forth Worth while he was in Government, as well as for the Navy, and that during this same period of time that he negotiated, or took part in the decision on a contract involving that bank's—one of that bank's best customers, the General Dynamics firm. I wonder if this fulfills the requirements of your code of ethics in Government, and if, in a general way, you think that it is within the law and proper?

Answer. In the case of the contract, the TFX contract, as you know, Mr. Mollenhoff, that matter was referred to the Department of Justice to see whether there was a conflict of interest and the judgment was that there was not. That is No. 1.

No. 2, the amount of the loan to the company, that bank was one of a number of banks which participated in a line of credit and it was relatively a small amount of money, as bank loans go. So in answer to your question, I have no evidence that Mr. Korth acted in any way improperly in the TFX matter. It has nothing to do with any opinion I may have about whether Mr. Korth might have written more letters and been busier than he should have been in one way or another.

The fact of the matter is, I have no evidence that Mr. Korth benefited improperly during his term in office in the Navy, and I have no evidence, and you have not, as I understand the press has not produced any, nor the McClellan committee, which I would indicate that in any way he acted improperly in the TFX. I have always believed that innuendoes should be justified before they are made, either by me and the Congress or even the press.

What has happened to the Kennedy "Profiles in Courage?" What has happened with respect to his bold and reassuring words as spoken when he was a candidate for the presidency; when, for political purposes, he was pointing a finger at the Eisenhower administration and the Sherman Adams-Goldfine episode?

As Mr. Krock says:

As soon as he learned of Korth's lapses from this code of official ethics, the President conveyed the word to his Navy Secretary that immediate resignation was in order * * *. But by his words at the press conference he strangely diluted his very creditable deed.

Mr. Speaker, at this point and for the information of my colleagues, I submit

for printing in the RECORD the entire article as published in the New York Times on Sunday last:

THE KORTH CASE: KENNEDY'S EXPLANATION OF THE NAVY SECRETARY'S RESIGNATION EXAMINED

(By Arthur Krock)

WASHINGTON, November 2.—President Kennedy expressed a desire common to occupants of his office whom a subordinate has embarrassed when asked at his news conference if he thought certain letters written by Navy Secretary Korth made the resignation of this official "advisable" and if the President had requested it. "I think," he replied, "the letters which Mr. Korth and I exchanged are the—explain the situation as I would like to see it explained."

But whether or not Mr. Kennedy's choice of words was inadvertent, no predecessor has arrayed himself with such candor on the side of the proposition that the press should not explore the background of official explanations of events in Government that, on their face and in the attendant circumstances, are plainly a coverup of the actual situation. For the letters the President referred to (which were not, of course, the letters his questioner described) are excellent examples of deliberate concealment.

Secretary Korth's October 11 letter of resignation to the President gave as his only reason the need "to return to private business to attend to my pressing private affairs." In his prompt reply (October 12) accepting the resignation, Mr. Kennedy made no comment on the reason for it given by Korth, confining his composition to generous—and deserved—praise of the Secretary's "advancement of national security interests," and said these had put "the Nation in your debt." Therefore, the explanation supplied by this exchange, the one the President said he "would like to see" deemed sufficient, stands in the official record merely as this:

Secretary Korth resigned only because the pressure of "private affairs" overcame his dedicated desire to continue to support the leadership of our national defense by the President and Secretary McNamara. * * * Mr. Kennedy's estimate of Korth's service was high and without qualification.

If the press had accommodated the President's stated preference, and let it go at that, the subject would not have been revived by a question later in the news conference. Perhaps the detailed nature of this second inquiry persuaded Mr. Kennedy he must go beyond the official record he previously had said he would like to have accepted as an adequate explanation. However, go beyond it he did, condoning in words a breach of the ethics to which he pledged his administration in the campaign of 1960 that he had already redeemed in action.

SPEEDY RESIGNATION

As soon as he learned of Korth's lapses from this code of official ethics, the President conveyed the word to his Navy Secretary that immediate resignation was in order. In so doing, Mr. Kennedy acted with firmness and promptness in highly favorable contrast to the performances of two previous administrations in comparable circumstances. But by his words at the press conference he strangely diluted his very creditable deed.

The amount of the subscription to TFX loan to General Dynamics by the bank from which Korth had come to public office, said the President, had, after all, "been a relatively small amount of money as bank loans go;" so there was "nothing improper" in the Navy Secretary's participation in the decision to give the contract to General Dynamics. And, as for Korth's letters on Navy stationery, including an offer to the bank to include some of its "best customers * * * in a little party" on the Secretary's official yacht *Sequoia*, the President dismissed them by saying: "This [TFX affair] has nothing to do with any opinion I may have about whether Mr. Korth might have written more letters and been busier than he should have been in one way or another.

WHITE HOUSE ATTITUDE

That part of Mr. Kennedy's news conference comments furnishes only another illustration that the stern ethical attitude of presidential candidates is prone to undergo a softening process when they enter the White House.

The admirable quality in President Truman that evoked greater intensity in his friendship when his friends got themselves in trouble was supplemented by his fierce protective instinct for his party when some of these friends got his administration in trouble, too. And President Eisenhower long and stubbornly justified acceptance of gifts by Sherman Adams that engendered the public disapproval which finally persuaded Adams he was seriously injuring the President by retaining his most influential White House post.

On June 18, 1959, 3 months before Adams' resignation, President Eisenhower gave a news conference his views on the ethical issue involved, of which the following are the pertinent excerpts:

"A gift is not necessarily a bribe. One is evil, the other is a tangible expression of friendship. * * * Anyone who knows Sherman Adams has never had any doubt of his personal integrity and honesty. * * * But * * * in not being sufficiently alert in making certain that the gifts of which he was a recipient could be * * * misinterpreted * * * as attempts to influence his political actions * * * to that extent he was * * * 'imprudent.' * * * Personally, I respect him because of his personal and official integrity. I need him."

ETHICAL CLEARANCE

The sponsors of the "shakedowns" for presentation portraits to judges and campaign funds via testimonial dinners, etc., that have attained a peak of frequency in Washington ask no better ethical clearance than this.

At Wittenberg College, October 17, 1960, Presidential Candidate Kennedy promised that, if elected, he would impose "a single, comprehensive code on conflicts of interest * * * drawing a clearer line between propriety and impropriety * * * protecting the public against the unethical behavior. * * * All America seeks a Government which no man holds to his own interest. * * * The next President must set the moral tone, and I refer not only to his language."

This was the part of the pledge which Mr. Kennedy failed to serve by excusing, in words, the official actions he had, by deed, certified as inexcusable.

Washington Report

EXTENSION OF REMARKS

OF

HON. BRUCE ALGER

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. ALGER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the newsletter of November 2, 1963:

DALLAS—PROUD, COURAGEOUS—TRULY THE HOME OF THE FREE AND THE BRAVE

Dallas is second to none as an American community standing for all the highest ideals of Americanism. Its people are the finest type of citizens—courageous, courteous, determined, daring, industrious, kind, patriotic—possessing all the qualities which set apart those who founded this Nation and the pioneers who began its development. Through the years Dallas leaders have been unselfish, forward-looking, builders with giant ideas and giant abilities. Dallas has now, and has always had, one of the most effective and respected police forces anywhere in the world. Dallas has enjoyed capable, hard-working, successful administrations.

Dallas is America. Its people are Americans remembering and inspired by the tradition of the Alamo. Dallas contributions to business, industry, art, culture, have been an integral part of the greatness of America.

IS SELF-CRITICISM BECOMING ACTUAL CHARACTER ASSASSINATION?

Why should there be any discrediting of Dallas? Why should all of its people be subjected to abuse because a few express intemperance? Why are good people, with good intentions, taken in and assume a feeling of guilt where no guilt exists, and apologize for a community that has done no wrong?

LET'S TAKE A CRITICAL LOOK AT THE CURRENT ATTACKS ON DALLAS

Dallas—What it is—What it stands for

1. Dallas is a community of people who believe in the individual and capitalism.

2. No city in the Nation can outstrip Dallas in growth figures, in job opportunities, in new car registrations, in home building, in tackling slum problems, in rejuvenating its blighted areas, and all on its own through private, individual initative.

3. Dallas has never had racial demonstrations, violence against minorities, bombings, race riots that have plagued so many other communities in both the North and South without apology.

4. Dallas peacefully integrated, quietly and through its own efforts.

5. Dallas citizens of all races, religions, and economic status have joined their talents and their efforts in creating a great, beautiful, dynamic, free community.

Because Dallas is now in the headlines over the United Nations, let's appraise that organization.

1. The original purpose and Charter of the U.N., supported by all peace-loving, freedom-loving peoples, has been subverted by the Communists, the godless, the imperialistic Soviet Union, the purveyors of hate, revolutions and destruction of freedom everywhere.

2. The money of U.S. taxpayers has been used to subvert the United States and to strengthen its enemies. We pay 40 percent of the total cost and have 1 vote. The Communists refuse to pay legitimate costs and have many votes.

3. The sovereignty of the United States has been threatened by attacks upon our system of government and the steady attempts to impose the will of the U.N. on the American people, to replace our own Constitution and national institutions. United Nations conventions (agreements) supersede our Constitution.

4. The military head of the U.N. is always a Communist even though the enemy fought by the U.N. has always been Communist supported.

Is it any wonder some citizens verge on intemperance with pent-up concern? One thing the citizens of Dallas and the representatives of the U.N. have in common—they are people. People make mistakes. People disagree. People become intemperate. These are among our human failings. Being people does not excuse nor permit us to condone discourtesy, violence, intemperance, and the suppression of the right of all to express their beliefs.

WE MUST KEEP EVERY SITUATION IN PERSPECTIVE

The vehemence of the attack on Dallas as a city because of the recent incident involving the U.N. Ambassador may be causing some to lose perspective and to forget that many people are fed up with the U.N.

Dallas is not disgraced by the action of an individual, nor even a group of people. The Dallas record for courtesy, for fair treatment, for freedom is all too well known. But by getting the people of Dallas to assume blame for something of which they are not guilty, by having the press and wire services and the commentators castigate Dallas and its people, the real issue is befogged and the cause of the intemperance is not remembered, and the enemies of the United States are encouraged. This all fits in with the Communist objective.

However badly their feelings were expressed, to whatever ungentlemanly and un-Dallas acts to which these feelings led, the basic fact is that the American people are deeply disturbed over the course this Nation is following and the activities of the U.N.

The U.N. is not keeping the peace. There have been 60 wars since it was founded. There are at least a half dozen wars going on at this moment when the Secretary General of the U.N. says the world is at peace.

In too many cases the U.N. itself is fomenting war.

It is not bringing about better international understanding, but its member nations are undermining free governments everywhere and imperiling our own country.

Imagine the absurdity of the U.N.-run Korean war in which 133,000 American men were killed and injured by Communists while a Communist headed the U.N. military operation.

Can we refuse to forgive the actions of a young man (not a Dallasite by the way) who lost his head because of his resentment against the U.N. that threatens his freedom and his country's freedom, and yet forgive the actions of the U.N.?

Must Dallas hang its head in shame because of the hotheaded actions of a few and yet condone U.N. actions in Katanga, in Laos and Vietnam where American boys are dying? Do you believe that Dallas must apologize as a city for an unhappy and regrettable incident, but accept the brutal facts of Hungary and the glossing over by the U.N. of the murder of men, women, and children there by the Red Army? Do you approve the U.N. buying Russian jeeps with U.S. money to give to Castro? This happened. If you disapprove vocally of such things, are you to be called intemperate?

Dallas will always regret intemperance.

Dallas will always glory in its reputation for courtesy and hospitality.

Dallas will continue to fight for the American way of life.

Dallas, the whole city of Dallas, should not accept unjust criticism because of the isolated actions of a few.

Dallas will continue its endeavor to present a welcome to any visitor, afford him the opportunity to be heard and will protect the right of those who disagree to do so within the bounds of good conduct.

Dallas and its people, however, must not be throttled, nor discredited, nor made a party to their own self-destruction by being afraid to stand up and sound off when we feel our city, our State, and our Nation is in danger. We remember well the warning of Abraham Lincoln that, "If destruction be our lot we ourselves must be its author and its finisher."

The real issue—the U.N. today is engaging in many actions harmful to peace, to the Communist captive people, and to U.S. sovereignty.

Dallas must never be discredited.

Democrats and Republicans Oppose Suggestion Advanced by Politician To Sell TVA

EXTENSION OF REMARKS

OF

HON. JOE L. EVINS

OF TENNESSEE

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. EVINS. Mr. Speaker, the press has recently pointed out that a certain presidential aspirant believes strongly that the Tennessee Valley Authority should be sold to private enterprise. The proposal to sell TVA has met with strong and united opposition not only from the Democrats of the Tennessee Valley area, but also from members of the Republican Party.

The Nashville Banner, in a recent story, has pointed out that Tennessee's three Republican Congressmen have come out in direct opposition to this proposal by a member of their party to sell TVA, thus placing every Member of the Tennessee congressional delegation, along with many others, against a sellout of TVA.

Mr. Speaker, I submit press reports containing statements opposing any sale of TVA for the RECORD. These statements follow:

STATE GOP CONGRESSMEN OPPOSED TO SALE OF TVA

Tennessee's three Republican Congressmen, Representative HOWARD BAKER, Knoxville; Representative WILLIAM BROCK III, Chattanooga, and Representative JAMES QUILLEN, Kingsport, have declared they would be against any consideration of the sale of the TVA as discussed by Senator BARRY GOLDWATER earlier this week.

BROCK, a conservative and an ally of GOLDWATER, said that although he endorsed without qualification the principle of maximizing free enterprise, he did not think it would be feasible to turn TVA power operations over to private industry. The freshman Congressman said he would actively oppose any such move.

QUILLEN said "TVA has been with us for many years, and in my judgment, it is not feasible or workable to sell it—as much as I believe in the free enterprise system.

"The functions which TVA exercise in respect to flood control, conservation, navigation and electric power production are so interrelated that, in my opinion, they could not economically be divided and operated separately," QUILLEN stated.

"Flood control and navigation are the functions of the Government, and TVA, in the area which it serves, is assuming the leadership in these fields, particularly flood control. TVA must accelerate its leadership in this field, and I am assured that this is their plan," he added.

BAKER said he is unequivocally opposed to the suggestion that TVA be sold to private industry.

He stated TVA was created by Congress to comprehensively develop the Tennessee River and "is a model for watershed developments throughout the world."

Tennessee's two Senators have strongly opposed this sale. Senator ALBERT GORE stated:

I am completely opposed to any proposal to sell the TVA. The idea is wholly impractical and contrary to the public interest.

Senator H. S. WALTERS stated:

Recent suggestions that the sale of TVA to private industry would be to the benefit of Tennessee and the Nation is certainly without any basis of fact.

We in the Tennessee Valley are proud of the fine work of TVA and it would be folly to seriously consider the disruptive suggestion put forth by someone unfamiliar with the people and the economy of the seven-State area served by TVA.

From press reports others comment:

Representative CLIFFORD DAVIS, Democrat, of Memphis, said the proposal to sell TVA "is absolutely ill-founded, unwise, and will never happen in this country."

DAVIS said that even the private power people in this country admit it [TVA] is efficient and well managed."

"I wholeheartedly disagree," said Representative JOE L. EVINS, Smithville. "He [GOLDWATER] doesn't even have the facts on what TVA means to the Nation."

EVINS, a member of the House Appropriations Committee, called GOLDWATER "very shortsighted and provincial in opposing TVA."

While the Arizona Senator is doing this, EVINS said, he often comes to the committee with requests for reclamation projects for his arid West.

Representative TOM MURRAY, Democrat, of Jackson, said of the proposal to sell TVA: "Certainly not—not at all.

"It's operating fine now. We should continue it."

Asked in what areas it is operating fine, MURRAY answered:

"All over."

He called it perfect.

Representative ROBERT A. (FATS) EVERETT, Democrat, of Union City, said, "It seems that Senator GOLDWATER should see the benefits that TVA has rendered to the valley before he capitulates to the private power lobby.

"I certainly think the people of the valley appreciate the benefits that have been afforded them from an agency that is paying its own way."

EVERETT said that had it not been for TVA and the Rural Electrification Administration, young men and young women would never have remained in the farm areas to make the contributions they are now making.

"Either Senator GOLDWATER is misinformed," EVERETT said, "or he cares not for the people of the valley."

Tennessee's other Congressmen agreed Saturday that TVA should not be sold, most of them vigorously defending the agency.

GOLDWATER made his statement to FULTON after the fifth district Representative had inquired of the Senator if he was correctly quoted in a magazine article about selling the valley agency.

Representative RICHARD FULTON, Democrat, of Tennessee, said:

During the previous administration TVA was referred to as a form of creeping socialism. It is regrettable that this successful Government service which is of great benefit to a great number of people must come under this attack.

Representative ROSS BASS, Democrat, of Tennessee, said:

I am shocked that a man who is supposed to have the basic concept of Government and the intellect to be President of the United States would make such a proposal, to slash up, divide, and destroy an institution that is so important not only to the seven-State area that it serves as a power producing and distributing agency but to all the Nation. To deny the great service it performs to all the people of the United States as a means

of determining the actual cost of producing power; to stop the TVA from providing a yardstick for this purpose for all power-producing agencies in the United States, would be wasteful and foolhardy.

BASS also said:

It is providing a great service to all the Nation in the area of power production, cost analyses, and the yardstick for power cost to all of the citizens of the United States.

Congressman ROBERT E. (BOB) JONES, Democrat, of Alabama, said:

I can think of no more preposterous proposal than to sell TVA to the private power trust.

In view of Mr. GOLDWATER's long anti-TVA record, it is obvious he is really proposing the death of our most successful model of a free people's cooperative effort with the Government.

Mr. GOLDWATER certainly demonstrates clearly that he is no friend of the South. What he is advocating is that the average TVA power user, who pays slightly less than 1 cent a kilowatt-hour as compared with the national average of 2.4 cents, have his power rates increased.

In other words, he offers more of the same old discrimination against the South which has been so true of his party over the years. This is what he means by conservatism.

JONES, who has been a chief sponsor of TVA legislation during his 17 years in Congress, also said:

Before TVA, the Tennessee Valley was called the Nation's No. 1 economic problem. It has been TVA which not only harnessed the Tennessee River and provided flood control, navigation and power, but promoted the well-being of those in this region as well.

Should TVA be sold to private interests, its numerous services—such as navigation and flood control—would be left high and dry.

He explained that TVA's payments in lieu of taxes to State and local governments are about the same as the taxes paid by other utility systems and that TVA pays no Federal income tax because it makes no profits, just as private industry pays no Federal taxes when it makes no profits.

TVA and its contract distributors have paid more than $210.7 million to State and local governments in lieu of taxes. The agency is required by law to repay to the Treasury in the next 50 years all of the funds appropriated to it for power purposes.

Alabama Congressman CARL ELLIOTT said GOLDWATER's opposition to TVA is hard to understand when it is remembered that he is now sponsoring legislation (S. 1658) for a $1.1 billion public water and power project—a sort of western TVA—for his own State of Arizona. He said:

Apparently the junior Senator's position is that if you spend $1.7 billion for a public power project to serve seven Southern States, that is socialism. But, the spending of $1.1 billion for the same purpose in one State is enlightened conservatism—if that State just happens to be Senator GOLDWATER'S.

In a personal letter to GOLDWATER, the Alabama Congressman said:

Since you come from a section of the country 2,000 miles removed from the region served by TVA, it is possible that you are not aware of the extraordinary progress and growth that has been engendered by the great Tennessee Valley Authority.

For your information, Senator, the Tennessee Valley Authority in just 30 years has transformed what was a depressed and eroded valley—the Nation's most urgent economic problem—into what is now one of the most productive and progressive sections of our common country.

The TVA has stimulated the private investment of almost $1 billion on the Tennessee River shoreline, and is providing job opportunities, directly and indirectly, for tens of thousands of Alabamians and other southerners. The great network of 31 dams which make up the Tennessee Valley Authority has tamed and harnessed rivers which once flooded their banks and ran berserk through our region, leaving behind devastation, despair and incalculable human misery and suffering.

I am sure, Senator GOLDWATER, that upon reflection, you would not consider these accomplishments as socialistic, or as a hoax.

From a news clipping we read:

Senator JOHN SHERMAN COOPER, Republican, of Kentucky, said the Arizona Republican's idea came as a surprise, "because he hasn't offered anything like that in Congress."

"I don't think," COOPER said, "it [sale of TVA] is going to happen whoever is elected President. There are a number of Senators who have opposed the TVA, but I've never heard of anyone—including GOLDWATER—offering a bill to sell the TVA."

COOPER said he had made the first proposition to require TVA to finance its facilities, and he added, "It is now financing them and is repaying its advances from the Government."

"Utterly ridiculous," said Representative PAT JENNINGS, Democrat, of Virginia, of the Goldwater suggestion.

Senator JOHN SPARKMAN, Democrat, of Alabama, called it entirely impractical and said it would do a great disservice to the taxpayers of the United States. He added he doubted GOLDWATER would gain any supporters for his proposal, especially in the TVA area.

Representative FRANK A. STUBBLEFIELD, Democrat, of Kentucky, called the idea "the most asinine, stupid suggestion I've heard since I've been in Congress."

"The TVA," STUBBLEFIELD said, "is the greatest thing that ever happened to the South. I note that GOLDWATER is promoting the central Arizona project, which will cost $1.1 billion. Let him take care of Arizona; we will take care of the TVA area."

Congressman GEORGE HUDDLESTON, JR., Democrat, of Alabama, stated:

The proposal to sell TVA is among the most preposterous that has come to my attention in a long time. For the Government to lose this great asset would certainly not be in the best interest of our country. The sooner the thought is dispelled the better.

Mr. Speaker, I repeat that this unsound and unwise proposal, I suggest, is costing the distinguished presidential aspirant thousands of votes, as thousands are leaving his banner because of this one unwise and erratic suggestion.

Secretary Dillon Speaks in Arkansas

EXTENSION OF REMARKS

OF

HON. JAMES W. TRIMBLE

OF ARKANSAS

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. TRIMBLE. Mr. Speaker, on Friday, November 1, 1963, the Honorable Douglas Dillon, Secretary of the Treasury, spoke before the Second Arkansas Federal Tax Institute at the Hotel Lafayette, Little Rock. He made a masterful address explaining the tax situation which confronts the Nation today and the problems before the Congress concerning tax legislation.

In the address he paid high tribute to our friend and colleague, WILBUR MILLS, the chairman of the Ways and Means Committee, who is one of the best informed men in the House of Representatives on tax legislation. He also paid tribute to Senator FULBRIGHT of Arkansas, who is a member of the Finance Committee of the Senate.

Mr. Speaker, I insert the address in the CONGRESSIONAL RECORD as part of my remarks, because in a few days we will be considering a bill to raise the debt limit:

REMARKS BY THE HONORABLE DOUGLAS DILLON, SECRETARY OF THE TREASURY, BEFORE THE SECOND ARKANSAS FEDERAL TAX INSTITUTE AT THE HOTEL LAFAYETTE, LITTLE ROCK, ARK., FRIDAY, NOVEMBER 1, 1963

I am extremely pleased to be here today in this vigorous State which is engaged in such an intensive effort to breed and attract new industry and to expand its economy.

I have the good fortune to be extremely familiar with the great contributions to our national well-being of two of Arkansas' most illustrious citizens—Senator J. WILLIAM FULBRIGHT, whom I have come to know well both in his capacity as chairman of the Foreign Relations Committee, and as a stalwart member of the Finance Committee, and my good friend WILBUR MILLS, chairman of the House Committee on Ways and Means.

Today I particularly want to pay tribute to WILBUR MILLS. I am constantly impressed with the skill, the wisdom, and the understanding that Mr. MILLS brings to any issue before him. It is due to his brilliant and inspiring leadership that the President's tax bill has moved successfully through his committee and the House of Representatives.

That tax bill as it now stands—with the single exception of the proposed reductions in capital gains rates—is a sound bill, a fair bill, an effective bill. It provides for two-stage reductions in both individual and corporate income tax rates: cutting individual rates from the present scale of 20 to 91 percent to a sharply lower range of 14 to 70 percent, and dropping the overall corporate rate from 52 to 48 percent while the rate on small business falls all the way from 30 to 22 percent. These rate reductions are the single most important reform in the bill. They are vital, not only because they release more than $11½ billion into the private economy, but also because they provide a permanent and substantial increase in incentives to work harder and to invest more.

The bill also includes a substantial number of reforms that provide major improvements in the equity of our tax system. They are, to be sure, only a beginning, but don't let anyone tell you that they are not a significant beginning. Revenue-raising reforms in the present bill, plus those contained in the Revenue Act of 1962, total nearly $2 billion. When one considers that the total revenue increases from structural changes in all other revenue acts since 1940 have barely exceeded $600 million, the magnitude of the present accomplishment becomes clearer.

The structural reforms in the present bill contribute markedly to the equitable distribution of the tax reductions. Without those reforms, the tax reductions would unduly favor upper income taxpayers. The minimum standard deduction, for example, channels more than $300 million in tax relief directly to those in the lowest income groups,

and avoids the large overflow into other brackets that would accompany the increased exemption approach that is sometimes proposed. The income-averaging provision would remove the present inequitable tax treatment of bunched income. New deductions for moving expenses would improve the mobility of labor and thus ease the problem of structural unemployment. The repeal of the dividend credit, as well as the tighter rules governing the tax treatment of stock options, depreciable real property, the aggregation of unrelated oil and gas properties for depletion purposes, multiple surtax exemptions and others, would help rectify existing inequities, broaden the tax base, or offset what would otherwise be excessive tax reduction for privileged groups.

The tax bill, therefore, represents a good start toward greater simplicity and equity in our tax structure—toward the kind of reform that Chairman Mills and I would like to achieve. If it is not all we would like, that is because the economic urgency of immediate tax reduction must override our desire for thoroughgoing revision of our tax structure.

Nothing should delude us into thinking that tax cuts are no longer as important as they were 6 or 9 months ago. True, we are now enjoying moderately pleasant economic weather, and the current upturn demonstrates that there are basic strengths in our economy. But we cannot be so blinded by the bright spots around us that we fail to see the pitfalls that lie ahead.

The fact is that this year's upturn, as well as the entire recovery since 1961, have failed to make adequate inroads into the persistent and serious problems that have plagued us ever since 1957—long-range problems that the tax cut is designed to alleviate. For the past 6 years our unemployment rate has been much too high. We have been unable to reduce it at all over the past 12 months, a period in which gross national product grew by $32 billion or 5¾ percent. If we do not greatly improve our performance, and soon, then the sharp increase in our labor force over the next few years will result in more and more unemployment, followed closely by irresistible pressures for ever greater Government spending. This is just one of the critical problems that brings into bold relief the undiminished urgency of the tax bill as a balanced stimulus to more rapid and more durable economic growth.

In addition to its rate reductions, the tax bill would improve 1962's investment credit by restoring the provisions originally approved last year in the House of Representatives. It would eliminate the requirement that the depreciation basis of new investment must be reduced by the amount of the investment credit—thus removing the difficult accounting complexities that flow from the current statute. In addition, repeal of that requirement would almost double the present incentive of the credit and would give substantial additional encouragement to more rapid modernization and expansion of plant and equipment.

The 48-percent corporate tax rate, when added to last year's investment credit and revised depreciation guidelines, would reduce corporate tax liabilities by a total of $4.5 billion annually. An when you add to this the proposed liberalization of the investment credit, the after-tax profitability of new investment would be increased by more than one-third.

I do not have to emphasize to you here in Arkansas how vital such tax incentives are to greater industrial growth and expansion. Few States are more intensely concerned with industrial progress than Arkansas. Few can match your recent achievements. From 1957 to 1962, for example, Arkansas per capita income grew by 31 percent, or by almost double the 16-percent figure for the Nation as a whole. Even more revealing in terms of your industrial development program is the fact that—as a percentage of total civilian personal income from productive activity—income from manufacturing in Arkansas rose by 2 percent from 1957 to 1962, while for the Nation as a whole, such income declined by 2 percent during the same period.

Figures such as these demonstrate how successful you have been in making Arkansas an extraordinary attractive magnet for new and greater industrial investment. A number of other investors from various parts of the Nation have made known their intention to expand into Arkansas when the time is propitious. That time will come when the removal of repressive wartime tax rate opens the way to more buoyant and sustained economic growth and sharply increases the incentives for expanded investment in plant and equipment. These major increases in the incentive to invest at home, rather than abroad, are also, of course, an essential and highly important part of our program to achieve balance in our international payments.

Expanded investment will flow not only from the large direct tax stimulus to business that I have just described, but also from the substantial boost in consumer demand that will result from the individual tax reductions. Nearly $9 billion of the overall tax reduction will go to individuals. Well over 90 percent of that money will be spent, setting in motion the familiar economic process in which money circulates throughout the economy and ultimately increases consumer spending by several times the amount of the initial tax cut. That strong and sustained rise in consumer demand—and thus in markets for industry—will further bolster the direct tax incentives to investment.

Without this kind of balanced stimulus to both consumer demand and investment incentives, we will not have the expansion in all sectors of our economy that we must have if our overall growth is to be both strong and durable. Those who suggest that the tax reductions are too heavily weighted in favor of either consumer demand or investment, simply do not understand that fact. Similarly, those who suggest that the individual tax reductions favor the upper income groups forget that, by the very nature of our steeply progressive tax rate structure, equivalent percentage rate reductions in the lower and upper brackets inevitably mean much greater increases in after-tax income in the upper brackets—particularly if the reductions in the upper brackets are not somewhat offset by basebroadening reforms. To achieve equal percentage increases in after-tax income would simply require total abandonment of any thought of reducing our current excessively high rates.

The fallacy in the after-tax income approach as a measurement of tax reduction is clearly shown by the following extreme example: Suppose we reduce the present bottom rate of 20 percent all the way down to zero. That would increase a taxpayer's after-tax income from $80 to $100, or 25 percent. Now look at our highest bracket, 91 percent, with 9 percent left after tax: An increase of 25 percent in after-tax income at this level would be 2¼ percent, or a total after-tax income of 11¼ percent, giving a top tax rate of 88¾ percent. Thus almost any reduction in our top individual tax rates is bound to give a greater percentage increase in after-tax income to today's 91-percent taxpayer than to the present 20 percent-taxpayer.

Under the current bill, when you consider the total effect of rate changes and structural reforms, nearly 60 percent of the overall individual tax reduction goes to those in the under-$10,000 income group, with their share of the total income tax load being slightly reduced from 50 percent to 48 percent.

Let there be no mistake: The tax bill this Nation needs and—when you eliminate the capital gains reductions—the bill this Nation now has before it, is not a bill to make the rich richer. It is a bill to make this Nation richer, stronger, and more productive in jobs, in investment, and in Government revenues. It is a bill that has the support of the AFL–CIO as well as the chamber of commerce, of academic economists as well as business economists. It is a bill that has the support of citizens in all occupations throughout the land.

One great concern of many citizens—a concern fully shared by the President and by the Congress—is that tax reduction be accompanied by strict and careful control over Federal expenditures. There is neither time nor need to cite the wealth of evidence that the administration and the Congress are not only committed to a firm program of expenditure control, but that such a program is already well underway. Let me simply emphasize a few major points:

First, the President, Chairman MILLS, and the House of Representatives, in endorsing their views, have all made it unmistakably clear that, by adopting the tax bill, the Nation will be choosing, in Chairman MILLS' words, "tax reduction instead of deliberate deficits as the principal means of boosting our economy," that they consider these courses mutually exclusive, that, in short, the tax bill represents a firm decision to rely upon greater private spending rather than upon greater Government spending as the prime factor in our economic growth.

Second, the fiscal 1963 deficit dropped from an estimated $8.8 billion to an actual $6.2 billion, and two-thirds of that decline resulted from lower expenditures. The largest single factor in those lower expenditures was the administration's policy of substituting private for public credit, a policy the administration intends to continue in the future. Fiscal 1964 expenditures are currently estimated at $1 billion below last January's estimate. Partly responsible for that decline is the fact that, as Chairman CLARENCE CANNON of the House Appropriations Committee, has pointed out, this year's appropriations are being held below last year's, the first time that has been done since the end of the Korean war. Also responsible is the extremely prudent management of Government personnel instituted at the President's direction. This program has enabled the Federal Government, during the past 12 months, to meet the needs of our expanding population while at the same time actually reducing the number of its regular civilian employees.

Third, the President has said that in the absence of any unforeseen crisis, he intends to submit a fiscal 1965 budget with a smaller deficit than the $9.2 billion originally forecast for this year before any allowance for tax reduction, despite the fact that during fiscal 1965, tax revenues must absorb more than $7 billion of the tax cut.

Fourth, more than 70 percent of our budgetary increase from fiscal 1961 through fiscal 1964 occurred in the area of defense, space, and interest on the national debt. Excluding these items, the overall record in all other areas of Government over the past 3 years has been markedly better than that of the preceding administration. Our expenditure increase has been some $1.2 billion, or nearly 25 percent, lower than the $5 billion increase in those very same items over the 3 preceding years, fiscal 1958 through fiscal 1961. And as Budget Director Kermit Gordon pointed out last week in testifying before the Senate Finance Committee, the need for continuing expenditure increases for defense has just about ended and will soon begin to taper off on space programs.

Why is it, then, that one still encounters doubt and confusion in many quarters? The

answer, it seems to me, is failure to understand how our Government in Washington actually works. In effect, we have two budgets: One, familiar to all, records expenditures as we meet our bills. The other and far more important budget is probably known to only 1 out of every 1,000 Americans. This is the budget of new appropriations from which all spending flows.

In our private lives, the proper way to cut spending is not to refuse to pay our old bills, but to stop incurring new ones. It is just the same in government. Once the Congress appropriates funds for previously authorized purposes, the President, with one important exception—permitting him, as Commander in Chief, to refuse to undertake defense expenditures for purposes which he deems to be unnecessary or unwise—has no clear authority to refuse to spend those funds.

While Government agencies are responsible for the prudent management of their operations, the power to arbitrarily eliminate congressionally approved programs is simply not available. Only if he were clothed with such power could a President carry out significant reductions in congressionally approved programs outside the area of defense. This would require that Congress entrust the President with the right of the item veto—a right that Congress, in defense of its own prerogatives as a coordinate branch of government, has consistently refused to turn over to the executive branch.

Thus, once the appropriation budget has been adopted, expenditures are sure to follow—but only on a delayed basis. Since many of the dollars in appropriation bills go for such things as public works and complex defense or space hardware, the bills often do not come due for several years. For instance, only about half the money we will pay out this year, fiscal 1964, will come from this year's appropriation bills. The rest will come from moneys appropriated in earlier years.

Now, just what does all this mean when we look at expenditure control in the context of today's situation? It means simply that we should pay continuing and close attention to new appropriations instead of merely watching the current level of expenditures. I venture to say that there are few among you who realize that during the fiscal year that ended last June, a total of $101.5 billion in appropriations was approved—$9 billion more than was spent. That is why expenditures during the current fiscal year will rise by about $5 billion from last year's level of $92.6. And even if we succeed, as Congressman CANNON hopes and expects, in holding this year's appropriations to last year's $101½ billion level, fiscal year 1965 expenditures, which include the costs of many programs and projects approved in previous years, can be expected to rise somewhat above the 1964 level as a natural response to the lingering effects of earlier appropriation budgets.

However, to the extent we level off appropriations, our future bills—and hence our future expenditures—will also level off, but only after the usual and necessary time lag of about 2 years. To those who say that we should not cut taxes and increase expenditures at the same time, I say simply this: Look at the record being written today in new appropriations instead of merely concentrating on the level of expenditures required to meet old bills. When you look at this year's appropriations and compare them with last year's, you will see a clear example of firm expenditure control—a record that will show up in the spending level of future years.

Therefore, there is simply no reason for undue delay on the tax bill. It will not only give us expanding economy that will generate the greater Federal revenues we need to balance our budget, but it will also increasingly enlarge the role of the private economy in meeting our economic needs.

No one knows for certain what our immediate future holds. What is certain is that we cannot afford to be so shortsighted—or so forgetful of our postwar economic history—as to assume that because we are doing relatively well today, we are doing anywhere near well enough to simply let matters proceed as they are into the future. Outside of the prospect of a prompt tax cut, starting next January 1, there is nothing in our present economic situation or in our past history that permits us to expect that we can ride out 1964 on a continuing upswing. By next April 1, it will have been 37 months since the end of the last recession. If we are still in an upturn, it will be the longest peacetime recovery in this century, with the single exception of the 1933–37 pullout from the great depression. And a downturn, even of the relatively mild magnitude of our last two recessions, could easily cost us between $5 and $10 billion in Federal revenue. It would also bring soaring unemployment, which in turn would inevitably lead to greater Government spending. The result would be a deficit that could range as high as $15 or $20 billion—a deficit accompanied by unnecessary suffering and privation, and far larger than any we foresee with tax reduction.

The more we delay on the tax cut, the more we risk losing the opportunity now before us of choosing, decisively and firmly, to expand the role of the private sector in achieving economic growth and in meeting national needs. We risk, as well, foregoing into the far future the single best hope for ending our chronic budgetary deficits, and for reinvigorating the incentives for increased effort and investment.

We could not be in a better position to adopt the tax bill than we are today. We know that our economy is still on the way up. We also know that beyond the first few months of next year, its course is uncertain. We can pass the tax bill this year, and let the current upturn serve as a springboard toward the more rapid and sustained economic growth that we can and must achieve. Or we can fail to pass it and cast our entire economic future into doubt. I do not see how our choice could be clearer or more important.

The State of the Union: Congress Contribution

EXTENSION OF REMARKS

OF

HON. THOMAS B. CURTIS

OF MISSOURI

IN THE HOUSE OF REPRESENTATIVES

Monday, November 4, 1963

Mr. CURTIS. Mr. Speaker, I do not often put in the RECORD speeches I have made. However, because of its timely subject matter, and because I was forced to give it by telephone due to the legislative business before the House that day, I am including it in the RECORD at this point:

THE STATE OF THE UNION: CONGRESS CONTRIBUTION

(Remarks of the Honorable THOMAS B. CURTIS, Republican, of St. Louis County, Mo., at the annual meeting of the Associated Industries of Missouri, Statler-Hilton Hotel, St. Louis, Mo., Wednesday, October 30, 1963)

"It must be made clear to the public that much, if not all, of the stimulating effect of a tax cut might be nullified if it were accompanied by a reduction in spending, by a balanced budget, or by tax cut reforms which aim solely at redistributing, rather than reducing, the total tax burden on the economy."

This quotation comes from page 17 of the first report of the Consumer Advisory Council appointed by President Kennedy in mid-1962, published October 1963, and just made available to the public October 8.

The report was made to Dr. Walter Heller, Chairman of the President's Council of Economic Advisers, which he transmitted to the President on October 1, 1963. The quotation I have just read is a clear expression of the economic-political philosophy of the President's Council of Economic Advisers and is the basic theory which underlies President Kennedy's message to the Congress urging the Congress to reduce Federal income taxes.

This is the economic-political theory that led President Kennedy in his Yale speech to refer to balanced budgets and an abhorrence of Government debt as worn out, useless and dangerous shibboleths. It is this economic philosophy that lay behind Dr. Heller's statement in his testimony before the Joint Economic Committee that we needed to educate the public away from its Puritan ethic.

President Kennedy in his nationwide television and radio appeal to the people to support the proposed Revenue Act of 1963, then pending in the House Rules Committee, stated that this proposal was probably the most important measure to face the Congress in the past 15 years. The President stated that without this tax reduction bill we might face a serious recession. Both he and Secretary of Treasury Douglas Dillon have referred to this tax reduction bill as the answer to the unemployment problem, the balance-of-payments problem, the problem of economic growth, and the problem of operating on balanced budgets.

In his earlier Yale speech President Kennedy had asked that there be a nationwide debate on the subject of fiscal and economic policy so that the public would understand its backwardness in failing to grasp modern economics.

Some of us in the Congress who are in basic disagreement with the President and with Dr. Heller on this theory which we think is not new, but old, have sought to conduct such a debate. We say this is the old discredited economic theory that cheap money brings prosperity, dressed up in the new sophisticated language of the neo-Keynesian economists who promote it. May I say that those who asked for the debate have run away from it, including the President?

In order to overcome the opposition of many of the Democratic Members of the House of Representatives of a tax reduction bill in the context of massive Federal debt and continued deficit financing which would create further debt, the President abandoned a basic part of this novel planned deficit financing theory, at least in words. In his radio and television speech on nationwide hookup, he stated that we would impose even tighter controls on Federal spending. Query: Have the controls that have been imposed in the past on Federal expenditures by President Kennedy been tight controls? The record shows expenditure increases have jumped from the $1.3 billion per year average of the Eisenhower administration—which was bad enough—to over $6 billion increase a year under President Kennedy. In other expressions since then, the President has sought to convey to the Congress and the people that he agrees with his opposition, that in order for tax reduction to be economically beneficial it must be accompanied by Federal expenditure reform. Furthermore, the President agreed to the last minute amendment to the tax bill to save it, stating that it was the sense of Congress that there should be Federal expenditures control. The President has made no

effort to disassociate his thinking from the arguments advanced by Congressman MILLS and the other Democratic Congressmen who spoke during House debate against the Republican proposal to establish specific expenditure figures for the 2 fiscal years covered by the tax bill. These arguments accepted the premise that expenditure reform was essential if the tax bill were to have a beneficial economic effect, but alleged (1) it was wrong not to trust the President's statements that he was going to cut back on expenditures, and (2) that anyway Congress should assume the responsibility by cutting the appropriation requests and not pass the buck to the President.

Not a person supported the economic philosophy of planned deficit advanced by Dr. Heller and President Kennedy during the House debate.

I stated in my remarks during the debate, "How are we to conduct a national debate on whether we should abandon the Puritan ethic if those who advocate this course run away everytime we meet in a common forum?"

Although the administration will not engage in straightforward public debate on this subject, let us not be misled. It has not abandoned its efforts to push through its tax program minus expenditure reform. Regrettably, the tactical defeat the neo-Keynesian economists and politicians have experienced in the congressional and other public forms where equal time and honest debate can be conducted has only resulted in increased efforts in the use of indirect methods.

It is one thing to abandon a basic theory and course of action deliberately after full public debate. It is quite another thing to abandon it without debate on a false assurance that it is not being abandoned.

The Kennedy administration states in words that it believes in a balanced Federal budget, but its deeds belie the statement. It seeks to go beyond the acceptable economic theory that the budget need not be balanced on a yearly basis, to argue that it no longer need be or should be balanced upon the basis of a business cycle. According to the new theory, the budget should be balanced only when unemployment reaches a certain percentage of the labor force. The percentage selected is 4 percent—which in itself should be the subject of far-reaching study and discussion.

It is argued that when the economy has full employment (not more than 4 percent unemployed) the gross national product will increase to a point which will provide the tax base necessary to produce the revenues to cover the governmental expenditures and, hence, produce a balanced budget.

This syllogism presupposes that our employment and unemployment statistics are sufficiently accurate to enable the policy decisions and the judgments necessary to be made intelligently. I know of no student of economic statistics who claims such a refinement for our economic statistics.

The base of this sophisticated economic theory goes back a few years to the model on economic growth prepared by Dr. Otto Eckstein, of Harvard, for the Democratic members on the House-Senate Joint Economic Committee. This model propounded the novel theory of an economic gap between the potential growth in our economy and its actual growth which, along with the missile gap, became the base of Senator Kennedy's campaign for President in 1960. The validity of this economic model of Dr. Eckstein was challenged as soon as it was enunciated in the very document, the Joint Economic Committee report, in which it was first presented, by the Republican members of the committee.

Since that time the gap theory has been demolished time and again by many notable economists, among them Dr. Arthur Burns. In spite of this fact, the Kennedy administration has continued to push its economic and fiscal policies based upon this discredited theory.

The gap theory presumes, rather than establishes as a fact, that the economic growth rate has been inadequate since—well, really since President Eisenhower took office. It is argued if we had full employment and full plant utilization during those years the growth rate would have been 5 percent instead of 3 percent. Furthermore, if we had had the economic growth we should have had, the gross national product would then have been sufficient to produce the Federal revenues necessary to pay for the expenditures of Government. In other words, we would have had a balanced budget. Ergo, these theorists argue, plot out a course for the future based upon attaining a growth rate of 5 percent and we will have full employment. The fact that from 1860 to 1960, a period of more rapid growth than probably any society has experienced in history, we grew at a rate of 2.9 percent a year, not 5 percent, doesn't seem to phase these theorists at all. Like King Canute's courtiers they would whip the seas if the tide continued to ebb and flow.

In order to have this growth rate the Kennedy administration argues we must increase total purchasing power in the society. Dr. Heller says he prefers to stimulate private purchasing power first rather than government expenditure to do this job. But he warns (and this is echoed in the President's state of the Union message to the Congress this January) if the private sector does not respond to the governmental prodding, or the Congress fails to follow his wise advice to prod the private sector (through tax reduction) then Government will have to move in by massive Federal spending. This is a threat none of us who believes in the private enterprise system should ignore.

Hence, it is basic to the Kennedy-Heller theory that Government expenditures not be cut at the same time we cut taxes to increase private spending because total purchasing power—Government plus private—will be dampened.

This is the only logical explanation for the President's refusal to accept the very modest proposal of the Republicans that specific dollar expenditure amounts be set out in the tax bill in lieu of general expressions of intent, such as "tight controls" and "expenditure reform."

The President's budget, submitted in January this year, calls for an expenditure rate for fiscal 1964, which begins July 1, 1963, of $98.8 billion. Secretary Dillon testified just a week before the tax bill was debated on the House floor that the President had cut back this expenditure rate to $98.2 billion. The Republican proposal was to cut this rate back to $97 billion.

Let's get these expenditure figures into context. The revised expenditure rate for fiscal 1963, which ended June 30, 1963, submitted in the January 1963 budget statement (containing the proposed budget for fiscal 1964) was $94.6 billion. Actually, the expenditure rate turned out to be $92.6. The expenditure rate for fiscal 1962 was $87.8 billion. For fiscal 1961 it was $81.5. So you see we are talking about rates that have been increasing rapidly, over 20 percent in just 3 years.

Now, why would the President quibble over a less than 2-percent cut in expenditure when he said he was going to apply ever "stricter expenditure controls"? Let's look at the second part of the Republican motion. It limited the expenditure rate for fiscal 1965 to $98 billion. Many of us think the President had, and still has in mind, an expenditure rate for fiscal 1965 of around $105 billion, so this would be a 7-percent cut. Furthermore, this cut would begin June 30, 1964, and go through November 1964, a very crucial period for those who are thinking of reelection. But surely an expenditure rate of $98 billion, which is $17 billion more than the expenditure rate of the 1960 election year, should not be objectionable to anyone who plans to exercise—I quote: "Even tighter expenditure control."

I was quite unhappy with the amendment to tie expenditures to a $97 billion figure in fiscal year 1964 and a $98 billion figure in fiscal year 1965. In my judgment, this is entirely too high for the kind of expenditure reform needed to make a tax cut of $11 billion economically helpful to our economy, overburdened as it is with both high taxes and high debt. The minority views of the Republicans on the Joint Economic Committee, published in early February this year, recommended holding expenditures to $94 billion for both 1964 and 1965, to justify a tax cut. The study of the Tax Foundation committee, just published, recommends holding expenditures to $95 billion for these 2 fiscal years if the tax cut is not to cause damage to our economy.

Before going further I must point out some congressional fiscal procedural facts that are all too little known by the public and, if I may say so, by Congressmen themselves.

Congress has never established the machinery necessary to produce a legislative budget. The only true budget we have is the Executive budget, prepared by the President with the help of the Bureau of the Budget, as required by the Budget and Accounting Act. The only authority Congress has retained for itself in the field of Federal expenditures is over the President's request for new obligational authority to spend. It is the grant of new obligational authority to spend that we refer to as an appropriation bill.

For fiscal 1964, for example, the President requested additional new obligational authority to spend of $108 billion. Only about 40 percent of this amount is scheduled to be spent in that fiscal year; the bulk of the authority is scheduled for expenditure in the ensuing fiscal years.

As of July 1, 1963, the beginning of fiscal 1964, the President's budget presented in January estimated there would be a carryover balance of unexpended previous obligational authority to spend amounting to $87 billion. Inasmuch as the expenditure rate for 1963 set forth in this budget was lowered from $94.6 to $92.6, there should theoretically be another $2 billion authority to spend added to this $87 billion. So the total authority the President would have to spend, if the Congress granted to him his full request of $108 billion, would be $197 billion.

It is from this pool of $197 billion authority to spend the President has said he would spend only $98.8 in fiscal 1964 (possibly revised to the $98.2 billion Douglas Dillon told the Ways and Means Committee). The Congress has retained little or no control over the yearly expenditure rate. The President can freeze programs, accelerate them, decelerate them; do just about what he pleases within the limits of the basic legislation.

This is where the tax debate lies. The Congress seeks to limit the President's total expenditure levels for the next 2 ensuing fiscal years to a figure that in congressional judgment would reduce the amount of Federal bonds that would have to be sold to make up for the revenue loss resulting from a tax cut to a size that would not destroy the economic gains that a tax cut would otherwise produce. The President doesn't want his power to fix the level of expenditures each fiscal year controlled by the Congress.

And now, a word about the increase in the debt ceiling the President has again asked the Congress to grant to him. This

so-called debt ceiling is merely the Liberty Loan Act of 1917 as amended from time to time. It limits the total amounts of bonds the Federal Government may have outstanding. $309 billion is the the present ceiling. It is insufficient with our insufficient tax revenues to provide the cash to enable us to pay the expenditures to which we already have committed the full faith and credit of the United States. Regardless of the fact that the Congress will probably cut around $5 billion from the President's $108 billion request for new obligational authority, this is insufficient to even come close to a balanced budget. We are operating close to $1 billion in the red each month and the tax cut, without expenditure reform, would push us over the $1 billion a month rate of deficit.

Once the Congress gives the President the authority to spend, and he does spend, the Congress must authorize the sale of bonds to get the money to pay the bills if our tax revenues are insufficient to meet them. Our tax revenues are still insufficient to meet our bills.

However, the President has been warned by the Congress in the previous bills increasing the debt ceiling that if he does not cut back on his spending plans in an orderly fashion and present to the Congress a schedule revising the expenditures downward, Congress will force him to do so by not giving him authority to sell more bonds. This is strong medicine and, like castor oil, it may make the Nation mighty uncomfortable for awhile.

However, the President can still get around Congress' attempt to use the debt ceiling to impose expenditure reform by selling off capital assets and using the proceeds to pay bills, instead of selling more Government bonds. This is exactly what he did this year.

Congress could stop this if Congress would. However, for the time being I am reconciled to have the Federal Government get out of some of the investments it has, rather than to tax more or print and sell more bonds. However, we are reaching a point where a good bit of the readily marketable capital assets have been sold. Pretty soon the only course open to the President will be to exercise real expenditure reform.

How like the profligate son who inherited vast wealth from his parents this situation is. He does everything he can think of to avoid cutting his high style of living, even to the extent of cashing in a part of his patrimony. Selling off capital assets of course, brings the day of reckoning closer, but the brunt still may be borne by his children, rather than by himself.

And how like the profligate son the administration spokesmen have become. They answer criticism by arguing that debt isn't really bad, that this high spending is really a good thing. Don't worry about debt, they say.

1. It is a less ratio of GNP than it was in 1946.

2. It hasn't gone up as much since 1946 as State and local debt, or as much as private debt (if I am bad, Johnny is worse).

3. Federal debt is an investment in the future like private debt.

4. We owe the debt to ourselves, so it doesn't make any difference.

The errors and downright chicanery of these four arguments need to be hit hard and often. Why are these arguments advanced, if it is not to allay the legitimate fears our people have about excessive debts, so that these politicians can continue to spend and build a bigger Federal debt? If these people really believed in a balanced budget at any time, why do they take the trouble to attack those who oppose deficit financing with such vigor?

What are the flaws in these arguments that debt is really not bad? What has the year 1946 they pick as a bench mark to do with all this? Is this the year we should choose for establishing our optimum ratio of the Federal debt to GNP or to State, local, and private debt? Hardly so. Far from the optimum year, it is the worst year we could possibly pick. It is the year immediately following the greatest period of Federal deficit financing in our history—deficit financing we indulged in to win World War II. But surely we expected to pay off on that debt and get back to a more economically beneficial peacetime ratio as soon as we could. Our optimum peacetime ratio should be below 30 percent. We are still at 54 percent 17 years after the war is over and 70 percent of this decline was the result of the damaging post-World War II inflation, hardly an economic and fiscal course to boast about or to emulate. The peacetime ratio of Federal debt to local and State debt should be well below 50 percent. It is still over 70 percent.

Private debt, both business and personal, is related to capital assets and earning power. So is most State and local debt. However, the reverse is true of the Federal debt. The Federal Government spends primarily and overwhelmingly for national defense. Defense spending, whether for tanks, missiles, aircraft carriers, or whatever, does not produce capital or earning assets. It must go on the books at $1. We sell, each year, about $8 billion of surplus military property and realize only about 4 cents on the dollar. Very little of the Federal debt is related to economic assets and where it is, as in TVA and CCC, here lies a good bit of the national debate of our day as to whether these are proper or efficient functions of the Federal Government in the first place.

Finally, we do not owe the Federal debt to ourselves. Seventeen billion dollars of the Federal debt is owed to foreigners. Eighteen billion dollars is allocated for retirement benefits under the social security system, about $80 billion for other private pensions, insurance, and retirement programs. Billions are set aside in savings to build homes or provide education or to expand a business to provide more jobs for our people.

This last argument demonstrates the full extent to which the mischief inherent in the theory of deficit financing would lead us—it is the destruction of the private enterprise system, based as it is, upon the ownership of private property.

In only one sense has President Kennedy understated his case and that is when he said the tax bill was the most important measure to come before the Congress in 15 years. The tax bill serving as a camouflage for the discredited theory of prosperity through cheap money, if it were enacted without amendment requiring expenditure reform, would radically change the basic fiscal policy this country has followed since the disastrous experience with the Continental Congress and the Articles of Confederation. Now is the time for the people to come to the aid of their Congress and back it in its defense of the Puritan ethic.

Hartke Cites Importance of World Travel Congress

EXTENSION OF REMARKS

OF

HON. VANCE HARTKE

OF INDIANA

IN THE SENATE OF THE UNITED STATES

Monday, November 4, 1963

Mr. HARTKE. Mr. President, I am in receipt of glowing reports concerning the very significant and highly successful 33d world travel congress sponsored by the American Society of Travel Agents which completed its week of deliberations in Mexico City, October 26.

The American Society of Travel Agents, familiarly known as ASTA with its more than 6,000 members, is the world's largest body of professional travel counsellors and representatives of all facets of the gigantic industry, which in 1962 recorded a total of almost $3 billion in foreign travel alone. ASTA is working closely with the U.S. Travel Service in energetically promoting the stimulation of tourism to the United States from abroad and its contribution to this program will be reflected in the reverse dollar flow.

The importance of the 33d world congress, with its theme "Promise of the Future," is best indicated by the fact that it was opened by His Excellency, Adolfo Lopez Mateos, President of the Republic of Mexico, who personally addressed the delegates. Messages from the President of the United States and the Prime Minister of Canada were delivered by their respective Ambassadors.

Of particular significance, because of its pertinency and its grasp of the problems of world tourism, was the eloquent address at the opening session by our colleague, the Honorable WARREN G. MAGNUSON, chairman of the Senate Committee on Commerce.

Senator MAGNUSON's exposition covered the complex problems involved in the extension of freedom to travel with minimal restrictions as a major contributory factor in achieving peace through understanding among peoples.

He gave special emphasis to the need for legislation recommended by the American Society of Travel Agents, now under committee and agency study, which would curb the unconscionable activities of "blue sky" travel promoters. These fringe operators, by taking advantage of laxities in the regulations, defraud the public through fraudulent offers of cheap charter transportation and then leave the unsuspecting travelers stranded far from home.

Senator MAGNUSON pointed out to the ASTA congress that it is "the primary duty of the U.S. Congress and of the Committee on Commerce to protect the public against such malpractices through punitive legislation."

A major accomplishment of the Mexico City congress was the decision to sponsor a conference of national organizations of travel agents to create a greatly needed world body of travel agents.

ASTA's decision to take this important step followed an address by the Honorable Milton A. Marks of Dayton, Ohio, president of the American Society of Travel Agents.

Mr. Marks described the worldwide demand for the creation of an international body to solve the urgent needs for order and cooperation created by the constantly increasing complexities of a constantly expanding international tourism in which our own Nation has become an important participant.

Among the basic tasks confronting such a world body of travel agents is a

solution to the existing chaotic conditions created by conflicting national rules and regulations impeding the orderly flow of travel and the adoption of a code of ethics to which all reputable and professional travel agents shall not only subscribe but adhere.

Mr. Marks reported that ASTA repeatedly has been designated as the logical instrument to assume the formidable responsibility of serving as the catalytic agent in the creation of such a world body.

I am sure that all of us wish ASTA success in this essential enterprise.

Because of the unquestioned economic importance of tourism and its vital contribution to international understanding and thus to the cause of world peace, I ask unanimous consent that the complete texts of these two important addresses be printed in the RECORD.

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

REMARKS OF SENATOR WARREN G. MAGNUSON, CHAIRMAN, SENATE COMMITTEE ON COMMERCE, AT 33D ANNUAL WORLD TRAVEL CONGRESS OF THE AMERICAN SOCIETY OF TRAVEL AGENTS, INC., AT MEXICO CITY, OCTOBER 21, 1963

The impressive attendance of more than 2,000 delegates from approximately 60 nations at this 33d World Travel Congress is indeed a tribute to the American Society of Travel Agents, and to the ever-increasing importance of the travel agency industry.

It is gratifying also that you have chosen to hold this Congress in the beautiful capital of our great neighbor to the south, Mexico City.

I have heard Mexico City described as the "Paris of the West" which I am sure was intended as a compliment, but to me its architecture, its culture, its vision and vitality are distinctively American.

This does not mean that in any way I am detracting from the famous European city on the Seine. Everyone who can do so should visit both Paris and Mexico City, Rome, and Washington, London, and of course Seattle, particularly Seattle and the other great cities of the Pacific Northwest.

The American Society of Travel Agents means a very great deal to the Pacific Northwest in all seasons of the year, as it did to my home city of Seattle during its World's Fair last year.

Your society also has meant much to me personally and in the success of some of my legislation in the Congress of the United States.

I am especially grateful for the support which you gave me and the Senate Commerce Committee in furthering the International Travel Act of 1961 and the establishment of the U.S. Travel Service.

And I am happy that ASTA, through participation in the Advisory Committee of the U.S. Travel Service, is maintaining a sound and continuing effort to stimulate tourism to the United States.

As chairman of the Senate Committee on Commerce, I was gratified also to receive ASTA's support of my position in the controversy a few months ago concerning transatlantic air fares.

The policy of ASTA, as expressed in the telegram from its President Milton Marks to me on May 15, when our committee was holding hearings on this issue, called for a broadened base of international travel through reduction of airline rates based on air carrier efficiency.

This position coincides precisely with my own on this important question.

ASTA likewise has given strong support to my bill, S. 1540, which would give U.S. authorities certain controls over the level of international fares for flights to and from the United States. This bill was reported favorably by the Commerce Committee and is currently on the Senate Calendar.

There is perhaps no group more aware of the tremendous importance of international tourism than those of you assembled here today.

You and the world travel congresses which have been held in the past have had a major role in the great expansion in international tourism which has taken place during the last decade and which, in turn, has made and is making a substantial contribution to world peace and understanding.

Of equal or greater importance, it has been a factor in stabilizing the economies of a substantial number of friendly governments.

Nations which encourage citizens of other lands to visit their countries and to travel widely within their countries, who receive such visitors with hospitality and good will, invariably benefit both economically and in their international relations. It is good for the host country and it is good for the visitor.

I think you will agree with me that those countries which discourage travel, or which restrict travel within their borders are usually at or near the bottom of the economic escalator.

Fortunately, the number of such countries is decreasing. Even those behind the Iron Curtain are beginning to show increased interest in the tourist dollar, pound or peso, although I doubt that the general tourist will find as much freedom of movement in those countries as he would like.

But the time will come, I am convinced, although it may be far distant, when freedom of travel will be universal.

Only then will there be a complete absence of international tensions. Only then will we arrive at an era of worldwide tolerance, good will, and a full realization of the brotherhood of man.

This era, as I stated, is still far distant, but at some distant day, when the futility of prejudice and the poverty that accompanies insular seclusion is apparent to everyone, worldwide freedom of travel will be achieved and the entire human family will gain thereby and prosper.

All of the Western Hemisphere—with one unfortunate exception—is travelminded. One reason for this is that the ancestral roots of most of us are in the Old World. Much of our culture springs from the Old World and we are drawn to the early homelands of our ancestors and to its monuments, art, and historic landmarks.

But there are amazing cultures in the New World too, both ancient and modern, magnificent works of art, unparalleled scenic attractions, and dynamic cities. All of these are combined here in Mexico City, and in many other cities in the Americas, North, South, and Central.

The enlightened traveler will not be content until he has visited both hemispheres, and I look for the day when tourist traffic from the Old World to the New will equal that from the New World to the Old.

Then both our financial and cultural exchanges will be in balance, an accomplishment the travel agents of the world may well be proud of.

The travel deficit which disturbs the United States and many other Western nations will disappear. The U.S. deficit is still running between $1 and $1.4 billion a year.

In 1962, U.S. citizens spent $2.9 billion on foreign travel, of which $990 million was for transportation and the remainder for other purposes overseas or in other nations of this hemisphere.

Of this amount $395 million or more than 20 percent was spent here in Mexico, and I predict that this percentage will continue to grow as those of us who visit this beautiful country return to praise its manifold charms.

For the world as a whole, in 1962, travel was the largest single item in international trade, representing expenditures totaling $7.5 billion.

The United States, as you know, has been a very late country in promoting what I would call reciprocal tourism, that is the mutual exchange of travelers between other countries and our own.

Our Government began its formal effort in this field only 2 years ago when the U.S. Travel Service was established. Funds for the operation of this agency are not extensive. The 1962 budget for the Travel Service was $3.35 million, while the tourist offices of foreign governments in the United States are expending over $30 million annually to encourage U.S. tourists to visit their countries or areas abroad.

The $3.35 million that our Travel Service spent, combined with the efforts of our non-Government travel agents and offices, helped earn more than 10 times that amount for our country.

During 1962, in my home State of Washington, we had, thanks to you who are assembled here from all parts of the world, a most successful Seattle World's Fair. This fair attracted more than 9 million visitors from all across the United States and from many areas throughout the world.

In April of next year, as you all know, the New York Fair is scheduled to open, with the expectation that 20 million will attend it. Many of you—I hope all of you—will visit this fair, and encourage your clientele to do so also. Your cooperation will assure its success, as it did the World's Fair in Seattle.

From the standpoint of travel time the world is constantly growing smaller, and as it becomes smaller the greater becomes the facility and ease of travel between nations and continents.

Within the lifetime of many of us the airplane has twice shrunk the oceans, first with prop planes and then again with jets. In a few years from now supersonic air carriers which will transport twice as many passengers three to five times more swiftly will again shrink the oceans.

A question that intrigues me, as I know it does you, is whether international air fares will be scaled to improve efficiency and economy of operation or will be arbitrarily set at amounts which impede transocean air travel instead of encouraging it.

The subject of international air fares has just been discussed by the International Air Transport Association in Salzburg, Austria. It behooves all of us to watch these conferences with great interest.

I know that I am interested, the Committee on Commerce is interested, Congress is interested, and I feel that the traveling public of my country is equally interested in what is done at this conference with relation to international air fares which has been the major issue at Salzburg.

On May 8, 1963, on the floor of the U.S. Senate, in discussing this problem, I stated:

"Our carriers operate efficiently and profitably at current fares. If foreign carriers cannot compete at these levels perhaps some soul searching as to the need for their continued existence would be in order. In any event, American citizens are not to be denied choice of lower fares which our carriers are willing and able to provide."

As a matter of fact, it is my opinion that most of the air carriers of nations other than the United States can substantially reduce their international fares, as can the carriers of the United States, and that they can do so with profit, shuttling back and forth

across the oceans with full or almost fully loaded planes instead of, as frequently now occurs, planes half or two-thirds empty.

U.S.-flag carriers of the International Air Transport Association know this and have indicated clearly that they favor substantial reductions in the level of scheduled rates.

This would, I am convinced, be a boon to travel agencies around the world. If there is a realistic cutback in air fares available to all members of the traveling public, the vast untapped market existing in the many countries represented here at this meeting will find new encouragement and incentive to patronize your agencies and book passage on fast modern jets to other parts of the world.

Air carrier capacity during the past 3 years has increased faster than the gain in passengers. From 1959 through 1962 capacity across the North Atlantic increased 20.1 percent while the average traffic increase was 12.8 percent.

To encourage increased travel some airlines have been offering promotional fares in accordance with IATA's policy which requires participation by a select segment of the traveling public as a prerequisite to a fare reduction. This is a discriminatory, diversionary and irrational policy which, in my opinion, can only serve to defeat its purpose.

I am in complete agreement with the American Society of Travel Agents and the Civil Aeronautics Board when they advocate the principle that only those fares which are available on a nondiscriminatory basis and thus allow participation by all members of the traveling public are equitable and beneficial to the industry.

It is encouraging to note in this connection that Chairman Boyd of the Civil Aeronautics Board has endorsed the principle of basic charter rates and has intimated that the Board will not indefinitely continue to approve affinity tests in the granting of fare reductions.

The Senate committee of which I am chairman also is concerned with the increasing number of parties that have been stranded on charter flights during the past season.

From the reports of these strandings which have come to us, it is apparent that the fault does not lie with the responsible and reliable members of the travel agency industry and the airlines industry, but with fringe operators who prey upon an unknowing and unsophisticated public.

In some respects they resemble the "blue sky and bucket shop" operators of the past who unloaded worthless land or stock on the gullible until their activities were curbed by legislation.

The primary duty of the Congress, and of the Committee on Commerce as I see it, is to protect the public, and it is for that reason that the committee is presently contemplating legislation which would ban the fraudulent sale of air transportation.

Members of the committee staff are consulting with the American Society of Travel Agents, the Civil Aeronautics Board and other agencies of Federal Government, and with the industry on appropriate legislation which will assure performance with the purchase of air transportation. You will be happy to know that we are making good progress toward perfecting this proposed legislation.

In conclusion, let me express my appreciation for the opportunity to participate in this 33d annual convention and world congress, and to thank the good citizens of Mexico and its national city for the friendly hospitality they have shown to me.

The theme of this congress is "Promise of the Future." The promise of the future, as all of you here attending this conclave know, is progress.

To me it applies not only to the future of national and international travel and tourism, but to the progress of my own country, our delightful host country, and to all countries of this hemisphere which are dedicated, as I know ours is, to progress with freedom.

Freedom is the key to promise and progress as all nations should know who fought their way out of colonialism as did the United States, Mexico, and most other nations of this hemisphere.

And one of the great freedoms—as I mentioned earlier—is the freedom to travel—the freedom to go and come when one chooses—a freedom that does not exist when a country is under foreign domination, no more than it exists today in Cuba.

Freedom to travel is in many ways kin to those other freedoms we are so proud of—freedom of speech, freedom of the press, freedom of peaceful assembly and petition.

They have their origins in the same aspirations, and when one falls all fall together, as this generation has witnessed behind the Iron Curtain and in one unfortunate western island.

It is my hope that the delegates to this 33d World Travel Congress, when they return home, will pledge themselves to fight valiantly to preserve this fifth freedom—the freedom to travel.

Attainment of this freedom throughout the world will be truly the promise of the future. Thank you.

SPEECH BY MILTON A. MARKS ON A WORLD BODY OF TRAVEL AGENTS MEMBERSHIP RELATIONS SESSION, OCTOBER 25, 1963

By its very nature a trade association—such as ASTA—necessarily resembles a living organism. It was created by human beings and like a human being it has its periods of depression—enjoys its moments of triumph—but most important of all, it is the instrument through which it achieves its own hopes and aspirations for something beyond business success.

ASTA has experienced the trials of infancy and the tribulations of adolescence. Now, here in Mexico City at its 33d convention, we have been meeting in the strength and wisdom of maturity.

Quite naturally, because of our preoccupation with details of programing and consideration of society problems, it is difficult for your officers and directors to properly evaluate the effectiveness of this convention. We have sought not only to give you a report of our stewardship but have been frank in our own self-criticism.

Through sessions such as this, you have told us of your views concerning common problems and thus have given your management the benefit of your experience and wisdom.

Spokesmen for the industries have described their plans. This convention has provided the necessary and vital forum for an exchange of ideas, the renewal of old and creation of new friendships.

You are the sole judge of whether we have, even in a small measure, been successful in our undertaking.

But, I want you to know that all of us—our headquarters staff, your officers, your directors, and your hosts, have given their best to make this convention a memorable occasion.

But now we are 33—no longer are we stumbling children, no longer can we remain youths preoccupied alone with the problems of day-to-day existence and the struggle for survival.

We must look beyond this. If it is for us here to build together so that future generations of members will be able to say—and say proudly—that those who formed this society built well—thought of the future and were not concerned solely with selfish aims.

We have been presented with an opportunity—not of our own seeking; not of our own creation—to build an entity which will be of service to travel agents and thus to people everywhere, in every country, and on every continent.

Through our efforts we can successfully initiate a task which will raise further the ethical concepts and practices of our industry brethren everywhere.

To us, in ASTA, has been given the challenge—to us, in ASTA, is entrusted the assignment of initiating an undertaking which eventually may prove to be the single greatest accomplishment of this convention.

All of you, through the years, have heard talk—much talk—concerning the desirability of a world body of travel agents which not only will stimulate the desire for individual excellence but serve as its common, strong-voiced spokesman.

This task was not of our seeking.

It is not the idea of a single individual.

It is the natural reaction to the basic fact that the travel agent, by virtue of his day-to-day occupation and the role he plays in the international economy provides the best catalytic agent for the realization of the universal desire of people for friendship and understanding.

Because we are businessmen, because we are believed to be hardheaded and practical, we are not beguiled by fancy words or subject to the intoxication of slogans and catchwords.

We have been presented with a practical opportunity to achieve this objective. We, in the travel agency industry, can provide a powerful instrument—can be an important channel to facilitate humanity's common purpose.

ASTA was presented with the challenge by innumerable distinguished representatives of national and regional organizations as a result of the United Nations Conference on Tourism in Rome.

All urged that some group, someplace, take the initiative in arranging a conference where the idea for a world body of travel agents represented by their own national or regional associations—and not—and this I cannot emphasize too strongly—and not a world body of individual travel agents but bona fide, genuine groups possessing stature and reflecting united interests. For, they said, no individuals but only such bona fide, genuine national associations can speak with potent force and honestly represent all.

Time after time, spokesman after spokesman stressed two basic points as requisite to success:

No world body can be composed of both national organizations and individual travel agents.

Success can be achieved only through a new start—a fresh approach based upon complete disentanglement from the old, impotent, self-serving and statureless organizations who presume to speak for worldwide travel agents.

Each one urging the creation of a new world body specifically pointed to the need for a fresh start. They told how, after World War II, this was achieved by deliberately abandoning the old, existing, nonfunctioning League of Nations and creating the United Nations. It is the pertinent—the historic example.

All wanted a new vehicle which would adequately represent the best interests, the highest ethical concepts of the professional travel agent.

But who or what was to be the instrument through which this could be accomplished?

It is with pardonable pride that I report to you that it was ASTA—your organization—that was repeatedly designated as the logical instrument to undertake the initiatory task.

While obviously flattered by this tribute to your society's reputation for ability and recognition of its stature in the world com-

munity of travel agents, I frankly stated that I, as an individual, could not presume to make any promises or take a position until I had a consensus of your officers.

I conferred with your officers—obtained their frank expressions as to the desirability of such an undertaking—and made a careful and detailed study of all the pros and cons.

We had as a strong warning the dismal record of failures of the past and woeful consequences of permitting the existence of a vacuum which served as an invitation for sterile, self-serving bureaucrats.

The organization of a functioning worldwide body calls for greatness—the placing of the common good above personal ambitions and salaried sinecures.

It demands comprehension of local and regional problems; of dedication to the highest and most worthwhile objectives.

We recognize that the demand for an international organization does exist.

The time for effective action is now if we are to realize the promise of the future.

As a result of this decision, ASTA—on October 15—sent letters to 45 national and regional organizations of travel agents inviting them to attend a meeting early in 1964 to consider the organization of a World Body of Travel Agents.

Each letter was accompanied by a questionnaire soliciting their preferences as to the time and location of such a meeting.

To assure that no such group would be overlooked, ASTA requested that the recipients of the invitation suggest names of other bodies which should be present.

Because of the recency of the invitation, it is impossible—on this occasion—to report the number of acceptances; however, all indications are that there will be widespread response.

This is a formidable task which ASTA has undertaken.

It requires limitless patience and a comprehensive catalog of talents and skills far beyond the capabilities of any one individual.

Fortunately for our purpose and assuring success, ASTA is the repository of such qualifications.

To serve as ASTA's World Body Advisory Committee, ASTA has called upon its elder statesmen—its veterans who not only are wise in experience but animated by understanding and dedicated to the welfare of all.

This is a committee which will include five of our past presidents: R. F. Kerr, R. W. Hemphill, T. J. Donovan, Dr. L. C. Tombs, and Newell Grinnell.

For the information of our more recent members I need but highlight their services to obtain your enthusiastic support for this committee.

Dick Kerr's experience has been worldwide. English born, he began his travel career with Thoms Cook & Sons. During World War II, he performed acclaimed services as San Francisco's representative of the Australian Government. He is owner of Kerr Travel Service, in Beverly Hills, Calif.

Bert Hemphill is known as the most widely traveled man of this generation. He served in the Navy during World War I and in the Air Transport Command in World War II. Through his visits to more than 190 countries and territories he has a firsthand knowledge of regional and local problems. He has kept in intimate touch with these through Hemphill Travel Service, Inc., of Los Angeles, which specializes in unusual travel.

Tom Donovan, president of Cartan Travel Bureau, Chicago, possesses an almost unequaled knowledge of international travel problems with specialization in the successful operation of escorted tours. His legal background will prove of great value.

Dr. Tombs, president of Guy Tombs, Ltd., Montreal, not only has the distinction of having been a member of ASTA's board of directors when we last met in Mexico City, 14 years ago, but has served almost for the same period as Consul General for Finland in Montreal. He long has been dedicated to the idea of an international body and his services as general chairman of the first ASTA World Congress in Paris in 1951 were outstanding.

Newell Grinnell has a detailed knowledge of international affairs through his continuing experience in solving the problems of ASTA members in their relations with hotels everywhere. As president of Kalbfleisch Travel Agency of Rochester he is an acknowledged expert on a wide range of problems.

Thus you can see we have chosen well.

We recognize that we have presented them with a task formidable in complexity and difficult of successful conclusion because of the myriad of national and international problems.

Their task is compounded by the existing rivalries and jealousies.

We recognize that the path will be long and complex.

ASTA has only one point upon which it is adamant. The world body must be a democratic institution with one vote for each national association which adheres to the charter when and if it is adopted.

ASTA was faced with an inescapable decision in agreeing to the insistent worldwide demand for order and cooperation in the travel agency industry—made even more important by the complexities of a growing international tourism in which our own Nation is participating.

There must be an end to the present chaos.

There must be a code of ethics to which all reputable and responsible travel agents shall not only subscribe but adhere.

Only through such a functioning world body can the problems and the contributions of the travel agent receive the serious consideration which his services warrant.

Animated by a consciousness of the importance of our undertaking, ASTA shall exert every effort to reach this goal.

SENATE

TUESDAY, NOVEMBER 5, 1963

(Legislative day of Tuesday, October 22, 1963)

The Senate met at 12 o'clock meridian, on the expiration of the recess, and was called to order by Hon. LEE METCALF, a Senator from the State of Montana.

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

O God, who commandest the morning: At this noontide altar we commit into Thy hands our wills and our work, in calm confidence that Thou art in the shadows, and behind them, working out Thy purposes for mankind, Thy children.

Day by day set our feet on the shining path of righteous duty and selfless service.

In these days wherein the souls of men who seek the right and follow truth are sorely tried, when so much is demanded of those who would serve the present age, grant to the Members of this body of governance strength and grace that they may prove worthy of every trust the Nation has committed to their hands, as on the anvil of momentous issues there slowly is hammered into shape the new and better world that is to be when Thy will is done and Thy kingdom comes.

In the Redeemer's name we ask it. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C., November 5, 1963.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. LEE METCALF, a Senator from the State of Montana, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. METCALF thereupon took the chair as Acting President pro tempore.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, November 4, 1963, was dispensed with.

MESSAGE FROM THE PRESIDENT

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

EXECUTIVE MESSAGE REFERRED

As in executive session,

The ACTING PRESIDENT pro tempore laid before the Senate a message from the President of the United States submitting sundry nominations, which was referred to the Committee on Armed Services.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H.R. 1414. An act for the relief of Jan and Anna Smal (nee Dworzanski);

H.R. 1887. An act for the relief of Yon Ok Kim, Chang In Wu, and Jung Yol Sohn;

H.R. 3368. An act to authorize the Administrator of General Services to convey by quitclaim deed a parcel of land to the Lexington Park Volunteer Fire Department, Inc.;

H.R. 3735. An act to set aside certain lands in Montana for the Indians of the Confederated Salish and Kootenai Tribes of the Flathead Reservation, Mont.;

H.R. 4801. An act to amend subsection 506 (d) of the Federal Property and Administrative Services Act of 1949, as amended, regarding certification of facts based upon transferred records;

H.R. 4862. An act for the relief of Tricia Kim;

H.R. 6975. An act for the relief of Giuseppe Maida, his wife, Caterina Maida, and their children, Antonio and Vittoria Maida;

H.R. 7268. An act for the relief of Mrs. Ingrid Gudrun Schroder Brown; and