SENATE

THURSDAY, NOVEMBER 21, 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. HERBERT S. WALTERS, a Senator from the State of Tennessee.

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

O God of men and of nations: We come to Thee with deep gratitude for our surpassing heritage. We ask that Thou wilt so undergird us that we shall never be disobedient to the heavenly vision of a righteous nation with freedom and justice and opportunity to all.

Forbid that in dangerous days such as these the precious oil of our national unity should be spilled upon the ground, to ignite selfish fires. Rather, may it still feed the flame of liberty's torch as it enlightens the whole darkened earth.

In a revelation that may startle us and open our eyes to the solemn facts of these volcanic days, make clear to us that the massed difficulties besetting us are not so much political and economic as they are moral and spiritual; and that in all our baffled search for solutions, only by fresh awareness of Thee can the present social decay, which threatens the inner life and the outer strength of the Nation, be changed to decency and righteousness.

We lift our prayer in the Saviour's name. Amen.

DESIGNATION OF ACTING PRESIDENT PRO TEMPORE

The legislative clerk read the following letter:

U.S. SENATE,
PRESIDENT PRO TEMPORE,
Washington, D.C. November 21, 1963.

To the Senate:

Being temporarily absent from the Senate, I appoint Hon. HERBERT S. WALTERS, a Senator from the State of Tennessee, to perform the duties of the Chair during my absence.

CARL HAYDEN,
President pro tempore.

Mr. WALTERS 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 Wednesday, November 20, 1963, was dispensed with.

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 bill (S. 777) to amend the Arms Control and Disarmament Act in order to increase the authorization for appropriations and to modify the personnel security procedures for contractor employees, with amendments, in which it requested the concurrence of the Senate.

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 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. DIRKSEN, and by unanimous consent, the Committee on Rules and Administration was authorized to meet during the session of the Senate today.

On request of Mr. DIRKSEN, and by unanimous consent, the Committee on Aeronautical and Space Sciences was authorized to meet during the session of the Senate today.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McNAMARA, from the Committee on Public Works, with amendments:

H.R. 8667. An act authorizing additional appropriations for the prosecution of comprehensive plans for certain river basins (Rept. No. 648).

INTERNATIONAL AIR TRANSPORTATION RATES—REPORT OF A COMMITTEE (PT. 2 OF S. REPT. NO. 473)

Mr. MONRONEY, from the Committee on Commerce, reported an amendment in the nature of a substitute to the bill (S. 1540) to amend the Federal Aviation Act of 1958 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes, and submitted a report thereon, which amendment and report were ordered to be printed.

EXECUTIVE REPORTS OF COMMITTEE ON ARMED SERVICES

The following executive reports of a committee were submitted:

By Mr. JACKSON:

Paul H. Nitze, of Maryland, to be Secretary of the Navy.

By Mr. SALTONSTALL:

William P. Bundy, of Maryland, to be an Assistant Secretary of Defense.

By Mr. SYMINGTON:

Robert H. Charles, of Missouri, to be an Assistant Secretary of the Air Force.

Mr. INOUYE. Mr. President, from the Committee on Armed Services, I report favorably the nominations of four officers for appointment as Reserve commissioned officers of the Army in the grade of brigadier general. I ask that these nominations be placed on the Executive Calendar.

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

The nominations were placed on the Executive Calendar, as follows:

Col. Alfred Carlisle Harrison, Adjutant General's Corps; Col. Erwin Case Hostetler, Adjutant General's Corps; Col. Robert Louis Stevenson, Adjutant General's Corps; and Col. Thomas Roberts White, Jr., Adjutant General's Corps, for appointment as Reserve commissioned officers of the Army.

Mr. INOUYE. Mr. President, in addition, I report favorably 1,432 officers for promotion in the Navy in grades not above that of captain and 822 officers for appointment and promotion in the Marine Corps in grades not above that of lieutenant colonel. Since these names have already appeared in the CONGRESSIONAL RECORD, in order to save the expense of printing on the Executive Calendar, I ask unanimous consent that they be ordered to lie on the Secretary's desk, for the information of any Senator.

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

The nominations ordered to lie on the desk are as follows:

Billy J. Adams, and sundry other officers, for promotion in the U.S. Navy;

Nita B. Warner, and sundry other officers for permanent appointment in the Marine Corps; and

Dennis L. Pardee, and sundry other officers, for appointment in the Marine Corps.

BILLS INTRODUCED

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

By Mr. CHURCH (for himself and Mr. JORDAN of Idaho):

S. 2326. A bill to authorize the Secretary of the Interior to designate the Nez Perce National Historical Park in the State of Idaho, and for other purposes; to the Committee on Interior and Insular Affairs.

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

By Mr. MOSS:

S. 2327. A bill to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of coal on the public domain; to the Committee on Interior and Insular Affairs.

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

By Mr. PROXMIRE:

S. 2328. A bill to amend the Merchant Marine Act, 1936, in order to provide that it shall be a misdemeanor for any contractor receiving an operating differential subsidy under title VI or for any charterer of vessels under title VII to engage in certain discriminatory rate setting practices; and

S. 2329. A bill to amend section 18(b)(2) of the Shipping Act, 1916, to require the publishing and filing of economic justification along with the publishing and filing of tariffs in certain cases; to the Committee on Commerce.

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

RESOLUTIONS

DISCHARGE OF FINANCE COMMITTEE FROM FURTHER CONSIDERATION OF H.R. 8363, THE TAX BILL

Mr. CLARK submitted a resolution (S. Res. 226) to discharge the Committee on Finance from the further consideration

of H.R. 8363, the tax bill, which was ordered to lie over 1 day under the rule.

(See the above resolution printed in full when submitted by Mr. CLARK, which appears under a separate heading.)

DISCHARGE OF COMMITTEE ON APPROPRIATIONS FROM FURTHER CONSIDERATION OF H.R. 7063, THE STATE, JUSTICE, AND COMMERCE APPROPRIATION ACT, 1964

Mr. CLARK submitted a resolution (S. Res. 227) to discharge the Committee on Appropriations from the further consideration of H.R. 7063, the State, Justice, and Commerce Appropriation bill, 1964, which was ordered to lie over 1 day under the rule.

(See the above resolution printed in full when submitted by Mr. CLARK, which appears under a separate heading.)

NEZ PERCE NATIONAL HISTORICAL PARK, IDAHO

Mr. CHURCH. Mr. President, the last century had barely begun when President Thomas Jefferson dispatched the explorers Lewis and Clark to the far Northwest; their monumental trek to the western ocean gave this Nation a valid claim to the Oregon country. However, had not the explorers been befriended by the Nez Perce Indians in what is now Idaho, they might have failed to complete their journey.

In 1836, after helping Dr. Marcus Whitman take a wagon across the Continental Divide—thus blazing the way for the Oregon Trail migrations to the Northwest—Henry Harmon Spalding opened a Presbyterian mission at Lapwai among the Nez Perces. Spalding brought the first printing press to the Northwest.

Not far from here, gold was discovered in 1860; the mines became a magnet for new population, led to the creation of Idaho Territory in 1863, provided gold for a hard-pressed Federal Treasury, and thereby helped to preserve the Union.

The great Chief Joseph and the Nez Perces of the "nontreaty" bands fought magnificently for their homelands in 1877, and their retreat is an epic tale. The Nez Perce war did much to stir the conscience of the American public with respect to our mistreatment of the Indians.

Mr. President, I mention these seemingly unrelated historical events because they are, indeed, related. They are related by geography in one area of northern Idaho, and related by the same historic genre, the Winning of the Great West. Unfortunately, the last vestiges of these momentous events have been nearly obliterated by the mindless pressures of settlement and civilization.

Because these valuable and significant sites are so located and so related, it has been proposed that they be preserved under a single responsible jurisdiction, properly identified and correlated for public viewing and appreciation. Department of Interior, national park and State officials, historians and other specialists have personally visited the sites and voiced approval of such a project. Chambers of commerce, civic organizations, and newspapers in the area have endorsed it.

After extensive study, a bill has been drawn to accomplish this laudable objective. It does not call for the creation of a large national park, but for the designation and appropriate development of the scattered historical sites in this one area, to be administered by the National Park Service. Only a small amount of land would be required for administrative use and site preservation.

Mr. President, I realize that much important legislation is before this session of the Congress, but since this year—1963—is the Territorial Centennial of Idaho, and it was this very area which gave birth to the Territory, I think it is most fitting for the bill to be introduced in this sesssion, even though action upon it cannot come until next year. So, on behalf of myself and my colleague, I introduce, for appropriate reference, a bill to create the Nez Perce National Historical Park, and I ask unanimous consent that the full text of the bill be printed in the RECORD at the conclusion of these remarks.

The ACTING PRESIDENT pro tempore. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2326) to authorize the Secretary of the Interior to designate the Nez Perce National Historical Park in the State of Idaho, and for other purposes, introduced by Mr. CHURCH (for himself and Mr. JORDAN of Idaho), was received, read twice by its title, referred to the Committee on Interior and Insular Affairs, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, it is the purpose of this Act to facilitate protection and provide interpretation of sites in the Nez Perce country of Idaho that have exceptional value in commemorating the history of the Nation.

SEC. 2. To implement this purpose the Secretary of the Interior may designate as the Nez Perce National Historical Park various component sites in Federal and non-Federal ownership relating to the early Nez Perce culture, the Lewis and Clark Expedition through the area, the fur trade, missionaries, gold mining and logging, the Nez Perce war of 1877, and such other sites as he finds will depict the role of the Nez Perce country in the westward expansion of the Nation.

SEC. 3. The Secretary of the Interior may acquire by donation or with donated funds such lands, or interests therein, and other property which in his judgment will further the purpose of this Act and he may purchase with appropriated funds not to exceed 1,500 acres of land, or interests therein, required for the administration of the Nez Perce National Historical Park. The Nez Perce tribe's governing body, if it so desires, with the approval of the Secretary of the Interior, is authorized to sell, donate or exchange tribal owned lands held in trust needed to further the purpose of this Act.

SEC. 4. (a) Indian trust land and sites in Federal ownership under the administrative jurisdiction of other Government agencies, not to exceed 1,500 acres overall, may be designated by the Secretary of the Interior for inclusion in the Nez Perce National Historical Park with the concurrence of the beneficial owner or agency having administrative responsibility therefor, but such designation shall effect no transfer of administrative control unless the administering agency consents thereto, except that the Secretary of the Interior shall be responsible for interpreting the historical significance of the site and providing such services to the public.

(b) The Secretary of the Interior may enter into cooperative agreements with the owners of property which under the provisions of this Act may be designated for inclusion in Nez Perce National Historical Park as sites in non-Federal ownership, and he may assist in the preservation, renewal, and interpretation of the properties, provided the cooperative agreements shall contain, but not be limited to, provisions that: (1) the Secretary has right of access at all reasonable times to all public portions of the property for the purpose of conducting visitors through the property and interpreting it to the public, and (2) no changes or alterations shall be made in the properties, including buildings and grounds, without the written consent of the Secretary.

SEC. 5. When the Secretary of the Interior determines that he has acquired title to, or interest in, sufficient properties or determines that he has entered into appropriate cooperative agreements with owners of non-Federal properties, or any combination thereof including the designation of sites already in Federal ownership, he shall by publication in the Federal Register establish the Nez Perce National Historical Park and thereafter administer the Federal property under his administrative jurisdiction in accordance with the Act of August 25, 1916 (39 Stat. 535; 16 U.S.C. 1 et seq.), as amended and supplemented.

SEC. 6. (a) In order to carry out the purposes of this Act the Secretary of the Interior may contract and make cooperative agreements with the State of Idaho, its political subdivisions or agencies, corporations, associations, or individuals, to protect, preserve, maintain, or operate any site, object, or property included within the Nez Perce National Historical Park, regardless as to whether title thereto is in the United States: *Provided,* That no contract or cooperative agreement shall be made or entered into which will obligate the general fund of the Treasury unless or until Congress has appropriated money for such purpose.

(b) To facilitate the interpretation of the Nez Perce country the Secretary is authorized to erect and maintain tablets or markers in accordance with the provisions contained in the Act approved August 21, 1935, entitled, "An Act to provide for the preservation of historic American sites, buildings, objects, and antiquities of national significance, and for other purposes" (49 Stat. 666).

SEC. 7. There are authorized to be appropriated such sums as may be necessary to carry out this Act.

Mr. JORDAN of Idaho. Mr. President, in joining in the sponsorship of this bill setting up the Nez Perce National Historical Park in our State of Idaho, I not only am pleased to do so as a Senator from that State but also from a very personal point of view. I have lived most of my life in the Nez Perce country, and it gives me a great deal of personal pleasure to have a hand in protecting for posterity some of the rich historical background of this region. It is wonderful country.

Because this is my home country, and I might be inclined to overstate the case today I have chosen not to put my feelings in my own words, but instead to quote Mr. Alvin M. Josephy, Jr., board of editors, American Heritage magazine.

Mr. Josephy, who first saw this Nez Perce country from an airplane, says this:

My immediate, grand impression was of having come on one of the most spectacularly rugged and beautiful parts of the United States, but also one which—because of the difficult terrain that limited the building of main arteries of transportation—was, to Americans from elsewhere in the country, one of the least known sections of the country.

His impression was quite accurate, in my opinion. Mr. Josephy continues:

As I began to read the chapters of the dramatic and adventurous history that had occurred in this majestic area, I was also impressed with how close the people of the countryside that extends around Lewiston still are to their frontier and pioneer heritage—how little the physical look of the land and the features of canyon, prairie, and mountain life generally have changed since the days of the earliest white arrivals. Here one could read of the thrilling incidents of the Lewis and Clark journey and see much of the country still looking just as the explorers described it in their journals. One could follow Washington Irving's gripping narratives of the Astorians and Bonneville struggling through the mighty Snake chasm, and gaze upon the same scenes, still almost untouched by man. The settings of the accounts of Alexander Ross, the fur trader; of David Douglas, the great Scottish botanist; of Jedediah Smith, Joe Meek, and "Dock" Newell; of the Missionaries Samuel Parker and Spalding; of soldiers, gold miners, and settlers; of the great Chief Joseph and his Nez Perces; and of many other persons who etched Northwest history, all remain so unchanged that the land itself brings their glorious epics vividly to life.

Nowhere else in this country, in fact, am I aware of a large region whose overall story can be interpreted so compactly in a setting that has so little changed under the advance of civilization.

Mr. President, if our great Nez Perce country can arouse such feelings in a man who is a stranger to that section, you can imagine how we Idahoans feel about it. We love that country, and we are extremely proud of it also. I feel that basically all Idahoans join today with the two Senators from Idaho in backing this bill which, in essence, does two things: First, protects and preserves the history of the Nez Perce country for posterity; second, while at the same time commending this section to the rest of the Nation saying, "Come to Idaho and see one of our great contributions to the history of our Nation."

MAXIMUM COAL ACREAGE HOLDINGS UNDER MINERAL LEASING LAW

Mr. MOSS. Mr. President, in the past few years this country has witnessed a growing use of coal to generate electric power. Many new processes are now under development which will require even greater supplies of coal if they are to be successful. We are moving toward supplying electricity directly to large metropolitan areas by use of transmission lines from coal-powered generators located at the mouth of a mine, or by sending coal through a slurry pipeline to the metropolitan area for power generation there, or the use of the integrated train to transport coal.

These new uses envisioned for coal, combined with the accelerated expansion of our power needs, have made it desirable to take a new look at the maximum coal acreage which may be held, under the mineral leasing law, in any one State by any one person, association, or corporation.

I have done so, and have concluded that the present maximum of 15,360 coal acres is too low to provide the larger operations which the new processes will require. I feel it desirable to increase to 46,080 coal acres the maximum number which may be held by any one concern in any one State.

This change can be thoroughly justified. The type of capital investment required for the large operations which will be developed in the future under the new processes can best be encouraged by establishing enough acreage in one holding to justify long-term leases. Once a market is established, the smaller concerns already operating in the area would be ready for supplementary supply. Thus increasing acreage for the large operator should increase opportunity for the smaller operator, also.

The Mineral Leasing Act has been amended a number of times in the past to increase individual holdings of coal acreage, in order to meet changing conditions. The original figure under the 1920 act was 2,560 acres.

I therefore send to the desk, for appropriate reference, a bill to increase the maximum coal acreage which may be held under option or lease or both combined, by a person, association, or corporation, under the Mineral Leasing Act, in any State, to 46,080 acres.

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

The bill (S. 2327) to amend section 27 of the Mineral Leasing Act of February 25, 1920, as amended, in order to promote the development of coal on the public domain, introduced by Mr. Moss, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

AMENDMENT OF INTERNAL REVENUE CODE OF 1954, TO REDUCE INDIVIDUAL AND CORPORATE INCOME TAXES—AMENDMENT (AMENDMENT NO. 329)

Mr. RIBICOFF (for himself, Mr. BYRD of West Virginia, Mr. CANNON, Mr. DODD, Mr. DOMINICK, Mr. GRUENING, Mr. HUMPHREY, Mr. KEATING, Mr. LONG of Missouri, Mr. PROUTY, Mr. RANDOLPH, and Mr. SCOTT) submitted an amendment, intended to be proposed by them, jointly, to the bill (H.R. 8363) to amend the Internal Revenue Code of 1954 to reduce individual and corporate income taxes, to make certain structural changes with respect to the income tax, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

INDEPENDENT OFFICES APPROPRIATIONS BILL, 1964—CHANGE OF CONFEREE

On motion of Mr. MAGNUSON, and by unanimous consent, Mr. MONRONEY was appointed a conferee on the part of the Senate to the bill (H.R. 8747) making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices for the fiscal year ending June 30, 1964, and for other purposes, vice Mr. ROBERTSON, who was excused.

LABELING AS TO STATE OF ORIGIN OF IRISH POTATOES SHIPPED IN INTERSTATE COMMERCE—ADDITIONAL COSPONSOR OF BILL

Mr. JORDAN of Idaho. Mr. President, at its next printing, I ask unanimous consent that the name of the senior Senator from Idaho [Mr. CHURCH] be included as a cosponsor of the bill (S. 2247) to require that Irish potatoes sold or shipped in interstate commerce be labeled as to State of origin.

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

U.S. ADMIRALS AND GENERALS FROM MONTANA

Mr. MANSFIELD. Mr. President, in reading the Montana newspapers lately, I was happy to note that Rear Adm. Edwin S. Miller, of Missoula, Mont., is the new commander in chief of cruiser-destroyer flotilla 7, which is a part of the Pacific Fleet.

I am also happy once again to call the attention of the Senate, on behalf of the State of Montana, to the fact that the commander in chief of the Pacific Fleet is Adm. Ulysses S. G. Sharp, Jr., who hails from Chinook and Fort Benton, Mont. Therefore, I point out that it is indeed noteworthy and significant that from a State with a population of less than 700,000 have come these two distinguished admirals of the U.S. Navy, who are performing such meritorious duties in the field of the Pacific—in other words, the Pacific Ocean and the Pacific area; and I am proud that both of them hail from the State which I have the honor and privilege to represent in this body.

There are few, if any, landlocked States in this Nation which can boast of a more outstanding group of rising U.S. naval officers than can the State of Montana. Earlier this year, I brought to the attention of the Senate the fact that no less than 13 admirals and generals who served in World War II and postwar years hailed from the Treasure State.

The latest in this select group to bring high honor upon himself is Rear Adm. Edwin S. Miller, of Missoula. Admiral Miller, a veteran of 30 years of distinguished service in the Navy, recently assumed command of cruiser-destroyer flotilla 7 in ceremonies held in Subic Bay, in the Philippines. In his new post, he will be responsible for the operations of more than 30 cruiser and destroyer type vessels.

Admiral Miller deserves the best wishes of all of us for achieving this honor, and I am confident that he will discharge his new duties with the competence and devotion to duty which have characterized his career to date. I extend to him my sincerest congratulations.

Admiral Miller is an exception among Montana's admirals only in that he does not hail from the Fort Benton area. This small community on the banks of the Missouri River has produced the remarkable total of four admirals, plus one Army general and one Marine Corps general. One of these, full Adm. Ulysses S. G. Sharp, Jr., was recently named commander in chief of the Pacific Fleet.

INCREASE IN AUTHORIZATION FOR APPROPRIATIONS TO THE ATOMIC ENERGY COMMISSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 627, Senate bill 2267, and that it be made the pending business. I do so with the full approval of the distinguished minority leader. I ask that it be considered at this time.

The ACTING PRESIDENT pro tempore. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2267), to amend Public Law 88–72 to increase the authorization for appropriations to the Atomic Energy Commission in accordance with section 261 of the Atomic Energy Act of 1954, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill.

The ACTING PRESIDENT pro tempore. The bill is open to amendment. If there be no amendment to be proposed, the question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading and was read the third time.

The ACTING PRESIDENT pro tempore. The bill having been read the third time, the question is, Shall it pass?

The bill, S. 2267 was passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 101 of Public Law 88–72 is hereby amended by striking the figure "$172,562,000" and inserting in lieu thereof the figure "$190,507,000".

SEC. 2. Section 101(d) of Public Law 88–72 is amended by adding at the end thereof:

"Project 64–d–10, occupational health laboratory, Los Alamos Scientific Laboratory, New Mexico, $1,650,000.

"Project 64–d–11, high temperature chemistry facility, Los Alamos Scientific Laboratory, New Mexico, $1,435,000.

"Project 64–d–12, plutonium research support building, Los Alamos Scientific Laboratory, New Mexico, $655,000.

"Project 64–d–13, radiochemistry building, Lawrence Radiation Laboratory, California, $5,900,000.

"Project 64–d–14, hazards control addition, Lawrence Radiation Laboratory, California, $1,000,000.

"Project 64–d–15, plant engineering and services building, Lawrence Radiation Laboratory, California, $1,400,000.

"Project 64–d–16, west cafeteria addition, Lawrence Radiation Laboratory, California, $255,000.

"Project 64–d–17, craft shop addition, Lawrence Radiation Laboratory, California, $200,000.

"Project 64–d–18, developmental laboratory, Sandia Base, New Mexico, $3,780,000.

"Project 64–d–19, explosive facilities, Sandia Base, New Mexico, $540,000.

"Project 64–d–20, classified technical reports building addition, Sandia Base, New Mexico, $500,000.

"Project 64–d–21, control point additions, Nevada Test Site, $630,000."

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

Mr. MANSFIELD. I am glad to yield.

Mr. PASTORE. The amount that this authorization requires in the way of an appropriation was in the bill that was considered by the House and deleted, I presume, without prejudice, because that amount would not be authorized.

The bill is a supplemental authorization for 12 additional construction projects which are proposed in the bill. These projects would modernize and make more effective our laboratories and the critical analyses that have to be made with reference to underground testing connected with the nuclear test ban treaty agreement, which applies to environments in the atmosphere, underwater, and in space.

Therefore, in explanation of the bill, I ask unanimous consent to have printed in the RECORD excerpts from the report that appear on page 1 as "Summary of the Bill," including the "Background" on page 2, and then skipping the section headed "Hearings" down to "Comments by the Joint Committee," and through page 3 to page 5, ending with the words "the test ban treaty safeguards."

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

SUMMARY OF THE BILL

This bill amends Public Law 88–72, the Atomic Energy Commission, fiscal year 1964 authorization act, by providing a supplemental authorization of $17,945,000 for the construction of 12 new facilities, necessary for the nuclear weapons development program.

This bill is in two sections. Section 1 increases the total authorization contained in section 101 of Public Law 88–72 by $17,945,000. The amended authorization figure is $190,507,000.

Section 2 contains a line item listing of 12 construction projects to be added to section 101(d) of Public Law 88–72, under the heading "Atomic weapons." The total estimated cost of these projects is $17,945,000.

BACKGROUND

On October 16, 1963, the Atomic Energy Commission transmitted to the Congress a proposed bill amending Public Law 88–72, the Atomic Energy Commission fiscal year 1964 authorization act, by providing a supplemental authorization of $17,945,000 for 12 new construction projects for the nuclear weapons development program.

The proposed legislation was introduced by Senator PASTORE (by request, S. 2267) on October 29, 1963, and by Representative HOLIFIELD (by request, H.R. 8971) on October 30, 1963.

Hearings were held before the Subcommittee on Legislation on October 31, 1963, as summarized in the next section of this report.

On November 20, 1963, the Subcommittee on Legislation met and approved, without dissent, H.R. 8971 and S. 2267 with the recommendation that they be reported favorably by the full committee.

On November 20, 1963, the full committee met and voted to approve the bills without amendment and adopt this report thereon.

COMMENTS BY THE JOINT COMMITTEE

A. Safeguards in connection with the nuclear test ban treaty

On September 10, 1963, in connection with the Senate debate on the ratification of the limited nuclear test ban treaty, the President wrote to Senators MANSFIELD and DIRKSEN, the Senate majority and minority leaders, outlining a program of safeguards designed to minimize the risk inherent in the limited nuclear test ban treaty.

In pertinent part, the President outlined the following safeguards in connection with the treaty:

* * * * * *

"Underground nuclear testing, which is permitted under the treaty, will be vigorously and diligently carried forward, and the equipment, facilities, personnel, and funds necessary for that purpose will be provided. * * *

"The United States will maintain a posture of readiness to resume testing in the environments prohibited by the present treaty, and it will take all the necessary steps to safeguard our national security in the event that there should be an abrogation or violation of any treaty provision. In particular, the United States retains the right to resume atmospheric testing forthwith if the Soviet Union should conduct tests in violation of the treaty.

"Our facilities for the detection of possible violations of this treaty will be expanded and improved as required to increase our assurance against clandestine violation by others.

* * * * * *

"This Government will maintain strong weapons laboratories in a vigorous program of weapons development, in order to insure that the United States will continue to have in the future a strength fully adequate for an effective national defense."

Similar assurances were given to the Congress in communications from the Secretary of Defense and the Joint Chiefs of Staff.

B. Implementation of safeguards

It is the committee's view that the implementation of the safeguards enumerated by the President is a matter of utmost importance for the future security of the Nation. With this background in mind, the committee carefully considered the request for the 12 additional construction projects proposed in this bill. In addition the committee received testimony concerning a reprograming of AEC operating funds designed to provide an additional $109 million for activities related to the implementation of safeguards for the remainder of fiscal year 1964.

After intensive hearings, the committee is of the opinion that the proposed amendment to Public Law 88–72, in conjunction with the additional operating funds which will be provided for the weapons development program, represents a sound initial program for the implementation of safeguards to the extent described below.

1. Maintenance of Strong Weapons Laboratories

The committee believes that the maintenance of adequate modern facilities at our nuclear weapons laboratories is perhaps the most essential of the safeguards proposed by the President. Nuclear weapons development is a complex and vitally important scientific endeavor in which the United States must rank as second to none. The maintenance of modern laboratory facilities is necessary in order to attract and retain those competent scientists who can help to assure U.S. leadership in the nuclear weapons field.

In furtherance of this objective, this bill provides for the replacement and modernization of facilities which are currently inadequate to permit the full utilization of the highly specialized scientific talents of laboratory personnel. Such projects as 64–d–11, high-temperature chemistry facility at Los

Alamos Scientific Laboratory; 64–d–14, hazards control addition at Lawrence Radiation Laboratory; and 64–d–18, development laboratory at Sandia Base, should contribute significantly to the productivity and vitality of our nuclear weapons laboratories.

2. Readiness for the Resumption of Atmospheric Testing

The committee wishes to emphasize the importance of maintaining a state of readiness for the resumption of atmospheric testing on short notice should further tests in the atmosphere be deemed essential to our national security or in the event of a violation of the nuclear test ban treaty by the Soviet Union.

In this connection, project 64–d–13, radiochemistry building, Lawrence Radiation Laboratory, Livermore, Calif., will provide necessary facilities for analysis of material. As noted by the AEC:

"This project is needed to provide immediate improvements to the physical plant of the Laboratory (Livermore) with a view to insuring a high level of nuclear weapons research and development progress coupled with the readiness to resume full scale weapons testing in the atmosphere at short notice."

Data presented to the committee indicates that this project is required for the radiochemical analysis workload of the test program. There is at present a shortage of laboratory space for chemistry activities.

3. Continuation of a Comprehensive and Aggressive Underground Nuclear Testing Program

The committee strongly endorses a program of vigorous underground nuclear testing. In this connection, project 64–d–21 will help to increase the rate and efficiency of our underground weapons tests and improve the collection of test data. The AEC has stated that these facilities are necessary for the safe and effective conduct of intensified nuclear weapons activities at the Nevada Test Site.

4. Nuclear Weapon Test Detection

As further tangible evidence of the Joint Committee's deep interest in assuring the full and effective implementation of the test ban treaty safeguards, a special ad hoc subcommittee visited installations in the worldwide nuclear weapon test detection system, early this month. Upon returning from this extensive inspection trip, Chairman PASTORE stated:

"We have returned from our inspection with a feeling of greater assurance in our ability to detect a violation of the test ban treaty should such a violation occur. However, improvements are being, and must continue to be, made. * * * Generally speaking, certain improvements can be accomplished through additional research and development and augmentation of the existing systems, and we have been assured that this is currently under consideration within the Department of Defense, the AEC, and other executive agencies."

Although this supplemental authorization bill does not include additional funds for research and development in the test detection field, nor for additional test detection facilities, which is the prime responsibility of the Department of Defense, the Joint Committee intends to follow closely further developments in this field. In a classified report on its recent inspection trip, to be issued shortly, the committee will review our overall test detection requirements and include certain recommendations for improving our detection capabilities.

As noted above, in addition to the authorization for capital facilities requested in this bill, the Atomic Energy Commission stated that, through the reprograming of operating funds, an additional $109,800,000 would be added to the operating budget for fiscal year 1964 for the weapons development program. These additional funds, coupled with the capital facilities proposed in this bill, should provide for an accelerated nuclear weapons program, designed to effectuate the test ban treaty safeguards.

THE SUPREME COMMITTEE FOR LIBERATION OF LITHUANIA

Mr. LAUSCHE. Mr. President, three times within 25 years the Soviet Union invaded, terrorized, and oppressed the peaceful little Baltic nation of Lithuania. Each time Lithuanians fought so valiantly for freedom that the Soviets resorted to extreme measures to gain control. In two cases, 1919 and 1940–41, the Russians were expelled. But, unhappily, in 1944 Red Russia returned and little Lithuania fell.

After great expenditures of time and money in a one-sided battle, the Communists have convinced many people that Lithuania asked to be incorporated into the Soviet Union. That is not a fact, and we must refute that great lie here and now, lending our voices to those necessarily faint protests from Lithuanians themselves. It has been impossible for Lithuania to speak for herself, because Russia exercises absolute control over the territory of Lithuania. There is no free exchange of information or freedom of speech for Lithuania. Until 2 years ago no outsider could even visit Lithuania. Even now such visits are carefully controlled. This adds another proof of the involuntary servitude of Lithuania to communism plain enough for anyone to see.

Lithuania has not been completely unrepresented to the free world however. There is a loyal group of Lithuanian people in the United States who have been doing everything they can to protest Soviet action. They are fighting to regain the independence and freedom of Lithuania. This group is the Supreme Committee for Liberation of Lithuania, founded in 1943 by underground resistance groups, and celebrating its 20th anniversary in New York, November 23 and 24.

The members and supporters of the committee have shown amazing courage and loyalty in the face of overwhelming hardships. I am sure they only desire the greatest peace and welfare for their people. On the occasion of their 20th anniversary, on behalf of the people of Ohio, I express felicitations to those brave Lithuanians who in 1940, and especially in 1944, stood intrepidly against the Russian Red giant.

THE TAXPAYERS HAVE A RIGHT TO KNOW—PROPOSED PAY INCREASES FOR MEMBERS OF CONGRESS AND OTHERS

Mr. LAUSCHE. Mr. President, on two previous occasions, I spoke on the floor of the Senate vigorously opposing the proposed salary increases for Federal judges, Cabinet members, and Members of the Congress contained in the pending omnibus salary increase bill. This particular section of the bill is highly controversial, as it should be. Usually, when controversial bills are before the Congress, Senators receive both "pro" and "con" mail in great volumes. The "pro" mail on the proposed increases for judges, Cabinet members, and Members of the Congress is extremely conspicuous by its absence, at least in my office. I am certain that the taxpayers cannot comprehend the philosophy of the Congress in professing economy and tax reduction and encouraging labor and industry to hold the line on wages and prices, and then, in the second breath, exclaiming that elected and appointed Federal officials should have their salaries increased substantially.

Mr. President, the proposed bill would increase the salaries of Congressmen and Senators from $22,500 to $32,500 per year, a net increase of $10,000 per year. While it is a matter of public record, it is little known among constituents throughout the country that Congressmen and Senators, in addition to their annual salaries, are accorded at the expense of the taxpayers numerous fringe benefits. I wish to point out:

First. That $3,000 of a Senator's salary is deductible for income tax purposes.

Second. That each Senator may be reimbursed annually for two round trips to and from his home State.

Third. That each Senator is allowed a stationery account of $1,800 per year, and that at the close of a fiscal year, he may claim any unexpended balance in cash for his personal use.

Fourth. That each Senator may receive an allowance of $1,200 per year for office rental in his home State. This sum may be used to defray rental expenses of a combination office in which the Senator may engage, as an example, in private practice along with serving his constituents in an official senatorial manner.

Fifth. That the retirement pay of a Member of Congress is fixed at the rate of 2½ percent of his salary for each year of service. A Member of Congress who has served 20 years would, under the proposed pay raise, become entitled to a retirement pay of 2½ percent a year, which is 50 percent—20 times 2½ percent—of his new salary of $32,500, equaling $16,250 per year; instead of 50 percent of his old salary of $22,500, equaling $11,250 a year. Based on the present salary of $22,500, if a Member of Congress should retire at the end of 12 years, his monthly pension would be $562.60, while under the pending bill providing for $32,500, should he retire at the end of 12 years, he would receive 30 percent—12 times 2½ percent—of his new salary, equaling $812.50 per month, which is a $249.90 per month increase.

Mr. President, I ask unanimous consent that a table showing the annuity title requirements for Members of Con-

gress, prepared for the House Post Office and Civil Service Committee, may be printed at this point in the RECORD.

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

Civil Service Retirement Act—Annuity title requirements for Members of Congress

Type of annuity	Present law		
	Minimum age at separation	Minimum service	Special requirements
Immediate unreduced	62	5 years	None.
	60	10 years as a Member	Do.
	Any age	5 years	Must be disabled.
Immediate reduced	55	30 years	None.
	Any age	25 years	Any separation except by resignation or expulsion.
	50	20 years or 9 Congresses	Do.
	(1)	(1)	
Deferred unreduced	Any age	5 years	Begins at age 62.
	do	10 years as a Member	Begins at age 60.
Deferred reduced	do	20 years, including 10 as a Member.	Begins at age 50.

[1] No provision.

NOTE.—Life insurance and health benefits continue after retirement if Member retires on immediate annuity, after 12 years of service or for disability.

Mr. LAUSCHE. Mr. President, it is true that Senators pay into the retirement fund 7½ percent of their salary, which is matched with an equal amount of 7½ percent by the Federal Government. The portion of the pending bill providing $10,000 increases in salaries for Senators and Congressmen is estimated to cost $5.4 million annually. This figure does not include Cabinet officers, judicial employees, and Federal judges, as well as all others that are covered in the proposed bill. It is interesting to note that the amount the Federal Government will be obligated to provide to match the 7½ percent paid into the fund by Congressmen will total $405,000 annually. A similar added obligation on the part of the Federal Government would apply to salaries of all except judges covered in the bill. The judges pay no part of their salary into the retirement fund. They, at a certain age with a certain minimum period of service, can go on the inactive list and receive full pay for the balance of their lives. They do not retire but go on the inactive list supposedly subject to call for special assignments. Therefore, it is a misnomer to label the proposed salary increase bill as costing $600 million; it will cost the taxpayers much more than that.

Mr. President, passage of this salary increase bill, as drafted, is a flagrant breach of prudence. It would require the Federal Government to substantially increase its contributions to the retirement fund, which is already in a very precarious position. I want to point out that as of June 30, 1963, the unfunded liability of the civil service retirement fund, in which the Senators participate, was $34 billion. I am informed that if the pending salary increase bill passes, it will result in an increase of about one-half billion dollars to this unfunded liability.

It is estimated that the general pay increase of 1962 added $1.9 billion to the unfunded liability, bringing it up to the June 30, 1963, figure of $34 billion.

In 1921, when this fund was first established, the unfunded liability was $249 million. Since that time, as a result of the Federal Government's failure for long periods of time to provide for its matching contributions and its negligence in making adequate appropriations to take care of the added cost of pay increases and pension liberalization, the unfunded liability has steadily increased to its present figure.

It is true that this unfunded liability is an obligation of the Federal Government, but in the final analysis, it is a commitment by the Federal Government affecting every Federal taxpayer in the country.

Mr. President, I ask unanimous consent that a table showing the growth of the unfunded liability, prepared by the U.S. Civil Service Commission, Bureau of Retirement and Insurance, may be printed at this point in the RECORD.

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

Growth of the unfunded liability

[In millions]

Fiscal year	Unfunded liability as of June 30	Includes increase—			Amount	Remarks
		Due to act of—[1]	Amount	Due to act of—[1]		
1921	*$249					*Initial unfunded liability.
1922						
1923						
1924						
1925	*287	R Sept. 22, 1922	(?)	P Mar. 4, 1923	(?)	*Same valuation assumptions as in 1921.
1926	355	R, I July 3, 1926	$50			
1927	393					
1928	406					
1929	404					
1930	*730	R, I May 29, 1930	*327			*Also includes effect of revised valuation assumptions.
1931						
1932						
1933						
1934	1,000	R June 30, 1932	94	R June 16, 1933	$61	
1935	*1,174					*Same valuation assumptions as in 1930.
1936						
1937						
1938						
1939						
1940	*1,573					*Reflects changes in valuation assumptions.
1941						
1942						
1943	*2,921					
1944	3,083					
1945	3,314	R, E Jan. 24, 1942	(?)			*Estimates for 1943–46 were overstated in view of later cutback of employment from World War II levels.
1946	3,516					
1947	*2,866					
1948	4,328	R Feb. 28, 1948	1,238	I Feb. 28, 1948	224	*Act of Sept. 30, 1947, based on 1940 valuation assumptions.
1949						
1950	4,839	I July 6, 1950	130			
1951	4,875					
1952	4,938					
1953	*9,912	I July 16, 1952	28			*Reflects changes in valuation assumptions, including reduction of interest rate from 4 to 3 percent.
1954	10,583					
1955	11,971	I Aug. 31, 1954	223	E (*)	429	*Career-conditional appointment system.
1956	13,838	P June 10, 1955	821	I Aug. 11, 1955	440	
		June 28, 1955				
1957	17,951	R July 31, 1956	3,865			

See footnote at end of table.

Growth of the unfunded liability—Continued

[In millions]

Fiscal year	Unfunded liability as of June 30	Includes increase— Due to act of—[1]	Amount	Due to act of—[1]	Amount	Remarks
1958	*27,451	P May 27, 1958	1,841	I June 25, 1959	$104	*Reflects revised assumptions in 1958 valuation which fully took into account liberalization pay increases, and other factors affecting unfunded liability since prior valuation in 1953.
		P June 20, 1958				
1959	28,363					
1960	31,143	P July 1, 1960	1,700	E July 1, 1960	100	
1961	32,547	I July 31, 1961	330			
1962	33,660					
1963	38,681	P Oct. 11, 1962	2,125	I Oct. 11, 1963	575	
		R Oct. 11, 1962	1,100			
1963	*34,060					*Reflects change in valuation interest rate from 3 to 3½ percent.

[1] See below:
R = Retirement Act liberalizations.
I = Increases in existing annuities.
E = Extensions of coverage.
P = Pay acts (classified and postal).

Source: U.S. Civil Service Commission, Bureau of Retirement and Insurance, July 10, 1963.

Mr. LAUSCHE. Mr. President, for many years Congress has been shirking its responsibility to put the civil service retirement system on a sound actuarial basis, and yet now it is proposed that a move be taken to further increase this unfunded liability.

In his special message to the Congress dated February 20, 1962, the President recommended that salary increases for Federal employees be effective in three annual stages beginning in January 1963, which meant that the full impact of the costs would be absorbed into the Federal budget through 3 fiscal years.

Not only does this bill violate the recommendations of the President, but for the first time in history, if this legislation is approved, one pay increase would be superimposed on another pay increase which is not yet in effect.

The bill passed by the House will entail a cost of $60 million more than the President's recommendation. In the first four postal levels and the first five classified levels, the cost of the increase has been raised $200 million over the cost of the President's program; but reduced by $140 million in the top levels embracing the grades from 9 and up; thus leaving a net increased cost of $60 million over the President's recommendation.

The forces of inflation are pent up and ready to break loose. Evidences are appearing of a wave of action that will add inordinately to the cost of producing goods in our country. Demands are being made for a 35-hour week, which the President and the Secretary of Labor feel will not be to the economic advantage of the citizenry as a whole. With these forces in operation, it is wholly inadvisable for Congress to give pay increases of the type contemplated for Congressmen, judges, Cabinet members, commission and board members, and others; moreover, it is not fair to give a general pay increase in excess of what the present law provides.

A QUIET DEATH FOR DRUG PROBE?

Mrs. NEUBERGER. Mr. President, I cannot believe that the Senate's preoccupation with its own ethical shortcomings, however appropriate and timely, will divert our attention from the equally serious charges of misconduct by drug manufacturers.

Yet, yesterday's Herald Tribune predicts just such imminent burial of the drug investigation. William Haddad of the Tribune staff quotes an anonymous Senator's prediction that the Baker affair will furnish a smokescreen to cover the premature demise of the drug investigation:

> Everyone's just waiting for things to quiet down here. Newspapers are notorious for getting interested in something else. You've got Bobby Baker to play around with now, and who's going to care about us?

We are investigating ourselves. We are continually looking for flyspecks on the ethical balance sheets of our most prominent executive officers. But we are unaccountably diffident in investigating charges of the most flagrant and immoral practices in a critical private industry.

It is charged—and a prima facie case has been made—that there exists an international cartel which has succeeded in establishing unnaturally high price levels for drugs.

It has been charged—and again there appears to be substantial supporting evidence—that American drug companies have participated in a "concerted and malicious campaign" to forestall the sale of low-cost, generic-name drugs in Latin America.

Tomorrow the Antitrust and Monopoly Subcommittee is scheduled to meet to determine the fate of the drug investigation. Now under subpena by the subcommittee are the records of several major drug companies. There is reason to believe that these records will reveal the internal mechanism of the international cartel, including the secret code utilized in pursuing the ends of the cartel, and actual price-fixing agreements on major drugs.

If the subcommittee decides to terminate the investigation and if the subpenas are lifted, these records, if they exist, can be destroyed with impunity.

Mr. President, the people of the United States will not be diverted from the pursuit of the facts about drug prices. If this investigation is killed, I predict that its ghost will return to plague those who presided at its execution.

Mr. President, I am particularly concerned about this problem because the latest news from my State of Oregon is that druggists are refusing to fill prescriptions of patients on welfare, because the State is falling behind in paying for those prescriptions. The high cost of drugs is one of the things that entails a very unusual financial crisis in our State.

Only last week the fifth biennial convention of the Industrial Union Department, AFL–CIO, reflected the great public concern which has been aroused over the drug price disclosures.

We ask the Senate Subcommittee on Antitrust and Monopoly—

The IUD resolved—

> to publicly examine the grave charges of the existence of a drug cartel which allegedly fixed prices to an excessive level in South America and had sabotaged efforts to bring drugs within the reach of South American workers.

This resolution and the expectation of the American public at large must not be disappointed.

WATER RESOURCES RESEARCH IN THE FEDERAL GOVERNMENT

Mr. RIBICOFF. Mr. President, an excellent article summarizing the report of the Task Group on Coordinated Water Resources Research of the Federal Council for Science and Technology appears in the current edition of Science magazine. I ask unanimous consent that the article, written by Dr. Roger Revelle of the University of California and former science adviser to the Secretary of the Interior, be inserted in the RECORD at the end of my remarks.

Of special interest to me was Dr. Revelle's discussion of the need for coordination in the field of water resources. He points out that some three dozen bureaus or equivalent units in seven major departments and independent agencies of the Government are engaged in water resource research. He calls for concerted efforts to achieve effective coordination among these various governmental units.

The Subcommittee on Reorganization and International Organizations is at the present time conducting a study of interagency coordination in the field of environmental hazards. One such hazard is the problem of water pollution. As Dr. Revelle points out:

> Various noxious substances are being dumped into our rivers, lakes, and estuaries. The long-term effects of many of these on human health and welfare are unknown.

A strong Federal water pollution control program is now in operation. The

Senate, under the leadership of the Senator from Maine [Mr. MUSKIE], has passed S. 649, which further improves and strengthens this program. But I submit, Mr. President, that until we adopt a national goal with respect to stream protection the excellent programs Congress has adopted will not realize their full potential.

In December 1960 at the National Conference on Water Pollution a distinguished panel of experts in this field recommended that the goal of pollution abatement should be to—

> Protect and enhance the capacity of the water resource to serve the widest possible range of human needs, and that this goal can be approached only by accepting the positive policy of keeping waters as clean as possible, as opposed to the negative policy of attempting to use the full capacity of water for waste assimilation.

Another panel of experts at that same conference expressed a similar idea in different terms—

> We recommend the adoption of a national credo, to be given as wide and consistent publicity as is feasible. The content of the credo would be: (1) Users of water do not have an inherent right to pollute; (2) users of public waters have a responsibility for returning them as nearly as clean as is technically possible; and (3) prevention is just as important as control of pollution.

The time has come for the various Federal agencies involved in water resources development and pollution control in particular to establish a truly national clean water program—coordinated for efficiency and economy and directed toward a national goal toward which all can aspire—the positive goal of keeping water clean as opposed to the negative policy of tolerating all but the most hazardous levels of pollution. In so many circles, both in and out of Government, the policy has been to use the full capacity of water for waste assimilation.

It is not enough to be against pollution. That is the concept of control—of repairing damage already done. We must be for clean water. That is the concept of prevention. Technically we know enough to accomplish this goal. The question is whether we are willing to do what needs to be done. Dr. Revelle's article shows how physical, biological, engineering, and social sciences can help solve the problem.

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

WATER-RESOURCES RESEARCH IN THE FEDERAL GOVERNMENT—PHYSICAL, BIOLOGICAL, ENGINEERING, AND SOCIAL SCIENCES CAN HELP SOLVE A PROBLEM OF GROWING DIMENSIONS

(By Roger Revelle)

Water is the most abundant substance in the part of our planet that is accessible to man. Nearly all our planet's water is salty, and this is perfectly satisfactory for the creatures that live in the sea. But land plants and animals must have fresh water. They can live only because the sun continually distills pure water from the ocean and some of this distillate is carried in the air as vapor until it condenses and drops on the land. The flux of water from the ocean into the air, onto the land, and back to the sea, is called the hydrologic cycle.

Although the hydrologic cycle is exceedingly complex in detail, in general we can think of the water particles as following one of three paths. (i) The larger part of the water that falls on the land surface passes back to the air, either directly by evaporation or through the bodies of plants in transpiration. It may recondense and fall again on the land, or it may fall in the ocean. (ii) A smaller part of the water that reaches the land surface remains in liquid form and either sinks into the ground or stays on the surface. This liquid water runs downhill or flows underground until it is gathered by rivers that carry it back to the sea. (iii) A very small fraction is taken up in the bodies of plants and animals. Some of this fraction is broken down by plants, which use its hydrogen in forming their tissues. The hydrogen is later recombined with oxygen in animal and plant respiration, and the water thus produced is returned to the air.

The time required for water particles to travel through the hydrologic cycle varies widely. A particle evaporated from the ocean near shore may fall as rain in a coastal region, evaporate again almost immediately, and return to the ocean as rain within a few hours. Water falling as snow in the mountains may remain for months (or, in glaciers, for centuries) before it melts and runs off. Water that sinks into the ground may remain there a few years or many millennia before reappearing on the surface to complete its journey to the sea. Thus, enormous quantities of fresh water are stored underground. In the United States the volume of underground fresh water is probably at least 10 times the average annual precipitation of 30 inches.

The amount of water evaporated each year from the oceans would be sufficient, if it were carried to the continents and uniformly distributed, to cover all the land with more than 100 inches of rain and snow. This is three times the potential annual evaporation from land surfaces. The fact is, however, that the average depth of rainfall over the oceans is much greater than the average over the continents. On about a third of the land areas of the earth the annual precipitation is less than the potential evaporation. Life is possible in these arid regions only because water is carried to them from nearby mountains, where rain and snow exceed evaporation, and because precipitation in the arid lands occurs sporadically, so that some of the water can be caught and stored by plants, or in the ground, before it can evaporate. Even in humid regions the hydrologic cycle slows down and speeds up from time to time, causing periods of drought to alternate with floods. If we can think of the hydrologic cycle as nature's plumbing system, it must be admitted that from man's point of view the pipes are erratically arranged and the valves capriciously managed. Man is slowly becoming more skillful at forecasting fluctuations in this system; someday he may be able to improve the arrangements.

WATER SUPPLY OF THE UNITED STATES

The United States, exclusive of Alaska and Hawaii, has a surface area of about 2 billion acres. On the average, nearly 5 billion acre-feet of water per year falls on this area. Seventy-one percent of this water evaporates or is transpired back to the air near the place where it falls. The remaining 29 percent runs off or sinks into the ground and is eventually gathered by streams. A quantity equivalent to about one-fourth the streamflow (345 million acre-feet, 7 percent of the total annual precipitation) is diverted from rivers or pumped from wells for human use. Something less than half the water withdrawn from rivers and from the ground is used for irrigation; an equal quantity is used for industrial cooling, washing, and waste removal; and the remainder, less than a tenth, is used for municipal and domestic purposes. Between one-third and one-fourth of the amount withdrawn (2 percent of the total precipitation) is consumptively used; that is, returned as vapor to the atmosphere. The rest of the amount withdrawn is returned to streams directly, or is allowed to sink into the ground, whence eventually it flows back to the rivers.

Forty percent of the total precipitation returns to the air by evaporation and transpiration from crop and grazing lands and from forests and is thus "consumptively used" in the sense that it sustains most of our national production of food, fiber, wood, and paper. With our population doubling every 40 to 50 years, and with the corresponding increase in the demand for agricultural and forest products, one might suppose that in the near future the need for water for agriculture would exceed the total annual supply. However, the present efficiency of use of the water that falls on croplands and forest lands is low. Part of it falls at seasons other than the growing season and descends into the water table, because there are no plants to take it up. During the spring and summer, precipitation exceeds potential evapotranspiration over a large part of the cultivated land. Hence, even if the intensity of cultivation were greatly increased, the water supply would still be adequate. In cultivated areas where potential evapotranspiration exceeds precipitation, advances in agricultural technology are making it possible to grow more productive crops with the same amount of water.

The portion of the total precipitation that returns directly to the air is highly variable, both in time and in space. Per unit volume, its contribution to man's requirements is far less than that of the fraction that runs off or sinks into the ground, because to a considerable extent this latter fraction can be controlled by man and distributed in accordance with his needs. It can, moreover, be used to generate hydroelectric power. The energy dissipated by the 1,400 million acre-feet of water flowing in U.S. rivers each year is about 2.5 trillion kilowatt-hours, equivalent to a fifth of the total energy consumed in our industrial society. About 13 percent of this 2.5 trillion kilowatt-hours is now used to generate power. One of the objectives of water-resources research is to find ways of reducing the proportion of water that evaporates or is transpired near the place where it has fallen and to increase the proportion that descends into the water or is gathered into controllable streams.

COSTS OF WATER STRUCTURES

At present, only about 27 percent of the total precipitation is carried to the sea by streams. But this is still an enormous quantity, a thousand times greater than the quantity of any other material used by man, with the exception of air. Consequently, it is not surprising that the structures required to capture, regulate, transport, treat, and distribute water, though low in unit cost, are very expensive overall. In large modern systems water can be transported for about 0.1 mill per ton-mile, one one-hundredth the cost of transporting coal or natural gas. Nevertheless, the annual capital expenditure for water structures in the United States currently is of the order of $10 billion.

A committee chaired by Abel Wolman has estimated that, in the absence of technological or economic changes, by the year 2000 it may be necessary to withdraw from streams and from the ground 1 billion acre-feet per year, equivalent to about 75 percent of the total streamflow, in contrast to the 25 percent that is withdrawn at present. To obtain, as an assured supply, such a large fraction of the total runoff would require disproportionately more expensive structures for storage, regulation, transportation, distribution, and drainage. If surface storage were used, the required storage sites would

intrude on areas already intensively occupied or needed for urban and industrial development. The total capital cost would be several hundred billion dollars, and annual charges would be of the order of tens of billions. Clearly, we need technological and economic developments that will lead to marked reduction in requirements for water withdrawal, to lowering of the unit costs of water structures, and to greater utilization of underground storage. Otherwise, both the economic and the social costs of meeting future water needs will be painfully high.

Because of the great differences in precipitation and in present and future demand in different regions, and of the high costs of transporting water over long distances, the water problems of the United States are essentially regional ones. In parts of the arid Southwest, water stored underground is now being mined at an alarmingly high rate, and new sources must soon be found to supply even the present population. In several humid regions of the country the volume of water required to dilute sewage approaches, and in some places already exceeds, the amount of water in the rivers during times of low flow. Requirements for controllable water may exceed average river and underground flows by the year 2000 in southern California and the Great Basin; in the Delaware-Hudson, upper Arkansas-White-Red Rivers, Great Lakes, and western gulf regions; and in the upper Missouri, Rio Grande-Pecos, and Colorado River Basins. The total deficit in dry years may be 100 million acre-feet per year. Unless significant improvement in the efficiency of water use can be made, expensive water-transportation systems will be required to meet the needs of these regions.

NEEDS FOR RESEARCH

The problems involved in developing water resources can be grouped in five categories: (i) Regional water-resources planning for optimum development and beneficial use of controllable supplies; (ii) increasing the supply of water for beneficial use; (iii) increasing the efficiency if use; (iv) maintaining and improving the quality of water; and (v) preventing damage by water.

To attack these problems we need more information than we now possess, greater understanding of natural processes in the hydrologic cycle and of the relations between human being and water, and more powerful methods for analyzing existing information.

Regional water-resources planning: The central problems in regional water-resources planning are those of distributing controllable water supplies in ways that will be economically and socially most beneficial, and of choosing from among different alternatives the most satisfactory means of providing the needed supplies. Solution of these problems requires (i) appraisal of the quantity, quality, and variability of all the water moving in the hydrologic cycle, and of the possibility of achieving different degrees of water control; (ii) projection of changes in demand and of the effects of various possible uses on quantity and quality; (iii) economic and social evaluation of the benefits of various possible uses; (iv) estimation of the costs of alternative methods for augmenting, regulating, transporting, and distributing controllable water supplies; and (v) design of compatible systems for use and reuse of the available water.

Appraisal requires a long series of measurements of precipitation and streamflow at a network of points throughout the region, together with knowledge of rates of evaporation from different surfaces, rates of transpiration from natural and farm plants, and the relation of streamflow to time, rate, and duration of precipitation. It also requires accurate descriptions of the location, storage capacity, transmissibility, and rates of recharge of the underground reservoirs (including the accelerated rates that might be achieved artifically) and data on the salt content of existing underground waters. The effect on downstream river flows of pumping ground water must be estimated, as well as the rates at which ground-water levels will be lowered by given rates of pumping.

Useful projections of future demand and of changes in quantity and quality of supply are difficult to make because development of water resources sets in motion a chain of events that will itself change both demand and supply. Irrigation, urbanization, industrial expansion, and road construction will alter the preexisting relationships between precipitation, runoff, and underground flow. Technological advances in the use and reuse of water will affect future demand, as well as future quantity and quality. Broad-scale investigations of these interactions are needed.

Methods for evaluating benefits and estimating costs can be greatly improved through combined engineering and economic research and the application of modern methods of analyzing highly complex systems.

Improvement in the design of compatible systems requires more knowledge than we now possess of the needs of different water users.

Increasing water supplies: Our concern is to increase the supply of fresh water that is controlled and distributed. This can be done in three ways: by constructing works that will make it possible to use more of the now-controllable water; by increasing the fraction of the total precipitation that can be controlled; and by increasing the total supply of water.

More of the controllable water can be used if it is stored until it is needed. This can be accomplished by construction of dams and conveyance channels for surface storage and distribution or by installation of wells and artificial-recharge facilities to utilize underground storage. Surface storage has some advantages: hydroelectric power as well as water can usually be obtained, gravitational energy can often be employed to convey the water to the point of use, and lakes back of the dams can be used for recreation and other purposes. In many circumstances, however, surface storage has disadvantages. Valuable lands may be flooded, some of the stored water is lost by evaporation, and the costs of construction are high.

There are also serious obstacles to the utilization of underground storage. The water may be degraded through mixing with saline waters or through the dissolving of soil and rock salts. It is hard to increase the rate of recharge of many underground reservoirs because of the limited size of recharge areas or the difficulty of increasing flow through the unsaturated zone above the water table. Pumping costs may be high if the water table is deep. Suitable aquifers may not exist where they are needed. Pumping from underground storage may seriously reduce the river flows available to downstream users. Where underground storage can be utilized, however, evaporation losses are negligible, very little land need be withdrawn from other uses, and capital costs are comparatively low. Because of the advantages of underground storage, particularly in combination with surface reservoirs, vigorous research is needed to overcome the obstacles. The prospect of obtaining valuable results from such investigation is good.

The use of controllable water can often be increased through construction of canals and aqueducts to transport water from surplus to deficit areas. Engineering research on design, materials, and construction methods, aimed at reducing the costs of storage and transportation works, could result in large savings.

In some cases, the use of controllable supplies can be augmented by protecting the fresh water from mixing with saline or otherwise degraded waters, such as acid mine waters. Methods for accomplishing this need to be improved.

In arid regions the runoff from a large area must be concentrated to provide water for a relatively small fraction of the land, and techniques are needed to increase the proportion of total precipitation that can be controlled. Development of such techniques requires research on means of reducing the evaporation from reservoirs and snowfields, on means of increasing the runoff from mountain areas (for example, by modifying the plant cover so as to reduce evapotranspiration), and on methods for increasing the recharge of valley aquifers.

In the long run, it will be necessary to increase the total supplies of fresh water over large areas of the United States. For the near future, however, attempts to increase total supplies must be judged, economically, in competition with the transportation of water from surplus to deficit regions. Research and development on increasing total supplies are of two kinds: attempts to modify precipitation patterns by exerting control over weather and climate, and development of more economical methods of converting seawater or brackish water to fresh water. The ability to control weather and climate, even to a small degree, would be of the very greatest importance to human beings everywhere. Whether a measure of control can be obtained will remain uncertain until we understand the natural processes in the atmosphere much better than we do now. As for desalination, this could be accomplished more economically than at present if the amount of energy required to separate water and salt could be reduced or the cost of energy could be lowered. Research on the properties of water, salt solutions, surfaces, and membranes is fundamental to the desalination problem. So is research aimed at a great lowering of energy costs.

Increasing the efficiency of use: Through research and development, ways are being found to increase the efficiency with which water is used in agriculture, particularly in irrigation farming. For example, new mulching methods are already being applied to reduce evaporation from soil surfaces, thereby making more water available to crops. Through research on the physiology of water uptake and transport in plants, and on plant genetics, evapotranspiration from crop plants could probably be lowered without a proportional reduction in growth rates. Through development of salt-tolerant crops, the amount of irrigation water required to maintain low soil-salt concentrations could be reduced. Seepage losses from irrigation canals and percolation from farm fields could be lowered through the development of better canal lining and through improved irrigation practices. Losses from canals would also be reduced if we could learn how to control useless water-loving plants that suck water through the canal banks and transpire it to the air. For both irrigated and nonirrigated agriculture, improvements in the forecasting of precipitation, snowmelt, and streamflow would help farmers adjust times of field preparation, planting, and cultivation, so as to take maximum advantage of the available water supplies. Reliable river forecasts are necessary, also, for efficient operation of most water-control structures.

Equally pressing problems exist for industrial and municipal users. As the costs of high-quality water go up with increases in the cost of waterworks, methods for reusing water and for using water of lower quality for cooling and other special purposes will have to be improved. Especially important, because of the large quantities of water involved, is the development of methods of waste treatment that require less water for dilution of treated effluents and oxidation of organic residues. Otherwise, expensive

structures for river regulation will be needed to provide water for waste disposal during low-flow periods. Complete treatment of waste water to make it reusable for all purposes is also a significant research goal.

Maintaining and improving quality: All naturally occurring water contains some dissolved and suspended materials, though ground water contains little of the latter. The concentration of dissolved impurities is increased as water flows over the surface and underground, both because it picks up materials in solution and because, when it flows on the surface, some of the water evaporates. When a major part of the water is used consumptively, as in irrigation agriculture, the return flows may be highly saline, and downstream uses may be seriously curtailed.

In our industrial civilization, nearly all wastes are eventually committed to flowing water. As a result, various noxious substances are being dumped into our rivers, lakes, and estuaries. The long-term effects of many of these on human health and welfare are unknown.

Every housewife is aware of some properties of water—its color, odor, transparency, taste, hardness, saltiness, foaming qualities, and temperature. Farmers, engineers, and public-health workers are concerned with the dissolved-oxygen content; the acidity; the composition and concentration of dissolved salts, plant nutrients, and potentially toxic substances; and the amounts of suspended matter, especially disease-producing bacteria and viruses and abrasive particles.

In attempting to maintain and improve the quality of water, we must first determine the quality requirements for different kinds of uses. We know, of course, that the water which comes in contact with human beings should not carry disease organisms or dissolved substances that will be injurious. Water used for recreation must not be esthetically unpleasant. Water that serves as the habitat of fish and other creatures must be suitable for them. Water used for industrial purposes must be relatively free of damaging chemicals and abrasive particles. Water for agriculture must not contain dissolved salts or toxic substances that will damage crops or livestock. But these general statements can be made specific only through careful analysis of the needs of users and through studies of the biological and other effects of the great variety of substances that are now being added to our water supplies—detergents, pesticides, chemical fertilizers, synthetic plant hormones, wastes from chemical processing, and others.

Because these substances are so varied and because some of them are potentially harmful even in very low concentrations, we must develop sensitive and rapid methods of analysis and biological assay in order to find out just what substances are present in our water supplies, where they come from, how they interact, and what happens to them as the water moves on the surface and underground. We must, in addition, develop means of removing injurious materials from water, or of preventing them from entering our water supplies.

Prevention of water-caused damage. Before man intervenes, moving water is usually in a state of near-equilibrium with its environment. But this equilibrium is radically altered by human action, and our American landscape is scarred with the results. Clearing of forests, improper cultivation of farmlands, or overgrazing of rangelands may produce a gullied and deeply eroded landscape in a few decades. Road construction and reshaping of the natural surface in building suburbs may spread a torrent of mud over once-green fields. The building of breakwaters may destroy beaches and form unnavigable bars. Waste dumped into a stream may turn a clear, fish-filled reach of water into a stinking, algae-choked desert. Works designed to regulate the movement of water may themselves have marked and unpredicted effects. Construction of a dam may produce drastic downstream erosion or, alternatively, a river channel choked with sediment. Rapid headward erosion may result from the draining of marshes. Structures for flood protection may actually increase the damage from occasional very severe floods, even though they eliminate the dangers from frequent smaller floods.

Damage from storm surges and floods could be greatly lessened through improved forecasting of their occurrence, extent, and intensity. Improvement of forecasts requires greater theoretical understanding of the meteorologic, hydrologic, and physiographic conditions that produce floods and surges. This understanding is essential also to improvement in the design of protective works. In planning for flood protection the engineer has many alternatives—for example, upstream control of the runoff from small watersheds; construction of large downstream reservoirs; building of levees and protective embankments; improvement of river channels; construction of diversion and drainage channels; and restriction of the use of areas likely to be flooded. Choice of the best and least expensive combination of these alternatives depends on adequate knowledge both of the particular situation and of the general principles of flood behavior. Physiographic, meteorologic, and hydrologic research to gain this knowledge can be expected to pay for itself many times over in lowered construction costs and reduced damage.

The development of economical methods of reducing erosion in small upstream watersheds must be based on research into the relationships of precipitation, topography, kinds of soil, plant cover, and runoff, and on the mechanisms of suspension and transport of soil particles by running water. Similarly, the lives of storage reservoirs could be lengthened, and the number of unwanted changes in river channels reduced, if we had greater understanding of sediment transport in rivers. Comparative studies of river ecology and of the sequence of biological changes produced by different pollutants are needed to establish realistic standards for pollution controls and to lessen pollution damage.

ROLE OF THE FEDERAL GOVERNMENT

Under the Constitution, by tradition, and because of the national interest, the Federal Government has many kinds of responsibility for water resources. As manager of the national forests and all other Federal and Indian lands, it conserves and develops the water resources of these lands for livestock grazing, timber production, outdoor recreation, fish and wildlife conservation, hydroelectric power, and irrigation agriculture, and maintains them as the principal watersheds for adjoining regions. It protects these lands, which cover about a quarter of the entire area of the country, from erosion, floods, and other water damage.

The Federal Government has responsibilities for all navigable coastal and inland waters, including related nonnavigable river reaches and tributaries. It has joint control, through treaties with Canada and Mexico, over the development and use of international streams. Public works for the development of these waters are large items in the Federal budget. They include projects for flood control, navigational improvements in rivers and coastal waterways, and watershed and shoreline protection, as well as hydroelectric power, drainage, conservation storage of industrial and domestic water supplies, pollution abatement, maintenance of recreation areas, and other aspects of river-basin development.

The Government delivers much of the water for irrigation agriculture in the 17 Western States. Federal water investments in this largely arid region include projects for storage, transportation, distribution, and drainage of agricultural waters, for hydroelectric power generation, for flood control, and for other purposes.

Because many river basins cross State lines, the Government has had to assume growing responsibility, as water supplies have become scarcer, for participation in river-basin planning. The pollution of interstate river waters is becoming increasingly serious in many regions, and the Government has begun to take vigorous control measures.

In cooperation with the States, the Federal Government surveys the Nation's water resources, including the water carried in rivers and available from underground. It measures and forecasts precipitation, snowmelt, evaporation, runoff, riverflows, floods, and storm surges.

To conserve and augment the Nation's fish and wildlife population the Government acquires wet lands, establishes refuges, maintains hatcheries, and constructs waterways for fish migration. It attempts to keep the effects of water pollutants on fishes, birds, and mammals to a minimum.

The Government is virtually the sole producer of one of the most potentially dangerous of water pollutants—radioactive wastes—and it maintains a careful surveillance over the behavior of these materials in rivers, aquifers, and coastal waters.

To carry out these responsibilities efficiently and economically, the Federal Government must undertake a wide range of investigations and research. Nearly all aspects of this research ultimately provide results of broad applicability throughout the country. Consequently, the Government has long supported and conducted water-resources investigations for the benefit of all levels of government, and of private industry in many sectors of the economy. A Task Group on Coordinated Water-Resources Research was established in 1962 by the Federal Council for Science and Technology, to find ways of improving this research program. The following is a condensation of its conclusions and recommendations.

TASK GROUP CONCLUSIONS AND RECOMMENDATIONS

In the short period of its existence, the task group was not able to develop a satisfactory basis for evaluating or comparing research projects in different fields, or even in the same field. For the present, we must depend on the judgment of the responsible agencies. With adequate staff resources, a future water-resources research coordinating committee should, in time, be able to develop criteria for evaluating the components of the national program.

The task group did arrive at general conclusions in four areas: program deficiencies and opportunities; manpower needs; coordinating mechanisms; and legislation.

Program deficiencies and opportunities: Deficiencies in intramural and extramural education and training, in research on ground water (including the infiltration processes and soil-plant-water relationships), and in socioeconomic research are so evident that we can immediately recognize the need for increased effort in these fields. Similarly, the opportunities for water-quality research are so great, and the demand for results so pressing, that the level of sustained effort should be sharply raised.

Manpower needs: Shortages of qualified personnel now exist in many areas of water-resources research. Steps will have to be taken to increase the number of people qualified to carry on the research programs. The scientific fields involved are much broader than physical hydrology and include many of the physical and biological sciences as well as social sciences and engineering. The universities need help in attracting graduate students to research and training bearing on

water resources. To accomplish this the Federal agencies should make grants to, or contracts with, universities so that they can strengthen their graduate research and training programs. The following steps should be taken.

(1) The Federal agencies engaged in water-resources research should be authorized and given funds to use a variety of educational-assistance measures to strengthen the training and research capabilities of the universities in the disciplines bearing on water resources, and to attract increasing numbers of graduate students. Such measures to promote training at the graduate level include training grants, facilities grants, research fellowships, and institutional grants. For example, the Department of Agriculture does not have specific statutory authority to award fellowships, training grants, or grants for educational facilities, except for a small number of postdoctoral associateships. In certain other agencies, the authority may exist, but programs have not been initiated. In others, one or another of these measures is being utilized on a modest basis. There is need for a Government-wide concerted effort, in which all these measures are fully utilized.

(2) Institutional grants to strengthen and encourage interdisciplinary water research programs should be made on a selective basis to those educational institutions where sufficient competence is available in the physical and biological sciences, engineering, and the social sciences.

(3) To improve the skills of Government employees already engaged in water research, the Government Employees Training Act and other procedures for inservice training should be more fully utilized by the Federal agencies, and adequate funds should be provided for this purpose. Centers should be established at universities in different regions of the country to provide interdisciplinary training in water-resources research both for young graduate students and for selected Federal career employees. This effort should be coordinated with the grant programs referred to above.

(4) Increased support of research at the universities is needed to further research in water resources as well as to attract needed manpower. It will be necessary to strengthen the extramural research efforts of Federal agencies along the lines already initiated by the Public Health Service. Adequate authority and direction should be provided for this purpose. The restraints that now prevent the Department of Agriculture from using its research-grant authority should be removed; the Weather Bureau should be given sufficient funds to launch a significant extramural research program in cooperating universities; the Department of the Interior needs authority and appropriations, broadly applicable to its water-research responsibilities, to make grants and contracts for a wide range of extramural research in support of its missions; and there should be clarification, where needed, of the authorizations in this area held by other agencies, such as the Corps of Engineers.

(5) Cooperative arrangements between Federal research establishments and the universities should be strengthened and extended so that the outstanding scientific competence of men and women in the Government agencies may contribute to the training of new scientists. Needed measures include arrangements for government scientists to teach and engage in research at educational institutions and increased opportunity for graduate-thesis work at Government laboratories under arrangements with the universities.

(6) In establishing a balance and relationship between inhouse and extramural research, it must be kept in mind that the Government agencies have an indispensable place in basic research on water. There is a need to strengthen their research, to upgrade the quality of their scientific efforts, and to insure effective guidance of their overall research programs. Accordingly, funds should be provided to strengthen the inhouse research competence of the Federal agencies, particularly their basic research programs.

Coordinating mechanisms: The water resources problem facing the Nation is one of growing dimensions. An accelerating research effort spanning the physical, biological, engineering, and social sciences is required if we are to gain the knowledge necessary to direct a very expensive, continuing investment in public works. The number of scientists, engineers, and other specialists who are able and willing to do creative research in water resources is dwarfed by the research needs, and the fiscal resources that can be applied are strained by other priority needs of our society. The diversity of the technical problems and the limits on human and material resources call for a carefully planned and executed research effort that is scientifically sound and properly balanced to meet both short-term and long-term needs.

Some three dozen bureaus or equivalent units in seven major departments and independent agencies of the Government are engaged in water-resources research. Their responsibilities and missions overlap, in part because of the pervasive nature of water resources problems. The situation calls for concerted efforts to achieve effective coordination and for such clarification of responsibilities as may be necessary to make the most effective use of public and private resources.

Some coordination of agency research activities in water resources has already been accomplished at laboratory and management levels. To meet the demands for future research progress, coordination must be effective at all levels. The task group recommends consideration of the following:

(1) Measures to improve communication among scientists, engineers, and other specialists engaged in water resources research, including interdisciplinary conferences in fields related to water resources; support of scientific journals and meetings aimed at furthering and facilitating the rapid exchange of information among water scientists; and the preparation of technical reviews and bibliographies. Consideration should be given to the establishment of specialized information clearinghouses. The Science Information Exchange of the Smithsonian Institution may be able to make an important contribution here.

(2) Measures to improve communication among technical directors and program managers, including the circulation of comprehensive and timely information on water-resources research efforts currently underway throughout the Government. There is need, also, for regular coordination of technical activities on a more systematic basis, through meetings of scientists and engineers from the various water resources agencies.

(3) Clarification of agency responsibilities for water-resources research should be approached on the basis of a division of technical effort among the agencies, in the light of their principal operating and research responsibilities. Recognition of technical leadership in different research areas by different agencies should be given on this basis through the Federal Council for Science and Technology. The agency (or agencies) so identified would be technically responsible for the adequacy of coverage of the work in a particular research category, would keep itself informed of related work and competence in other organizations, and would draw upon such competence to the maximum extent possible.

(4) The responsibility for encouraging interagency planning and coordination of research should be assigned to the Office of Science and Technology and the Federal Council for Science and Technology. Coordination should be accomplished through a coordinating committee on water-resources research, which would identify technical needs in various research categories; devise programs and measures to meet these needs; review the overall program; look for desirable allocations of technical effort among the agencies; review the technical-manpower base of the program; recommend management policies; and generally facilitate interagency communication at management levels. Provision should be made for involving in the committee's deliberations both technical personnel and managerial personnel conversant with the operational problems and needs. The committee should be assisted by technical panels having competence in the various research categories.

(5) The coordinating committee should have a chairman of senior standing, of rank comparable to that of an assistant secretary.

(6) A small full-time analytical staff should be established in support of the work of the coordinating committee. The staff should be responsible for systematic analyses in water resources which will be of aid in planning the Federal water-resources research program, and for the development of criteria for evaluating research projects. Funds should also be provided, where necessary, to draw on analytical competence outside the Federal Government.

(7) There is need for a continuing independent mechanism, representative of the views of the scientific and engineering community, to advise the Federal Council in identifying longer range objectives and needs in water-resources research and education. The National Academy of Sciences should be requested to consider means whereby overall Government planning in this field could be aided, and exchange of views between the Government and the academic community could be provided.

Legislative aspects: New legislation is needed to strengthen the contributions that the universities can make to research and graduate education in water resources.

(1) All agencies concerned with water resources should be able to contract with, and make grants to, any universities, whether or not they contain water-research centers, for research projects in support of agency missions.

(2) It is desirable to develop new centers for water-resources research in many universities and to strengthen existing centers and programs.

(3) To develop new centers and strengthen existing ones, some Federal support to each such center on a continuing basis is necessary, in addition to the support provided under recommendation 1. Responsibility for deciding how this supplementary support would be used should be left to the universities.

(4) Support to centers should be (i) in part on the basis of a relatively small formula amount to one or more designated research institutions in each State to establish or strengthen their capacity for water-resources research and (ii) in part on a matching-fund basis, consideration being given to the research potential of the institution.

(5) New legislation should give one agency the administrative responsibilities for carrying our recommendation 4(i) without superseding authorities presently vested in the several agencies.

(6) Similar authority is needed for carrying out recommendation (4)(ii). The administrative responsibility should be vested in one agency, which should seek appropriations for this purpose, but the grants should be made in consultation with the other agencies having interests in the field of water resources, and these agencies should participate in the drawing up of rules, regulations,

and criteria for evaluation. Such consultation and coordination could be accomplished through the proposed coordinating committee on water-resources research.

(7) All agencies concerned with water resources should be able to make arrangements with educational institutions to permit Government scientists and engineers to teach and engage in water-resources research at those institutions.

PURCHASE OF AUTOMATIC DATA PROCESSING EQUIPMENT WOULD SAVE AT LEAST $100 MILLION ANNUALLY

Mr. DOUGLAS. Mr. President, today's Chicago Sun-Times carries an important editorial which points out that the proper organization of the Federal Government's use of electronic data processing equipment could save the taxpayers at least $100 million annually.

The editorial urges the adoption of the recommendations of the GAO that this equipment be purchased rather than leased. I think this is an urgently needed reform, Mr. President, but there is more to the recommendations of the Comptroller General which would give us additional savings. At a minimum, for example, there should be competitive bidding under a central Government authority, most likely the General Services Administration, in most purchase and lease arrangements for this equipment. Also, we should probably institute a central automatic data processing service for all activities of agencies which do not require an individual setup in the agency itself, instead of the current practice of allowing each agency to establish its own data processing office, thus unnecessarily duplicating very expensive leasing arrangements.

Mr. President, on May 21, following testimony by Comptroller General Campbell before the Subcommittee on Defense Procurement of the Joint Economic Committee, of which I am chairman, I introduced S. 1577, a bill to put into effect his recommendations of ways to develop some economies in the procurement and management of this type of equipment. The Government now spends an estimated half billion dollars on this equipment annually, and I believe institution of these reforms can save a significant portion of this amount.

Mr. President, this bill is now pending before the Government Operations Committee and it is my understanding that most of the agency reports on this legislation are now in. I hope very much that the committee will be able to go into this question at an early date, and I am glad to see this interest in these reforms on the part of the Chicago Sun-Times.

Mr. President, I ask unanimous consent that the editorial to which I have referred be printed in the RECORD.

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

[From the Chicago Sun-Times, Nov. 21, 1963]

IT'S ONLY (YOUR) MONEY

Since June 1962, the Comptroller General of the United States, through the General Accounting Office, has been issuing reports calling the attention of the Government to the excessive costs in leasing electronic data processing equipment.

There have been 12 such reports. Each report specifically told how the Government could have saved money by purchasing, rather than leasing, the equipment.

The total sum that could have been saved amounts to $6,696,600.

On March 6, 1963, the GAO released a report of a study made of the financial advantages to be gained by purchase of the equipment rather than leasing it.

The study showed that a potential savings of $148 million could be realized in a 5-year period if only half of the 1,000 electronic data processing systems then installed or planned for installation on a lease basis by June 30, 1963, were to be purchased rather than leased. A further saving of $100 million annually would be realized after the initial 5-year period.

The Comptroller General also advised, in view of the tremendous amount of such machinery used in Government operations, that a central authority be established to make the decisions on procurement and utilization of this equipment. To date the suggestion has not been acted upon.

Recently Senator WAYNE MORSE, Democrat, of Oregon, in his speeches against the foreign aid bill referred to the examples of waste turned up by the GAO and warned his fellow Senators that the American public would not long stand for such mismanagement.

If everyone in Washington paid close attention to the recommendations made by the Comptroller General the taxpayer would get far more value for his tax dollar.

WAR, PEACE, AND THE BEHAVIORAL SCIENCES—ARTICLE BY SENATOR HUBERT H. HUMPHREY AND SUMMARY OF MEETINGS AT THE CAPITOL

Mr. HUMPHREY. Mr. President, for many years, as my colleagues know, I have been interested in the U.S. Government making fuller use of the sciences of man.

These sciences include not only the study of the human body, but of the human mind, not merely the examination of man, the single individual, but man, as a member of many groups.

Of all the sciences of man, none, unfortunately, has received less attention than the so-called behavioral sciences.

This is, of course, a paradox. The greatest problems facing the world—problems of war and peace—are rooted in men's behavior toward one another. We cannot solve these problems until we know more about man, as a member of groups and of nations, and until we put to work what we already know.

I have, therefore, encouraged all of the Federal agencies with possible interests in the behavioral sciences to draw to an increasing extent upon their insight and findings.

Earlier this year, it was my privilege to address what is known as the presidential session of the Convention of the American Orthopsychiatric Association, a great organization which brings together a wide variety of competences and interests for efforts on broad national and international problems.

In the current October 1963 issue of the American Journal of Orthopsychiatry, I was happy, on the invitation of the association, to contribute a special article, elaborating on my address. This article concentrated on the role of the behavioral sciences in international affairs, particularly in preserving the peace.

In the article, I refer to two meetings which I had arranged at the Capitol on August 21, 1963. There, eight distinguished social psychologists discussed with Members of Congress and their staffs what their disciplines can contribute and have already contributed in war-peace research. I had arranged these conferences in conjunction with the Committee on Psychology in National and International Affairs of the American Psychological Association. These two 1963 meetings were, in turn, a follow-up on a somewhat similar, informal meeting which I had held in 1962 also, as chairman of the Senate Government Operations Subcommittee on Reorganization and International Organizations. This subcommittee has been interested since 1958 in maximum efficiency in Governmentwide science programs of all types.

I ask unanimous consent that there be printed at this point in the RECORD: the text of my article in the American Journal of Orthopsychiatry, and a summary of the August 21, 1963, morning and luncheon sessions, as prepared by staff of the American Psychological Association.

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

WAR, PEACE, AND THE BEHAVIORAL SCIENCES

(By HUBERT H. HUMPHREY, chairman, Subcommittee on Disarmament, U.S. Senate Committee on Foreign Relations, Washington, D.C.)

What is the foremost problem facing the American people?

This question has been answered in many public-opinion polls. Invariably, the American people have responded, prevention of world war III, or, in different words but with the same idea, preserving the peace.

That answer is absolutely sound. Peace is indeed the supreme challenge. This Nation is determined to meet the challenge successfully. We do not, of course, wish peace at any price; we are confident that peace is attainable with honor and with freedom.

U.S. INVESTMENT IN SECURITY

For attainment of the goals of peace and of a better world for the family of man, this Nation has spent vast sums in material resources. And in the Korean conflict, it expended incalculably higher sums in the form of human lives—in killed and wounded.

Each year, the Congress has been voting—with the strong support of the American people—$50 billion for military defense alone and billions more for oversea aid, not to mention sums for international diplomatic, intelligence, and information activities.

The investment has, by and large, been judicious; it has paid off; it will continue to pay off. No man can set an economic value on the deterrence of a world war, or of a so-called brushfire war; nor can a value be placed on less dramatic achievements such as enabling a single developing nation (much less several dozen) to build, in security, the foundations for freedom and plenty.

Rightly, we are dissatified with some aspects of our investment in security. Some mistakes have been made. The errors have been fewer in number than might have been expected, but they are nonetheless reason

for constant effort to appraise, to correct and to improve.

Research is the key to progress in security. By means of what the military terms "research, development, testing and evaluation," the weapons of war are constantly refined. The goals are: (a) to maximize those weapons' value as a deterrent to an aggressor, and (b) if worse comes to worst, that is, if an aggressor strikes, to vanquish him.

Mankind devoutly wishes that worse will never come to worst. The traditional concept of victor and vanquished has lost much of its meaning because of the nature of potential thermonuclear (and bacteriological, chemical, radiological) warfare. It comes as no surprise that Nikita Khrushchev, for all his loudly proclaimed assurance of Communist victory in the event of all-out war, has realistically told Communist China that victory would mean little on a largely incinerated planet.

Weaponry fulfills its greatest value if it serves to make unnecessary its own use.

The ultimate "weapon" is, of course, man himself. He is both the target of weapons and the wielder of weapons. Peace begins or ends with him and, specifically, in his own mind.

It is, therefore, one of the most regrettable and ironic facts of our time that, while we feverishly refine the weaponry of war, we do so little to perfect the instruments of peace, through better knowledge and utilization of man himself, and of his mind, in particular.

THE LOPSIDED IMBALANCE IN RESEARCH

Let us be specific. Let us ask in what fields we are basically making our war-peace research investment.

The answer, in simplified but accurate terms is: For research on weaponry, over 99 percent; for research on human factors that will determine war or peace,[1] less than 1 percent.

Available statistics are less exact than one might wish, particularly because breakdowns are not maintained for "war-peace research" as such, in any agency or in the Government as a whole. Somewhat differing sets of figures must therefore be used, and definitions tend to vary between them. But latest Federal figures do show for the 1962 fiscal year: Total expenditures for U.S. Government research and development for national defense,[2] $7.7 billion; total expenditures by the Department of Defense for research alone (that is, excluding development),[3] $1 billion; and total expenditures by the Department of Defense for research in the psychological sciences alone (an undetermined portion of which might be classified as actual war-peace research),[4] $18 million.

The Department of Defense is cited, since it is the only substantial source of support of war-peace research involving human factors; no other Federal, or, for that matter, non-Federal, source spends as much as $1 million for this purpose.

The National Aeronautics and Space Administration is increasing its support of the psychological sciences; NASA's share of the governmentwide total for the psychological sciences increased from 2 to 12 percent between the fiscal years 1962 and 1963. However, little, if any of this NASA research, could be construed as designed to solve problems of preventing World War III. Similarly, the largest Federal supporter of research in the psychological sciences—the Department of Health, Education, and Welfare—is almost exclusively oriented to civilian, that is, medical, phases.

Clearly, the ratio between behavioral sciences research and physical sciences research on war and peace is lopsided in favor of the latter, the so-called hard sciences. This imbalance is unfortunate. It is correctable; it must be corrected; a more appropriate distribution of research effort must be made.

This will take some doing. For one thing, it will take much more understanding by all concerned. Fortunately, no psychiatrist or psychologist need be reminded that, as a matter of procedure, we must first trace the origins of the problem, namely, the reasons for the imbalance, if we expect to work our way out of it.

The origins are many; most are obvious; a few are relatively subtle. All can bear consideration. It cannot be assumed that the cards have been stacked in favor of the physical sciences.

Actually, there are many factors that might have accounted for a much higher ratio of war-peace research in the behavioral sciences. We must understand the respective strengths and weaknesses of the behavioral sciences.

FACTORS FAVORING USE OF THE BEHAVIORAL SCIENCES

1. No one in our land would dispute that the American people do want peace and are prepared to explore every reasonable avenue toward peace.

A few jingoists notwithstanding, we are fundamentally a nonmartial nation, a live-and-let-live people, even toward our severest adversaries, a try-anything people.

There are good reasons for our behavior. We are, generally, the best informed people on earth, and we know what war would mean. No nation has more to lose from global war than ourselves, for we enjoy more precious values than any people.

The postwar years have witnessed the growth of a vast, multifaceted peace movement in our country. Literally hundreds of oragnizations have been formed, consisting of scientists, clergymen, teachers, housewives, and a myriad of other groups, representing virtually every segment of our society. Many of these organizations have sought new ways to strengthen the peace, to reduce tensions, to find honorable solutions to war-breeding crises, to open international lines of communication on a people-to-people basis.

2. The behavioral sciences do have a great deal to contribute to peace, as well as to victory. We learned the latter fact in World War II.

Our Government successfully used psychological, sociological, anthropological and other skills to a greater extent than ever before. In our Armed Forces, behavioral sciences proved helpful in selection, training, motivation and leadership and in healing the ill.

In dealing with our enemy, psychological warfare played an important role. Specifically, behavioral science assisted in several major and successful policies, such as the decision at the start of the military occupation of Japan not to force the abdication of the emperor.

Since World War II, the behavioral sciences, despite minimal Federal support, have sharpened their insight, skills, and tools. One of the most striking examples is brilliant interdisciplinary research involving computers; here, psychologists have fused their skills with those of physicists and other electronics experts, engineers, mathematicians, and others in opening up incredible new frontiers in man-machine collaboration for a variety of missions. In many other areas behavioral science studies have afforded helpful insight into innovative paths in international relations.

3. The American people are experiment minded, science minded, and psychiatry minded. No nation has expended more funds, energy or manpower in utilizing knowledge of the human mind to enrich the lives of the well and to restore the lives of the mentally ill. Moreover, the lore of psychology and of psychiatry has, to a considerable extent, entered into our entire culture.

Our people are potentially far more receptive to bold new ideas for use of the behavioral sciences than is sometimes realized; the Congress is no exception. On August 21, 1963, the latter fact was proved once again, when, at a luncheon meeting I had arranged at the Capitol, eight distinguished social psychologists spoke on as many aspects of their disciplines in war/peace research. A dozen Members of the Senate and House demonstrated deep personal interest in the discussion. Although no one would presume that the Senators and Representatives present necessarily represented the views of the Congress as a whole, their warm reception of the varied scientific views did confirm the deep potential for favorable response in the legislative branch to well-prepared presentations of this nature.

4. In the highest offices of our land there has been greater interest across the board in the behavioral sciences than at any previous time in our history. The President has time and again signified his personal interest. A report by a panel of the President's Science Advisory Committee under the chairmanship of Prof. Neil Miller offered a bold outline for national strengthening of the behavioral sciences.[5] Thanks to the interest of the President's science adviser, there has been set up for the first time a standing committee on the behavioral sciences in the interagency Federal Council for Science and Technology.

There are also other factors that might have contributed to a better showing by the behavioral sciences in the Federal ratio on war/peace research. But the factors militating against such a showing have clearly proved far more compelling. The relative weight of these negative factors has not been established by any scientific study, but a listing may underline their cumulative impact.

FACTORS AGAINST USE OF THE BEHAVIORAL SCIENCES

1. Military preoccupation with firepower: Military strength has been traditionally equated with strength in military hardware (accompanied, to be sure, by strength of troop morale). Military science has, of course, evolved in the nuclear space age, but deterrence is still overidentified with firepower—with the quantity and quality of bullets, shells, explosives, and other lethal or disabling agents that can be delivered against an enemy in a given period of time under given circumstances.

It is perfectly understandable that past habits of thinking should persist, but it is also dangerous. Past military experiences are now partly inapplicable in the changed world of the hydrogen bomb. For now, brainpower must be so utilized that we need never use H-bomb firepower, if at all possible.

For example, it is universally recognized that if weaponry is to be effective as a deterrent, it must be "credible" to a potential aggressor; but how, I ask, can we really know what is credible in a foreign national's, far less an elite's or a nation's mind, if we make inadequate use of professionals skilled in such problems as perception?

2. Popular preoccupation with gadgetry: The military's preoccupation with hardware

[1] Excluded here is research on civilian problems, or on routine military personnel and other problems that cannot, except in the most indirect sense, determine the prevention of war.

[2] U.S. Bureau of the Budget, 1962. The Budget of the U.S. Government, Fiscal Year Ending June 30, 1963. Government Printing Office, Washington, D.C.: 328.

[3] National Science Foundation. Federal Funds for Science, XI. (NSF–63–11) Government Printing Office, Washington, D.C.: 29.

[4] Ibid., 31.

[5] Miller, Neil, Apr. 20, 1962. Strengthening the Behavioral Sciences. The White House. Reprinted in Science 136 (3512): 233–241.

does not originate in a vacuum. As a nation we are superbly gifted in engineering skills. We are hardware oriented, gadget minded. We often equate science with machines—materiel equipment contraptions into which you insert fuel, then press a button, and steer or race. Pushbutton war, pushbutton victory, instant, uncomplicated solutions—these concepts appear to be preferred by many people. Unfortunately, solutions to the fundamental problems we face are very complex and do not lend themselves to a pushbutton approach.

3. Limited military view of behavioral science: The Advanced Research Projects Agency and the Army, Navy, and Air Force have funded a relatively small number of behavioral science studies on war/peace issues. The Office of the Secretary of Defense has demonstrated a small degree of interest.

In certain machine-related spheres, civilian and military leaders of the Armed Forces have made brilliant use of some behavioral scientists. A notable example is in command-control studies on man-machine relationships in the North American Air Defense Command System and in the entire incredibly complex mechanism for responding to real or suspected attack by an aggressor.

The Department of Defense (DOD) has employed awesome ingenuity and resources in preparing against every physical contingency of global war. It has not matched that effort with comparable ingenuity and resources in research to prevent this lightning-fast machinery from ever having to be used in the first place.

DOD support of war/peace research in the behavorial sciences is thus limited in breadth, depth, and resources, and heavily weighted on the applied research side. An observer in the legislative branch gets the uncomfortable feeling, too, that, even for the few but often brilliant research studies underway, the ultimate payoff may be limited because there may be no climate of receptivity for action on the conclusions. Yet research for its own sake is just about the last thing the researchers or any thinking citizen would want.

4. Limited civilian view of behavioral sciences: In civilian agencies the picture is, with some exceptions, no brighter. Since its creation by Public Law 87-297, enacted September 6, 1961, the Arms Control and Disarmament Agency (ACDA) has had difficulty in surviving, let alone in realizing its hopes for a bold, across-the-board research program. Thus far, ACDA has put virtually all its research eggs in the physical sciences basket. My suggestion in mid-1962 to both that Agency and DOD for setting up the equivalent of a DOD-ACDA Advisory Council on Behavioral Science Research met with quick endorsement in principle but very slow implementation (and for a variety of reasons).

Neither the Department of State nor the U.S. Information Agency could be accused of indifference to the behavioral sciences, but neither agency appears to have distinguished itself from this standpoint. In fairness to both, neither specific mandate nor funds from the legislative branch exist for this purpose. Nonetheless, more could have been done and should have been done, even in the present circumstances, by these agencies.

In the Agency for International Development, behavioral science has a small foothold; in the Peace Corps, a relatively unique, substantial, and welcome role.

In all the aforementioned civilian agencies but the Peace Corps, it is difficult to escape the feeling that behavioral science is way out in left field while the ball game is being played in the infield.

5. Controversy implicit in behavioral sciences: Keeping behavioral sciences in the outfield often appears to agency officials to be the safest thing to do. Officials cannot help but be aware that behavioral science research may stir up controversy. A physicist's speech on electronic particles or a biologist's speech on ribonucleic acid is unlikely to be debated on the floor of Congress; not so a behavioral scientist's paper on, say, United States-Soviet "mirror image" suspicion.

Congress not only reflects, it also leads the Nation. Throughout the length and breadth of our land, different individuals, groups, cities, States and regions can and do react strongly to theories or findings by those who study man in action. But if timidity as to potential controversy should throttle the freedom of behavioral science, it would be a sad commentary for science and for our Nation.

6. Scientific preoccupation with quantitative measures: It is not just a hostile or indifferent layman who disputes the behavioral sciences' increased role, it is many a physical scientist as well. Few informed observers need be reminded that many physical scientists—in and out of Government—view with disdain what they regard as the "soft" sciences. The classic debate on this subject has been reiterated too often to require elaboration here. The literature is filled with discussion as to the problems, feasibility and desirability of further quantifying the amazingly complex and interacting variables of human personality. Suffice it to say that some of the leading figures in the physical sciences remain unconvinced that much can be gained from utilizing the "nonscientific" or "prescientific" behavioral disciplines.

7. Layman's do-it-yourself psychology: Popular opinion, referred to earlier, plays a further role in the underdeveloped character of the behavioral sciences. A popular belief seems to be that so-called commonsense is often just as reliable as some expert's theories. The generality is not always without substance.

Even stronger than commonsense is the insight of the learned amateur. While he may have gathered his knowledge avocationally and informally, he may often bring to bear considerable insight on a behavioral science problem. A little knowledge can be a dangerous thing, however. A lucky, occasional guess by a novice offers little basis for sustained reliance. Amateur psychology has its limitations, to say the least.

Few laymen would claim to be able to explain, much less build, an atomic bomb. But many laymen profess to know most of what they need to know about Soviet psychology. How often have we heard that it's all very simple, that human nature is the same the world over, or that there's nothing so mysterious about Castro, or Mao Tse-tung, or Ho Chi Minh. How often have glib vendors of cure-alls told us they have sized up the foe and have just the right answer for dealing with him. Certainly, every American has a right to his opinion. But it is hazardous if that opinion is based on blind indifference to the difficult, complex nature of so many of the problems with which behavioral science deals.

There is no justification for making a needless mystery out of Communists or communism—a mystery that allegedly can be solved only by Kremlinologists or some other professional "cult." But there is no justification for downgrading men and women who have devoted lifetimes to acquiring excellence in their chosen professions and who have much unique and specialized knowledge and insight to contribute.

8. Pessimism and fatalism about negotiation: Sometimes the behavioral sciences are rejected simply because, oddly enough, diplomacy itself is rejected outright.

For an optimistic people, it is surprising how often we allow a few fatalists to darken our outlook. Perhaps it is because so often some of our people have built hopes too high, have seen them dashed and have then been swung to an opposite extreme.

Fortunately, fatalism about the so-called inevitability of world war is still the exception. It would be the height of folly to succumb to such fatalism; it has neither justification nor rationality. As William Faulkner rightly stated when he received the Nobel Prize, "[We] decline to accept the end of man." We insist that man can work out, must work out, will work out an answer to his fate other than becoming radioactive cinders.

Fatalism, or its sisters-in-gloom, is often seen in less extreme form. There is, for one thing, considerable pessimism about the likelihood of successful negotiations with communism. The Soviet record of treaty violations certainly offers no basis for euphoria as to the U.S.S.R. fidelity to present or future commitments. But scholarly analysis of the Communist record [6] does bear out that, particularly in certain areas, it is possible to negotiate successfully. Success is achieved in the sense that an acceptable instrumentality is devised that satisfies our respective minimal national interests, and the instrumentality is observed (often because it is limited in scope and duration or because it is largely or wholly self-enforceable, or both). But even if the Soviet record on keeping commitments showed less promise than what little it does offer, we dare not throw up our hands and resign ourselves to permanent disagreement, for we already live somewhat tenuously in a hair trigger balance of mutual terror. Somehow, negotiation must be made to succeed. The alternative to competitive coexistence may be mutual (near or complete) annihilation.

Fortunately, the plain facts are that (a) it is not in Moscow's interest to let peaceful accommodation with the free world fail; (b) many leaders of the Soviet Union, not merely Khrushchev, do recognize that fact; (c) the people of the U.S.S.R. want passionately to ease tensions and be relieved of the crushing burden of the arms race; (d) it is definitely not in Peiping's interest (all of her bellicose propaganda to the contrary notwithstanding) that world war III break out; and (e) it is essential, and it is certainly not impossible, to convince Peiping of that fact, provided we use more of our wits and less of our emotions.

This does not mean that we need sacrifice in the slightest our deepest convictions about the record or the intentions of the Chinese Communist Government, for example. Nor does it mean that we propose to deceive ourselves into thinking that dealing with the Soviet Bear and the Peiping Dragon will be anything less than hazardous. Communism being what it is, we can expect from our adversaries the unexpected, the devious, the cunning, the ruthless, the cynical.

But we, being what we are, can be tough without being rigid; we can seek accommodation without risking appeasement; we can place hope in negotiations without underestimating its potential pitfalls. All the while, we can call upon a body of expertise that our adversaries lack in anything like the breadth or depth of our expertise on human behavior. This expertise is an important national asset—an underdeveloped asset.

Inflexible dogmas of totalitarianism have, by comparison, tended to stunt the behavioral sciences in Soviet society, just as officially decreed Lysenkoism has for so long stunted its genetic science.

Behavioral science is America's special strength. It is our task to capitalize on it far more than ever before.

9. Unsatisfactory communication by behavioral scientists: Finally, behavioral scientists must recognize that they themselves

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[6] Triska, J. F. and R. M. Slusser, 1962, "The Theory, Law and Policy of Soviet Treaties," Stanford University Press, Stanford, Calif.; 397 pages.

may have contributed to their present problem.

Although many behavioral scientists are nominally expert in the science of communication, their discipline as a whole has not always done a satisfactory job of communication. It has not, by and large, "told its story" effectively to those who need to know it: to the Congress, to civilian and military leaders of the Armed Forces, to other officials of executive agencies, and to opinion-makers throughout the Nation, generally—for example, newspaper editors and the like.

As in the case of many other specialties, the specialists—the behavioral scientists—find that the public has a somewhat distorted image of what the specialty really is, does, knows, seeks, and the specialists' own technical jargon may serve, not to clarify, but to confuse, particularly the layman.

Meanwhile, poor communication perpetuates itself, and many more regrettable conditions as well. A vicious circle develops.

Because behavioral science has, heretofore, not effectively communicated to the Senate and House of Representatives—to congressional committees, subcommittees and Members—the Hill has had little reason to alter a widespread, somewhat negative image.

Because there is genuine concern as to possible adverse congressional reaction and little expectation of popular support, executive agency heads are often reluctant to program increased budgets for intramural or extramural research by behavioral scientists.

Because Federal resources are few and encouragement rare, behavioral science has been unable to attract or retain as many specialists in war/peace research as are necessary, or to train an oncoming generation of scientists in adequate numbers.

Because agency heads have few behavioral science personnel and few such consultants (who are usually, in any event, far removed from day-to-day operations), the specialists are unable to contribute effectively to major policy decisions. They operate on the periphery and for usually relatively narrow tasks. Sometimes, very frankly, it almost seems as if their very presence in an agency serves merely as a sop to the profession.

Because intramural personnel and consultants are themselves "in the outfield," it is difficult to arouse enthusiasm and elicit broad cooperation from colleagues in universities, in private practice and in other areas who might be genuinely interested in rendering assistance.

Because agency policy officials do not bother to communicate to the scientific community the actual day-to-day, short- or long-range needs, the research applications that are received, or the ideas or papers, often seem to insiders to be impractical or marginal. Actually, in my judgment, it is remarkable how good some of these submissions are, despite the lack of two-way communication.

Fortunately, communication has recently been improved to a considerable extent; but it has still not attained a fraction of the necessary effectiveness.

CONCLUSIONS

It is clear that all those interested in assuring proper use of the behavioral sciences have their work cut out for them. This is not a task for "George," the other fellow; it is your task and mine, as well as that of every interested scientist, scientific organization and layman.

Some improvements in the numerous factors here described on both sides of the picture appear to be in the making; more are necessary. But no single action or series of actions by any one source, either the President or the Congress, can upgrade the role of the behavioral sciences; a complex of actions is necessary from a complex of sources and on a continuing basis.

The goal is not just more research, but better research, more effective research, more research that is put into action and more feedback from experience in action to ongoing research.

The ultimate goal is more than survival, more than peace; it is a better world.[7]

Such a world is ours for the making. Never in man's experience has he been so much the master of his fate—of nature and of himself.

Never before has his mind held within its control the destiny of all that he holds dear.

SUMMARY OF PRESENTATIONS AT INFORMAL MEETING ON "SOCIAL AND PSYCHOLOGICAL CONTRIBUTIONS TO ARMS CONTROL AND DISARMAMENT," CALLED BY SENATOR HUBERT H. HUMPHREY, AUGUST 21, 1963

Senator HUMPHREY'S opening remarks stated, "The reason for this meeting is simple: The greatest issue confronting mankind is, of course, the preservation of peace, security, and freedom.

"I have asked Members of the Senate and House to join with me in hearing from eight distinguished behavioral scientists as to: (a) What they are doing in this field of preventing war, and, (b) what they propose this Nation, particularly the Federal Government, should do that it may not now be doing in their field of competence."

Senator HUMPHREY went on to emphasize the underuse of psychological insight into war and peace, to underscore the fact that the Government is definitely not doing enough by way of use of the behavioral sciences in international relations, and to ask such questions as: "Are psychology and related disciplines contributing what they can and should contribute to the cause of peace? If not, what should be done and how? What should be the priorities? What research and demonstration programs? What policy changes in day to day or emergency diplomatic procedure, etc.?"

The meetings were held in two sessions: One from 10 a.m. to 12 noon in room 1318 of the New Senate Office Building; the other from 12:30 p.m. to 4 p.m. in room S–120 of the Capitol. The congressional and staff participants at the mid-morning meeting were: Senator Gaylord Nelson, Congressman John Brademas, John Hayward from Senator Cannon's office, Sue Rosenfeld from Senator Keating's office, William Stover from Senator Randolph's office, Herman Schwartz from the Senate Judiciary Subcommittee on Antitrust and Monopoly, Julius Cahn from the Senate Subcommittee on Reorganization and International Organizations, Muriel Ferris from Senator Hart's office, Alfred Partoll from Senator Cooper's office, Ellery Woodworth from Senator Brewster's office, Burt Ross from Senator Kennedy's office, Allen Lesser from Senator Javits' office, Stephen Horn from Senator Kuchel's office, Stanley Newman from Congressman Ryan's office, Owen O'Donnell from Congressman Fascell's office, and Jan Altman from Congressman Macdonald's office.

At the session in the Capitol Building were: Senators HUBERT HUMPHREY, JENNINGS RANDOLPH, LEVERETT SALTONSTALL, JACOB JAVITS, FRANK MOSS, GAYLORD NELSON and Representatives GEORGE MILLER, CHET HOLIFIELD, WILLIAM FITTS RYAN, JAMES FULTON, JOHN BRADEMAS, CLAUDE PEPPER, JOSEPH KARTH, ROBERT KASTENMEIER, plus Julius Cahn and John Reilly from the Senate Subcommittee on Reorganization and International Organizations.

The eight psychologists present at both sessions were: Drs. Urie Bronfenbrenner (Cornell), Harold Guetzkow (Northwestern), Edwin Tollander (State University of New York at Buffalo), Donald Michael (Peace Research Institute), Thomas Milburn (U.S. Naval Ordnance Test Station), Gardner Murphy (Menninger Foundation), Charles Osgood (University of Illinois), and Lawrence Solomon (American Psychological Association central office).

Approximately the same material was presented by each speaker in the morning and in the afternoon sessions. Therefore, for this summary, the presentations of each psychologist shall be combined into a single statement, regardless of the session in which it was presented.

Dr. Thomas Milburn contrasted two extreme points of view regarding psychology's contribution to the study and resolution of international problems: that psychology has no contribution to make whatsoever; and that psychology has the answers to all of our problems. Rejecting both of these extremes, Dr. Milburn stressed the fact that all individuals base their behavior and planning upon some form of implicit social theory and that it is one of the aims of psychology to test these theories for their value as valid bases for action. Most of the contribution from psychology today, therefore, is in the nature of information retrieval; that is, applying what we already know about human behavior to some of the situations currently confronting us. The behavioral sciences are now better, in many respects, than intuition in helping one to deal effectively with complex situations. Soon, with further research and study, the behavioral sciences will surpass intuition in all respects.

Dr. Milburn briefly described Project Michelson, a large-scale Department of Defense research project in the behavioral sciences including some 30 or more studies of the concept of deterrence and its related aspects. This project is utilizing 18 different approaches to this general problem area in order to seek out the convergence of results. Some of the findings to date, which stress the many changing patterns of compliance and hostility between the United States and the U.S.S.R. over time, are:

(1) There is a reciprocal relation between the Soviet Union and Communist China in terms of their aggressiveness; that is, when one is high, the other is low, and vice versa.

(2) The mirror image phenomenon holds for the motivation of the United States and U.S.S.R., but not for the tactics; that is, they attribute the same motives to us as we attribute to them, but this does not hold true for the mutual perception of tactics.

(3) The proliferation of nuclear weapons tends to lead to a diffusion of Eastern and Western blocs.

(4) American allies feel better about missiles at sea than they do about missiles in foreign bases.

Dr. Urie Bronfenbrenner, just returned from an extended stay in the Soviet Union, spoke in some detail about the development of "The new Soviet man"; that is, he reported his findings on the new school systems developing in Russia and their emphasis on the formation of a Soviet morality and character in the children of Russia today.

Dr. Bronfenbrenner pointed out that since "wars begin in the minds of men" there is a great need for the study of the mental processes occurring in nations which face potential conflict. Little or nothing is being spent by the U.S. Government on behavioral science research in this area. And at the same time as our research activities are lagging, the Soviet Union is undertaking a broad-scale, intensive program to inculcate a social morality and a Soviet character in its schoolchildren, utilizing techniques and

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[7] For an elaboration of overall goals for the behavioral sciences, see HUMPHREY, HUBERT H., "A Magna Carta for the Social and Behavioral Sciences." Reprinted from American Behavioral Scientist, February 1962, together with CONGRESSIONAL RECORD statement of Feb. 19, 1962, and issued as release S 2–10–62.

See also, HUMPHREY, HUBERT H. 1963, "The Behavioral Sciences and Survival." American Psychologist 18(6); 290–294.

concepts which we study relatively little in this country. Two new kinds of schools are being opened in the Soviet Union: boarding schools and prolonged day schools. In these settings the objective of the program undertaken is to get the group (and all Soviet society is organized around large or small groups of one kind or another) to take over the upbringing of the child. The emphasis is upon living in a collective and the motivation for the inculcation of discipline is group approval. Following the teachings of Makarenko, this educational system, incorporating some of the major findings in the behavioral sciences, promises to produce a new breed of Soviet citizen who will pose a potential challenge to the ability of our future citizens in their efforts to deal and relate effectively with the U.S.S.R. in years to come.

Dr. Charles Osgood directed his remarks to the disparity between technological advance and social-cultural advance in this nuclear age. He emphasized that only a very small fraction of our total defense budget is being spent on the study of such "soft" variables as "human nature," "thinking," "conflict resolution," "trust," "cooperation," etc. Deploring this state of affairs, Dr. Osgood pointed to his own research on the "soft" variable "meaning" and indicated that such seemingly nebulous variables are, indeed, amenable to scientific study and quantification. Sixteen different language cultures are being studied in a cross-cultural project designed to clarify the nature of the "meaning" of various concepts, as this varies from culture to culture, and to seek for the common dimensions of meaning which are shared universally by all cultures.

Dr. Osgood emphasized that while we are building our weaponry for "deterrence"—for the purpose of not using it—we are not expanding sufficient effort, time, or resources on seeking ways of avoiding the use of our deterrent weapons. Such a search for alternatives, perforce, requires the interdisciplinary approach of the behavioral sciences.

Dr. Harold Guetzkow discussed the use of gaming and simulation techniques as social science approaches to the study of international relations. He cited military and business gaming as predecessors and then detailed three kinds of simulation techniques: all-computerized, man-computer combinations, and all-man. Dr. Guetzkow briefly described the internation simulation technique which he has developed and then reported some of the findings to date. In a study of effects of the proliferation of nuclear weaponry in a simulated, "testtube" world, the weakening of bloc alliances was predicted in 1960, as is now confirmed by the course of events in the "real" world and as was reported by Dr. Milburn during this meeting.

Another study utilizing the internation simulation explored the effects of "rigidity" versus "flexibility" as personality characteristics of decisionmakers. On the basis of a personality test, the participants in the simulation were selected so as to have some whose personalities were very "rigid" and some whose personalities were very "flexible." It was demonstrated that "flexible" decisionmakers did considerably better. Their "worlds" had fewer wars, and more peaceful international relations, and such decisionmakers were better able to extricate themselves effectively from crisis situations than were their "rigid" counterparts.

Again, Dr. Guetzkow underscored the need for Congress to exercise its power and demand an increase in the use to which agency people are putting the behavioral sciences. He argued that without pressure and initiative from Congress, policymakers in the agencies will be too timid to utilize the newer behavioral sciences approaches to resolve current and anticipated problems of public policy.

Dr. Donald Michael concerned himself, in his remarks, with the problems of manpower utilization and funding. The usefulness of an increased utilization of behavioral scientists in the area of national and international affairs is twofold: (1) The contribution of empirical data on human behavior which these scientists can make should lead to a more valid basis upon which to make policy decisions involving human beings; and (2) the behavioral scientist can point out important variables in complex situations which may be overlooked or misjudged by those not trained in the behavioral disciplines.

Dr. Michael cited two examples of suggestions coming from behavioral scientists during World War II which, based upon scientific understanding of human behavior, lead to an effective course of action: (1) The recommendation to take Japanese prisoners, and (2) the recommendation not to depose the Emperor.

Dr. Michael pointed to three pressing needs today: (1) the need for more behavioral scientists to work on problems of national and international concern; (2) the need for vital areas of research to be pinpointed and clarified; and (3) the need to provide incentives for work in this area, such as the opportunity to publish (restricted in some cases by security regulations) and the opportunity to work on a wide range of subject matter (that is, not only "fire house" research aimed at the answer to a single, circumscribed question, but long-range basic and applied studies). There are people ready to work on these problems; in universities, industry, and private research institutes. There are users of this research; peace action groups and Government agencies and departments. There is a need for increased funding to further the utilization of this manpower and to increase the communication of findings to the potential users. There is a need to inform the research community more broadly and more systematically of the studies they might do.

Dr. Gardner Murphy cautioned against over- or under-selling the problem of the utilization of the behavioral sciences. We need to know how to take steps to mobilize resources to bring them to bear upon policy problems and we need to know how to do research of an applied nature, developing a long-range capability to utilize our potential. Behavioral scientists are interested in long-range knowledge of human nature. We need guidance from policy people to help make our findings relevant to Government decisionmaking. He specifically invited Congressmen to make use of the facilities of the APA Committee on Psychology in National and International Affairs and offered this service as available on a continuing basis.

In response to Dr. Bronfenbrenner's presentation, Senator HUMPHREY suggested, as a possible research project for psychologists, a study of the relationship between puritan morality and Soviet morality. In response to Dr. Murphy's appeal, he suggested that what he personally would need from psychologists would be statements concerning specific lacks in agency programs and interests; specific programs of action, projects, etc.; a party platform on behavioral sciences in international affairs.

Dr. Edwin Hollander did not make a formal presentation. He chaired the morning meeting and directed the interchange of ideas, questions and answers between the participants and the speakers.

In the luncheon session, Hollander introduced the speakers by a brief statement of the scope and intent of the behavioral sciences and pointed out the research emphasis they brought to bear on problems of international tension reduction. The variety of ways that such complex problems could be stated and studied, he said, would be indicated by the several presentations to be made. While such behavioral science activity could not be a full solution to these matters, he added that it was an important complement to the more traditional lines of study and action usually followed.

Dr. Lawrence Solomon prepared this summary statement of the proceedings. Any further inquiries for information, clarification, consultation, or continuing contact with any of the speakers should be directed to him as Executive Secretary, Committee on Psychology in National and International Affairs, American Psychological Association, 1333 16th Street NW., Washington, D.C.

THE U.N.'S VITAL ROLE

Mr. HUMPHREY. Mr. President, yesterday the President of the United States submitted to the Congress the 17th annual report of the U.S. participation in the United Nations.

His report summarized the many ways in which this complex but effective institution has proven to be a valuable instrument in reducing world tensions and enhancing world welfare. The United States has been deeply committed to this international institution since its inception. In a sense, it is a child of American idealism. It is a tribute to that idealism to note that we have not thrown up our hands in despair at U.N. growing pains. Despite the shortcomings inherent in any organization combining members from vastly different political, social, and economic milieu, the record has justified our confidence and encouraged hope for greater accomplishments in the future.

The lead editorial in today's New York Times makes a sound assessment of the U.N.'s vital role in American foreign policy and world peace. In stressing that role, it pinpoints the weaknesses which threaten its continued performance: First, attempts to weaken the important executive function which makes the U.N. a significant force in world affairs and second, reluctance of some of the member nations to meet their financial obligations.

I want to take this occasion to urge that we fight these twin destructive tendencies so that the U.N. may continue its important functions: in meeting immediate crises in planning for a future where commonly accepted rules and standards for resolution of national differences reduce their incidence; and continuing and expanding its cooperative assault against the common enemies of mankind; disease, poverty, and ignorance.

I ask unanimous consent that the editorial from the New York Times be printed at this point in the RECORD.

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

THE U.N.'S VITAL ROLE

The importance of the United Nations to American foreign policy and to world peace was emphasized anew yesterday by President Kennedy in his report to Congress. Most Americans unquestionably join in this endorsement, dismissing with contempt the extremist attacks on the world organization and even on its humanitarian enterprises such as the Children's Fund.

The United Nations, which celebrated its 18th birthday recently, is still an adolescent. Even its occasional excesses and crises may

be regarded as growing pains to be overcome as it develops in experience and stature. It has already proved itself to be an indispensable outlet and safeguard for more than a hundred nations, large and small, old and new, whose multiplying delegations now burst its headquarters at the seams. And a score more are still to come.

The United Nations is important first of all as a forum which, if it did not exist, would have to be invented. It is the closest approach yet to a parliament of man where all nations can freely present their cause and seek the support of world opinion. It is a place for parliamentary diplomacy, to deal with the problems endangering world peace.

The most important function entrusted to the United Nations is that of guardian of the peace, to preserve peace where possible, to suppress aggression by force if necessary. Its means for doing so are still rudimentary, and the ambitious provisions of the charter for a United Nations force remain unfulfilled. But the United Nations was able to organize resistence to Communist aggression in Korea and to send peacekeeping forces into the Middle East and the Congo. Unfortunately, this decisive executive function is now in process of an erosion which must be reversed to save the United Nations from the fate of the League of Nations. A world peace force is one key to disarmament; it is essential to keep the peace in a disarmed world.

It is ironic that a world which now is able to spend hundreds of billions of dollars for armaments finds it difficult to provide a few million dollars to sustain even the existing United Nations peace forces. President Kennedy rightly castigates the financial irresponsibility of countries that refuse to pay all their assessment for such forces, notably the Soviet bloc and France. But castigation is not enough; it must be followed by United Nations action to bring the delinquents to book on the principle of no representation without taxation. That is the essence of the United Nation's financial crisis, which will come to a head next year. On the outcome of it may depend the life or death of the United Nations itself.

MINNESOTA—MIDWEST IS FRONT RUNNER IN ELECTRONICS—AN OUTSTANDING ADDRESS BY GOV. KARL F. ROLVAAG

Mr. HUMPHREY. Mr. President, from time to time, it has been my pleasure to point out the excellent contributions by the State of Minnesota to American scientific and engineering advances.

I have done so not merely as a matter of personal pride in the accomplishments of my State; such pride is well justified. But there is a far greater significance to Minnesota's scientific and technical contributions.

This Nation is aided immeasurably by tapping the talents and skills of every region and every State. The upper Midwest has its vital contribution to make. Minnesota and its neighbors are ready, willing and eager to do their share. Minnesota's inspiring record of technical achievement in war and in peace speaks eloquently for both the past, the present, and the future.

Toward the end of last month, an outstanding statement of this subject was presented by a great and well-qualified public official. I refer to an address by the Governor of our State—the Honorable Karl F. Rolvaag—before the National Electronic Conference, as presented on October 29, 1963.

Governor Rolvaag pointed out the splendid assets which Minnesota brings to the Nation's scientific and technical problems—its superb educational, tradition and institutions, its advanced system of State, municipal and private services, its dynamic business community, its invigorating climate and recreational advantages, whether for sports or culture, and other natural and human endowments.

Governor Rolvaag's statement proceeded with a summary on what Minnesota is accomplishing in the vital field of electronics. He noted that:

In Minnesota electronics and related science industries employ 50,000 persons, with an annual payroll of $260 million.

He looked, however, to larger opportunities and needs for the future.

He spoke frankly of the regrettable imbalance in the national allocation of Federal scientific grants and contracts. He noted my personal efforts to help "fortify the idea industry all across the Nation."

Governor Rolvaag stressed the need for sound, broad-gaged criteria in the allocation of Federal research and development contracts. He suggested:

Perhaps, it should be required that the proposed contractor submit a plan for the utilization of research results beyond the immediate fulfillment of the contract.

He asked:

What about a massive research program in the nonmilitary problems of life? Our mass transit problem, our air pollution, our water pollution problem, our pressing human welfare problems—mental illness, mental retardation, the control of our patterns of land use?

Governor Rolvaag's statement is another fine demonstration of the enlightened leadership which Minnesota State and local officials are providing to our citizenry and to our Nation—a leadership that is concerned not only with things but with human beings and with the Nation's frontiers.

I ask unanimous consent that the text of this fine address be printed at this point in the RECORD.

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

MINNESOTA—MIDWEST FRONTRUNNER IN ELECTRONICS—KARL F. ROLVAAG TALK BEFORE NATIONAL ELECTRONICS CONFERENCE, CHICAGO, ILL., OCTOBER 29, 1963

Dr. Von Tersch, distinguished guests, friends, I come to you today from Minnesota, honored by the recognition to my State implicit in your invitation. We have an exciting success story to tell and one that means much to me, as a citizen and as a Governor. Our flourishing electronics industry in the Minneapolis-St. Paul area has not only brought new technical advances, it has bolstered our economy, provided jobs, induced new talents in many disciplines to settle in Minnesota—it has given impetus to community development. It has improved the welfare of the people of my State in many ways.

But in the recounting of our successes, we find new challenges, new problems, new areas of human endeavor half done—half met and difficult questions to which all of us, the scientists and the industrialists, as well as the political leaders and social scientists, must seek answers in joint action and joint planning.

Tritely, but surely, these are times of unprecedented change. We are literally being thrust forward on the crest of a wave of scientific knowledge. It is a new, startling revolution, a technological, electronic revolution that in its far-reaching effects dwarfs the great industrial revolution of the 19th century.

Ponder if you will the fact that 90 percent of all scientists who have ever lived in the world are living today. Our accumulated scientific knowledge doubles every 10 years. Coupled with advancing knowledge is the rapid population expansion bringing with it enormous need for new jobs and for a healthy expanding economy. One thing, one factor stands out clearly: the only way we can cope with this new world is by recognizing that our chief hope is in human resources—brains and ideas. We built this Nation by heavy dependence on abundant natural resources—the mine, the field, the forest. All too often it was a reckless dependence. In Minnesota, we were no different. In the first century of our existence we relied on seemingly endless beds of rich iron ore, millions of acres of pine forests, and farmstead after farmstead of rich black soil, to provide the backbone of our economy. Today, the natural resource in this economic reliance is diminishing in importance, and the growth of our economy depends more directly on human resources, on the adaptability of people in devising technical solutions to the problems of our industrial urbanized life.

The implications of this massive shift of values are of profound importance.

In Minnesota we confronted this new realization with a set of existing conditions which proved to be of great significance to us. First, we had at hand a sturdy population with high aspirations and unusual capacities. In selective service rejections based on literacy, generally regarded as a broad measure of quality, Minnesota has for many years had one of the best records. Consistently, less than 6 percent of those considered for the draft have been rejected—a record of education attainment shared by very few States.

Second, we had—we have—a stimulating, exhilarating climate, and vast outdoor recreation reserves, a needed source of strength and renewal—of re-creating—for the modern man. For example, 90 percent of all Minnesotans live within 10 minutes of a body of water of fishing and swimming quality.

Third, Minnesota's public services are extensive and of high quality—our transportation, our public schools, our urban centers, our public health and welfare services—all measure up to what thoughtful, intelligent people expect that their government should provide—though, I must add, we strive vigorously to improve these services.

Fourth, we are proud of a cultural community life which gives recognition and encouragement to the arts. The recent arrival of the Tyrone Guthrie Theatre adds further luster to an already rich array of cultural institutions and activities—the Minneapolis Symphony Orchestra, the St. Paul Civic Opera, the St. Paul Gallery and Theatre, the Minneapolis Institute of Art, the Walker Art Center, and many other concert and theater and dance groups.

Fifth, we had, as an integral part of our business community, several dynamic industries, including one of the most important electronics companies in the Nation; namely, Minneapolis-Honeywell, a company with alert management which had, both during and since World War II, been an important supplier of extremely sophisticated control systems for the military. Honeywell has long recognized the need for large investment in research and new product development, a fact which has given it a position of national leadership in industry.

Sixth, and most important—though one must add that all these things are inter-

twined and interdependent—it is hard to imagine one of them without the supportive existence of all the others—we had developed one of the great universities of the country.

Over and again, as one searches out the factors which appear to result in the magical fusion of brains and industry, one finds that the essential ingredient is a recognized university, a center of brainpower, a supply of talented, educated people, a creative source of new ideas. Some special assets exist at our University of Minnesota. It is highly accessible (the crowded, urban campus, with its endless traffic and parking problems turns out to be a boon in its proximity to our industrial areas). Another special attribute of the University of Minnesota is that it has not been fragmented by misguided political parochialism; one university, under one board of regents, serves the entire State, through several campuses located throughout the State.

Another important consideration is the status of our university. Under our State constitution, it is, in effect, independent of any branch of State government. It has its own budget, appropriated, it is true, by the legislature but not under administrative or executive control. It has its own governing body, and operates with a unique freedom from political pressures. The result has been beneficial to its growth and development.

Another facet of the University of Minnesota that has a direct bearing on this discussion is its affiliation with the famed Mayo Clinic, which operates, in fact, a graduate school of medicine under the dean of the university graduate school. This relationship has resulted in one of the great medical schools of the country, and has played an important part in the development of a climate of scientific research.

I should add here that our great university is only part of the higher education picture in Minnesota. We take special pride in the recognized high quality of the 14 private liberal arts colleges. These colleges have outstanding facilities and are pace setters in the Nation when it comes to counting up distinguished alumni, fine faculties and extensive libraries. They are a major strength of our interdependent structure of higher education institutions in the State. So are also the five State colleges—now six, as a result of action by our legislature last spring. This education undergirding, this steady supply of qualified liberal arts graduates from these 20 colleges is a basic and essential part of the strength of the university and its graduate schools.

Up to now I have merely recited key facts—I have listed the tools, the ingredients available to us as we undertook to meet the challenge of the technological revolution; to make the fullest possible use of the burgeoning science of electronics and aerospace. An area—or a State, or a region—might well have all these ingredients and still not manage to stay on the crest of the wave. Many new elements had to be added. In Minnesota these things have happened.

First, the traditional role of the university—as conserver of knowledge, transmitter of knowledge, and assembler of knowledge—while still very important, was a role which had to be enormously expanded.

Leaders like Dr. William G. Shepherd, formerly head of electrical engineering and now the university's academic vice president—Dr. Shepherd and others recognized that the university must be geared to the community. (May I point out that I refer here to the technical, the scientific, the engineering schools of the university, though, of course, the same responsibilities for a close relationship with the community are shared by schools in the areas of the social sciences and the arts.)

If science and basic research are going to be translated into products that can be marketed, if the engineers who have cast their lot with industry are going to stay abreast of the expanding knowledge, if the exchange between both the academic and the industrial leaders is going to be nourished and made fruitful, if the "fallout" from university learning is going to "nucleate" into new business enterprises—then surely the university must assume new positions of leadership. I am proud to say this has been the pattern in Minnesota.

One of the major accomplishments of this joint university-business effort—and I must here emphasize that it is as important for leaders in finance and management sectors of our economy to participate in joint university-business endeavors as it is for the academic leaders—one of the major accomplishments has been the evening graduate school, where now some 142 men from 10 companies are doing advanced work. The cost is high in terms of dollars and since the legislature as yet has made no provision for this kind of program, the whole effort is underwritten by the participating industries.

In addition, top researchers, scientists, and engineers of the many new electronics and related industries in the Twin City area are attending weekly seminars at the university electrical engineering school, adding to and refreshing their knowledge.

Other steps had to be taken, if we were to realize our potential—as a breeding ground for the new electronics industry. Experience on the east coast and west coast had clearly shown the need for an applied research institute and in the past year we in Minnesota have seen the development of such an institute. In the North Star Research & Development Institute, in Minneapolis, we have established the vital connecting link between town and gown. Through the brilliant leadership of J. Cameron Thomson, with full cooperation from the business and university communities, the North Star Research Institute has been set up with a twofold purpose: to serve the current practical needs of industry for research-team assistance, and to lead industry in its own development, to pioneer new areas of necessary corporate business activity. Let me elaborate on the goals of this new research institute. Not only is it geared to develop new products and processes, it will scrutinize management and marketing methods, find more efficient ways of producing goods, and determine marketability of proposed products. It is also concerned with improvements in the scientific education of students.

Although an independent corporation, the institute shares with the University of Minnesota the common goal of the advancement of science; it is in fact a new faculty emphasizing disciplines in which there was a void. Close professional ties are maintained with the university staff and university scientific and engineering specialists are available to work with North Star on research problems of mutual interest.

This effort is still in its infancy, but, patterned as it is, on the great research institutes of Stanford and the Cambridge-Boston area, we are confident that it will be of enormous value and importance.

A vital factor in our success story—in perhaps all the success stories being told today about the phenomenal growth of the electronics and related science industries—is the part played by the Federal Government. Whether one likes it or not, this is an established fact. When the new frontiers of knowledge altered military planning—when the Defense Department shifted emphasis from heavy tanks and guns to missiles and space exploration, when the Government itself became the chief investor in research and development in this country (it is now estimated that 70 percent of all research and development being done in the United States today is financed by the Government)—when these things happened, the impact on the various segments of our national economy, including Minnesota, was immeasurable.

In the main, the Federal research and development dollars went to the institutes, the industries, the universities where there was an accumulation of talent and know-how and past proven ability to deliver the goods. They also went to those areas of the country where people were prepared and aware and alert to the changing conditions. Compared to the giants of California and the east coast, we know we in Minnesota, we in the Midwest, are only sharing a fraction of that research money—only a fraction of what we could use effectively—both to acquire more knowledge and to apply that newfound knowledge to industrial use of benefit to us and to the whole country. Make no mistake about it. In spite of our very limited share in Government research and development moneys, we have become a frontrunner in the electronics industry.

Today in Minnesota the electronics and related science industries employ 50,000 persons, with an annual payroll of $260 million. In the words of Dr. L. V. Berkner, president of the Graduate Research Center of the Southwest, "the growth of science-oriented industry in Minneapolis-St. Paul grew from nothing to $700 million annually in a decade."

Minneapolis-Honeywell, and Minnesota Mining, our two leaders, have steadily expanded and diversified. In 1952, Remington Rand Univac established a major plant in St. Paul. As it happens these companies provided a spinoff of management and scientific talent—ambitious, brilliant, and imaginative men who have ventured as entrepreneurs on their own, in numerous small companies. Control Data, founded in 1957, is an exciting example. So is the E. F. Johnson Co. of Waseca. There are many other companies like these.

In 1958, IBM completed its ultramodern plant in Rochester. Within the past 12 months, one of the Nation's fastest growing electronics companies, Litton Industries, opened a new subsidiary, Duluth Avionics, at Duluth. Litton has also purchased the aerospace research facilities of General Mills, and recently opened another center at Hibbing, Minn. The total number of electronic and related industries in the past 7 years has grown from less than 90 to 140. The Twin Cities area is one of the fastest growing metropolitan centers in the Nation and there is no question but this is due in large part to the new boom in electronics and the large amount of business it generates in the way of subcontracts, equipment purchases and general services.

But we are aware of the many remaining problems and challenges. Let me review some of them for I know they are shared in part or in their entirety with much of the Midwest. Just a few minutes ago I referred to the impact that the Federal research and development program has had in influencing growth patterns in the new electronics industries. I recognize that the Department of Defense must assume the responsibility for placing contracts with the lowest responsible bidder.

But I am suggesting now that perhaps another criterion should be considered, in defining what brings the highest yield to the good of the Nation. Perhaps it should be required that the proposed contractor submit a plan for the utilization of research results beyond the immediate fulfillment of the contract. Have we depended too much on happenstance, on haphazard spillover? A breakthrough on how to control the flight of a satellite might, for example, become marketable as a computer system to regulate seat reservations on an airliner. Or, the intricate sophisticated instrumentation developed to regulate a Gemini has implications for a computation on highway construction. With all our brains are we not in a position to make these kinds of things

happen by plan rather than by fortuitous circumstance?

Let's go even farther. What about a massive research program in the nonmilitary problems of life? Our mass transit problem, our air pollution, our water pollution problems, our pressing human welfare problems—mental illness, mental retardation, the control of our patterns of land use. If this country is to continue as a strong, free, growing vital world leader, we must seek knowledge on all fronts. We must seek it with giant steps, giant steps taken rapidly, surely and with plan and purpose. The private sector of business and industry and the public sector as well must invest far more than ever before in examining and finding ways to apply our new electronics and aerospace science to the pressing problems of civilian life.

Perhaps most important of all, and I am pleased that my good friend and fellow Minnesotan, Senator HUBERT H. HUMPHREY is bringing this matter to the national attention, through the investigation he is currently conducting into the role and effect of technology on the Nation's economy—perhaps most important of all would be a conscious, carefully developed plan on the part of the Federal Government to use the research and development dollar to fortify the idea industry all across the Nation.

Boston and California have no corner on the brains of this Nation. One-third of the Ph. D.'s in the physical sciences come from the Midwest. There is no reason why we shouldn't attract some of the bright and daring engineers and scientists now taking up base positions on the west and east coasts. If we fail to attract them it's because we have not been sufficiently aggressive in seeking to attract technologically based industries and adequately financed research centers which will provide the opportunities which our most highly trained scientists seek. I remind you that of the 11 high-energy atomic accelerators in the United States, only 1 is in the Midwest, at Argonne National Laboratory in Chicago. It is not only discriminatory that these facilities should be concentrated elsewhere, it is unwise as a national policy. If brains are today our greatest resource, we must nurture them in every geographic area of the Nation. We must provide the research facilities which will make it possible to vastly expand opportunities for graduate study and research in solid state physics and the other basic sciences in the center of the continent, as well as on both coasts. Instead of 20 great universities in the Nation, we should have 100 or 150. Instead of concentrating the billions of research and development moneys, we should use them judiciously to give life and vigor to the newly developing research institutes, to industry, to universities and to colleges all across the land.

Let me touch on a few other matters before I close. We in Minnesota have had a taste of success. We like it. And frankly we want more. We know some of the things that must be done, and one to which we give top priority rating is the improved education of our young people. The change that electronics and related science industries have brought about are nowhere felt more keenly than in the labor market. The high school graduate needs at least a year and preferably 2 years of post-high school training in order to qualify as an electronic technician. Work experience is a vital part of education, a part that has somehow been separated from present-day schooling. We must regear and expand our school programs and we must get on with it with the greatest dispatch possible, if we are to provide the competent foremen, trained technicians, the programers, and machine operators so essential to this technological revolution. As it happens, Minneapolis is the home of one of the outstanding private trade schools in the Nation—the Dunwoody Institute. It cannot begin to meet the demands being put upon it and we know that our public area vocational schools and community colleges must get renewed support. I have just named a new State junior college board of 5 leading citizens which will coordinate the 11 existing 2-year community colleges in our State and will, I hope, develop and promote the new curriculums our times demand. Further, they are charged with site selection responsibility for four new junior colleges authorized by the last session.

I have underlined in these remarks the need for a close relationship between the scientific academic leaders and the business community. In Minnesota we have gone far in that direction, but I plan and hope to see us go much farther. To that end I am naming a Minnesota Science-Industry Advisory Council to continue and strengthen that exchange. Dr. Shepherd, our university academic vice president, has already agreed to serve as honorary chairman. I am calling on the members of the committee to evaluate existing university-business relationships, to advise my office as to impending problems and to intensify those programs which have already proved so effective. We will wish to publicize our industrial potential nationally, to tell the success story of the electronics industries, to insure continued expansion, and to make our voices heard in the determining of national policies which so deeply affect that expansion.

Finally, may I come back to my own role as Governor. As I see it, it is the Governor's serious responsibility to develop public understanding of the new revolution in science. He must help create public readiness and alertness to make positive constructive use of that revolution, to turn it to our gain. He must insure vigorous support for the valued institutions which are the instruments of implementation, to protect the great gains already made. In sum, he must make sure in every way possible that our State government is a participant and a leader in the development and progressive use of man's increasing knowledge, and that we shall continue to provide an intellectual climate where free investigation, searching inquiry, and extensive scientific research will flourish.

GRAIN TO THE SOVIET UNION

Mr. SCOTT. Mr. President, I do not believe that the American people have been sufficiently alerted to all of the facts of the sale of American grain to the Soviet Union and other Red bloc countries. This is due at least in part to the fact that more and more in our formulations of public policy, we are overlooking the fact that we are in a highly unconventional struggle with a nation and ideology dedicated to freedom's destruction everywhere. Indeed, there seems to be a strangely erroneous feeling in our policymaking councils and elsewhere that the cold war is drawing to a conclusion, that we can now peacefully coexist with Communists.

This amounts to a policy of self-induced hypnosis.

To the Soviets, peaceful coexistence is another instrument in an extensive arsenal for troublemaking and expansion.

Further, there seems to be a lack of understanding among certain people of the fact that political considerations have overriding importance in all Kremlin decisions, whether it be the shipment of missiles to Cuba, or the purchase of grain from the United States.

And deception, duplicity, and default have been the mainstays of Soviet diplomacy for decades. Whenever we study a Soviet maneuver on the world chessboard, we invariably find one or more of these elements. And the game they are playing is for keeps. They have not renounced their intention to bury us.

The Russian bear is certainly capable of anything, as long as he knows the other animals he has to deal with are capable of nothing.

If we continue the current trend of one-way concessions, the wheat deal being the latest, the Russian bear may believe just that about the United States. The peril of such a belief in this nuclear age would be incalculable.

Yet, our Government reportedly agreed with the Soviets on what the New York Times has termed "ground rules for the sale of wheat to Communist bloc nations." Final terms for the Soviet deal are still under negotiation, but the first sale to a Communist country—100,000 tons to Hungary—has already been made.

If we were dealing with truly peace-loving nations, trade with them would be natural and normal. But this is not the case.

Even in the present state of protracted conflict, if the Soviets were to make some concession in return—and if they really needed the wheat, they might be expected to do so—there might be some real justification.

But, instead of granting concessions in return for this sale, the Soviets have been turning up the cold war thermostat by obstructing our vital land access route to Berlin, and announcing in Izvestia that "The problem of stationing troops in Cuba is a problem between the Soviet Union and Cuba."

In 1938, the British tried talk and concessions with Hitler at Munich. We know what resulted.

Also in the thirties, we sold scrap iron to Japan, iron which became armaments destined to cost the lives of many Americans.

Armaments are not manufactured from grain, but our bailing the Soviets out of their agricultural problems will certainly aid them to keep their armament industry operating full blast.

Grain purchases may be just the beginning. Vneshnaye Torgovle, a Soviet trade publication, has said:

Soviet import organizations could place orders in the United States for one to one and a quarter billion dollars worth of various types of goods, especially complex machinery.

By selling the Soviets grain, we not only permit them to maintain their high priority on heavy industry and armaments, but we are also opening the door, if only a crack, for trade in many items including strategic materials.

Why, our manufacturers are asking, can we sell the Soviets grain which props up their armament industry, and not other products?

But the Soviet objective is not long-term trade. It is, instead, as the Wall Street Journal has pointed out:

To speed Soviet industrial development by buying goods and techniques Russia might take years to develop for itself.

Their real objective, in other words, is to live and grow stronger outside the free world until they can control it.

Why should we aid them in that objective, particularly at the expense of the American taxpayer?

This wheat will be subsidized by the American taxpayer, for it is to be sold at what the President has termed "the regular world price."

As an example of what this means, the October 9 price at Gulf ports for hard winter wheat No. 1 was $1.77½ cents a bushel. Because of price supports, this was 56 cents under our domestic price. Our Government makes up the 56-cent difference so that our exports can be competitive.

Why should we not allow the law of supply and demand to function? It seems to me that if the Soviets really need the grain, they will pay our domestic price. As of now, they have no other place to go. The United States has a very great part of the world market.

Though they may have a grain shortage, I have heard of no gold shortage in the Soviet Union such as would prevent payment in this medium.

Furthermore, though American shippers are being limited to a ceiling charge of $18 per ton, negotiations continue over whether or not 50 percent of the grain will go in American-flag ships. I have introduced a Senate resolution which calls for the "mandatory participation of U.S.-flag vessels in the delivery of not less than 50 percent of the cargoes."

I hope that the administration will stand firm on this.

The initial decision of the administration to underwrite the credit risks involved has been suspended due to the timely intervention of the Senator from South Dakota [Mr. MUNDT]. This matter is now being considered by the Banking and Currency Committee and it is my hope that we can make this suspension permanent.

We in the Congress are doing what we can to put some backbone in the U.S. position. But what about the administration? A State Department source has been quoted as saying that "ploys and moves and countermoves" can be expected from the Soviets before final completion of a deal.

What are our "ploys, moves and countermoves"? Do we have any?

It is time that the "cloud nine" thinkers were turned over to the meteorologists for analysis.

If we must grant concessions, it is time we demanded concessions in return, to the betterment of the U.S. economy.

It is time we stopped praising adversaries like Khrushchev, and slandering friends—when the "chips are down"—like De Gaulle. It is time we stopped bolstering regimes such as that of the butchers of Budapest, and pampering the Nassers, Titos, and Sukarnos. It is time that we stood up and acted like a great and powerful nation confronted with a deadly menace to everything which it holds dear. It is time, in short, that we not only desire but deserve by our actions the respect of our fellow men.

AMA TACTICS IN OPPOSING HEALTH CARE FOR AGED UNDER SOCIAL SECURITY

Mr. DOUGLAS. Mr. President, in today's New York Times there is an account of an extraordinary device which is allegedly being employed by the American Medical Association in its no-holds-barred campaign to defeat the President's proposal for health care for the aged under social security.

According to the article by Mr. Damon Stetson, officials of the AFL–CIO have charged that the AMA has engaged in an "absolute fraud" in distributing a phonograph record which purported to be a transcription of a speech by a district director of the United Steelworkers.

The AMA's American Medical Political Action Committee, it is said, began distributing the phonograph record a few months ago to medical groups and community organizations, representing it as the actual transcription of a speech by Mr. Paul Normile, of Coraopolis, Pa. The record, according to this article, portrays a coarse, offensive, and gangster-like union official through choice of words, voice-quality, and other techniques. In addition, the record is accompanied by a folder of printed material, signed by the chairman of the AMA's Political Action Committee, which describes the alleged transcription as characteristic of the "high pressure methods" which the AFL–CIO "resorts to in its effort to dominate Government at every level within the United States."

Independent observers report that there is no doubt that this record is pure fabrication. Actually, they say, it is obvious that the alleged transcription is faked. For example, persons not affiliated with the labor movement who know Mr. Normile, after listening to the record, have stated that the voice could not possibly be Mr. Normile's. Moreover, linguistics experts have studied the voice and found it to be wholly unlike Mr. Normile's.

And then, Mr. President, the recording bears numerous statements that no Steelworkers Union official would probably make because they have no relation to reality. For example, the speaker, who is supposed to be a Steelworkers Union official—Mr. Normile—refers to "shop stewards." But anyone familiar with this union knows it has no "shop stewards" by that name. He also refers to the "SWW," purportedly the "Steelworkers Women," but no such auxiliary exists. And at another point, so I am told, the speaker threatens his listeners that they must contribute money to support the effort to enact the Anderson bill or they would be put on the "graveyard shift." This in itself would seem to indicate a badly done forgery because, Mr. President, the workshifts in the steel industry are rotated. There are other obvious disparities between the record and the actual facts which appear to show this to be crass propaganda.

Now, Mr. President, this is a development of deep interest to the Congress. It is well known that the AMA, even before it came into the open with its political action committee, has one of the most powerful lobbies patrolling the Halls of the Congress. In fact, its report to the Congress, required by law, of its expenditures for lobbying purposes shows that they may have been the highest among all lobby groups.

Now, Mr. President, if this most powerful and best financed lobby in the country, in its opposition to health care for the aged, is resorting to such tactics such as has been alleged to influence action on this legislation, I think we ought to know the full facts about it, and I think the Congress has an obligation to investigate this matter. We should call the AMA lobbyists before the appropriate committee immediately and ask, first, if this record has been distributed by the American Medical Political Action Committee—AMPAC; second, whether this is a forgery; third, if so, who is responsible; and, fourth, what action, if any, the American Medical Association proposes to take in this matter.

Mr. President, I understand that these records were sent through the U.S. mails and that recipients have made available the postmarked evidence to appropriate officials. It may well be that a violation of Federal laws involving the mails has occurred. In this case the Committee on Post Office and Civil Service may wish to investigate.

I therefore ask unanimous consent to have printed in the RECORD the New York Times article to which I have referred, a statement by David J. MacDonald, president of the United Steelworkers of America, and the text of the printed matter attached to the AMPAC record, and the text of the statements made by the voice on the record.

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

[From the New York Times, Nov. 21, 1963]

MEANY CHARGES FRAUD BY AMA—SAYS VOICE IN RECORDING ON CARE OF AGED IS FAKED

(By Damon Stetson)

The American Federation of Labor and Congress of Industrial Organizations challenged the tactics of the American Medical Association yesterday in the continuing battle over methods of providing health care for the aged.

George Meany, president of the labor federation, accused the medical association of absolute fraud in distributing a phonograph record purported to be a transcription of a speech by a district director of the United Steelworkers.

Meanwhile, this official, Paul Normile, of Coraopolis, Pa., announced that he had filed a $400,000 damage suit in Federal court in Washington, charging the AMA with fraud and libel.

Mr. Meany told 1,000 delegates to the labor federation convention here that the AMA had recently formed the American Medical Political Action Committee. He said this had been set up to oppose the efforts of the labor organization to obtain legislation providing for health care for the aged through social security.

A few months ago, he said, the new medical organization began distributing the phonograph record to medical groups and to community organizations. He said the record was presented as the actual transcription of a speech by Mr. Normile at a political education meeting of the steelworkers in western Pennsylvania.

Actually, Mr. Meany said, Mr. Normile never made any such speech and neither did anyone else involved in the federation's

committee on political action. The record, Mr. Meany said, is an absolute fraud.

NO RIGHT TO FORGERY

"The AMA has a right to oppose the King-Anderson bill (for hospital care through social security), which we are supporting, or they have got a perfect right to oppose any plan that we may support," Mr. Meany said, "but they do not have a right, in my book, to forgery or fraud or any of these methods."

There was no immediate comment from the medical association about the record or the suit. A spokesman at AMA headquarters in Chicago said the association would withhold comment until officials could learn details of the suit.

Later yesterday, Mr. Normile appeared with David J. McDonald, president of the United Steelworkers, at a press conference at the Americana Hotel, where the labor convention was held. Mr. Normile denied that the voice on the record was his or that he had made any such speech.

The record was played at the press conference, as was a tape recording of Mr. Normile's voice. Mr. McDonald said it took no expert to recognize that the purported speech by Mr. Normile was an electronic fabrication.

The printed material on the folder containing the record said the medical association's political committee had obtained the transcription from a labor union member "who opposes, as many members of the labor movement do, the high-pressure methods which COPE (committee on political education) resorts to in its effort to dominate government at every level within the United States."

The voice on the record, represented as Mr. Nomile's, said doctors "got brains for pills, but they're too damn dumb to kick in" to political action committees of the medical profession.

The printed material over the name of Donald E. Wood, M.D., chairman of the board of directors of the American Medical Political Action Committee, suggested that those hearing the transcription would agree that membership in AMPAC was essential to the maintenance of freely practiced medicine.

PRIORITY URGED FOR BILL

David E. Feller, counsel for the steelworkers' union, said legal papers in the lawsuit of Mr. Normile would be served today upon Dr. Wood. The physician is expected to testify on health care for the aged before a House committee in Washington.

Following Mr. Meany's discussion of Mr. Normiles suit at the convention, the delegates adopted unanimously a resolution urging that first priority for social security legislation be given to enactment by this Congress of the King-Anderson bill. The measure would provide hospital and related health insurance for the aged under social security.

STATEMENT BY DAVID J. MCDONALD, PRESIDENT, UNITED STEELWORKERS OF AMERICA

I have the utmost respect for our doctors. As practitioners of the healing arts, they have set high standards of ethical conduct which have earned them the esteem of their fellow citizens throughout the land.

Therefore, it comes as bitter medicine to learn that an agency of this great profession would countenance the political malpractice so evident in this completely spurious recording. I know that the AMA opposes medicare, which our union supports. I recognize that the American medical profession has a right to its political views but I am shocked that this organization would stoop to this kind of tactic.

It takes no expert to recognize that this purported speech of an executive board member of our union is an electronic fabrication. It smacks strongly of the photographic fakery practiced years ago.

I believe that Paul Normile is fully justified in seeking redress against the authors of this obvious fraud.

I have directed counsel for the union to give him all appropriate assistance in exposing it and stopping the further distribution of the record and printed copies of the spurious text.

TEXT OF PRINTED MATTER ATTACHED TO AMPAC RECORD

A WORD FROM AMPAC

The record you are about to play is the transcription of a meeting held early in 1963 by the AFL–CIO's Committee on Political Education (COPE) in Allegheny County, Pa. The speaker is Paul Normile, COPE chairman of the Allegheny Labor Council and director of District 16, United Steelworkers.

AMPAC obtained this transcription from a COPE member—a man who opposes, as many members of the labor movement do, the high-pressure methods which COPE resorts to in its effort to dominate government at every level within the United States.

To those who doubt that COPE is in dead earnest in pursuit of its purpose, this transcription will provide food for thought, for it demonstrates beyond any argument the dedication, financial commitment, and political muscle of an organization that has had a tremendous impact on the course of American politics. A text of the record is printed on the inside back cover.

Having heard the record, we think you'll agree that membership in AMPAC and your own State's medical political action committee is essential to the maintenance of freely practiced medicine under a system of constitutional government.

Sincerely,

(S) DONALD E. WOOD, M.D.,
Chairman, Board of Directors, AMPAC.

FIRST SPEAKER. Okay, quiet down, fellows. I want you to meet one of our own, Paul Normile. He's director of District 16, USW, and the new voted chairman of COPE, Allegheny County Labor Council. Let's hear what Paul has to say.

PAUL NORMILE. Brother COPE leaders of District 16: Our kick-in tab for 1963 is 146,000 bucks. Now, that's a buck for each USW rank-and-filer in the Allegheny County Labor Council. No ifs, ands, or buts. We get a buck from each worker during April at the gate, same as always. This'll give us 110,000 to 112,000 bucks right off the bat. For those that don't want to give, you shop stewards can always let them know there's still a graveyard shift.

They'll kick in. By May 30, we have to send national COPE $73 grand. Now there's 340 of you COPE stewards in this room today. Your tab for 1963 COPE is $15 apiece. Rubin (?) will pass among you and take up the collection. And, Al, you let me know who doesn't kick in. I've got to have 5,000 bucks when I leave here today. Gents, JOE CLARK needs our help in the Senate. We're going to team up with Paul Hilbert. As you all know, he's COPE director of district 15. We're going to put another good Dem in the Senate with JOE next year. We'll let you know about this when we're ready. In May, we've got to help JOE push his medicare bill in the Senate. Now, we told you before about the docs and their PENNPAC/AMPAC. I can tell you now, the docs are too high class to play this game. They got brains for pills, but they're too damn dumb to kick in. That's one thing they got—money. But there's only about 10,000 of them in Pennsylvania. Best we can find out, their PENNPAC is getting more active than ever before. We don't know how big they are, but we'll keep saying they're kicking in 500 bucks apiece for their PENNPAC, and hope the hell they don't. Get that $146,000, and we'll knock them out. Remember, the docs got an uphill fight. If 50 percent of their 10,000 kick in, they've still got to put up 30 bucks apiece to match us. But remember, they don't get together like we do. They won't do it because they're too fat and happy. We're watching the big docs real close. And remember, our committees are working hard to dump the lousy Congressmen in the 18th, 22d, and that doc in the 24th District. I'm going to turn it back to Jim now, who's going to tell you about recruiting 800 more women for the spring teeoff on SWW/Steelworkers Women.

WHEAT LEGISLATION NEEDED

Mr. MCGOVERN. Mr. President, I have just been advised that the National Grange, meeting in Portland, Oreg., has adopted a preliminary report from its agricultural resolutions committee which calls for the enactment of a wheat program "designed to return to producers a parity of income from wheat marketed for primary purposes. This would be accomplished through the Grange-developed voluntary domestic parity plan, using a certificate plan that would permit growers to produce and compete for secondary markets."

Mr. President, this is the seventh resolution adopted by a State or National farm group which, in effect, endorses the voluntary wheat certificate plan which I introduced for myself, Senator YOUNG of North Dakota, Senator BURDICK, and Senator MCCARTHY on July 29.

The Missouri Farmers Association and wheatgrowers in Kansas, Nebraska, Oregon, Washington, and Oklahoma have, I am advised, adopted resolutions approving a voluntary wheat certificate plan.

I am especially gratified, Mr. President, that these groups are making it clear that they support and desire a wheat program effective on the 1964 crop. If the law as it stands today is not amended, the price support for wheat will drop from $2 per bushel to $1.25 on the 1964 crop and farm income will fall—unnecessarily, in my judgment—by more than $600 million.

It is, of course, pleasing that these groups have agreed with my judgment on the merits of the particular plan which will best meet the criteria established by the President. Those criteria are: First, increased farm income; second, lower Government costs; and, third, continued reduction of surplus stocks.

But I want to repeat, as I have said often before, the most urgent and important matter now is that we have a program for 1964, and that we not let the income of tens of thousands of wheat producers drop disastrously because of congressional failure to act in time on a new program.

We are now beginning to hear from the grassroots. It is clear that the "No" vote in the referendum last May was not a vote against all wheat programs, as some would interpret it. The wheat producers in the West are showing that they are virtually unanimous in their desire for legislation. They must, however, make their voice heard more clearly in Washington if we are to enact a good program early in 1964.

WEST VIRGINIANS EXPRESS TRIBUTE TO NATURAL BEAUTIES IN ANNUAL MOUNTAIN STATE FOREST FESTIVAL

Mr. RANDOLPH. Mr. President, every year when the change of seasons brings to West Virginia its vibrant mantle of autumnal color, when the mountains burst forth in all their magnificent glory, a tribute is expressed to nature. The beauty of the woodland is dramatized and the need for conserving nature's abundant gifts is stressed in this recognition of the end of a season of growth and the beginning of a season of dormancy.

It was my pleasure, Mr. President, to attend this celebration, known across the country as the Mountain State Forest Festival, which is held annually in my hometown at Elkins, W. Va. In 1963, West Virginia's centennial year, we celebrated the 27th forest festival from October 3 to October 6, during one of the most glorious periods of foliage displays in memory.

These words, which I have written, express the wonder we sense at this time of year:

AUTUMN DAYS

Autumn days are wonder days
With colors red and gold,
Summer is gone; fall is here
And the year is growing old.

And often do I like to think
That God, with mystic hand,
Has reached down from heaven
And painted all the land.

Events included exhibits, parades, concerts, a pageant entitled "A State Is Born," an old-fashioned riding tournament, and feats of physical endurance, such as woodchopping, and related skills. One of the highlights was the coronation of Queen Silvia XVII, Miss Ann Clayton Bradt, of Martinsburg, and the presentation of her court.

The appearance of many dignitaries added to the festivities. The Honorable Stewart Udall, Secretary of the Interior, addressed those attending the distinguished guests banquet, while Members of the U.S. House of Representatives, Hon. HARLEY O. STAGGERS and Hon. KEN HECHLER participated in various events.

Officials of the State of West Virginia who took part were: the Honorable W. W. Barron, Governor, who crowned the queen; Hon. Joe F. Burdett, secretary of state; Hon. John H. Kelly, State treasurer; Hon. Hulett Smith, commissioner of the department of commerce; Dr. Warden Lane, director of the department of natural resources; Chauncey Browning, Jr., commissioner of public institutions; and Hon. Julius Singleton, speaker of the house of delegates.

The festival was also graced by the participation of many other celebrities. Eleanor Steber, noted leading soprano of the Metropolitan Opera, a native of Wheeling, W. Va., was soloist at the coronation. Our fellow townsman Phil K. Harness was director general of the Mountain State Forest Festival and was given able assistance in planning and organizing by the Honorable Garland F. Hickman, mayor of Elkins, and W. Grady Whitman, president of the festival association.

Musical entertainment was provided by the excellent Metropolitan Police Band from Washington, D.C., and the Elkins American Legion Post Highlanders Bagpipe Band.

A TRIP TO RUSSIA

Mr. INOUYE. Mr. President, Dr. John F. Fox, of Honolulu, is the distinguished head of Punahou School, a leading private school in Hawaii. Dr. Fox was recently a member of a group of Honolulu residents who made a tour of the Soviet Union. I ask unanimous consent to include his highly readable report on that tour in the RECORD.

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

REPORT OF A SEPTEMBER 1963 TRIP TO RUSSIA

(By John F. Fox)

When a Russian visits an American city he might just as well be a man from Mars, for we are accustomed to suspecting all Russians in the United States of espionage. Although an American tourist in Russia sticks out like a sore thumb, except for the rather considerable language barrier he is readily accepted. At least that was my experience. I did not feel the hostility my previous reading about Russia had caused me to expect. Because they were punished for too much fraternization during Stalin's regime, the Russian people are still reluctant to demonstrate their hospitality for foreigners in public.

After a 17-day sojourn in the Soviet Union—with travel by jetplane from north to south Russia, including Moscow, Leningrad, the Black Sea cities of Yalta and Odessa, and Kiev in the Ukraine—I believe a non-Russian-speaking American receives a much better reception in Russia than would his counterpart from Russia in the United States. Whereas 17 members of our Honolulu touring group left Russia after visiting Moscow and Leningrad, Boyd MacNaughton, E. E. Black, and I spent an extra week visiting southern Russia. At no time were we followed. We were not restricted as to what we could see or visit on our own aside from the official guided tours.

There were a few pulse-raising incidents at the time of my departure from Russia which gave me some internal excitement. A delegation of some 15 tall, pompous, bemedaled, high-ranking army officers stood at the plane's entrance engaged in earnest conversation with a man in civilian clothes (I later learned he was Russia's Ambassador to Austria). Then, at the plane ramp, two Russian officials were making another check of passports, although we had just come through passport control only a few minutes before. After my passport was approved, I walked up the ramp to the Austrian plane bound for Vienna and the free world breathing a deep sigh of relief. Russia was behind me. I felt I had learned much about the differences between the Russian and the American way of life, but I was glad to get out.

To go within 2 hours' time by plane from Russia, where people have virtually no comforts, luxuries, or attractive consumer goods, to Vienna, Austria, and then on to France, where stores and markets are literally overflowing with top-quality consumer goods and luscious foods, is like going from the darkness of night to the sunshine of a day in Hawaii. I have a haunting memory of the long lines of plainly dressed Russians waiting to buy plums, undersized green apples, and overripe tomatoes to carry home in their string bags.

Now, I have no desire to return, except possibly 5 or 10 years hence to satisfy my curiosity as to the extent of Russia's progress which—barring war—I think they are certain to make.

Although interesting and fascinating, the Russian cities we visited have no fun or gaiety whatsoever. Ernie Albrecht said, "Moscow is the No. 1 dead town after dark in the world."

Yes, 800-year-old Moscow is a dull city with huge, drab, slab-type buildings of unimaginative design. Restaurant interiors are uninspiring. Nowhere is there class, elegance, or luxury. Life in Moscow is grim. Nevertheless, Moscow is the heartland of all Russians and the Communist world, and its center is the Kremlin.

In making a report of the impressions gleaned on my short stay in Russia, I am thoroughly aware, if I write anything favorable, that rabid anti-Communists (those who want only hateful things said about Russia) may say: (1) That I was "brainwashed"; (2) that I was "taken in" by the guides who permitted me to see only the best of everything; (3) that I am a leftwinger, a fellow traveler, or a Communist sympathizer. I have no sympathy for either communism or socialism. I am not a liberal who believes avowed Communists should be tolerated in America. I believe in the superiority of capitalism over communism and socialism. I am not a political analyst, but I am a sociologist-educator who has tried to gain some understanding of world political factors.

The brevity of our trip permitted no deep, thoroughgoing, analytical studies. I am presenting my findings for what they are—impressions only. Before going to Russia I had expected to find only shortcomings in the Communist system by comparison with our American system of free enterprise. I was surprised. I found many good things in Russia that one could praise. Obviously, I found much to criticize, and I can summarize my major criticism in one sentence: By comparison with an American, the Russian citizen has but very little personal freedom of choice. My report will attempt to point out what I consider to be the good and the bad.

Toward the end of our stay in Russia, one of my traveling companions characterized the Russian people he observed as busy, hard working, prosperous, sincere, happy, and full of hope for the future. The other didn't agree that all he saw were hard working. He said too many workmen on building projects stood around and puttered, that Rusians talk too much about a 5-hour workday, and that all are looking forward to retiring and getting paid for it. This indicates that two people can view the same situation and form totally different conclusions, much like the fable "The Blind Men and the Elephant." We tend to see only those things that support our preconceived ideas. It is not easy for Americans to form an objective picture of Russia, because we have considered her people to be our political and military enemies.

THE GOOD LIFE

The 1917 Russian revolution was caused by the cruel, slavelike working and living conditions of the masses imposed by the czars. Since then the Soviets have utilized science to move its working class society from a stagnant, backward status to a position of world leadership that is second only to America's. While the Russian worker's lot, since his peasant days, has improved immensely under socialism, whether the continuing betterment will be enough to satisfy his future wants—by comparison with our comforts in America—is a challenge that will continue to confront Soviet leaders.

Except for a dire shortage of good quality consumer goods—most store windows display only canned foods—I found Russia to be much more prosperous than I had imagined it would be. Everything, however, is standardized and controlled from the top. One sees the same menus in northern Russia, the same kinds of new apartment buildings and the same type of school buildings, that he sees in southern Russia. If one wants an out-of-the-ordinary consumer product—better than that pleasing to the average workman—he must pay dearly for it. Ordinarily work clothes are not expensive. It is when you want better quality that the price jumps four or five times.

The long-sacrificing Russian consumer, who has had to rein in his personal wants, is now beginning to develop an appetite for the luxuries of life enjoyed by America—automobiles, quality clothing of good style, tender steaks, refrigerators, radios, TV's, dishwashing machines, etc.—at prices he can afford to pay.

Since profit on consumer goods is not essential, the state artificially fixes the prices of luxury items at a level far beyond the means of all but a small percentage of the Russian people in order to conserve funds for heavy industry, armament, and space research. By comparison, in America's competitive marketplace, the consumer has the last word on prices.

American jazz, movies, tourism, autos, and Coca Cola used to be the major ingredients of foreigners' knowledge about the United States. Today American tourists, who are easily spotted, are stopped on Russia's streets by groups of small boys, and sometimes young adults, and asked for chewing gum, ballpoint pens, American "cig-a-letts," button-down-collar shirts, nylon shirts, and nylon socks. Since these articles are not made in Russia (except for strong cigarettes) they have considerable trade appeal with Russian youth, who offer to exchange cheap lapel buttons, which seem to be made by the millions in every conceivable style.

An American advertisement recently summarized the situation: "All people really need is a cave, a piece of meat, and possibly a fire. The complex thing we call civilization is made up of luxuries." The question is: How much longer will Russian people be willing to sacrifice?

Russia's lack of the amenities showed up in *every bathroom* in every hotel where I stayed, no wash basin plugs, no soap, slick toilet paper, and tired towels.

The prices in Gum Department Store, Russia's leading store, are fantastic. Good shoes cost from 30 to 40 rubles (1 ruble—$1.11), so do men's trousers. An ordinary suit costs 150 to 200 rubles, and overcoats cost 100 to 250 rubles. Only a few months ago a ruble was worth only 11 cents. In revaluing their currency, they raised it to a rate where the value of a ruble, probably for prestige purposes, would exceed that of an American dollar.

I met a young man, on vacation in Yalta, who has visited the United States many times in connection with the promotion of Russian athletics. He said, "Within 10 years we will catch the United States in everything, food, good clothes, autos, and technology in all forms, just as we have already surpassed you in sports." If he is right, then the success of communism will be assured, for the people will be satisfied that their government is just as effective as is capitalism in providing the material possessions that make for the good life.

Authoritative predictions indicate that, by 1970, half the income of Americans will be "discretionary," that is, income that doesn't have to be spent on the necessities of food, shelter, and clothing. That is the goal the U.S.S.R. must also reach if it is to catch America.

We are spending a minimum of $60 billion annually for armaments and foreign aid to defend the free world against communism. Let us assume that Russia is spending an equal amount.

If there is a big thaw in the cold war and Russia can afford to channel her heavy expenditures for armament and the promotion of international communism into the production of good quality consumer goods, within the price range of the average Russian, thus making her people happy, Russia should be better able to dispute America's world leadership position.

AN OPINION

Until the 1917 revolution Russia was Europe's most backward nation. Cut off from life outside Russia, almost two generations of Russians have grown up with but little contact or knowledge of what conditions are like in the free world. The easing of travel restrictions—American tourists and permission for Russians to travel abroad—is changing the picture. Until recently, the Russian consumer didn't miss what many generations before him never had. Since the Soviet regime seems to be working reasonably well, the Russians seem to have faith in their governmental system, and since there seems to be no danger of its collapsing from within, it is apparent that we must work out a means of coexistence with Russia, as President Kennedy is trying to do.

The important thing for us to realize is that Russian communism is not the abysmal failure we would like. Russia is not standing still. It is not falling behind. It is going ahead. It is in our own best interest to find a peaceful working arrangement with Russia, for there is no known defense against nuclear destruction.

We should not make the mistake of downplaying the power and potential of Russia. We need to know more about Russia, unless we are willing to face mutual suicide. Such understanding could be the key to our own survival.

INITIAL IMPRESSIONS

On the way in from the airport to the center of Moscow, I noticed:

1. The beautiful forests of white-trunked, tall birch trees and the green farmlands bordering the wide highway. By comparison, our visitors see the worst part of Honolulu in making a similar trip.

2. The forlorn looking, unpainted wooden farmhouses outside Moscow city limits that had as many as 10 to 20 TV antennas on the roof, each antenna indicating the presence of a different family, with all sharing the same bath and kitchen facilities. These houses, however, are rapidly being replaced.

3. The thousands of tall, plain, prefabricated, apartment buildings of 5 to 12 stories, each containing 80 to 150 or more 2- and 3-room apartments.

If an apartment building has only five stories it is a walkup. If it has six or more, it is serviced by a single elevator. E. E. Black, who was unimpressed with the industry of Russian construction workmen said, "No wonder they don't work hard. They have to conserve their energy so they can climb the stairs when they get home."

4. The heat: The weather was a hot 80 degrees, much too warm for the heavy suits and top coats we had brought at the insistence of our travel counselors who had advised us that it would be cold in Moscow in September. During the entire trip—from North to South Russia—the weather was as hot as Honolulu in mid-July. The sun glared mercilessly. There was no rain, and the clouds were few.

5. Several advanced-type hydrofoils skimming speedily along the Volga Canal.

6. An attractive pioneer camp (for Communist indoctrination of children), which the guide said was not in session now because school had started the previous day.

7. Magnificent superhighways. I was amazed at the clean, broad boulevards in the center of Moscow, all of which seemed to be capable of handling 10 times the automobiles and motor scooters now using the streets. Most of the streets have room for 8 to 14 lanes of traffic. Unlike Hawaii, Russia is certainly a place where the capacity of the highways exceeds the traffic demand.

8. A later observation on our plane trip to Leningrad. The Moscow Airport building for domestic travel is an all-glass modernistic affair. Inside the building there was demonstrated the great contrast that typifies Russia's scientific and peasant areas. The large waiting room was packed with a conglomerate of peasant-type Russians, ranging from tall, high-cheek boned Mongolians to small, wispy, brown Uzbeks, in their varying native costumes. There were shawled farm women and rubber-booted men—with their bundles and boxes sprawling around them—waiting to take the most modern jet planes to their destinations.

ARCHITECTURE

There is a decided lack of imagination in the architecture of the apartments, all of which are row-type buildings with square lines. Later on, I learned that this is the pattern throughout Russia. The housing need is so great that basic designs are prepared and reproduced on a prefabricated basis throughout the entire nation.

Thirty years ago, Moscow was a city of 1.5 million people. Now it has 6.3 million. Adequate housing is the most acute problem. Although 80,000 new apartments have been built in Moscow in recent years, with hundreds more completed each month, the population is increasing even more rapidly.

Val Ossipoff, obviously disturbed by Moscow's poor architecture, asked Cultural Minister Boris Krilov what he considered to be the best type of architecture in the city. He replied that the subways, in his opinion, were the best, for every station was different and a work of art. The other outstanding example, he said, was the Palace of Congress inside the Kremlin walls, which we later saw, and we agreed that it is an attractive building. The Kremlin itself, largely constructed in the 16th century, has many beautiful buildings. Moscow's Bolshoi Theater, built in 1924, is also well done. It is a shame that Moscow's new buildings show none of this artistry of design.

Around many of the huge buildings one sees wire nets, some 10 feet wide, encircling the entire structure about 10 feet up from the ground. Reason—to catch falling tiles from the sides of the building. At the close of the war when much construction was needed in Russia, to replace damaged buildings, it was hurried and not well done. Walls were not pointed up and waterproofed so that they were impervious to the entrance of water which entered, froze, and caused the outer surfaces to crumble. The nets are necessary to keep the tiles from falling and hitting passers-by on the head, much as we fear falling coconuts in Honolulu. The masonry stone work lining the canal sides is well done, and all 410 bridges crossing the Volga River are exceedingly well constructed.

ELEVATORS

There is a vast contrast between the way elevator service is viewed in Russia and the United States. Moscow's 27-story Ukraine Hotel, with 1,026 rooms and accommodations for 1,500 people, is rated as the largest hotel in Europe. I had a room on the 22d floor. When I wanted to go down to the lobby, experience taught me to push the down button and then take a seat, for the average waiting time was 10 to 20 minutes. Once in the elevator, another 10 or 20 minutes was consumed in going either up or down—so one learned to think twice to be

sure he had not forgotten anything when leaving his room for the descent to the lobby.

By contrast, on my return from Russia, when I checked in at New York's Waldorf-Astoria Hotel, I was assigned to room 13Y. After reaching the room I called a friend to tell of my arrival. When he inquired my room number and I replied "13Y," he said I must be in the basement. I replied, "No, I think I'm on the second floor."

A few seconds later I started for the lobby newsstand to get a paper. Instead of taking the elevator I thought I would walk down one flight of stairs. I walked down two flights—no lobby. I asked the floor clerk where the lobby was, and she said, "Take the elevator." I was amazed to find I was on the 13th floor.

In leading U.S. hotels one waits only a few seconds for an elevator, and, once it arrives the elevator goes up or down the 13 stories in 10 seconds or so. Elevator service quality just about summarizes the difference between Russia and the United States in all areas outside science and nuclear developments.

Although the Ukraine Hotel was built only 6 years ago, the wedding cake type architectural style and poor maintenance makes it appear to be 40 or 50 years old. Because of its extreme height, many of the rooms do have beautiful views of the city. My fellow Honolulans criticized Russia's lack of communication with the outside world, saying that the Hotel Ukraine's archaic type of architecture is something that America would have built 75 years ago, that because of its desire for isolation, Russia has always lagged behind the rest of the world.

BEAUTIFUL CITIES

On the other hand, MacNaughton, Black, and I agreed that, with the possible exception of Washington, D.C., there are no American cities as beautiful as Kiev and Leningrad.

In a democracy you have to compromise between an ideal city plan and what taxpayers are willing to pay for. In order to have a beautiful, well-planned city, history proves that you need either a dictator or a king who can order a beautiful city laid out, although it is an expensive plan, and who has the power, without interference, to say that this is the way it is going to be. In such a situation there is no opportunity for a taxpayers' association to complain and whittle down a grandiose plan.

Kiev, the founding of which dates back to the seventh century, has been pillaged and rebuilt several times. Russia's capital for 300 years, it is now the provincial capital of the Ukraine (44 million).

Leningrad was originally a swampy marsh land in the Neva River Delta that was drained and laid out in 1703 by Peter the Great as Russia's "window into Europe," with access to the Baltic Sea. Thereafter, it became the home and burial place of all the czars. With 56 parks, Leningrad is a much more substantial and better looking city than Moscow. Leningrad people, Russia's most Europeanized inhabitants, consider themselves to be culturally superior to the rest of Russia.

DINING

Our first meal in Russia was a poor excuse. Confronting us, as soon as we sat down, were plates, each containing a slab of good, cold, boiled ham, a large bowl of cored, but overripe tomatoes, plates of sliced bread, both white and black (I liked the black bread), and a plate of crisp pastry. The second course was a slice of sturgeon covered with a cream sauce and three cold, boiled potatoes. Since we had heard that Russian meals had several courses, hardly anyone ate his potatoes. When the next course proved to be only coffee, we realized the meal was over, so some of us quickly returned to our plates and polished off the remaining potatoes. There was no dessert.

If it is possible to mutilate food, Russian cooks will do so. There is heavy emphasis on starches, creams, sugar, and bread, accompanied by an equally huge serving of delicious butter. More than half of each plate served in a hotel is occupied by potatoes, usually of a poor, french-fried type. The result of such a starchy diet, with a deficiency of protein, may be easily observed by the large stomachs of both males and females—particularly at bathing beaches. While the fish is good, the meat is invariably tough. Perhaps Russia's choicest foods are caviar, sturgeon, shashlik, sour cream, yogurt, and borscht, at least I thought so.

Although the Government says that all citizens are to take calisthenics twice daily—and these are given over the radio—the average person doesn't look to be in very trim shape, probably because the high-starch, low-protein diet provides too great a handicap.

THE PEOPLE

After a few days in Moscow we Honolulans agreed that the following adjectives described the average Russian encountered on the street: unsmiling, bland, impassive, drab, colorless, plodding, disciplined, and poorly dressed. Most seemed to be of the peasant type, with rather flat, plain-featured faces. Because Russia consists of more than a hundred different nationalities whose origins spring from a score of civilizations, there are no typical Russian faces. The average Russian is neither as sophisticated nor as softened by modern comforts as is the average American, and it shows in his face.

We realized, in making this snap judgment of the people, that we were a bit spoiled by living in Hawaii where there are smiling countenances everywhere. An explanation might be that Moscow residents are ordinary city folk who feel the pressures and anonymity of a large city. For example, the subway passengers in New York City are also a drab, unsmiling lot.

Later on, we saw an entirely different group of attractive, well-dressed people at the ballet and opera, and our opinions of the people began to be revised upward.

On our trip to the Black Sea, the workers' vacation area in the Crimea section of southern Russia, once the playground of the czars, there was some improvement over Moscow, but not much. To stand on the ocean front boardwalk in front of our Yalta hotel and observe the swarms of people walk by with hardly a handsome, attractive or smiling face, was a bit depressing.

Across from the hotel there was a pebbly beach—no sand—absolutely filled with thousands of the most misshapen men and women with the biggest opus I have ever seen. Yalta is the Hawaii of Russia and 2 million workers flock to it from all over the country for their summer vacations. Since Russians are quite prudish about street dress, even in summer resort areas, no shorts for men, and no shorts or slacks for women, it was quite amusing to see the fattest men and women on the beach wearing scanty bikinis. When I commented on this to our guide, she inquired, "Don't fat women swim in the United States?" I replied, "Yes, but they don't wear bikinis."

DISCIPLINE

I saw no evidence anywhere, except an occasional drunk, of misbehavior or immorality. Russia is really a puritanical society where disorderliness is simply not permitted. Except for a few policemen on traffic duty in the heart of Moscow and others keeping the lines to Lenin's tomb straight, one seldom sees a law enforcement officer. Either the Russian people are better disciplined than we are, thus reducing the need for ever-present policemen, or they are afraid of the ensuing punishment if they do misbehave.

Russia does have a civil patrol of citizens with red armbands who serve as volunteers to help the police preserve law and order. When they see misbehavior, they take the culprits to the police station—and I understand it is unheard of for a miscreant to refuse to go.

Moscow is a very clean city. One sees no litter in the streets or in the subways as in the United States. We were told the people took pride in their cities and wanted to keep them clean.

Russian people queue up for everything. They stand in line when purchasing anything, even for the services of a taxi.

When riding hotel elevators, however, many Russians act like cattle. When the elevator stops at their floor, they elbow their way out without a word.

At a rather high-type hotel dining room in the Crimean summer and health resort of Yalta, I observed a large crowd standing outside waiting for the dinner bell. When it rang, the lines broke, and huge men pushed their way in ahead of others who had waited in line longer than they had. Fights almost started. There was much jerking and pulling. I was told there were not enough places inside for all to eat at the first seating. In the best hotel dining rooms, men dress in their shirt sleeves, no ties and no coats, much as one would expect factory workers to be dressed. At ticket counters, I have had Russians jump in ahead. Good manners are certainly not a part of the average man in the Soviet Union.

THE WORKER

All Russian men and women—except physicians—work 7 hours a day 6 days a week for a total of 42 hours. In 1965 the workweek will be reduced to 35 hours.

The manager of the Moskovich auto plant explains the terms of employment: "Boys and girls are trained to do practical work in the 9th, 10th, and 11th years of education in technical schools. They are then assigned by the state to the different plants. They do not look for work on their own.

"No one is forced to stay and work in our plant who wishes to leave. No one, however, is ever fired by the administration without the consent of the union because of incompetence, laziness, or skipping work, for we have ways of improving them. The same with drunks. We send them to medical centers to be cured. Sick workers are sent to convalescent homes, with the factory paying 70 percent of the cost and the worker only 30 percent. There are many additional fringe benefits and bonuses. Medical and dental care, for example, is completely free. One percent is taken out of the worker's salary for trade union dues."

Since the cost of housing, with free gas and electricity, is restricted to no more than 4 to 5 percent of a worker's income (the Russian average monthly salary is $100), he pays only $3 to $5 a month for living quarters. A similar apartment in Honolulu would cost from $110 to $150. Remember, too, that both husband and wife work full time. Therefore, the standard of living is somewhat higher, because of the fringe benefits, than one would think. Almost all Russian workers have enough money left over, if they are satisfied with merely the basic essentials, to go out and enjoy an occasional dinner and a modest evening on the town. Because all Russians are entitled to retirement pensions, very few feel the necessity of saving money for a rainy day.

Men factory workers retire at 60, while women retire at 55. One hundred twenty rubles (about $145) is the maximum retirement income. From 60 percent to 90 percent of a person's earnings during the last 3 years determines the rate of retirement pay.

I was surprised one night around midnight when I saw plump, older women working at common manual labor, rebuilding macadam

roads with shovels, picks, and heavy equipment. It seemed to me they should have been at home taking care of their families.

HEALTH

Russia says there are twice as many physicians in the U.S.S.R. as in the United States. The mortality rate is 7.4 in Russia as opposed to 9.4 per thousand in the United States. They say the proportionate number of hospital beds in Russia is higher than in the United States. The Russian life expectancy age, due to better diet, sanitation, and health measures, has been raised from age 32 in 1917 to 70 today. Medical service is free to all Soviet citizens.

Seventy percent of all physicians are women, who, Russians feel, are better than men. The medical courses comprise 6 college years. Physicians work only 5 hours a day, while everyone else works 7 hours a day.

Dr. Isaac Kawasaki, Honolulu physician, inquired of Minister Krilov, "When you get sick how do you get a doctor?" Krilov replied, "Each region has its own hospital which will send a doctor to call on sick people if they are unable to come to the hospital directly. If they are dissatisfied with the services of a doctor, a citizen is free to go to his political leader and tell him that he wants a consultant."

All of the beautiful palaces in the good climate, Black Sea area, formerly owned by the Russian nobility, were nationalized and are now used for workers' convalescent homes. There are 164 sanatorium and holiday homes in the Crimea.

People who are convalescing are sent to these homes by trade unions who pay two-thirds of the cost while the worker pays one-third. The monthly cost is probably about $200. There is a 24-day limit. Whereas convalescent homes are for sick persons only, healthy vacationers go to rest homes that are not staffed with doctors or equipped for the ill.

Although the fine modern convalescent home we visited in Yalta looks like a former palace, it isn't. It was built by the Soviet Government in 1955. The architect employed the wedding cake type of architecture which we understand will not be used any more because of its excessive cost. Instead, a more functional type will be used.

PRIVATE ENTERPRISE

A man, working alone or at most assisted by his wife and children, can work individually for private profit at occupations such as shoe repair (or any kind of a repair shop), bootblack, and dressmaking. A person may also sell merchandise for profit as long as he made it himself.

All collective farmers, in addition to their work responsibilities as members of their village farm groups, have 2-acre plots of land immediately behind their cottages where they are permitted to raise vegetables, fruit, chickens, and pigs for sale and profit.

I saw several beautiful speedboats in Yalta, Russia's summer resort on the Black Sea, which the owners were operating for tourist sightseeing and private profit.

Soviet philosophy, however, permits no person to hire another person to work for him and pay him a wage. To do so, would mean exploitation—that is, one person would be using the labor of another person for his private benefit.

CAPITALISM, COMMUNISM, AND INCENTIVES

Our capitalistic society believes that the state exists to serve the individual while Russia believes the opposite. Capitalism believes that the individual has rights, dignity, and abilities that can be developed best under a system of free enterprise. On the other hand, communism feels the group is more important than the individual. The group meetings, group work, group ownership, and group belief of communism repel us because we feel that not only the individual's rights, but his very being are violated, compromised, and then destroyed.

During the 1917 revolution and thereafter, the czar, the aristocracy, the bourgeoisie, and the farmers were killed and their property confiscated. All land and practically everything else now belongs to the state. The individual, however, is permitted to own his dwelling (but not the land)—if he can save enough money to afford it—and he can sell it at a profit, if he is lucky enough. He cannot speculate in real estate, however, that is, buy and sell a house in which he does not live.

Beginning with 1930, Russia has completed six 5-year plans of economic development. The present 7-year plan will end in 1965.

Our guide in Yalta said to us in all sincerity: "Our goal for reaching Marxism communism is 1980. Then the present difference in pay between workers of all classes will disappear. The mental worker, such as a scientist, and the manual laborer will receive exactly the same benefits from the state; that is, in accordance with his need. Russians do not work for their own personal benefit, but for the benefit of all society, and this means the Communist Party."

A university-educated young woman in the Odessa Intourist Bureau office asked "Do you prefer capitalism to communism?" To my "yes" reply, she asked, "Why?'

Before I left Hawaii for Russia, I had read that President Eisenhower once had difficulty answering this question on a philosophical basis with a Russian general, so I was prepared. I replied: My chief objection is that, by comparison with an American the Russian citizen has very little personal freedom of choice. U.S. capitalism has given our people the highest standard of living in the world.

"We believe that man will strive hardest to produce when there is competition, when he is permitted to make a profit, where the farmer owns the land he tills, and where there is a minimum amount of government interference in business.

"Your Communist leaders thought the elimination of private ownership of land and the means of production would remove class distinctions. By paying vastly different salaries, however, you have created as many social and economic classes, if not more, than we have in America.

"If Russia really believes that the incentive to do one's best comes from pride in one's work, the collective satisfaction of the group in meeting its quota, and the feeling that he is serving the welfare of the state, why don't you pay workers 'in accordance with their need,' the Marxian Communist goal, instead of basing their salaries, as we do in the United States, on the value of their production?"

I don't believe Russia will ever pay workers in accordance with need, and I doubt that the Soviet leaders believe it either. Without the incentives of higher remuneration and greater benefits which make it possible for an individual to compete and win more material goods than his fellowman, creative leadership, and the inventive genius that any society needs will not be forthcoming.

E. E. Black said: "It takes the old incentive of the profit motive to make a fellow do his best work. If the administrator of the Moskovich auto plant who makes $330 a month were offered $500 a month if he put out more automobiles, I bet he would try much harder and think of more ways to increase production. You have to have at least one spark plug in the organization in the position of leadership, a man who has the ideas and the incentive for keeping everybody on his toes.

"When everyone works for the government, as in Russia, it just isn't possible for them to be motivated to the same degree that a man will be who is working for his own profit. The Russian deal is regimented and controlled from above. This plan simply cannot develop initiative."

I see very little difference between the use of incentives in Soviet Russia and in our capitalist society where the profit motive is all important. Some say that we have creeping socialism in America. If we are moving to the left, then Russia is certainly moving to the right, for she is adopting many of the techniques of our capitalistic system.

There are only two major ways of getting ahead financially in Russia. First, through education to become a top-salaried scientist. Secondly, through the Communist Party to become a political leader.

All Russian adults—both men and women—must work. Otherwise, they do not eat. The following rates of pay indicate the class distinctions that have developed in Russia. Unskilled laborers receive about $60 monthly, secretaries about $80, government clerks, foremen, technicians, and skilled factory-workers between $100 and $250, industrial managers, plant directors, engineers, scientists, novelists, actors, dancers, artists, from $300 to $2,500—plus bonuses of up to 40 percent of their regular salary for meeting or exceeding production quotas.

At the top class rung are the Soviet party leaders. Although they dare not take large salaries, they get the cream of everything—Russia's best limousines with chauffeurs, luxurious housing (both city and summer vacation homes on the Black Sea), household servants and unlimited expense accounts.

Workers with salaries below $60 monthly pay no income tax. Those who earn $100 pay about 5 percent income tax. Since the top income tax is 11 percent (there is an extra tax on couples without children), Russia's top classes can keep most of their money and pass it on to their children, for there is no inheritance tax. Thus, rich people can be sure that their children will also be rich, thus creating a new and self-perpetuating aristocratic class.

TIPPING

In Soviet Russia, because tipping is considered to be a capitalistic, demeaning device, it is taboo. On the other hand, I found workers would accept tips if they were alone at the time the tips were proffered, as my lady barber did smilingly and with alacrity.

When a tip was offered by a Honolulan to a porter who had carried his bags aboard the ship we were taking from Yalta to Odessa, he refused it. I believe he did so simply because there were three other Russians standing around watching. I think he would have accepted the tip had he been alone.

Meal service is very slow in Russian hotels. On many occasions we experienced long waits for service and a frequently indifferent attitude. Usually an hour and a half to two hours are required when an individual orders a meal on his own. The waitress doesn't hustle, probably because she is working for the government and tipping for good service is not customary. Our guide said: "It is difficult for us to persuade competent people to become waitresses. The work is too menial, and is attractive only to the less intelligent and unindustrious."

COLLECTIVE AND STATE FARMS

I visited a state farm outside the city limits of Moscow and a cooperative farm near Kiev in the Ukraine. A state farm differs from a collective farm in two ways:

1. State farms were started from scratch after the revolution on land seized from the czars and wealthy land-owning groups, whereas the collective farms are on lands that originally belonged to the farmers themselves who were permitted to remain.

2. All state farm employees work for and are paid fixed monthly salaries by the Government, which also owns all of the buildings and farm equipment.

A cooperative farm is composed of a group of farmers who have united and pooled their efforts. In a sense they are private enterprisers. Although all of their group-produced output is sold to the state, the profit is divided among the participants.

I was told at both farms that the state farm system was more efficient, but the cooperative farmer has refused to give up the little freedom that he still has in selling produce from his own garden.

Pig raisers at the "White House," the state farm outside Moscow, received $140 per month last year, while the vegetable growers got $110. Cooperative farmers—at least at the Kiev farm I visited—averaged only $80 monthly last year. This does not include the extra income each farmer earned through selling produce on the open market in the larger Soviet cities from his private 2-acre plot adjacent to his home. It is reported that some collective farmers spend more time cultivating their own gardens than working in the Government fields. Although these private plots represent less than 4 percent of Soviet land, they supply about 80 percent of the nation's eggs, 60 percent of the potatoes, and 40 percent of the meat. Many farmers have been accused of speculating, buying up produce and selling it at extravagant prices, but in food-short Russia they are getting by with it.

The state farm aims to supply Moscow with vegetables and pork. Last year 33,000 tons of vegetable waste were brought from Moscow to feed the pigs. In turn, pig manure is used to fertilize the farm's vegetable crops. This farm showed none of the poor harvest effects that the cold winter and excessive drought brought this year to Russia's grain farms.

The Kiev cooperative farm visit was a sad affair. At least 2 inches of dust overlay all of the land. The stalks of corn in the field were pygmy sized. Explanation—only 13 inches of rain in the past year. I saw cattle grazing in dry, brown fields, yet I could see nothing green for them to eat.

Although the restaurants at which we ate were plentifully supplied with bread, I was told by two young Egyptians who were studying navigation at the University of Odessa that bread was unavailable in many of the villages outside the large cities. Therefore, I was quite prepared to understand, later on, the announcements of Russia's purchases of great quantities of wheat and other grain from Canada and the United States, and Khrushchev's caution that the nation must economize on bread.

I was told that whereas the Ukraine had formerly served as Russia's breadbasket, the opening of millions of acres of irrigated virgin land in Kazakhstan (central Russia) had relieved the pressure on the Ukraine for the major share of the burden of feeding Russia's burgeoning population.

Now, I suspect the Kazakhstan venture has not been successful, for Khrushchev is now saying that increased production should be realized through intense fertilization and irrigation rather than by opening up and cultivating more virgin lands. Russia has a climate problem—high winds and lack of adequate rain—that means crop failures will be a continuing problem. Russia does not have the ideal farm conditions that produce bumper crops in Midwest America.

RELIGION AND THE PARTY

Cultural Minister Krilov explains the attitude toward religion: "While the state has absolutely no supervision or contact with the church, it does teach through the schools that religion is poison. Anyone who wishes to worship in church, however, is free to do so. The church is losing in strength. We believe that our people owe allegiance to the Soviet Union, not to the church." Since this is the official viewpoint, it is unlikely that any Russian, who aspires to climb the official Communist Party ladder is likely to be caught inside church.

We visited a Russian Orthodox Church in Leningrad on a Sunday morning. I was surprised and impressed to see an attendance of 2,000 or more adults, most of whom were 50 years old and up. There was a sprinkling of young people, but not many.

There were beautiful voices in the choir and they sang without an organ. While the music was underway, I observed many of the women coming up, whose husbands, I imagine, had been killed in the war (there are 23 million more women than men in Russia). All stopped in front of every icon placed at different stairway levels and kissed them with tears in their eyes. They displayed a deep reverence, much more so than any church group I have ever seen anywhere. Our clergyman companion said he wished his congregation were equally devoted. They seemed to be more Catholic than the Catholics in America. Perhaps they are more reverent and appreciative of the church than they would have been had religion not been taken away from them and then restored.

Because of the dwindling congregations, most old churches are either standing idle or have been turned into museums. Nevertheless, Russia is certainly not now a godless country, for the older people demonstrate their firm belief in God and in the church.

Since schoolchildren, however, are taught that there is no immortal God, that the God whom they must serve is Lenin and the Communist Party, I do not see how the church can exist more than another generation or two. Since no infidel nation has ever survived, it will be interesting to see if Russia does.

CENSORSHIP

Two things are taken for granted in Russia—severe winters and censorship. No literature critical of the Soviet state is permitted to be published. There are three capital punishment crimes in Russia: (1) Accusations against the government; (2) speculating with currency; and (3) killing or raping.

Although it is a common understanding in the United States that incoming and outgoing mail is read and censored, according to our guide, there is no censorship of mail in the U.S.S.R. On the other hand, an American who has lived in Moscow for 25 years, said that Russia now does only spot checking and censoring of mail.

A news representative said that, in his dispatches, he could not imply that other countries were under Red direction, could not use the expression "Red satellite," could not criticize Khrushchev, or he would be asked to leave the country.

Our U.S. Embassy in Moscow has 90 employees. There are 250 Americans in Moscow, considering that each Embassy employee has an average of two dependents. Because their social life is restricted, they have formed their own American Club for evening entertainment.

A young Embassy worker told me that, because he was an Embassy employee, it was possible for him to get out and meet the Russian people, a fact which he regretted very much. He felt he was shadowed.

Enjoying as much personal freedom as we do, we would consider Russians to be veritable slaves living dull lives. They are not free even to be mildly bad, should they choose to be.

Culture is a state goal. All agencies of mass communications are controlled by the state—radio, TV, newspapers, magazines, the type of evening entertainment (most of which is ballet or opera), and literature. Russia prohibits the importation and sale of foreign newspapers, except those of a leftwing variety, in order to prevent the spreading of political ideas different from those held by the Communist Party.

Although there are no nightclubs, the young people may dance at inexpensive, state-subsidized coffee clubs, which close at 11 p.m. For 4 cents they are served an apple and a cup of coffee—enough for the evening. Only classical or high quality music is permitted on the radio, TV, and by dance orchestras—no rock 'n roll, no hillbilly, and no jazz.

Cultural Minister Krilov said: "Russia is working hard to try to improve children's musical tastes. The Robert Shaw Chorus of 40 voices was a very popular exchange program from the United States, and so were the Ice Capades and the whole series of sporting events. Benny Goodman was not well received, and we did not want Louis Armstrong." I understand Goodman, instead of playing the modern jazz liked by youth, played the original type jazz which was unknown and not understood by the Russians.

Mr. Krilov may be right, for the ballet and operatic performances of "Giselle," "Scheherazade," and "Faust" provided the preliminary background I needed for complete enjoyment of the ballet, "Swan Lake," my last night in Moscow. It was a stupendous artistic production from which I received a real thrill and that is something, because the esthetic arts, generally speaking, are not my cup of tea. Since ballet and opera, however, are about all that is available in Russia for evening entertainment, perhaps if I were a permanent Moscow resident, I might, in time, become a ballet enthusiast.

The Intourist guide asked me why America was so unwise as to permit the publication of a book so rotten as "Peyton Place." She said obviously it would be read by young people who are not mature enough to take such an immoral book in stride.

Are Russians free to travel? Minister Krilov said: "700,000 Russians leave the Soviet Union each year for travel abroad. Since rubles are not recognized or accepted in the United States it is difficult for Russians to travel in the United States. The Russian who wants to go to the United States, brings his rubles in to the Intourist Agency, the only department which has American dollars (which it gets from incoming U.S. tourists)—and he is permitted to buy a trip to the United States, if the agency has enough American dollars. There is no prohibition whatsoever on travel by Russian citizens."

Apparently, there has been a thaw permitting persons other than party members to travel abroad, for an American, highly placed in Moscow circles, said that responsible Russians who could be expected to return were now free to travel. The Soviet citizen has an obligation to serve the state, therefore he cannot move away from Russia. Birth control is prohibited in Russia, for they feel the more people they have the stronger the state will become.

Although Intourist guide service was available for our use in Moscow, Leningrad, Yalta, Odessa, and Kiev, whenever we wanted, we were free to visit wherever we wished without being accompanied by a guide. For example, Gerald Fisher and I wanted to visit an evening youth coffee club, Patrice Lumumba or Friendship University (Russia's counterpart of our East-West Center), and the American Club. We were told they were not on the Intourist visiting list, but we could try on our own. We did, and we were well received.

I never had the feeling that we were restricted, followed, censored, or subjected to propaganda of any kind. Once, when we were taken to the Industrial Exhibition there was a roomful of propaganda praising Russia's growth in electrification, agriculture, and industry—but we recognized it as such and moved on rapidly.

FRIENDSHIP UNIVERSITY

Currently there is a hassle as to the administrative relationship that should exist between our East-West Center and the University of Hawaii. Should the Center be autonomous? For light on this question,

and because he is a member of the East-West advisory board, Gerald Fisher and I visited Moscow's Friendship University (also called Patrice Lumumba University) after we had received the following explanation from Minister Krilov:

"Patrice Lumumba is a self-autonomous university. It has no connection with any other institution. Its admission, procedures, and administration are entirely removed from the Government. They may do whatever they wish.

"The university was organized by the peoples of Asia, Africa, and Latin America. All students take a 4-year course, except in the medical department where it is 5 years. The university's work is based on the wave of liberation which these countries have experienced. The curriculum covers engineering, agriculture, medicine, mathematics, physics, chemistry, biology, economics, law, history, and the Russian language. Because these countries are backward, it is not easy for a bright student living there to get a good education. Education is the main problem for all underdeveloped countries. The university does not accept students from Europe or the United States."

The director of the university told us: "There are 2,600 students from more than 80 countries at Patrice Lumumba. Each student receives a stipend from Russia of $100 a month, plus free housing, medical care, medicines, and warm clothing, when he first arrives. He spends perhaps $50 a month for meals. Dinner, for example, probably costs about 60 kopecks (65 cents). Our biggest problem is to find adequate places for Lumumba students to live."

Fisher and I concluded, after a casual observation, that the university appeared to be doing a good job with first-rate equipment housed in dilapidated buildings. While most of the students appeared to be Negroes from Africa, there was a sprinkling of Indians, Cubans, and others of light complexion. All students seemed to be busy and happy, although I understand some of the African students are now complaining they are not accepted socially by the Russians. This is understandable. In U.S. universities enrolling considerable numbers of foreign students there are always problems of adjustment and criticisms which are reported in the newspapers. It has happened, for example, in our East-West Center, at both the Los Angeles and Berkeley campuses of the University of California.

AUTOMOBILES

While there are concentrations of automobiles around the hotels, there are never very many on the streets. Generally speaking, they resemble U.S. car models of some 10 years ago, though Russia's most popular car, the Moskovich, which anyone with $3,600 cash may buy, is a bit smaller than our smallest U.S. made compact.

Although cars are not sold on the installment plan, things are looking up for the industry. In 1958, the Moskovich factory produced 50,000 cars. This year, the figure is 75,000. In 1965, the goal will be 100,000.

The low purchasing power of the average Russian makes it difficult for Moskovich to dispose of all their production within the country. The manager said, "We are now exporting autos to more than 40 countries, largely in Europe and Asia. I was told by a Canadian that a new Moskovich could be bought for $1,900 in Canada. This is merely another example that prices set for consumer goods in Russia are artificially contrived by the state, and that when Soviet goods are sold in the free marketplace they have to be priced realistically to enable them to compete for consumer favor.

The Segal is the biggest and best auto made in Russia. It is not sold to ordinary citizens. It is reserved entirely for diplomats and Communist Party officers.

On our 50-mile ride in the Crimea, from Simferopol to Yalta, we were chauffeured in a large, comfortable sedan. Boyd MacNaughton, after studying the auto, said the front end was copied from our 1958 Buick, while the rear half was copied from our Chrysler of the same year. E. E. Black commented on the wide but rough roads, that he thought Russia could benefit by sending some of their engineers to the United States to learn how to make smooth road beds.

Although Moscow is almost as large as New York City, traffic noise is negligible. There are but few automobiles, the boulevards are spacious, and the blowing of horns is not permitted inside the city. Only ambulances and fire engines may do so.

TAXICABS

The state subsidizes taxicabs, probably because most citizens cannot afford to buy autos for their own transportation. Although there are never enough cabs to meet the demand, four persons may ride in a cab for 2 or 3 miles for a total charge of about 65 cents. A similar ride almost anywhere in the United States would be $4 or so. The problem is, first, to locate a cab, and, second, to find a cab driver who is willing to pick you up. Because a taxi driver is paid according to the mileage he drives, whether he has a passenger or not, we hailed many passing empty cabs without success.

WATER FOUNTAINS

Early September was hotter in Russia than summer in Hawaii. It was thirst-producing weather. During my entire time in Russia, I never saw a single drinking fountain anywhere. Instead there are vending machines that sell a kind of fruit juice water for a few pennies. The juice is dispensed automatically by inserting the appropriate coin into one of two glasses which remain permanently in the drinking receptacle.

If one wishes a drink, he can rinse his glass beforehand in a spray of cold water. There is no such thing as disposable paper cups. There are always a few flies around the glasses and machines. This was the most unsanitary and unclean device I saw in Russia. It looked like a wonderful opportunity for mouth-borne diseases to go on a rampage once an epidemic got underway. Certainly this is practice that would not be condoned in our health-conscious United States of America. So far as I know, no Honolulan, regardless of thirst, could bring himself to drink from the public glasses of the vending machines.

It is interesting, however, at this point, to tell about an experience that Gerald Fisher and I had in the Gum Department Store. We noticed several counters where they were dispensing champagne. Since it was just before the dinner hour, I suggested to Jerry that we have a drink, which we did. After receiving the champagne glasses from the clerk, we retired some 10 yards away to relax while we imbibed. Within a couple of minutes, however, we were somewhat embarrassed to notice the line of customers waiting for their champagne, as well as the clerk, turn and stare as us. Jerry realized before I did, that we had stopped the selling of champagne, that they were waiting for us to return the glasses in order that they might be rinsed and filled with champagne for the next customers. A long line of would-be champagne customers was being serviced with only six or seven glasses. It was good champagne, but we weren't pleased to find out we had participated in the community glass idea.

GERMAN REUNIFICATION

I don't know whether or not Russia's leaders can be trusted, whether they are sincere in wanting to end the cold war and cooperate with us, as Minister Krilov told us they were, in various world ventures—the peaceful exploration of space, utilization of atomic energy, food problems, etc.—but I do believe the Russian people want no part of another war. They have had enough.

The Russian people, I believe, like the American people and want to be friendly. Several Russians went out of their way to say to me, "We like Americans, but we don't like Germans." Russia has been invaded repeatedly and devastated by war more than any other country in the history of the world. Three times in recent history—the Franco-Prussian 1870 War, World War I (1914), and World War II (1939)—Russia has suffered at the hands of Germany. It is difficult for us to understand Russia's hatred for Germany and their intention to keep it divided, for, with the possible exception of Pearl Harbor, we have never had to repel an invader.

Fear of Germany underlies Russia's enslavement of almost 100 million Eastern Europeans in the Communist buffer nations of East Germany, Poland, Hungary, Rumania, Czechoslovakia. Our goal is to free these peoples of Russian occupation forces, but we don't know how to do it without the serious risk of war.

When Russia was overrun by Germany in World War II, 25 million people were killed, including 80 percent of their former 6 million Jewish population. Hitler's legions were within 6 miles of Moscow, Russia's principal city and capital.

Leningrad, the No. 2 city, was under siege for 900 days. A million people died, 600,000 by starvation and 400,000 through warfare. Although every fifth building was absolutely destroyed, and all others severely damaged, the Germans did not destroy a single one of Leningrad's 620 bridges, which link its 101 islands together at the mouth of the Neva River, for Hitler was sure he would take the city after a short siege. After the German defeat, printed cards were found inviting people to a victory celebration at the Astoria Hotel 2 weeks after the attack began.

Our Intourist guide at Kiev said: "We hate the Germans because almost every Russian family had a member killed by them during the war. All Germans are Fascists at heart. They executed 150,000 Kiev Jews without reason, including women and small children. They destroyed almost 50 percent of our living space. We think that West Germany is spoiling to start another war. We understand that former Hitler generals are being reinstated in the army and in the Central Government."

When our guide was asked if the Russian hatred for Germans extends to East Germany, she replied: "No, they are a people's democracy like Russia." We next asked if she thought Stalin was as bad as Hitler. She considered for a moment and then replied: "Yes, I believe he was, but history has since proved that Russia needed a dictator at that time."

Other Russians, with whom I talked, said that a reunified, strong Germany, if it gets the hydrogen bomb, would again—as it has three times in the past—go on a rampage and try to whip the world. For that reason, I think it is most unlikely that Russia will ever agree to a plebiscite, self-determination vote by the people who live in East Germany.

While in Europe, I also talked with a few intelligent citizens of Poland, Holland, France, Yugoslavia, Austria, and England. Except for the Germans themselves, I found no one who favored the reunification of Germany. All want it to remain divided as East and West Germany and so militarily weak that it will never again be powerful enough to seek world domination.

A business man in Poland said: "Since we are a weak nation bordering Russia, we have no choice with whom to side in the cold war. Because we are 95 percent Catholic and Russia is atheistic, we don't like to be under her domination. Yet, history will show you how we have suffered repeatedly

from Germany's attacks in the past and why we regard an alliance with Russia as the lesser of the two evils."

Apparently, our U.S. leaders are dedicated to a reunification of Germany as a capitalistic and free world bulwark against the further spread of communism.

KHRUSHCHEV (PRONOUNCED KROO-SHOFF)

According to Americans now living in Russia, Khrushchev is a much better leader—more tolerant, far-seeing, and world peace seeking—than he has been pictured in the United States. While they doubt that he can always be trusted, they say he is certainly a great improvement over his predecessor, despotic Stalin.

A well-informed U.S. press official said: "Since Khrushchev succeeded Stalin in 1953, there has been a great liberalization in Russia. If Khrushchev passes on, Russia's liberal movement probably will continue. Russia will not return to the days of Stalin's terror. Stalin was an uneducated ruffian. He was more repressive and more murderous than a czar. Russian people think it is too bad he didn't die 10 years ago. Khrushchev accomplishes his goals through the force of his personality. He is a smart politician. He persuades, whereas Stalin got his way through force and wholesale executions."

"Khrushchev's split with Communist China in renunciating the doctrine that war is inevitable and that coexistence between countries of differing social and economic systems is not only possible, but essential, is most reassuring, as is the nuclear test ban treaty. Khrushchev wants a Russia so strong that she will never have to suffer from war again. As long as he is Russia's premier, I think world peace is possible. My chief concern is that his successor might want to scrap the coexistence policy, thus endangering world peace."

I asked our Moscow guide what she thought of China's refusal to sign the nuclear test ban treaty. She replied, "We think China is 'nuts.' We don't want China to engage in ventures which could draw us into a war with the United States. Our split with China is real. We don't intend to give them any of our resources and deprive our own people at the same time. We have 3,000 miles of common border with China, and we fear that they will eventually try to send their surplus population, which is increasing by 15 million a year, into Siberia."

Khrushchev's statement to the United States that "We will bury you," so I was told by Russian-speaking Val Ossipoff, is actually an inaccurate translation of what he meant. His goal and what he intended, says Ossipoff, is to "overwhelm us economically and productively."

Russians believe that communism is preferable as a worldwide system because they feel it promotes peace, whereas capitalism, in their opinion, promotes the competition which causes wars.

Obviously, the Communist Government has brought a lot of peasant people up from dirt and has raised their standard of living. Before the 1917 revolution the illiteracy rate was 65 percent. Now they claim it is almost nil. The Russian people are sacrificing today for a brighter tomorrow. Ultimately, they sincerely believe that Americans will want to become Communists, but they want to win us of our own free will, and without the necessity of war. The question is, which will be the surviving economic system, capitalism or communism?

Despite his peacemaking overtures to the United States, it seems obvious that Khrushchev will continue to do what he can to influence undeveloped countries and others that have recently achieved independence to choose communism rather than capitalism. I say capitalism rather than democracy, for Communist nations refer to their systems as people's democracies.

Because our goal is our type of freedom for all people everywhere, we run head on into potentially explosive situations with Russia in almost every undecided nation—Vietnam, Korea, and the emerging African countries. A Russian asked me, "How can the United States support a Vietnam regime that persecutes religious groups?"

The implementation of our respective competing objectives—communism and capitalism—could be the spark that could start a nuclear war, witness Cuba where it was difficult for Russia to back down without losing face. I asked our Moscow guide, "Why did you send those missiles to Cuba?" she replied, "To keep the United States from invading Cuba."

Where possible, throughout the world, Russia will undoubtedly continue to attempt to install Communist regimes, and, once they are operating, they will furnish technical and military support to defend them.

The Berlin wall and his refusal to permit a self-determination vote in East Germany indicate Khrushchev's inconsistency. When Minister Krilov was asked by William Ewing, "Why the Berlin wall?" he replied, "That was East Germany's decision, and we did not interfere. They did it to prevent the intrusion of spies from West Germany." The real reason for the wall, we think, was to keep East Germans who hate communism from escaping to West Germany. When Ewing countered, "Will the wall come down?" Krilov responded, "I think it will."

U.S. FINANCIAL HELP

Everyone likes Santa Claus, but sometimes people resent the fact that others are able to give the help they need. Although free Europe owes her present economic prosperity to America's postwar generosity, many countries do not seem to be grateful for this help. Nevertheless, we cannot withdraw from helping Europe for it could fall under Russian domination.

Austria, like Russia, was impoverished by World War II. With U.S. aid under the Marshall plan, Austria has bounced back. Vienna is prosperous and looks it. Austrians are anxious to express their thanks for U.S. help.

I have made three trips to Europe—1958, 1960, and 1963. Like other visitors, I have been struck with Europe's steady increase in prosperity. Each year Europe seems more like America; the people are better fed, better dressed, better housed, and, above all, better automobiled. In Austria, for example, the number of automobiles has increased 10 times in the past 10 years. For 16 years—from 1945 to 1961—the Austrian economy grew at the rate of 12 percent a year.

A similar situation prevails in France. In fact, Nice and Paris—the two cities I visited—look as prosperous, if not more so, than most American cities.

Yugoslavia, which has received $2½ billion U.S. aid, in prosperity seems to be halfway between Russia and Austria. We must remember, however, that Yugoslavia is still classed as a backward, undeveloped nation. Whereas the czars held back the development of the common man in Russia, the Turks did the same thing with Yugoslavia for more than 500 years. With U.S. help, real progress is being made in Yugoslavia, and the people go out of their way, when they learn they are talking with Americans, to express their gratitude for U.S. help. This is not to say that Yugoslavia is a modern nation, for it is not. I saw hundreds of workmen doing backbreaking labor with picks and shovels to dig a new road through a hill that automated or bulldozing-type U.S. machinery could do in a few hours.

The two greatest wrongs in the United States, according to the Russians with whom I talked, were our Negro and unemployment problems. A recent report to Congress stated that automation was eliminating jobs in the United States at the rate of more than 40,000 a week. When persons, 50 or so years old are thrown out of work by automation, it is difficult for them to learn a new skill or begin a new life in strange areas. While 5 percent of our labor force is unemployed, there is no unemployment in Communist Russia or Socialist Yugoslavia. They spread around the available work and resist automation if it displaces workers for whom there are no alternate jobs.

While France is prosperous and has undoubtedly progressed by leaps and bounds since World War II, she got her initial help from the United States, a fact that she now seems to resent as aloof President Charles de Gaulle charts a world course that is intentionally independent, so he says, of both Colossi—the United States and Russia, an example of which was his contempt of the atomic test ban treaty.

What counts for the average man is how well he is living. And, in spite of a 25-percent rise in French living costs since 1958 (wages have climbed higher), Frenchmen are for the most part living very well indeed. Store windows display luxury items of the highest quality, and street markets, like the horn of plenty, have a veritable cornucopian display (much like a U.S. supermarket) of luscious meats, seafoods, cheeses, vegetables, fruits, household articles, and clothing. One such heavily stocked street market in the Neuilly district of Paris was more than half a mile long—and I walked the entire district completely fascinated and impressed by the quality of the merchandise offered.

When I inquired of quite intelligent Yugoslavians why there wasn't a political candidate to oppose Dictator Marshal Tito, they were unanimous in their following replies, and I believed their sincerity: "Tito is wonderful. He is making a modern, educated nation out of our backward people. There is no one who could oppose him. Our big worry is how he can be replaced with as good a leader when he dies." Apparently, he is a much-loved leader with no enemies, a rarity among dictators.

EDUCATION

In Russia, schools and children come first. In no country in the world—not even the United States—is education accorded the place of honor that it receives in the Soviet Union. The Russians have made a fetish of education, realizing its represents their best hope for reaching their goals in the future. Because education is the only key to personal advancement in the Soviet Union—aside from becoming a Communist Party official—parents do everything possible to assure a university education for their children.

After a good look-see at the Russian schools, it is my opinion that America's schools are superior in buildings, equipment, quality, and training of the teaching staff, curriculum, guidance, and attention to the needs of the individual child. In incentive and desire to learn, however, the average Russian students is decidedly superior. Everywhere there is evident a real seriousness of purpose. The difference, I think, lies in the national attitude toward education.

Russia views each child in terms of his potential contribution to the needs of the state. A talented youngster receives a free university education in order that he may be able to serve the nation.

Russia is a hungry nation. There is a national urgency for top-quality education, for Russia is challenging the United States for world leadership. There is a genuine thirst for knowledge and an enthusiasm for education in Russia that is difficult for a visitor to comprehend. Russia's drive for world supremacy is supported by the education of each citizen, at government expense, to the extent of his capacity to learn.

On the other hand, America is an affluent nation. Most of us are not hungry, and neither are our children. It is practically impossible for an American child, surrounded as he is by the comforts and luxuries of life, to develop as much drive as a Russian child in taking advantage of the wonderful educational opportunities that are available.

Although the salary and the lot of the American teacher have improved markedly in recent years, he simply is not accorded the highly respected professional status—by comparison with the other U.S. professions—that his counterpart receives in Russia.

After World War II, when complete defeat was narrowly averted at the hands of Germany, Russia decided that a scientific industrial revolution was the only way it could survive as a nation. For the past 20 years, therefore, science education has received top priority. About 57 percent of all Soviet college students are in the science-engineering curriculum, compared with 24 percent in the United States. All of Russia's human, economic, and industrial resources have been mobilized to produce battalions of scientists and engineers who, in turn, have built and operated the economy, developed space rockets, done nuclear research, and developed industrial machines. Last year more than 120,000 Soviet men and women earned a bachelor's degree in engineering alone, three times the U.S. total.

Russia subscribes to all American science magazines. It is easier for an American scientist to subscribe to the Russian abstracting service and read the English summaries of the science research done in America than it is for him to get this same information through reading American periodicals.

INCENTIVES

Russian schools use a system of material rewards—selection by competition, marks, payment by results—in accordance with achievement that struck me as being more in line with a capitalistic rather than a communistic society. Students are graded on a 1 to 5 basis; the lowest 2 percent achievers fail. Pictures of the best students and also of teachers whose students achieve top records are placed on the honor roll bulletin board for all to see. If the pupils are unusually successful in national examinations, the teacher receives a bonus. If there is excessive student failure the teacher may be *demoted or fired.*

THE SCHOOL YEARS

Russian education begins with nursery school. Since nearly all parents work—both father and mother—the child is sent to nursery school at age 2. The Moskovich auto plant that we visited operated nursery-kindergartens for children of their employees.

After kindergarten, the child goes to an 8-year school, where attendance is compulsory. If he does not have the kind of intelligence that insures his selection for the university preparatory course in grades 9, 10, and 11, he may either quit at the end of grade 8 and go to work or enter a polytechnic school to prepare for factory work. About one-third of Russia's youngsters finish, compared with two-thirds in the United States. In order to combat "a lordly contempt" for physical labor, in 1958 Khrushchev introduced a 2-year practical work requirement—in a factory, mine, farm, or public service—as a part of secondary education. This comes at the end of grade 11, when all students, with the exception of those exceptionally talented in mathematics and physics, get their 2-year job assignment. Thereafter, they enter the university, if they can pass the entrance examination. The math-science geniuses are permitted to skip the practical work and enter specialized university courses immediately after finishing grade 11. The course of university training is 5½ years in science and 5 years for the humanities.

We send more high school graduates to college than Russia does, but I think this is due to the fact that parents foot the college bill in the United States and also to the fact that we have many "slow" students entering low-standard colleges. Because Russia pays all college expenses for its students, it weeds out all but the best. Since there are no religious private schools, colleges, or universities in Russia, a parent dissatisfied with the state's schools is not free to choose an alternative as in America.

Gerald Fisher and I visited an 11-year school in Moscow, with 1,600 students, approximately 120 at each grade level—Leninski Prospect, School No. 192.

We were not restricted as to what we might see in the school. The teachers were most cordial. We experienced no resentment or coolness due to our representing a capitalistic nation. After we arrived we told the principal what we did want to see, and we changed this from time to time during the day, so teachers did not have much advance warning before our arrival. We visited classes of all grade levels, grades 1 through 11.

I have read statements of visitors to Russia saying that Soviet children are better-behaved and healthier than American students. While I am not prepared to agree to such a wide-sweeping evaluation, I do want to say that I have never seen anywhere better behaved children than in school No. 192, or in the other Russian schools I visited later on. Classes were conducted on a traditional—not progressive—basis. There was no doubt that the teacher was in charge, for she dominated the situation. All students seemed eager to learn and to conform with the teacher expectation. The majority of the children were attractive, smiling, clean, neatly dressed and groomed, and responsive. Jerry and I agreed that, in looks at least, they compared favorably with Punahou students.

The school, a five-story building built in 1960, without an elevator, could easily be taken for a 30-year-old building. Obviously, it was a rush job and they were short of good building materials. I understand it is exactly like hundreds of other school buildings that have been recently erected. All Russian elementary and secondary education is centralized in Moscow. Everything is standardized and nationwide: subjects, time allotments, methods, and textbooks.

The classrooms in school No. 192 were well-lighted, warm and sunny, and there were double windows for insulation.

Most of the girls wore blue skirts, white blouses, and the red kerchiefs of the Young Pioneers. Others wore black uniforms, topped by red kerchiefs and white collars. The attire of the boys resembled U.S. students except for the red kerchiefs, which all wore.

We found that there is very little difference between a Russian and an American school. Standard class size in this school is 35 to 40, as it is throughout Russia. All upper grade students are expected to do 3 hours of homework each night.

A 7-year English language sequence begins in grade 5 where the work is entirely oral with pictures. "This is a pencil." "This is a book," "Give it to me," "Show it to the class," "This is a dog," "Altogether, students, say 'this is a pencil'."

The eighth grade students were in their 4th year of English, and the book is entirely in English with no printing in Russian at all. They were asked to get up and tell jokes to the class in English. Here is a Russian joke in the eight grade English textbook.—Lady: Are these eggs good? Shopkeeper: Oh yes, they are from the country. Lady: Yes, but what country?

Obviously, I don't understand Russian humor.

Before leaving the English class I spoke slowly to the pupils and they answered in English. The English teacher asked me to send them some good English literature books for use, and I promised that I would.

If a student is talented in foreign language, after finishing grade 11, he is encouraged to enter an Institute of Foreign Language or Philology to prepare for teaching or for Government diplomatic service.

We passed by a boarding school for 800 students, outside Leningrad, where all instruction is carried on in English. Students enter at age 7 and stay 11 years. Parents with low salaries pay nothing for the education of their children in this school. Parents who earn 220 rubles per month pay 40 ($45) rubles per month, or 20 percent of their salary for the education of their children in boarding school. Usually, trade unions pay 60 to 70 percent of the total expenses of children in boarding school.

Chemistry instruction begins in grade 8 in School No. 192 and continues every year thereafter for students who wish to major in it. A similar program is offered in physics.

There is no intelligence testing and no ability grouping. If a child is slow Russian philosophy believes that if a teacher works hard enough with a child he will become as good as the fast. Bright students are invited to remain after school to attend academic clubs that will extend their education.

Teachers of the kindergarten and through grade 3 are only high school graduates, but from grade 4 on, all teachers are required to be university graduates. All teachers are required to retire at age 55 on a pension that ranges from 60 to 90 percent of their average salary for the last 3 years.

Russian schools have the same feeding problem we face in the United States, that is, how to make one dining room serve lunch for 1,600 students. The Moscow schools set aside a lunch period of only 15 minutes for each group. At 10:30 a.m. the lunch program was launched for grades 1, 2, and 3.

SPORTS

It was somewhat of a surprise to me to note the extent to which the Russians emphasize sports, considering the stress they also place on scholarships. They do everything they can to develop students into well-rounded persons. They have built huge, beautiful stadia in every Russian city in their effort to develop world champions in every sport.

Scholarship is a matter of overwhelming the free world economically, while winning the Olympics is a matter of winning world prestige.

Many Americans think if one stresses athletics it must be at the expense of scholarship. In Russia it just isn't so.

INDOCTRINATION

All Russian children, ages 9 to 13, join the Young Pioneers, the badge of which is a red kerchief. They swear to the oath "to love the Soviet Union, to live, and to study and to fight according to the teachings of Lenin and the Communist Party." All Young Pioneers (40 million) attend meetings outside of school during the school year and during the summer all go to camp where they are taught Soviet ethics.

At age 15, they graduate into the Komsomol and Young Communist League (20 million). Those who are serious about communism become party members at age 18. Only 10 million, or 4 percent, of Russia's 225 million population are members of the Communist Party. This does not mean that the others are anti-Communist, but merely that they are not politically minded.

In grade 11, all Russian children take a full year's indoctrination course in Marxism-Leninism. In addition, emphasis is

placed on Communist theory in all high school history courses.

EXCHANGE

Fifty students are supposed to come from the United States each year on exchange with students from Russia. While in Russia they are distributed among 15 to 20 universities where they study for a period of 10 months. This year the United States sent only 38 to Russia, whereas the United States accepted 43 of the 60 U.S.S.R. candidates who had applied for education in the United States.

The studies Russian officials prefer their students to study in the United States are: language, history, political economy, medicine and physics.

The ACTING PRESIDENT pro tempore. Is there further morning business? If not, morning business is closed.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

The ACTING PRESIDENT pro tempore. The Chair lays before the Senate the unfinished business, which will be stated.

The LEGISLATIVE CLERK. H.R. 8969 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.

The Senate resumed the consideration of the bill (H.R. 8969) 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.

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

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

The legislative clerk proceeded to call the roll.

Mr. SMATHERS. Mr. President, I ask unanimous consent that further proceedings under the quorum call may be dispensed with.

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

INCOME TAX CREDIT FOR COLLEGE EXPENSES — AMENDMENT (AMENDMENT NO. 329)

Mr. RIBICOFF. Mr. President, I submit, for appropriate reference, an amendment to H.R. 8363, the tax bill. This amendment provides an income tax credit on the first $1,500 of tuition, fees, books, and supplies to anyone who pays these expenses for a student at an institution of higher education. The amendment is cosponsored by Senators ROBERT C. BYRD, HOWARD W. CANNON, THOMAS J. DODD, PETER H. DOMINICK, ERNEST GRUENING, HUBERT H. HUMPHREY, KENNETH B. KEATING, EDWARD V. LONG, WINSTON L. PROUTY, JENNINGS RANDOLPH, and HUGH SCOTT.

Proposals for tax relief for the costs of higher education have been made many times before both in the Senate and in the House of Representatives. As a matter of fact, my distinguished colleague, TOM DODD, was one of the first Senators to introduce a bill of this type. This year 19 Senators have introduced such bills and 2 others did so in the 87th Congress. Six of these are members of the Finance Committee. In the House similar bills have been introduced by 101 Members, 9 of whom serve on the Ways and Means Committee.

Obviously there is a broad range of support for these proposals, yet up to now the tax-writing committees with jurisdiction of this issue have not given serious consideration to a college tuition-tax relief proposal.

I believe this is the time for Congress to give serious consideration to this proposal. A major tax bill is now pending before the Senate Finance Committee. This bill, and the one passed last year, constitute a major revision of our income tax laws. Last year's bill made substantial provisions for tax relief when investment was made in new plant and equipment. My amendment to this year's bill provides tax relief to the middle-income salaried taxpayer who needs it and extends this relief on just as sound a basis as the relief extended in last year's bill. Investment in the education of college students is just as entitled to a tax credit as investment in a new plant and equipment.

The amendment I submit today is a new proposal, containing features not previously advanced in earlier bills; yet it draws upon the best ideas in the bills that many of us have introduced earlier this year. I have had the helpful cooperation of all the cosponsors of this amendment as we jointly developed a proposal that was best suited to reach the objective we all sought.

The principal features of the proposal are as follows:

First. The amendment provides an income tax credit on $1,500 of tuition, fees, books, and supplies for a student at an institution of higher education. The credit is subtracted from the amount of taxes which are due, at the bottom of the income tax form, after all deductions and exemptions have been taken into account and after the appropriate tax rate has been applied. Thus, each dollar of tax credit is a dollar actually saved by the taxpayer.

Second. The credit is computed as follows: 75 percent of the first $200 of expenses, 25 percent of the next $300, and $10 percent of the next $1,000. For example, expenses of $300 would result in a credit of $175, while expenses of $1,500 would result in a credit of $325.

The sliding scale formula has been adopted to equalize the benefit of the credit with respect to students at private and public colleges. Tuition charges average a much smaller amount at public colleges than at private colleges. On the other hand, the nontuition expenses such as room and board are a much larger percentage of the total college costs at a public college than they are at a private college. The credit does not apply to room and board expenses. Therefore, the fairest way to equalize the benefit between public and private college students is to provide a larger percentage of credit on the first few hundred dollars of tuition expenses.

Third. The credit is available to anyone who pays for the tuition expenses—parents, students, or any other person who pays for a student's higher education.

Fourth. There is a limitation on the credit so that it gives less dollar benefit to upper middle income groups and no benefit to high income groups. The credit is reduced by 1 percent of the amount by which the taxpayer's adjusted gross income exceeds $25,000. In other words, for every $5,000 of adjusted gross income above $25,000, the credit is reduced by $50. As a result, the taxpayer earning $40,000 gets less benefit than the taxpayer at the $10,000 or $20,000 level, and the taxpayer at the $60,000 level gets no benefit at all.

This proposal is primarily a tax measure and only secondarily an educational measure. It is not intended as a substitute for any other form of aid for higher education. Naturally, I hope it will help many taxpayers provide a college education for their children or for themselves. But I frankly recognize that the amount of the credit will not make the decisive difference for a majority of taxpayers as to whether or not they can afford the costs of a college education. It will be helpful to all such taxpayers, but probably not decisive for many of them.

That is why I say it is advanced primarily as a tax measure, because I believe the heavy burden of a college education is just as entitled to be lessened through our tax laws as the heavy burden of medical expenses or casualty losses. College costs hit a family in a comparatively short span of years and hit with an impact that hurts. A $3,000 college expense is a staggering burden for a man earning $8,000, $12,000, or $15,000. It is no answer to say the cost can be anticipated. Medical expenses too can be anticipated, yet our tax laws even provide tax relief for the cost of health insurance.

In the past, two main arguments have been directed at this type of proposal. One has concerned high-income families and the other low-income families.

First. It has been argued that tax relief proposals do more for upper-income taxpayers than for middle-income taxpayers and that the benefit is wasted on those in really high income brackets. My amendment meets that objection head on. Because the credit has a limitation based on income, the upper-income family actually gets less benefit than the middle-income family, and the high-income family gets no benefit at all.

Second. It has been argued that tax relief proposals do nothing for the very-low-income brackets who pay no taxes. The answer to this argument is not to reject tax relief for the middle-income families who need it, but to provide scholarship aid for students from the low-income families. Most scholarship assistance now goes to families below the $7,000-income level. And more such aid is needed. But this type of aid rarely helps those in the middle-income brackets. Yet their burdens are heavy and they are entitled to some relief. In fact, the middle-income families for years have been helping the scholarship families through increased tuition payments

that help provide the colleges with student aid funds. It is time these middle-income families got some needed help.

A scholarship proposal should certainly not be opposed because the middle-income families get no benefit from it. By the same token a tax relief proposal should not be opposed because the very-low-income groups—the nontaxpayers—get no benefit from it. Both approaches are necessary and desirable.

I will urge the Finance Committee to add this amendment to the pending tax bill, and if that effort is not successful, I will offer the amendment on the floor so that all Senators may have an opportunity to express their views on this proposal.

I ask unanimous consent that the amendment lie on the table for 1 week so that additional Senators may join as cosponsors, and also that the amendment and a table showing the dollar benefit of the credit at various levels of tuition and of income be printed at the conclusion of my remarks together with a column by Charles Bartlett from the Washington Evening Star of November 14, 1963.

The ACTING PRESIDENT pro tempore. The amendment will be received and printed, and, without objection, will lie on the desk as requested; and, without objection, the amendment, table, and article will be printed in the RECORD.

The amendment (No. 329) was referred to the Committee on Finance, as follows:

At the proper place in title II of the bill insert the following new section:

"SEC. —. TAX CREDIT FOR EXPENSES OF HIGHER EDUCATION.

"(a) ALLOWANCE OF CREDIT.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by renumbering section 39 as 40, and by inserting after section 38 the following new section:

"'SEC. 39. EXPENSES OF HIGHER EDUCATION.

"'(a) GENERAL RULE.—There shall be allowed to an individual, as a credit against the tax imposed by this chapter for the taxable year, an amount, determined under subsection (b), of the expenses of higher education paid by him during the taxable year to one or more institutions of higher education in providing an education above the twelfth grade for himself or for any other individual.

"'(b) LIMITATIONS.—

"'(1) AMOUNT PER INDIVIDUAL.—The credit under subsection (a) for expenses of higher education of any individual paid during the taxable year shall be an amount equal to the sum of—

"'(A) 75 percent of so much of such expenses as does not exceed $200,

"'(B) 25 percent of so much of such expenses as exceeds $200 but does not exceed $500, and

"'(C) 10 percent of so much of such expenses as exceeds $500 but does not exceed $1,500.

"'(2) PRORATION OF CREDIT WHERE MORE THAN ONE TAXPAYER PAYS EXPENSES.—If expenses of higher education of an individual are paid by more than one taxpayer during the taxable year, the credit allowable to each such taxpayer under subsection (a) shall be the same portion of the credit determined under paragraph (1) which the amount of expenses of higher education of such individual paid by the taxpayer during the taxable year is of the total amount of expenses of higher education of such individual paid by all taxpayers during the taxable year.

"'(3) REDUCTION OF CREDIT.—The credit under subsection (a) for expenses of higher education of any individual paid during the taxable year, as determined under paragraphs (1) and (2) of this subsection, shall be reduced by an amount equal to 1 percent of the amount by which the adjusted gross income of the taxpayer for the taxable year exceeds $25,000.

"'(c) DEFINITIONS.—For purposes of this section—

"'(1) EXPENSES OF HIGHER EDUCATION.—The term "expenses of higher education" means—

"'(A) tuition and fees required for the enrollment or attendance of a student at a level above the twelfth grade at an institution of higher education, and

"'(B) fees, books, supplies, and equipment required for courses of instruction above the twelfth grade at an institution of higher education.

Such term does not include any amount paid, directly or indirectly, for meals, lodging, or similar personal, living, or family expenses. In the event an amount paid for tuition or fees includes an amount for meals, lodging, or similar expenses which is not separately stated, the portion of such amount which is attributable to meals, lodging, or similar expenses shall be determined under regulations prescribed by the Secretary or his delegate.

"'(2) INSTITUTION OF HIGHER EDUCATION.—The term "institution of higher education" means an educational institution (as defined in section 151(e)(4))—

"'(A) which regularly offers education at a level above the twelfth grade, and

"'(B) contributions to or for the use of which constitute charitable contributions within the meaning of section 170(c).

"'(d) SPECIAL RULES.—

"'(1) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS' BENEFITS.—The amounts otherwise taken into account under subsection (a) as expenses of higher education of any individual during any period shall be reduced (before the application of subsection (b)) by any amounts received by such individual during such period as—

"'(A) a scholarship or fellowship grant (within the meaning of section 117(a)(1)) which under section 117 is not includible in gross income, and

"'(B) education and training alowance under chapter 33 of title 38 of the United States Code or educational assistance allowance under chapter 35 of such title.

"'(2) NONCREDIT AND RECREATIONAL, ETC., COURSES.—Amounts paid for expenses of higher education of any individual shall be taken into account under subsection (a)—

"'(A) in the case of an individual who is a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction for which credit is allowed toward a baccalaureate or higher degree, and

"'(B) in the case of an individual who is not a candidate for a baccalaureate or higher degree, only to the extent such expenses are attributable to courses of instruction necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective.

"'(3) APPLICATION WITH OTHER CREDITS.—The credit allowed by subsection (a) to the taxpayer shall not exceed the amount of the tax imposed on the taxpayer for the taxable year by this chapter, reduced by the sum of the credits allowable under this subpart (other than under this section and section 31).

"'(e) DISALLOWANCE OF EXPENSES AS DEDUCTION.—No deduction shall be allowed under section 162 (relating to trade or business expenses) for any expense of higher education which (after the application of subsection (b)) is taken into account in determining the amount of any credit allowed under subsection (a). The preceding sentence shall not apply to the expenses of higher education of any taxpayer who, under regulations prescribed by the Secretary or his delegate, elects not to apply the provisions of this section with respect to such expenses for the taxable year.

"'(f) REGULATIONS.—The Secretary or his delegate shall prescribe such regulations as may be necessary to carry out the provisions of this section.'

"(b) CLERICAL AMENDMENT.—The table of sections for such subpart A is amended by striking out the last item and inserting in lieu thereof the following:

"Sec. 39. Expenses of higher education.

"Sec. 40. Overpayments of tax."

"(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1963."

The table and article submitted by Mr. RIBICOFF are as follows:

Dollar benefit under Ribicoff amendment providing tax credit on 1st $1,500 of tuition, fees, books, and supplies at an institution of higher education

	Adjusted gross income up to—							
	$25,000	$30,000	$35,000	$40,000	$45,000	$50,000	$55,000	$60,000
Tuition per student:								
$100	$75	$25	0	0	0	0	0	0
$200	150	100	$50	0	0	0	0	0
$300	175	125	75	$25	0	0	0	0
$400	200	150	100	50	0	0	0	0
$500	225	175	125	75	$25	0	0	0
$600	235	185	135	85	35	0	0	0
$700	245	195	145	95	45	0	0	0
$800	255	205	155	105	55	$5	0	0
$900	265	215	165	115	65	15	0	0
$1,000	275	225	175	125	75	25	0	0
$1,100	285	235	185	135	85	35	0	0
$1,200	295	245	195	145	95	45	0	0
$1,300	305	255	205	155	105	55	$5	0
$1,400	315	265	215	165	115	65	15	0
$1,500	325	275	225	175	125	75	25	0

[From the Washington Star, Nov. 14, 1963]

AIDING COLLEGE STUDENTS' PARENTS—RISING SENTIMENT FOR TAX RELIEF PLAN ENCOURAGES SPONSORS LED BY RIBICOFF

(By Charles Bartlett)

Not rich enough to be important to the Republicans or numerous enough to count heavily with the Democrats, the middle class is sometimes overlooked by Congress. But a gesture in that direction is developing with the momentum for a proposal to give tax relief to the parents of college students.

The accumulation of sentiment for this concession has encouraged an optimism among its sponsors that it may be inserted, over the opposition of the administration, in the new tax law.

The key figure is Senator ABRAHAM RIBICOFF, who was unable to sell the proposal to the White House when he was Secretary of Health, Education, and Welfare but is propounding it now from the vantage point of his seat on the Senate Finance Committee. Some 21 Senators, ranging from BARRY GOLDWATER to KENNETH KEATING to HUBERT HUMPHREY, have similar aims, and Senator RIBICOFF is working to coordinate their support.

If the proposal is accepted by the Senate, it should fare well in the Senate-House conference on the tax bill because 101 Congressmen, including 9 members of the House Ways and Means Committee, have indorsed similar legislation. Its prospects will not be impaired by the fact that the Nation is nearing a time when 7 million students will be enrolled in colleges and universities.

The administration's opposition to this specialized tax relief has many roots. The Treasury dislikes it because it will cost between $400 and $600 million in revenue dollars, a loss that cannot comfortably be added to the loss of $11 billion contemplated in the general tax reduction. The tax purists do not like it because it is a step away from their objective of pruning the gimmicks out of the tax laws.

The education groups are opposed because they fear that its enactment will shatter their hopes of securing a Federal program of undergraduate scholarships to match the present program of Federal loans. Scholarships seem more desirable than tax relief to many because they will facilitate the studies of deserving students while tax relief will shed its benefits equally upon the promising and the unpromising.

The more liberal advocates of the tax concession do not advance it as an alternative to other means of assisting higher education but as a means of relief for parents squeezed by the high cost, as much as $3,000 a year, of sending a child to college. They argue that such relief is consistent with the present philosophy of the tax laws, which grant deductions for each child and for special burdens arising from illness and other adversities of nature.

Most of the present Federal loans and private scholarships are awarded to students from families in the low and lower middle income groups, and the tax proposal is frankly tailored to reach higher in the economic spectrum. The bill that Senator RIBICOFF is circulating would make the maximum benefit, a $325 tax credit, available to parents with incomes as high as $20,000. The benefits scale off at this point—a $40,000 income would allow a maximum of $175 and a $60,000 income would secure no relief.

Basic college costs—for tuition, books, fees, and supplies—vary enormously between private and public institutions. The figure for the University of Chicago, for example, is $1,548, against $271 for UCLA. But Senator RIBICOFF is proposing, to avoid discrimination, to give a $225 credit to the first $500 in expenditures and only an additional $100 for the next $1,000.

By making his relief a tax credit instead of a deduction, by emphasizing the first $500 in costs, and by tapering off the benefits to the higher incomes, Senator RIBICOFF has tried to meet objections that his bill would favor the rich.

But he still must persuade the Senate that his $325 tax credit will significantly relieve the burdens upon parents who can afford to send their child to college or significantly affect the decisions of those who are uncertain. The proposal will hang upon the question of whether its individual equities will compensate its total cost.

Mr. KEATING. Mr. President, I commend the able Senator from Connecticut [Mr. RIBICOFF] for his leadership in advancing this important amendment, and I am most pleased to join with him as a cosponsor.

This vital question of using the income tax structure to provide needed relief to those who bear the heavy expenses of getting an education nowadays has received my attention for many years. In both the 87th and now, the 88th, Congresses, I introduced separate bills for according relief through the device of a new itemized deduction, similar to existing deductions which, in my judgment, serve far less lofty goals than developing the full educational potential of the Nation's youth. Of course, I have not been alone in presenting such proposals. As every Senator is aware, there has been for years a plethora of bills, in the Senate and also in the other body, many of them markedly similar to one another in both form and objectives, for tax relief to students and parents of students.

Until now, I think it is fair to say that these separate efforts, working in a common direction, have not had success principally for two reasons—First, because of the strong and persistent opposition of the Treasury Department, and, with respect to certain proposals, other executive Departments; and secondly, because with Senators and House Members going their separate ways on differing bills, there has been little unified and concerted effort to pool these bills, compose the differences in form and approach, and work out a common denominator amendment acceptable to all who have taken an interest in the problem.

I am, therefore, heartened by the fact that the amendment which is being offered today by the Senator from Connecticut [Mr. RIBICOFF] has attracted the support of 12 cosponsors—or, at least it was 12 at last report—and, of course, we are very hopeful of gaining additional support as work on the tax bill makes further progress.

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

Mr. KEATING. I yield.

Mr. RIBICOFF. The Senator from New York has played a very vital role in the consideration and formulation of this proposal to amend the tax measure. He has been one of the pioneers in this approach. It was the feeling of many of us that we would further the interest of such a program if we could get together to work toward a common goal, which we have done, as reflected in the proposed amendment today. I commend the distinguished Senator from New York for his leadership, and his valuable contribution to the amendment as it is drafted today.

Mr. KEATING. I am grateful to the Senator. We have worked together. He, as a member of the Finance Committee, is in a key position to advance this proposal, and I know he will pursue it with his characteristic vigor.

With the amendment lying at the desk, it is hoped there will be additional support and that its cosponsorship will increase. I am confident it will, as work on the measure progresses.

Let me say for the RECORD that the presentation of this amendment has followed only upon a most careful and fruitful conference among interested Senators to exchange their ideas and arrive at a mutually agreeable solution, and while probably no one of us considers the amendment that has been worked out to be the perfect or ideal solution from his own viewpoint, it is nevertheless a workable solution which I believe has every chance of finally being enacted. I for one pledge my full and enthusiastic support.

The Senator from Connecticut [Mr. RIBICOFF] has diligently discussed the main provisions of this amendment, and I would like to add only a few brief observations. There are two respects in which I believe this amendment improves greatly upon previous proposals. First, the sliding-scale credit will be available to a taxpayer whether the expenses incurred are for himself or for any other individual. I have noted reports in the press which have inaccurately characterized this and other similar proposals as providing tax relief to "parents of college students," and have received a number of letters from New Yorkers who are supporting themselves while attending, for example, graduate schools and who have criticized the unfairness of letting parents take a deduction or credit for paying their children's way through college but denying the same treatment to self-supporting students.

Let me make it perfectly clear right now that the sliding-scale credit of this amendment—and, for that matter, the deduction provided for in my own previous bills—will be available to anyone who picks up the tab for higher educational expenses, whether it be his own, his children's, or, under the precise language of this amendment, "any other individual." This means that if Uncle John wants to help his nephew through State university, Uncle John gets a credit under this amendment, the exact amount to depend on Uncle John's income, subject, of course, to being prorated if others in the family are also trying to help the nephew out. On the other hand, if Uncle John, a college graduate, decides to go back to State university himself for a Ph. D., Uncle John can get a credit on his own account.

In my judgment, this is an extremely meritorious provision which will encourage investment in higher education; and from the Nation's standpoint, from the standpoint of upgrading the educational background of our citizens and developing their full potential, it could not matter less who is footing the bill for whom. The point is, the investment is being made, someone is paying for it, and the tax treatment we are proposing will lessen the burden and thereby promote the investment in the first place.

Secondly, while a majority of previous proposals have been limited to tuition and enrollment fees only, this amendment would extend also to fees, books, supplies, and equipment which are required for courses in instruction in higher education. It is common knowledge, for example, that at the college and university level, science courses require the payment of heavy laboratory fees over and above the regular tuition payments

for the courses themselves. These fees are usually intended to cover the cost of providing consumable supplies and equipment used by the student. They are as much an integral part of science studies as classroom course lectures, and for that reason there is no logic in not covering these expenses in the same way as the basic tuition will be covered.

Likewise, as everyone knows, textbooks and other required literature for course work do not come cheap. Some students, depending on their courses of study, may run an annual book expense of several hundred dollars. This amendment will permit the required book expense to be taken into account when calculating the credit, and it will authorize the Secretary of the Treasury to make regulations which would presumably see to it that only bona fide purchases for prescribed books will be allowed.

On the other hand, Mr. President, this amendment falls short in one major respect of what I would consider an ideal bill. Only the expenses of higher education are covered, entirely omitting the expenses paid to educational institutions at the 12th grade and lower. My own bill this year—S. 1236—included tax relief for just these expenses, and it is a source of regret to me that primary and secondary school education is not being given what I feel is it's due in this amendment.

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

Mr. KEATING. I yield.

Mr. RIBICOFF. I share the Senator's concern, because I too have introduced a bill providing tax relief for the expenses of private elementary and secondary education. I believe such a provision should be a part of any overall program of Federal aid to education at the elementary and secondary level. I expect to stay with the issue to which the Senator refers during the coming years. I would hope that if there should be a general aid-to-education bill, this type of measure would find support in the Senate.

However, we are now trying to deal with the field of higher education and I believe the proposal for tax relief in this field should stand on its own merit.

The Senator from New York can be assured, however, that tax relief for parents of students in private primary and secondary schools will be given consideration as a separate issue, and that we will stay with that issue.

Mr. KEATING. I appreciate the remarks of the Senator from Connecticut and the assurance that he will work with me and others who are interested in trying to effect something along these lines in the future. I believe that such an amendment has merit. It would be an amendment to include expenses to which parents are put in sending their children to schools below college level.

For reasons I previously stated, the thrust of our efforts was to reach agreement on an amendment which many Senators could join irrespective of the provisions of separate bills which had been introduced earlier, and I could not in good conscience jeopardize such efforts by insisting upon the inclusion of provisions which are considered controversial by some and bound to lose adherents for an otherwise worthy and acceptable amendment.

Again, Mr. President, let me say that I join in this amendment wholeheartedly with the Senator from Connecticut [Mr. RIBICOFF]. I completely share the intention to press for its approval by our Committee on Finance as part of the pending tax revision bill, and, if that effort should fail, for its adoption as part of the same bill when it reaches the Senate floor. Too long has effective relief for educational expenses been neglected in our tax laws, and in my judgment, now more than ever is the right time to act.

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

Mr. KEATING. I am glad to yield.

Mr. RIBICOFF. The concept of a sliding scale was taken from a bill previously proposed by the Senator from Minnesota [Mr. HUMPHREY] and one proposed by the Senator from Arizona [Mr. GOLDWATER], though Senator GOLDWATER is not a cosponsor of this amendment. Therefore it is apparent that that type of measure can gain widespread support, since Senators from different parts of the Nation and Senators of different philosophies have indicated support for this approach.

Mr. KEATING. I am glad to hear the Senator say that. Perhaps the bill could properly be called the Ribicoff-Keating-Humphrey-Goldwater bill. Having said that, I should say that it ought to have widespread support in the Senate, if four Senators of different philosophies have stated their adherence to the sliding scale principle. We can, therefore, look forward to big things for this amendment.

I close as I began, by complimenting the distinguished Senator from Connecticut.

Mr. RIBICOFF. I thank the Senator from New York.

ARMED SERVICES CHESS TOURNAMENT

Mr. KEATING. Mr. President, the American Chess Foundation in cooperation with USO groups throughout the country is again sponsoring championship chess matches for servicemen throughout the United States. Preliminary plans have now been drawn up for the 1964 competition to be held in Washington, November 7 to 14, 1964.

The enterprise and initiative of the American Chess Foundation and the USO in promoting this annual event deserves the full support and commendation of all those who are acquainted with this tournament. The United Service Organizations, Inc., better known as USO, has served American servicemen in war and peace through the years. Cooperating with its member agencies—the YMCA, the National Catholic Community Service, the National Jewish Welfare Board, the Young Women's Christian Association, the Salvation Army, and the National Travelers Aid Association—the USO's derive their support primarily from the voluntary contributions of the American people.

The American Chess Foundation is a nonprofit educational organization with headquarters in New York City. Chess is a stimulating as well as highly entertaining form of recreation activity and I think we can all take pride in the high level of performance exhibited in the tournament.

The results of the 1963 competition have recently been announced. Top honors this year went to an Air Force Chess team and to several individual Air Force players.

Mr. President, I certainly wish the American Chess Foundation and the USO, as well as competing members of the services, good luck and a fine tournament in the coming year. I ask unanimous consent to have printed following my remarks in the RECORD excerpts from a recent announcement of the 1963 winners.

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

CHESS IN THE ARMED FORCES—AIR FORCE WINS 1963 CHAMPIONSHIP

An Air Force chess team, selected in a tournament at Wright-Patterson AFB 6 weeks ago, demonstrated the value of such preliminaries by compiling the three top scores in the fourth annual Armed Forces chess championship tournament at the Lafayette Square USO Club in Washington, D.C., October 12–19, 1963.

Chief M. Sgt. Irvin J. Lyon of Keesler AFB, Miss., became the new chess champion of the Armed Forces with a 7½-point total for the nine rounds of play under the Swiss system. His victory brought the Thomas Emery Championship Trophy back to the Air Force, which last held it in 1961. The Army has had it since the 1962 tournament.

The championship was in doubt through the last round. The new champion had to clinch his claim to the title by taking the final match from Marine Gunnery Sgt. Walter W. Clark of the USMC Reserve Training Center, Philadelphia, and the final standings in which Airman Robert E. Bailey of Tyndall AFB, Fla., was second with 6½ points and 2d Lt. Peter H. Gould of Lackland AFB, Tex., was third with 6 points, were not determined until the last round. Bailey took a draw with Comdr. Eugene Sobczyk of Puget Sound Naval Shipyard, Bremerton, Wash., and Gould turned back Specialist Laszlo Incze, of Fort Richardson, Alaska.

The Coast Guard, in the annual competition for the first time, took fourth place honors. Stewardsman Zacarias S. Chavez of the cutter *Nemesis* out of St. Petersburg, Fla., was given an edge over Clark in the final ratings. Each had 5½ points.

Others in the 16-man tournament were finally rated as follows:

6. Pvt. Gerald R. Ronning, Fort Lewis, Wash., 5.

7. Airman Richard C. Moran, Sioux City Air Force Station, Iowa, 5.

8. Private Melvyn Feuerman, Army Proving Ground, Dugway, Utah, 4½.

9. Comdr. Eugene Sobczyk, Puget Sound Naval Shipyard, Bremerton, 4½.

10. WO John M. Yates, Army Electronic Proving Fround, Fort Huachuca, Ariz., 3½.

11. Pvt. Peyton D. Philley, Fort Shafter, Hawaii, 3½.

12. Lt. (jg.) Gail S. Kujawa, TacCon 13, San Francisco, 3½.

13. Sp. Laszlo Incze, Fort Richardson, Alaska, 3½.

14. Airman Vernon O. Bragg, Elmendorf AFB, Alaska, 3½.

15. Aerographer's Mate Edgar G. Atkinson, Jr., Naval Air Station, Norfolk, 3.

16. Capt. H. Leonard Jones, Jr., Naval Hospital, Philadelphia, 1½.

At the American Chess Foundation awards dinner in the Sheraton-Carlton Hotel, October 19, the Thomas Emery championship trophy was presented to Brig. Gen. Henry C. Huglin, Air Force member of the honorary committee for the chess program, and silver cups were given to Lyons, Bailey and Gould, by Foundation President Walter J. Fried, of New York.

An award for most brilliantly played game was presented to Stewardsman Chavez by the tournament director, Everett M. Raffel. Gunnery Sergeant Clark was recognized for the most improved play compared with his showing in last year's matches, and Private Ronning received a special award for outscoring his Army teammates.

Chavez, Clark, and Sobczyk also received special awards from Navy Times Editor John Slinkman, and all 16 finalists were given the new Thomas Emery silver medallion for superior skill and outstanding sportsmanship.

The annual chess competition is sponsored by the American Chess Foundation and is conducted with the cooperation of the Department of Defense, U.S. Chess Federation, United Service Organizations (USO), and the education and recreation authorities of the Army, Navy, Air Force, Marine Corps, and Coast Guard. The foundation is a nonprofit educational organization with office at 1372 Broadway, New York City.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 8969) 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.

The PRESIDING OFFICER (Mr. RIBICOFF in the chair). The Chair recognizes the Senator from Virginia.

Mr. BYRD of Virginia. Mr. President, the pending bill—H.R. 8969—would authorize increasing the Federal debt by $6 billion in the coming 7 months. The present statutory limit on the debt is $309 billion. The bill before the Senate would raise the limit to $315 billion through June 29, 1964.

I voted against this bill in the Finance Committee yesterday. I shall vote against its passage today. It is in view of my opposition to the bill that, as chairman, of the committee, I have asked the Senator from Florida [Mr. SMATHERS] to manage the bill on the floor.

I am voting against the bill as an indication of my opposition to the new and dangerous fiscal policy now being undertaken by the administration. The policy calls for Federal tax reduction and increased Federal expenditures at the same time, with planned deficits throughout the foreseeable future.

Tremendous increases in the Federal debt are obviously the keystone on which this fiscal adventure must depend. This bill to borrow money at the rate of nearly $1 billion a month through next June is the first of a new series of debt increases which admittedly will continue for a minimum of 3 years.

Both the Secretary of the Treasury and the Director of the Budget have testified that the deficits planned under their policy for tax-reduction-and-expenditure-increase will run to $9 billion this year, nearly $9 billion next year, and still more billions in the third year.

The Secretary of the Treasury said there might be still another deficit in the fourth year. Dr. Arthur Burns, former chief of White House Economic Advisers, has raised the question as to whether deficits under this plan might run until fiscal year 1972.

But for the first 3 years of which Secretary Douglas Dillon and Budget Director Kermit Gordon were certain, the cumulative deficits would total upwards of $25 billion. This would run the Federal debt to some $330 billion.

This bill to raise the debt limit contemplates enactment of a tax bill with first-year corporate and individual tax reductions effective from January 1, 1964. The $6 billion to be borrowed under the pending bill would be used to meet the deficit created by both tax reduction and expenditure increase between now and the end of June.

The Government's witnesses have testified that in this period it would be necessary to borrow $1.8 billion to cover the revenue loss from tax reduction, and that the remainder would be necessary to meet increased expenditures.

The proposed tax reductions total $11 billion over a 2-year period, and there is unanimous agreement among Dr. Walter W. Heller, present chief of the Economic Advisers to the President, Budget Director Gordon, and Treasury Secretary Dillon that Federal expenditures should rise in terms of billions a year.

The expenditures have been rising on an average of more than $5 billion a year for the past 3 years. Expenditures this year will approach $98 billion. The Government's witnesses would not predict how much the increase for next fiscal year, beginning July 1, will be, but there was no doubt that increased expenditures were planned and expected.

Appearing before the Finance Committee, on either the tax bill or this debt limit bill, these Government witnesses have been read the preamble to the tax bill relative to Federal expenditures, as adopted by the House of Representatives, and asked how they would construe it.

The preamble reads:

> It is the sense of Congress that the tax reduction provided by this Act through stimulation of the economy, will, after a brief transitional period, raise (rather than lower) revenues and that such revenue increases should first be used to eliminate deficits in the administrative budgets and then to reduce the public debt. To further the objective of obtaining balanced budgets in the near future, Congress by this action recognizes the importance of taking all reasonable means to restrain Government spending and urges the President to declare his accord with this objective.

I think it is fair to report that the reaction of Secretary Dillon, Mr. Gordon, and Dr. Heller to this preamble was that they would construe the language to mean that they reduce the increases, not cut expenditures.

On the contrary, witness after witness before the Finance Committee on the tax bill has testified in favor of reducing Federal expenditures, or at least holding them to present levels. This was the position of the Businessmen's Committee organized to favor the tax reduction on this basis.

The Washington Post, in an editorial of November 19, 1963, said in part:

> In his zeal to gain support for the tax bill, Treasury Secretary Douglas Dillon has made statements which are being broadly construed as invitations to make deep cuts in appropriations.

But then the Post editorial pointed out that Chairman Walter Heller of the Council of Economic Advisers "set the issue straight, when he told the Senate Finance Committee that, while he favors prudence, he is opposed to reductions in Government expenditures."

The Post concluded with its own view to the effect that "other administration officials would be well advised to emulate Dr. Heller's candor and fight this issue through."

Frankly, there is no official disposition among Government spokesmen on this bill, or the tax bill, for reduction in Government expenditures. Careful examination of their language invariably reveals that they speak of controlling increases.

And in view of the testimony I have heard in connection with this bill to authorize more debt, and with the tax bill, it is my intention to watch the President's budget in January closely, and to read the fine print.

If there were any intention constructively to reduce expenditures or to hold increases down, the necessity for this bill could be avoided. Beyond this, it would be contrary to the new fiscal policy of reducing taxes and increasing expenditures at the same time, and paying for both from the proceeds of increasing the debt.

The policy is based on the theory that reducing taxes, increasing expenditures, and going deeper into debt will raise the gross national product high enough some day to produce enough revenue to balance the budget.

This usually is expressed in terms of "stimulating the economy." How much the economy will be stimulated by the proposed tax reduction is questionable. As it is proposed, the tax reduction per taxpayer would average $110 a year, or about $2 a week.

We are dealing here with the fiscal integrity of the United States. Lurking in the background of continually rising debt is always the threat of inflation. These are vital to our well-being. I shall not gamble with them.

Moreover, it seems to me that to adopt this policy of increasing the debt as long as anyone can predict to finance rising Federal expenditures and reduction in taxes at the same time, in the hope of more revenue, is a dangerous gamble.

Such a proposition is new and untried. No administration in the history of the Nation, until now, has ever proposed that we should borrow money to pay for the planned combination of cutting taxes and increasing expenditures simultaneously.

The situation has been bad enough, just meeting the increased expenditures. This is the fifth request in the past 25 months—since June 1961—to raise the

statutory debt limit. And since that time the actual debt under the limit has been increased by some $18 billion.

Now—with the Federal debt standing at more than $307 billion—it is proposed that we should start raising the debt at the rate of $850 million a month to cover both a tax cut and increased spending.

There is one basic reason for Federal taxes. That reason is to meet Federal *expenditures.* Federal taxes are too high. They are too high only because Federal expenditures are too high. No one wants them reduced more than I do. But I know the bills have to be paid—and that includes debt. We are piling up debt for future generations to pay.

If nonessential expenditures were reduced, there would be no question about tax reduction. But I cannot vote to increase the debt to pay for tax reduction without expenditure reduction.

Mr. ELLENDER. Mr. President, will the Senator from Virginia yield for a question?

The PRESIDING OFFICER. Does the Senator from Virginia yield to the Senator from Louisiana?

Mr. BYRD of Virginia. I yield.

Mr. ELLENDER. To what extent is it necessary to increase the debt limit in anticipation of the passage of the tax bill?

Mr. BYRD of Virginia. To the extent of $1.8 billion.

Mr. ELLENDER. In other words, in anticipation of a tax cut——

Mr. BYRD of Virginia. Yes, although it has not yet been passed.

Mr. ELLENDER. It has not yet been passed; but in anticipation of a tax cut, which doubtless will reduce our revenues, it is now proposed to increase the debt limit to the extent of aproximately $1.8 billion?

Mr. BYRD of Virginia. Yes.

Mr. ELLENDER. I thank the Senator from Virginia.

The PRESIDING OFFICER. The bill is open to amendment.

Mr. SMATHERS. Mr. President, first, let me state what a great privilege I consider it to be to serve on the Finance Committee under the chairmanship of the distinguished and able senior Senator from Virginia [Mr. BYRD]. It has been my happy privilege to have known him personally for many years, even prior to the time when I came to the U.S. Senate; and during these many years I have learned to have for him the highest respect and the greatest admiration and deep affection. He is an outstanding chairman. Certainly he is fair and objective. He has taken a firm view in regard to fiscal responsibility in the Government, and has maintained that position, so far as I know, throughout the time he has been either chairman or a member of the Finance Committee. For that, I am certain that every member of the committee honors him. Certainly I do.

Mr. President, in pursuance of the task he has assigned to me as one of those who are in favor of extension of the debt limit ceiling, I wish to inform the Senate that I am hopeful that it will pass the bill which, by majority vote, has been reported to the Senate from the Finance Committee.

As everyone knows, the permanent debt ceiling is set at $285 billion and it has been at that level since the fiscal year 1960.

Since the establishment of the latest permanent debt limit in 1960, it has been necessary on several occasions to provide additional temporary allowances over and above the permanent ceiling. The debt limit has been changed six times between 1954 and 1960; it was changed annually in 1960 and 1961; last year we changed it twice; and this year we have changed it three times, taking into account the action provided by this bill. So the course now proposed does not represent a radical departure from the practice we have followed for the past several years.

In 1960, Congress set the permanent debt limit at $285 billion. At the same time it established the present permanent ceiling, at the insistence of the then Secretary of the Treasury, the very distinguished Robert H. Anderson, Congress raised the debt ceiling, on a temporary basis, to $295 billion. In the following year, 1961, the temporary debt ceiling was decreased to $293 billion.

In the following year, 1962, the ceiling was raised twice, first by $13 billion to $298 billion. Then the second time, it was raised by an additional $2 billion, to a level of $300 billion.

For the fiscal year 1963 we increased the debt limit to three different levels in two different actions. For the first part of the year through March 31, it was increased to $308 billion; for the period from April 1 through May 28, it was set at $305 billion; and then for the period from May 29 through June 30, it was raised to $307 billion.

For the fiscal year 1964, we have already dealt with the debt limit twice; and this is the third time. On the two previous occasions we set the debt limit, first, for the months of July and August at $309 billion; and in the second action we continued the same $309 billion level through November 30 of this year.

Under the present action, we seek to provide a debt limit for the rest of the fiscal year 1964—that is, through June 30, 1964.

The pending bill provides for an extension of the $309 billion ceiling for the remainder of the fiscal year, and at the same time provides an additional $6 billion leeway through June 29, to provide for variations in receipts and expenditure levels during this period of time.

Although your committee believed that the present temporary debt limitation of $309 billion was adequate for the end of the fiscal year 1964, it is obvious that for the interval between November and the end of June, a higher debt limitation must be provided. A higher debt limitation during this interval is required because of differences in the seasonal patterns of the collection of receipts and the payment of bills owed by the Government.

Table 5 in the Senate committee report, which shows the variations, by months, in the cumulative excess of expenditures over receipts, demonstrates this need. This table presents on a monthly basis the actual cumulative excess of expenditures over receipts for the fiscal year 1963 and either the actual or the estimated figures for the fiscal year 1964.

It should be noted, in table 5, that although the fiscal year 1963 ended with a deficit of $6.2 billion, nevertheless, at the end of January 1963, and also at the end of May 1963, the deficit was $4.5 billion above this level.

This demonstrates how this deficit can and does fluctuate—within the year in question—by reason of variations in the excess of expenditures over receipts.

Similarly, this table shows that the deficit as of the end of May 1964, is expected to be $3.8 billion above the deficit at the end of June, or the deficit for the entire fiscal year 1964. The excess of expenditures over receipts for the fiscal year 1964 actually is expected to reach its peak, not at the end of May, but, rather, in the middle of June 1964, just before the large quarterly corporate and individual tax payments are received by the Treasury. At that time the excess of expenditures over receipts is expected to be more than $6 billion higher than the deficit estimated for the end of the fiscal year 1964.

A majority of the committee believes that this clearly shows the need for the $6 billion leeway to cover seasonal fluctuations in receipts and expenditures. But, encouragingly enough, it also indicates that such an amount is not required at the end of the fiscal year. This is why we are asking that the debt ceiling be raised until June 29 of 1964, one day short of the end of the fiscal year. The $6 billion provides the Treasury Department with essential leeway which it has to have in order to be able to responsibly manage the Government's debt.

In any case, under existing law, the debt ceiling as of November 30 reverts to the permanent ceiling of $285 billion. This would occur on the very day when the debt outstanding is expected to be $308.8 billion, unless Congress takes action to pass the pending measure.

Clearly this would be an intolerable situation from the standpoint of our debt management, and one which we, as responsible representatives of the people cannot permit to happen.

If Congress should fail to pass the pending measure and if the debt limitation were allowed to revert to $285 billion, all types of fiscal subterfuges would, of necessity, have to be followed, in order to meet the requirements of what would then be the law. Let me list some of them.

First. We could decrease the volume of Treasury bills outstanding, by rolling over fewer of these bills as they come up for refunding. This would have the effect of decreasing the short-term interest rate. This, in turn, would mean that funds for short-term investment would flow abroad, in order to obtain the higher interest rates available there. This certainly would have an adverse effect upon our balance of payments.

Second. We could invest trust fund receipts in issues already available in the market, rather than in new special nonmarketable obligations which is the usual procedure. This would seriously disrupt the bond market since these pur-

chases would be concentrated in long-term securities in order to obtain the interest rates necessary for the trust funds.

Third. We could delay the investment of trust fund receipts. This would be a highly questionable practice since it forces the Secretary of the Treasury in effect to choose between his trusteeship of the trust funds and his more general stewardship of the financial affairs of the entire Government. In any event, this would deprive the trust funds of the interest income which they now receive and it would be necessary subsequently from the general funds, by appropriations, to make up this loss of the trust funds. These trust funds include social security, highway trust fund, civil service trust fund, railroad retirement, and others.

Fourth. Another expedient would be to draw down the cash balance in the Treasury to a very low level, concentrating this balance in deposits in a few large banks rather than spreading it among 11,578 commercial banks throughout the country. This could be expected to have a serious impact on the supply of credit in the areas in the country from which the accounts are withdrawn.

Fifth. We could have some of the Government corporations, such as FNMA, borrow directly from the public rather than through the Treasury, and thus with respect to a portion of the debt escape the statutory limitation. Borrowing in this manner is more expensive than borrowing in the usual manner and therefore in the long run would cost taxpayers more. Moreover, it is in the nature of back-door financing.

Sixth. If we were right up against the debt limitation, it would also be necessary to terminate payroll deductions for savings bonds. This certainly would be used only as a last resort since once these deductions are terminated, it would be difficult, if not impossible, to get them going again in the same volume later on.

Seventh. We could delay the payment of contracts, Government salaries, or grants to States, and so forth. In other words we could just not pay our bills. This, of course, would represent a hardship to all of those involved and also seriously injure the confidence in the U.S. Government.

Eighth. If the debt ceiling reverts to the $285 billion level which it will on December 1 if this bill is not enacted, it would be necessary actually to retire trust fund obligations probably to the extent of $20 billion or more. This would mean the loss of interest on these trust funds and place the present trusteeship arrangement under a cloud. Moreover, the interest lost to the trust funds as a result of such an action surely would have to be made up for out of general funds at a subsequent date.

Congress has pursued this course of considering the debt limitation three times this year instead of once, because of the fact that when the limit was considered previously, hardly any of the appropriation bills had been acted upon. There was the added fact that consideration is being given to a tax reduction and reform proposal and when the debt limit was previously considered, this tax measure had not as yet been considered even by the House.

The uncertainties which existed on two prior occasions that the debt limitation was considered made it practically impossible at those times to provide a debt ceiling which was meaningful for the entire fiscal year of 1964.

Today many of these same uncertainties exist, although the picture has improved to a marked degree.

In many respects we now have more information as to the probable level of receipts and expenditures in the fiscal year 1964 than is generally true when a debt ceiling is established.

Six of the twelve major appropriations bills have already been passed by both Houses of Congress; three of the remaining six have been passed by the House.

Probably more important, however, is the fact that 4 months of fiscal year 1964 have already elapsed. In view of this, it is possible to make better revenue estimates for the current fiscal year than is usually the case. Receipts in the fiscal year are largely based on corporate profits for the calendar year 1963, which is already more than five-sixths over.

In addition, receipts for the current fiscal year depend on the level of personal income in the fiscal year 1964 and here we have had 4 months of actual experience.

On the expenditure side, the fact that 4 months of fiscal year have already elapsed also gives us greater knowledge about the expenditure level than is frequently true when debt ceilings are established.

In the Finance Committee yesterday a motion was made to reduce this temporary debt ceiling from the $315 billion to $313.4 billion, or a reduction of $1.6 billion. This was defeated on a close vote of nine to eight.

The argument in favor of the decrease was ably made by the Senator from Delaware and others, for it was based on the statement of the Secretary of the Treasury when he appeared before the committee last Monday in support of the $315 billion debt ceiling, when he said, and I quote:

> Our current estimates of fiscal year receipts take into account the impact of the tax program passed by the House of Representatives in September and now being considered by your committee.
>
> We estimate that this program, with the rate reduction becoming effective on January 1 of next year, would entail a net revenue loss of $1.8 billion during fiscal 1964 after allowing for the stimulus to the economy and the larger base taxable incomes that would result.

At a later point in his testimony he said, and I quote:

> I should point out that the tax program, because it affects revenues only with a lag, has very little bearing on the amount of our cash needs through mid-March when borrowing needs are seasonally high.
>
> It would add approximately $1.6 billion to our needs by June 15 when the debt will reach its peak for the year. The primary effect of the tax bill on fiscal year 1964 revenues would come through the proposed reduction in withholding rates.

It was on the basis that the Senate was not going to pass a tax bill this year that the amendment was offered to reduce the amount of the debt ceiling. It was argued that even if a tax bill were passed that we would not need a debt ceiling as high as $315 billion, but that it could properly be reduced by $1.6 billion. In addition, the argument was made that if the Senate passed a tax bill prior to the expiration of fiscal 1964 an amendment could be added in the tax bill to increase the debt ceiling to an amount to cover the temporary loss of revenue resulting from the passage of the tax bill.

I was pleased when the majority of the committee rejected these arguments, for if the committee took this action it would be a sharp and startling announcement to the business community of America that the Finance Committee did not believe there would be a tax bill this year or anytime soon—at least that would be the general conclusion.

We know that today corporate profits are high, personal income high, and the economic indicators are all generally very favorable, but it is the opinion of the majority of the members of the Finance Committee that one of the basic reasons for this favorable business climate is the anticipation of a tax cut, and that to in effect write into this debt ceiling legislation an announcement to the effect that we are not going to have a tax cut would have a serious and devastating effect upon the economy of the Nation.

And further, it is entirely conceivable that because our business is based so much on confidence in the future, that if this announcement in effect were made in this debt ceiling legislation, that there would be no tax bill, it could conceivably—in a short space of time—reverse these very favorable trends which we now see, reduce our revenues, and make a further increase in our debt necessary.

No Senator should ever lose sight of the fact that the debt limit is an authority to the Treasury to borrow money to finance the expenditures authorized by the Congress to the extent that those authorizations exceed budget receipts. The debt limit is therefore not an effective means for limiting expenditures. The Government has to meet its obligations where the Congress has previously made the appropriations. We must always remember that except in the area where the Executive is Commander in Chief he has no authority to ignore the injunctions of the Congress and to withhold the use of the moneys appropriated for programs which have been adopted. In effect, to say that the President has the power to withhold funds which have been appropriated would give him an item veto of appropriations of the Congress, which up to this point we have never seen fit to give him, and which I do not think we should give him.

For all these reasons the Finance Committee in its wisdom and, I believe, the Congress in its wisdom should, on the basis of fiscal and financial responsibility alone, overwhelmingly approve the pending bill. In doing so, we will avoid a conference with the House, because it is identical to the measure as passed by the House and avoids fiscal chaos by

giving to the Secretary of the Treasury the flexibility needed for responsible management of the Government debt.

THE AMERICAN TELEPHONE & TELEGRAPH CO.

Mr. JAVITS. Mr. President, I am grateful to the Senator from Delaware [Mr. WILLIAMS], who will answer the Senator from Florida [Mr. SMATHERS], for allowing me to take a few minutes to call to the attention of the Senate one of the most extraordinary demonstrations of what we call people's capitalism in this country, in the recapitalization of the American Telephone & Telegraph Co., which was announced in this morning's press

This company, in size and capitalization, is equivalent to the size of some of the largest governments on earth. The capitalization of its stock is today in the area of $35 billion, which is equivalent to the gross national product, for example, of Italy.

One other significant factor is that the company has 2.2 million stockholders. It has almost three times as many stockholders as employees, and of those employees, 730,000, about one-half are stockholders.

These are extremely significant facts, especially today. America holds out the hope and expectation to its working people, and to the working people of the world, that they can get two things which communism cannot give them:

One is ownership.

The other is credit.

The great demonstration of the American Telephone & Telegraph Co. lies in the first area; that is, the area of ownership, demonstrating that in our country every worker can have a working participation in the profits of business. So the old ideas of an exploiting, managerial class living off the backs of workers is completely invalidated by the triumph of the people's capitalism in the private enterprise system, such as the A.T. & T. typifies this morning.

In the field of credit, no people on earth enjoy a higher standard of living than do we, largely attributable to consumer credit which is readily available to every American who works for a living. It gives him the benefit of the finest material attributes of life, such as homes, automobiles, and appliances—almost anything he wants.

This is a potent and powerful example for the world, and a strong confirmation to us that we, too, have a system capable of having the most revolutionary impact upon mankind.

It is sometimes thought that our system is general in application, and widely diffused in terms of the parts which make up the whole and their importance to the individual—to his dignity, his future, and his well-being.

Then along comes a development like this one, which demonstrates the size, the power, and the pervasive influence of one great company, American Telephone & Telegraph Co., which demonstrates in a most dramatic way the effectiveness and the power of our system.

One of the great failures of government is a failure to utilize this system fully. For that reason I was particularly gratified when the Senate on November 8 overwhelmingly approved my amendment for an Advisory Committee on Private Enterprise in the foreign aid program. We are utilizing the private enterprise system in a most inadequate way in respect to foreign and domestic policies of the United States. Particularly in regard to foreign aid, we need to undertake a great shift of the program onto the private enterprise system.

The kind of development typified by American Telephone & Telegraph Co.'s action yesterday confirms the vast resources and success in the utilization of these resources which inheres in our system.

This action, which may soon be forgotten, represents one of the greatest validations, in terms of the so-called common man—the man on the street, the man who works for a living at a modest salary—of the power and effect of this system, greater than anything I have seen demonstrated in years.

The time has come for all of us to reaffirm in our minds that the greatest potential for the economic betterment of our own people as well as the peoples of the developing world lies in creating the maximum opportunities for the individual. It is incumbent on Government to create the necessary climate for fullest development of the strengths of the free enterprise system in the best interests of our people and Nation.

It is particularly significant to American workers and American legislators that this company has had a real triumph, signalized by this news today.

Mr. President, I ask unanimous consent that various news items with relation to this subject may 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 Times, Nov. 21, 1963]

A.T. & T. To Split Stock and Raise Its Dividend to $1—Directors Lift Annual Rate 40 Cents and Plan Offering of New Shares to Holders—News Enlivens Market—New Capital To Be Used for $3.25 Billion Expansion of Phone System

(By Gene Smith)

The American Telephone & Telegraph Co. announced yesterday that it would split its stock 2 for 1 next June.

The company also announced a 10-cent increase in its quarterly dividend, which had been 90 cents a share, and said that it would make a rights offering next March of 1 share for each 20 shares now held.

American Telephone, the world's largest corporate entity, had assets of $26.7 billion at the end of 1962. It has 2,225,000 stockholders.

The company linked the stock split, dividend increase and rights offering—all designed to attract more stockholders—to its need for large amounts of capital.

BIG EXPANSION PLAN

The company said it would spend $3.25 billion in 1964 to expand and improve its nationwide telephone system. This would be the largest construction program in the company's history.

The effect on the stock market was as dramatic as the jarring ring of a telephone in a quiet room. What had been a lethargic market burst into hectic trading when the news was announced at 12:30 p.m. The New York Stock Exchange's high-speed tickers fell behind the pace and sales were reported on an abbreviated basis.

"T"—the symbol for A.T. & T.'s stock—quickly rose to 137½ and then backed off to about 137¼. Around 2:30, "T" again came to life near the historic high of 139⅞. Once this was finally reached, a string of 4,800 shares raised it to 140, the record high for the world's most widely held issue.

STOCK RISES SHARPLY

It closed at 139⅝, up 7⅝ on the day. A total of 367,700 shares of A.T. & T. stock changed hands yesterday. Based on the 244,665,914 shares outstanding as of November 15, this meant a rise in the market value of $1,865,577,000 for the day.

The offering of additional stock will entitle the shareholders to buy about 12.25 million shares of "T" on the basis of 1 new share for each 20 shares held on the record date, February 18, 1964.

Rights to purchase these shares will be mailed early in March, and the subscription period will expire next April. The purchase price, to be determined by the board shortly before the offering, is expected to be somewhat below the market price at that time.

The proposal to split the stock will be submitted to stockholders at the annual meeting on April 15, 1964, and the additional shares will be distributed late in June, 1964.

DIVIDEND UP 40 CENTS A YEAR

After the split, the new dividend will be at a new quarterly rate of 50 cents a share on the split shares. This would be equivalent to $4 a share annually on the present shares instead of the $3.60 rate that has prevailed since the July, 1961, payment.

Next year's construction outlays of $3.25 billion will compare with $3.1 billion it will have spent this year. Only General Motors has ever spent more than $1 billion in any single year. A.T. & T. first spent $2 billion in 1956 and has since spent that much and more every year. In 1962 its outlays reached $3 billion.

The A.T. & T. stockholder can learn much from past experience. For instance, on December 31, 1960, the company announced a similar 1-for-20 offering. The record date was February 23, 1961, and subscription rights expired on April 14 of that year. That offering involved 11,191,112 shares, of which 99.9 percent were taken.

The market price in December 1960 was between 94 and 108½. In April, it was in the range of 120¼ and 130. The offering price was set at $86 a share. The $965 million raised at that time made it the largest private financing in American business history.

NEW RECORD EXPECTED

Now, with roughly 20 million more shares outstanding, coupled with the fact that the offering price should be somewhat higher, it is likely that A.T. & T. will have broken yet another corporate record of its own and of all industry.

As for dividends, A.T. & T. set its famous $9-a-share-annual payment rate May 17, 1921.

This remained a fixture of the American business scene until July 10, 1959, when the annual rate was changed to $9.90 a share following a 3-for-1 stock split in April of that year.

Based on the shares following the split, the payment was thus at a quarterly rate of 82½ cents a share. On May 17, 1961, the dividend was raised to 90 cents a share quarterly, or $3.60 a share. It would also be equal to $10.80 a share before the 3-for-1 split in April 1959. Yesterday's action means that the pre-1959 shares would now be receiving dividends at a rate of $12 a share annually.

Some idea of the gargantuan size of the A.T. & T. can be seen in a few comparisons with General Motors and other giants. The company's total assets at the end of 1962 were $26,716 million, nearly triple General Motors $9,147 million. Its stockholder fam-

ily, now numbering more than 2.2 million, is double that of General Motors and more than the total of the next three companies—General Motors, General Electric, and Standard Oil (New Jersey).

Its stockholder family has increased every year since the end of World War II. There were 695,000 owners of "T" as of December 31, 1946. Ten years later, it had grown to 1,492,000 and at the end of last year there were 2,210,000 shareholders.

Based on yesterday's closing price of $139½, the market value of A.T. & T. common stock was $34,161 million. By comparison, as of October 31, the total common stock value of all public utilities listed on the big board was $86,326 million, and the overall market volume for both domestic and foreign common stocks on the big board was $399.25 billion. Again, for comparison, the total national debt reported yesterday morning by the Treasury Department was $307,735 million.

[From the New York Times, Nov. 21, 1963]

SPENDING MARKS GROWTH OF A.T. & T.—OUTLAYS OF COMPANY SINCE 1946 TOTAL $29 BILLION

The announcement by the American Telephone & Telegraph Co. yesterday that it planned to spend at least $3.25 billion on construction next year dramatizes the fantastic growth of the company in the last few decades.

Since 1946, the world's largest corporate enterprise has expended more than $29 billion for construction purposes, such as new plants and equipment.

Since 1920, the number of telephones in the Bell System, which comprises American Telephone & Telegraph and its principal telephone subsidiaries, have increased from 8 to 76 million in 1962. Of this total, nearly 44 million telephones were added since 1945.

This growth is continuing undiminished this year. Recently, Frederick R. Kappel, chairman of the company, disclosed that in the 3 months ended August 31 it added about 550,000 telephones.

EARNINGS RATE OUTLINED

During the last 21 years, earnings of the company have increased at a rate equivalent to 9¾ percent compounded each year, while net income rose at the rate of almost 13 percent yearly.

Among the top 10 companies in the list of the favorite securities of investment companies ranked by size of dollar investment, A.T. & T. was second in rate of growth in net income over the last 10 years, and third in rate of growth over the last 20 years. Only the net income of International Business Machine Co. grew faster than the Bell System's earnings during both periods.

Keeping pace with this rate of growth was the company's shareholder list and stock outstanding. At the end of 1962, the company had 2,210,671 holders of its common stock, or an increase of 223.2 percent since 1945. As of November 15, 1963, the concern had 244,665,914 shares outstanding, or more than four times as many as at the end of World War II. Over 7 million shares were issued last year, mostly as a result of the employees' stock plan.

The A.T. & T. share owner list more than doubles the stockholder list of such large concerns as General Motors, the Standard Oil Co. of New Jersey, the General Electric Co., United States Steel, Ford Motor Co., and Bethlehem Steel.

American Telephone & Telegraph stock has long been known as the widows' and orphans' favorite. Most new owners typically start with modest holdings, and in recent years about three-quarters of the new accounts in the issue have been opened with 30 shares or less.

The company's revenues and earnings in the 12 months ended August 31, also have shown continued gains. Operating revenues advanced to $9,343,885,000 from $8,822,666,000 in the preceding 12 months. Net income rose to $1,489,074,000 from $1,410,248,000 a year earlier.

In October the Army disclosed it had awarded the largest single missile contract to Western Electric Co., A.T. & T.'s manufacturing arm. The contract for $213,385,000 is for intended research and development work on the Nike-X antimissile missile.

American Telephone is far more than a telephone wire network and service company. Its Bell Telephone Laboratories, the largest scientific research group in the world, employs about 12,000 scientists, engineers, technicians, and associates. Its research programs encompass not only projects in the communications field, but also in mathematics, physics, chemistry, metallurgy, electronics, and other fields.

[From the New York Times, Nov. 21, 1963]

BULLISH EFFECT SEEN FOR MARKET—PHONE COMPANY STOCK SPLIT IS GREETED WARMLY

(By Alexander R. Hammer)

The small investor as well as leading Wall Street brokerage houses agreed yesterday that the American Telephone and Telegraph stock split would have a bullish effect on the stock market.

In fact, more than one board watcher who was interviewed in brokerage firms around town commented that the split would "inspire other blue chip companies to do the same and move the general market into higher ground for months to come."

A typical comment came from a dress manufacturer who was watching the tape at Springarn, Heine & Co., 530 Seventh Avenue: "Stocks like the Standard Oil Co. (New Jersey) and General Motors may now follow the lead of A.T. & T. and split, thus enabling many small investors to buy the shares."

The dress producer, who declined to identify himself, said that A.T. & T. is a major factor in the Nation's economy and whatever it does usually affects the market as a whole. "This definitely is a shot in the arm for the market," he said.

DESCRIBED AS STIMULANT

Sydney Weiss, an officer in a textile processing firm, said the "split will give the market a short-term stimulant and will especially help the communication issues." He said he owned some A.T. & T. stock but didn't plan to buy any more for the time being. Mr. Weiss was interviewed in the offices of Newburger, Loeb & Co., 525 Seventh Avenue.

Officials of brokerage firms were also optimistic over the market's future as a result of the A.T. & T. split. Robert B. Johnson, director of research of Paine, Webber, Jackson & Curtis, said "the action will be bullish for the short-term and its influence should carry well into the coming year."

CONFIDENCE IS AIRED

At Bache & Co., Monte Gordon, director of research, had this to say: "The split highlights the flood of dividend increases which have been coming in the last few weeks and which we expect will continue and also points to the basis for a market recovery."

At the board-room of Sartorius & Co., with offices in the Astor Hotel, Julius Charnow, a real-estate operator, said that the telephone company's action would have a good long-term effect on the market in general. Mr. Charnow added that the split "should encourage investors to stick to true-blue proven securities."

"It's marvelous," commented Warren O'Hara, a theater manager for Leland Heyward, the Broadway producer. He said that he paid $113 for the stock 3 years ago. It closed yesterday at 139⅝. Mr. O'Hara was confident that the market as a whole would benefit because of the split.

[From the New York Times, Nov. 21, 1963]

STOCK SPLITS SET CORPORATE TREND—ACTION USUALLY LEADS TO AN INCREASE IN SHAREHOLDERS

(By Elizabeth M. Fowler)

In these days of catering to stockholders, American corporations have become stock-split conscious.

That was evident yesterday when the American Telephone & Telegraph Co. opened a package of Christmas cheer for its shareholders that included a dividend increase and a two-for-one stock split.

The New York Stock Exchange defines a stock split as a distribution involving 25 percent or more. It calls anything below that level a stock dividend.

They like to increase their shares through splits for several reasons. Generally, more shares at lower prices mean more stockholders. An ample supply of shares helps keep prices stable. Companies also believe that it is human nature for stockholders to favor the products of the companies whose shares they own.

On an idealistic plane, company officials like to say that, in a democracy, the ever-growing army of shareholders is an important bulwark. American shareholders total about 17 million persons, and splits could increase the total.

A stock split does not mean that a shareholder owns more of the company. But it tends to have a psychological effect. A stockholder who owned 100 shares likes the feeling of owning 200, even if the outstanding stock of the company increases, from 1 to 2 million.

Furthermore, he has heard the idea that companies don't usually split their shares unless earnings prospects are bright. Also, an increased dividend often accompanies a stock split.

Much of the experience with stock splits came in 1959 when a record number of companies split their shares, about 20 percent more than in 1962.

THE 1963 TOTAL NOT BIG

This year the number has not been large as the market recovered from the 1962 break. Moody's Investors Service reports that, through November 18, the stock split of the companies whose records it follows totaled only 201, compared with 315 for all of 1962.

Among the more important stock splits, Moody's cites Chrysler, American Sugar, Cleveland Electric, Deere & Co., Singer Manufacturing, all of which split two for one, the most popular ratio.

It cited Lockheed Aircraft's split of four for three; Syntex, three for one, and Colgate Palmolive, five for four.

The bullish effect of stock splits can be seen in the case of Chrysler.

Before its first two-for-one split, in May, a share could have been bought for 73⅜ on December 31, 1962. The same Chrysler shareholder would now hold two shares worth a total of $170 at yesterday's closing price. Furthermore, the dividend rate was kept at 25 cents a share, so he would now receive 50 cents a quarter.

The company has recently decreed another two-for-one split, effective early next year, and again a 25-cent-a-share dividend.

One Wall Streeter who has long advocated more stock splits, Harold Clayton, of Hemphill, Noyes & Co., said the announcement by A.T. & T. could lead to a boom in stock splits for 1964.

He said that in September 1958, several months before A.T. & T. announced a three-for-one split, the stock sold at about 175 and rose. At the peak of the market in December 1961, it sold at 139⅞, the equivalent of 419⅝. Yesterday A.T. & T. closed at 139⅝, or 418⅞ for three shares.

"That amounted to a $17 billion increase in the value of A.T. & T. stockholders' shares," he explained. Other companies hastened to split their shares.

He says that not only will the split announcement encourage many other companies to do the same but that, in 2 or 3 years, "We will see yearly trading on the New York Stock Exchange of 2 billion shares."

So far in 1963 1,015,821,000 shares have changed hands. In 1929 a record of 1,534 million shares were traded.

TEMPORARY INCREASE IN PUBLIC DEBT LIMIT

The Senate resumed the consideration of the bill (H.R. 8969) 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.

Mr. WILLIAMS of Delaware. Mr. President, in connection with the bill under consideration, the purpose of which is to increase the debt ceiling to $315 billion until next June, I have listened to my good friend the Senator from Florida and the arguments he has made. I have listened with interest to his prediction that a catastrophe will occur if the Senate does not act prior to November 30 and thereby permit the debt ceiling to return to $285 billion.

The Senator emphasized how unrealistic such a suggestion would be and how impossible it would be to obtain that objective. I agree fully with that. No one is suggesting that we permit the debt ceiling to go back to $285 billion. That would, in effect, be a repudiation of $20 billion to $25 billion of our outstanding debt.

The minority leader very ably pointed this out in the Finance Committee when the committee was discussing the bill. I thought he made a rather constructive suggestion—that Congress should face the facts and stop kidding the American people about the ceiling going back to $285 billion at any time in the foreseeable future.

At that time, the minority leader, as a member of the Finance Committee, suggested that we provide a permanent debt ceiling of $300 billion, which at least would be a realistic recognition of the true situation. I have not discussed this with him today, but the minority leader is now in the Chamber. I am sure he still feels the same way about the subject.

In order to prevent such a catastrophe from occurring—as predicted by the Senator from Florida—and so that we can assure the American people that the catastrophe will not occur, would my friend, the Senator from Florida, who is in charge of the bill, be willing to accept an amendment to this bill increasing the permanent debt ceiling from $285 billion to $300 billion? This would put it on a realistic basis so that the American people would not be kidded about what is to be done.

Furthermore, this is directly in line with the arguments by the Senator from Florida in support of the bill.

Before I proceed further with my remarks, I wonder if the Senator from Florida would accept an amendment to carry out that objective.

Mr. SMATHERS. Mr. President, in response to the able Senator from Delaware, this question was discussed in the Finance Committee. It has been under discussion for some time. I do not have the authority to accept such an amendment, and I would not on this occasion do so here on the floor.

I could not accept an amendment to make the debt ceiling permanent at any figure—$315 billion, or $290 billion, or whatever figure might be suggested by my friend the Senator from Delaware or the able Senator from Illinois.

I agree to a large extent with what the Senator has said. The Senator from New Mexico [Mr. ANDERSON] has at times made the same point.

Mr. WILLIAMS of Delaware. Yes. The Senator from New Mexico and I have offered this suggestion on preceding occasions.

Mr. SMATHERS. There should be a time when we can consider the debt ceiling only once a year, whether the ceiling we consider is permanent or temporary. However, it should be clear that a permanent ceiling which does not face realities, such as one of $300 billion, is no better than a temporary ceiling, since we would still have to raise it every year. In addition, there is an advantage in a temporary ceiling in that it gives us an opportunity to review our overall budget and fiscal situation. Frankly, I do not believe the majority of the members of the Finance Committee would wish to proceed by raising the permanent ceiling. Also, if we did so, we would not know what figure to insert for the debt ceiling. Our future debt position is too uncertain.

I agree that it should be above $285 billion. Some Senator suggested it ought to be $300 billion. I believe the Senator from Illinois [Mr. DIRKSEN] suggested $300 billion. The Senator from New Mexico [Mr. ANDERSON] wished to make it $315 billion.

Realistically, we know that the costs of the Government will go up in some respects, and we shall have a deficit next year. A realistic permanent ceiling probably should be set even higher than is now suggested but I do not know how much higher.

I do not believe we have the information to realistically deal with a permanent ceiling at this time.

Mr. WILLIAMS of Delaware. Mr. President, I thank my friend, the Senator from Florida, for his statement, but I regret that he will not accept the suggestion. It merely demonstrates what I have said before. The reason we are continually faced with these threats of dire catastrophies every 60 days is that the administration and those who support the bill under consideration love to travel every 60 days from crisis to crisis. They thrive on it. They have rejected time and time again an opportunity to put the national debt on a realistic basis.

I have regretted the fact that it is necessary for Congress to consider increasing the debt ceiling to cover the expenditure policies of an administration, especially when that administration has no desire whatever to curtail its spending. Quite the contrary, it boasts of the fact that it can plan deficits and create an ever greater and greater debt.

The mere fact that today the administration rejects an opportunity given by those of us who would like to curtail the spending, to raise the figure of $285 billion to a more realistic basis, completely explodes the argument which was made before that they are so greatly concerned about what might happen. If the administration is concerned about what might happen let us correct this situation so that such a catastrophe can never occur.

The reason we are again today being asked to provide the extension is that the administration rejected and urgently asked the Senate to defeat a proposal which was approved by a majority vote of the Committee on Finance in June, and which would have extended the debt ceiling for a full year. Then it would not be necessary every 60 days to act in the face of an emergency with people saying, "If we do not act today we will invalidate $20 to $30 billion worth of bonds."

I say again that the only explanation I have of this situation is that there is an administration in the White House which is so fiscally irresponsible in the management of the debt that it loves to have these emergencies arise every 60 days to give it something to talk about.

They either ignore or do not realize that they are tinkering with the solvency of our Government.

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

Mr. WILLIAMS of Delaware. I yield to the Senator from Kansas.

Mr. CARLSON. I appreciate the Senator's yielding to me.

The Senator stated, I believe—if he did not, it is fact—that this is the third time this year that we have been faced with a request to increase the debt limit.

Mr. WILLIAMS of Delaware. It is the third time since June.

Mr. CARLSON. It is interesting to glance at the bill. I have made a little analysis of the bill. I shall read sections of it. It reads in part as follows:

> During the period beginning on December 1, 1963, and ending on June 30, 1964, the public debt limit sets forth in the first sentence of section 21 of the Second Liberty Bond Act, as amended—

This is supposed to be a figure of $285 billion, which the Senator from Delaware has mentioned, and which I think we all agree is completely unrealistic. We do not repeal it; it is still a part of the law. The next part of the bill reads:

> shall be temporarily increased to $309,000,000,000.

One would think that would be another temporary debt ceiling. It is, but many persons try to leave the impression that we are going to have a $315 billion debt limit available to deal with. It is referred to as "another temporary increase."

I analyzed the figures, because I found them interesting. We put that temporary amount on top of the permanent amount. Then, as if that does not confuse the people enough, we confuse the people more by stating:

> Because of variations in the timing of revenue receipts, the public debt limit as increased by the preceding sentence is further increased through June 29, 1964, by $6,000,000,000.

Mr. WILLIAMS of Delaware. Yes. This is a temporary increase on a temporary increase of what was a temporary increase on the permanent debt. This is silly. I hope someone can unravel that—I cannot.

Mr. CARLSON. It works out as follows: We would have a $309 billion debt limit until June 30, 1964, but from December 1 to June 29, 1 day before, another $6 billion would be added.

This bill is a measure to increase the borrowing authority of the Government next year to $315 billion. It is not necessarily what we call an increase of the debt limit. We give the Treasury $309 billion. First it is $285 billion. Then it is $309 billion. Then we let them borrow $6 billion temporarily.

We should be honest about this. The Senator from Delaware has said we might make the limit $300 billion and make it somewhat realistic.

Mr. WILLIAMS of Delaware. I thank the Senator. I would support such a proposal. I see no reason for expending about two pages of printer's ink to confuse the American people about the fact that we are today creating a new peak in the debt limit. We should be a bit more honest. This bill raises the debt limit to $315 billion. Whether it is raised on a temporary increase on a temporary increase on what was a temporary increase basis is only secondary.

I repeat, the reason we are faced with this proposal every 60 days is that the administration rejected a proposal of the Finance Committee that it should be done for a full year. The administration would rather have emergency after emergency, every 60 days. I do not know whether it has a package of speeches written which they want to use or not. Those speeches must be mimeographed—they all sound alike. It is the same argument we received on June 30. It is the same argument we received on September 30. It will be with us again next year. I think they should face the problem and stop fooling around trying to fool the American people.

I want to add one additional suggestion to the list of suggestions that could be used by the administration to control the debt. The Senator from Florida [Mr. SMATHERS] listed 10. I want to add one more step that could be taken in connection with the public debt, and that is that the administration could stop spending so much until such time as revenues equaled expenditures. That suggestion has not been mentioned here. As I see it, it has not been thought of even as a remote possibility on the part of anyone connected with this administration.

Yet if we examine the record going back to 1933 we find that only six times has our Government lived within its income.

I joined the chairman of the committee in complimenting Mr. Heller for his honesty when he appeared before our committee and frankly admitted that the administration had no intention of reducing spending. Not only that but he said they intended to increase expenditures by $4 to $6 billion each year for the next several years. I disagreed with his reasoning, but I did compliment him for his honesty in acknowledging their spendthrift policies.

Expenditures under this administration as projected for the next year will be $98.4 billion, which is an increase of $21 billion over what was spent in 1960.

I think it is high time to stop and examine the question of how long we can continue building up the deficits.

I have tabulated the deficits for the past 4 years, including the 1964 estimates. In the first 4 years of this administration—and I hope the only 4 years—it has spent $28 billion more than its income. A deficit of $28 billion in 4 years is an average of $7 billion a year. That is $600 million a month. It means that every hour, 24 hours a day, 365 days a year, this administration is going into debt to the extent of nearly $1 million. It is spending approximately $1 million per hour, 365 days a year, over and above its income and is boasting about it.

The former Director of the Budget, Mr. Bell, said, "We planned it that way. We planned these deficits." Yes, apparently they hope to spend more and more.

Moreover, to correct this deficit, salary increases for Government employees are proposed with increases of about 40 or 50 percent for the top executives, who are responsible for the debt. In addition, it is proposed to cut taxes.

This is the first time in the history of this country that an administration has proposed to solve the debt problem by increasing the debt, increasing salaries, and cutting taxes, while at the same time the administration is accelerating spending and operating at a deficit running close to $1 billion a month.

Of this proposed increase in the debt ceiling, $1.8 billion is to raise the ceiling so that the Government can borrow money to finance the proposed tax cut for the first 6 months of next year. This will not finance the tax cut for the full year. The full effect of the tax cut will not take effect until after June 30 of next year. Therefore, if the tax cut bill goes through they will be back in June asking for another increase in the debt ceiling by another $5 to $8 billion to finance the full effect of the proposed tax cut for the remainder of 1964. Yes, they admit they plan to borrow the money in order to make a tax cut.

The administration has no plans to curtail expenditures. Spend—spend—borrow—borrow—and get elected is the motto on the New Frontier. Of course the benefit of a crisis now and then is not ignored. Someone has said that this is the first administration that could move from crisis to crisis without ever having a policy.

The other day I said that it used to be rather popular for a public official, when making a speech on the platform, to say that all he was or ever hoped to be he owed to his mother. We shall have to change that. We shall now hear men going around the country boasting that "all I am enjoying today, or all I ever hope to enjoy I owe to my grandchildren."

It is about time to add a "grandchild" amendment to some of the appropriation bills.

In order that the American people may understand exactly what is being proposed by financing a tax cut on borrowed money I suggested in committee that the request with respect to the debt ceiling be reduced by $1.6 billion.

The figure of $1.6 billion has been accepted by the Director of the Budget and the Secretary of the Treasury as the amount necessary to take care of financing the proposed tax cut for the first 6 months of next year. I suggest that the authorization be reduced by that amount; and if the tax bill were reported and passed we could then add a new section to the tax bill increasing the national debt limit by the amount necessary for the Treasury to have the authority to borrow the money to finance the tax cut. Then when Congress voted on the tax cut the American people would know exactly how it was going to be financed; they would know it would be financed on borrowed money. The Secretary of the Treasury and the Director of the Budget rejected that request. They want the money in advance to enable them to borrow the money to finance the tax cut. My suggestion is that when the tax bill is before us we add a new section so that the debt ceiling can be increased by whatever amount is necessary for the Treasury Department to borrow the money to finance the tax cut. In that way the people would find out who Santa Claus was. Then when each taxpayer takes credit for the tax cut he can at the end of the year look at his children and say, "This is your gift to me—you will be paying for this 50 years from now."

To carry out this objective, I send to the desk an amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 2, line 2, it is proposed to strike out the figure "$6,000,000,000" and to insert in lieu thereof the figure "$4,400,000,000."

Mr. WILLIAMS of Delaware. The purpose of the amendment is to reduce the requested increase in the debt ceiling to the exact amount which both the Secretary of the Treasury and the Director of the Budget agreed would be required without a tax cut bill passing. Then, if and when the tax cut passes we can add a new section to that bill increasing the debt sufficiently to take care of the loss in revenue.

This is a fiscally responsible proposal, and I hope the Senator in charge of the bill will accept the amendment.

Mr. DIRKSEN. Mr. President, when the distinguished Senator from Delaware speaks about grandchildren, he touches a tender spot. I recall being on the platform at the Waldorf-Astoria Hotel several years ago, to help raise money for the great party with which I am identified. On that occasion there were three Governors on the platform—one from the State of the Presiding Officer [Mr. RIBICOFF], one from New York, and one from New Jersey. I believe it was the Governor of Connecticut who, in the course of his short speech said:

Would it not be wonderful if we could have our unborn grandchildren here tonight so that they might see what fun we are having spending the money that they will have to pay back.

Therefore, my good friend from Delaware touches a sensitive nerve when he talks about children, grandchildren, and even unborn grandchildren.

I think of the public debt in terms of a great national escalator. I shall never ride on an escalator again without thinking about the public debt. It has been escalating far beyond my memory.

Back at the turn of the century, when life was sweet and not fast and furious, our debt was $1,200 million. In 10 years it had reached $25 billion. It dropped to $16 billion in 1930. That is about the only descent on the escalator that the debt ever accomplished, because progressively every decade it went up, and by 1943 our debt went over the $100 billion mark.

By 1944 it went above $200 billion. In all candor, one must admit that we had to win a war. But it has continued to go up. In 1950 it reached $257 billion. By progressive stages it now will go to $315 billion.

It is said that this is a temporary ceiling. We started with the temporary ceilings in 1954. Therefore we have had about 10 temporary increases.

I believe the temporary ceiling is going to be like the popular song that Eartha Kitt used to sing some years ago: "Annie Doesn't Live Here Any More." The $285 billion as a permanent ceiling does not live here any more, either; it is going to go indefinitely higher.

If anyone has any doubt about it, I suggest that he listen to a few lines from the gospel. On page 22, as recorded in our hearings, I am shown as addressing a question to the distinguished Secretary of the Treasury. I said:

> Assuming your deficit in 1964, 1965, 1966 in the range of what you anticipate, what kind of a ceiling would you have to request, let us say, after the date of June 29 next year and June 30, 1965, and June 30, 1966?

On the basis of the deficit that the Secretary himself estimated for the committee, he finally answered this question of mine:

> The debt ceiling could conceivably rise to $330 billion?
>
> Secretary DILLON. It could conceivably for 1966; yes.

I do not believe that is the jumping-off place. It is going to go up. This is an escalating debt. Unless Webster is wrong, escalation really means to go up, even though in department stores one can go up or down on an escalator. Escalation, however, still means going up. This is going up, because no one believes that the cold war will come to an end very quickly, and no one believes that there will be a precipitous drop in our defense spending. Therefore, I anticipate that it will rise even beyond the figure of $330 billion.

I do not believe that we are afraid of debt anymore. I remember my frugal old mother, who shied away from debt as if it were a leprous thing. Even Jefferson, from the home of a great Commonwealth that gave us our distinguished chairman of the Committee on Finance, knew of the danger, because he wrote a letter to Governor Plummer of his State, 147 years ago, in which he said:

> I place economy among the first and most important of Republican virtues, and public debt as the greatest of the dangers to be feared.

Mr. President, a debt is a speculation on time and future. When a young man borrows to go to college, it is a speculation on his future. When a person buys a house, a mortgage is placed on it. That is an incumbrance. It is a speculation involving the ability to hold a job and pay off the mortgage, and have a habitation of his own. That is testimony to the deep, abiding, acquisitive instinct in all people.

That is why we are essentially a Nation of homeowners.

However, when a person incurs a debt he ought to think of it rather fearfully, as something to be paid off. Today I do not believe people generally seem to fear debts.

Perhaps that is why they receive no response from this or any other deliberative branch, thinking that perhaps the debt ceiling will somehow discourage greater and greater spending. When the press picked up an observation I made in committee the other day about being realistic in setting the permanent ceiling at $300 billion, which is realistic ceiling in terms of the future, as I see it, I received a good many letters, some from good friends of mine, fairly scolding me about it, and saying, "How careless of you to think of the debt at a $300 billion level."

If the Secretary of the Treasury is correct, by 1966 fiscal year the spread between the permanent ceiling and where we will be then will be $45 billion.

Now let some miracle man, some genie, drop from the planet Mars this minute, catapult himself through the gorgeous ceiling of this Chamber, and give us the magic word as to how, in the foreseeable years of the lifetime of anyone now living, we shall ever retrieve enough difference between expenditures and revenue to keep the debt within reasonable bounds. That was the reason for suggesting that perhaps the people back home believe that if we set the ceiling and keep it there, it will act as a curbstone on the top of expenditures to hold them down.

I have seen no such force. I have seen no such reflection in the expenditure field as a result of such a debt ceiling. I am disinclined to delude people. I am disinclined to disillusion them, too. But I like to be realistic, because we are confronted with estimated deficits by no less an authority than the Secretary of the Treasury, who gives us the figures and says, "Conceivably, yes, by fiscal 1966, the debt could rise to $330 billion."

I try to scare people. Once in a while I tell them the story about the chap who got off on the wrong floor in the Peoria Hospital. He got off on the floor where the babies were sequestered in a room, in baskets, with tags on them. Some were squalling and bawling, some were whimpering, some were smiling a little. He looked at them for a moment. Then came a nurse. She had a long, dour visage.

He said, "Nurse, what are those little brats squalling about?"

She said, "Well, Mister, if you were out of a job, and you owed your proportionate share of $1,700 of the public debt, and your pants were wet, you would squall, too."

But somehow or other, we do not squall about the debt any more. We allow ourselves to be deceived a little by our hopes that somehow we will get out of this well, after all.

When I was a very junior Member of Congress long ago, a former minister told me this story, while we were sitting in the front row of the House of Representatives:

He said, "The teacher said to Johnny, 'A cat fell into a well. The well was a hundred feet deep. Suppose the cat climbed up 1 foot, then fell back 2 feet after every time it had climbed 1 foot. How long would it take to get the cat out of the well?'

"Johnny went to work with his slate. Thirty minutes later the teacher came down the aisle and said, 'Johnny, how are you getting along?'

" 'Well, teacher,' he said, 'if I have about 15 minutes more and can have additional slate and pencils, I think I can land that cat in hell.' "

So we climb up a little and fall back. We climb up, and we fall back twice as much as we climb up. The result is what? An escalating debt. There it is for all the world to see. Somehow, the debt holds no terror. It gives us no sense of apprehension. Yet, I think it should.

That is all I have to say. I shall vote for the amendment offered by the distinguished Senator from Delaware [Mr. WILLIAMS]. But I add this conclusion. We must pay our bills. Either we pay or we repudiate. One can find comfort in fighting against the debt ceiling; but I do not think it is realistic, because if ever we have to repudiate our bills, what do we think would happen to the credit of this country when we marched to the bourses and the areas of commerce in all sections of the earth? I would not like to be around, very close, when, as the French say, the denouement came—and it will come inevitably, if ever we undertake to repudiate the debt and face realism. I wish the situation were more realistic. I would be willing to see our permanent ceiling go at least to $300 billion and then say to the people, "Somehow, we will try to contrive not to delude you any longer, regardless of what the economic or political implications might be."

That is the whole story. Unless other Senators have something to contribute, I believe Senators are ready to vote.

Mr. WILLIAMS of Delaware. Mr. President, on my amendment I ask for the yeas and nays.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Delaware. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YOUNG of Ohio (when his name was called). On this vote, I have a pair

with the distinguished junior Senator from Louisiana [Mr. LONG]. If the Senator from Louisiana [Mr. LONG] were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "yea." I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from Oklahoma [Mr. EDMONDSON], the Senator from North Carolina [Mr. ERVIN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE] is absent because of illness.

I further announce that the Senator from Connecticut [Mr. DODD] is absent due to a death in the family.

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Connecticut would vote "nay," and the Senator from Arizona would vote "yea."

On this vote, the Senator from California [Mr. ENGLE] is paired with the Senator from Oklahoma [Mr. EDMONDSON]. If present and voting, the Senator from California would vote "nay," and the Senator from Oklahoma would vote "yea."

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from Nebraska [Mr. HRUSKA]. If present and voting, the Senator from Massachusetts would vote "nay," and the Senator from Nebraska would vote "yea."

On this vote, the Senator from New Mexico [Mr. MECHEM] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Iowa would vote "yea."

On this vote, the Senator from Maine [Mr. MUSKIE] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Maine would vote "nay," and the Senator from Kentucky would vote "yea."

On this vote, the Senator from Texas [Mr. YARBOROUGH] is paired with the Senator from Wyoming [Mr. SIMPSON]. If present and voting, the Senator from Texas would vote "nay," and the Senator from Wyoming would vote "yea."

On this vote, the Senator from Oregon [Mr. MORSE] is paired with the Senator from Mississippi [Mr. STENNIS]. If present and voting, the Senator from Oregon would vote "nay," and the Senator from Mississippi would vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is absent because of a death in his family.

The Senator from Iowa [Mr. MILLER] and the Senator from Wyoming [Mr. SIMPSON] are absent on official business.

The Senator from Colorado [Mr. ALLOTT], the Senator from New Jersey [Mr. CASE], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from New Mexico [Mr. MECHEM] is detained on official business.

If present and voting, the Senator from Colorado [Mr. ALLOTT] would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Arizona would vote "yea," and the Senator from Connecticut would vote "nay."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from Masachusetts would vote "nay."

On this vote, the Senator from New Mexico [Mr. MECHEM] is paired with the Senator from Missouri [Mr. LONG]. If present and voting, the Senator from New Mexico would vote "yea," and the Senator from Missouri would vote "nay."

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Kentucky [Mr. MORTON] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from Kentucky would vote "yea," and the Senator from Maine would vote "nay."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Texas [Mr. YARBOROUGH]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Texas would vote "nay."

The result was announced—yeas 35, nays 44, as follows:

[No. 250 Leg.]

YEAS—35

Aiken	Ellender	Prouty
Beall	Fong	Proxmire
Bennett	Hickenlooper	Robertson
Boggs	Holland	Russell
Byrd, Va.	Javits	Saltonstall
Carlson	Jordan, Idaho	Scott
Cooper	Keating	Smith
Cotton	Kuchel	Thurmond
Curtis	Lausche	Tower
Dirksen	McClellan	Williams, Del.
Dominick	Mundt	Young, N. Dak.
Eastland	Pearson	

NAYS—44

Anderson	Hartke	Monroney
Bartlett	Hayden	Moss
Bayh	Hill	Nelson
Bible	Humphrey	Neuberger
Brewster	Inouye	Pastore
Burdick	Jackson	Pell
Byrd, W. Va.	Johnston	Randolph
Cannon	Jordan, N.C.	Ribicoff
Church	Magnuson	Smathers
Clark	Mansfield	Sparkman
Douglas	McCarthy	Symington
Fulbright	McGovern	Talmadge
Gore	McIntyre	Walters
Gruening	McNamara	Williams, N.J.
Hart	Metcalf	

NOT VOTING—21

Allott	Edmondson	Goldwater
Case	Engle	Hruska
Dodd	Ervin	Kennedy
Long, Mo.	Miller	Simpson
Long, La.	Morse	Stennis
McGee	Morton	Yarborough
Mechem	Muskie	Young, Ohio

So the amendment of Mr. WILLIAMS of Delaware was rejected.

Mr. WILLIAMS of Delaware. Mr. President, I ask for the yeas and nays on passage of the bill.

The yeas and nays were ordered.

Mr. WILLIAMS of Delaware. Mr. President, I regret that the Senate has rejected this amendment. Had it been accepted I would have voted for the bill extending the debt limit since, regardless of my criticism of expenditures, I realize that once these expenditures are made they must be financed.

I am, however, strongly opposed to the administration's plan to finance a $10 billion tax cut on borrowed money. Everyone recognizes that in the face of the administration's position, wherein they flatly refuse to reduce spending, there is no possible manner whereby a tax cut can be financed except by raising the debt limit and borrowing the money.

At the present time we are operating at a deficit approximating $1 billion per month. Expenditures this year will be $21 billion higher than they were just 5 years ago. Our projected deficit for the current fiscal year is nearly $12 billion.

In the face of these statistics it is fiscally irresponsible for the administration to propose salary increases, larger Federal grants for every segment of our economy, and an annual increase in spending of nearly $5 billion. On top of all of this they now promise a tax cut and openly admit that they are financing this tax cut with borrowed money.

The Senate, by its vote, has just indicated its willingness to go along with this plan to raise the debt to finance this tax cut. Therefore, I know of no other way to protest this action than to cast a negative vote on the final passage of this bill.

I have prepared a table showing the record of expenditures and deficits for the past 64 years, or since 1900.

This chart shows the tax increases, tax reductions, and rates of unemployment for each of these years with such statistics broken down by administrations.

I have credited the years 1947 and 1948 to the Republican Party since President Truman disclaimed any responsibility for the 80th Congress.

This chart shows that over 95 percent of our national debt has been created under Democratic administrations.

It shows that of the 10 tax reductions since 1913, 8 were given to the American people by the Republican Party.

Of the 25 balanced budgets since 1900, 22 were under the Republican Party. In only 3 years since 1900 has the Democratic Party ever lived within its income.

Of the 15 tax increases since 1913, 13 were put on the American taxpayers by the Democratic Party.

Futhermore, the record shows that the average unemployment in the 34 years in which the Republican Party had control of the Government was 5.6 percent of the labor force as compared to an average unemployment rate of 8.5 percent for the 30 years in which the Democratic Party controlled the White House.

All of these statistics, along with notations as to their sources, appear in this chart.

I ask unanimous consent to have this table printed in the RECORD at this point.

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

Year	Administrative budget (millions) [1]						Civilian labor force (millions) [2]			Percent of total labor force unemployed	Individual tax rates [3]		National debt (billions) [4]	Gross national product in current dollars (billions) [5]
	Receipts	Expenditures	Republicans		Democrats		Total	Employed	Unemployed		Increase or decrease	1st bracket rates (percent)		
			Surplus	Deficit	Surplus	Deficit								
Republican:														
1901	$588	$525	$63						0.7	2.4			$1.2	
1902	562	485	77						.8	2.7			1.1	
1903	562	517	45						.8	2.6			1.1	
1904	541	584		$43					1.4	4.8			1.1	
1905	544	567		23					1.0	3.1			1.1	
1906	595	570	25						.2	.8			1.1	
1907	666	579	87						.6	1.8			1.1	
1908	602	659		57					2.9	8.5			1.1	
1909	604	694		89					1.8	5.2			1.1	
1910	676	694		18					2.1	5.9			1.1	
1911	702	691	11						2.2	6.2			1.1	$36.2
1912	693	690	3						1.9	5.2			1.1	39.8
Democrat:														
1913	714	715				[6]			1.6	4.4	First enacted	1.0	1.1	40.0
1914	725	725				[6]			3.1	8.0		1.0	1.1	39.0
1915	683	746				$63			3.8	9.7		1.0	1.1	40.5
1916	762	713			$48				1.9	4.8	Increase	2.0	1.2	48.9
1917	1,100	1,954				853			1.9	4.8	do	2.0	2.9	61.1
1918	3,630	12,662				9,032			.5	1.4	do	6.0	12.4	77.1
1919	5,085	18,448				13,363			.9	2.3	Decrease	4.0	25.4	84.9
1920	6,649	6,357			291				1.6	4.0		4.0	24.2	91.9
Republican:														
1921	5,567	5,058	509						5.0	11.9	do	4.0	23.9	70.3
1922	4,021	3,285	736						3.2	7.6		4.0	22.9	75.0
1923	3,849	3,137	713						1.3	3.2	Decrease	3.0	22.3	86.2
1924	3,853	2,890	963						2.4	5.5	do	2.0	21.2	85.9
1925	3,598	2,881	717						1.8	4.0		1.5	20.5	94.5
1926	3,753	2,888	865						.8	1.9	Decrease	1.5	19.6	98.6
1927	3,932	2,837	1,155						1.8	4.1		1.5	18.5	96.5
1928	3,872	2,933	939						2.0	4.4	Decrease	1.5	17.6	98.8
1929	3,861	3,127	734				49.1	47.6	1.5	3.2	do	.5	16.9	104.4
1930	4,058	3,320	738				49.8	45.4	4.3	8.7	Increase	1.5	16.1	91.1
1931	3,116	3,577		462			50.4	42.4	8.0	15.9		1.5	16.8	76.3
1932	1,924	4,659		2,735			51.0	38.9	12.0	23.6	Increase	4.0	19.4	58.5
Democrat:														
1933	1,997	4,598				2,602	51.5	38.7	12.8	24.9		4.0	22.5	56.0
1934	3,015	6,645				3,630	52.2	40.8	11.3	21.7	Increase	4.0	27.0	65.0
1935	3,706	6,497				2,791	52.8	42.2	10.6	20.1	do	4.0	28.7	72.5
1936	3,997	8,422				4,425	53.4	44.4	9.0	16.9		4.0	33.7	82.7
1937	4,956	7,733				2,777	54.0	46.3	7.7	14.3		4.0	36.4	90.8
1938	5,588	6,765				1,177	54.6	44.2	10.3	19.0		4.0	37.1	85.2
1939	4,979	8,841				3,862	55.2	45.7	9.4	17.2		4.0	40.4	91.1
1940	5,137	9,055				3,918	55.6	47.5	8.1	14.6	Increase	4.4	42.9	100.6
1941	7,096	13,255				6,159	55.9	50.3	5.5	9.9	do	10.0	48.9	125.8
1942	12,547	34,037				21,490	56.4	53.7	2.6	4.7	do	19.0	72.4	159.1
1943	21,947	79,368				57,420	55.5	54.4	1.0	1.9	do	19.0	136.6	192.5
1944	43,563	94,986				51,423	54.6	53.9	.6	1.2	do	23.0	201.0	211.4
1945	44,362	98,303				53,941	53.8	52.8	1.0	1.9	Decrease	23.0	258.6	213.6
1946	39,650	60,326				20,676	57.5	55.2	2.2	3.9		19.0	269.4	210.7
Republican (80th Cong.):														
1947	39,677	38,923	754				60.1	57.8	2.3	3.9		19.0	258.2	234.3
1948	41,375	32,955	8,419				61.4	59.1	2.3	3.8	Decrease	16.6	252.2	259.4
Democrat:														
1949	37,663	39,474				1,811	62.1	58.4	3.6	5.9		16.6	252.7	258.1
1950	36,422	39,544				3,122	63.0	59.7	3.3	5.3	Increase	17.4	257.3	284.6
1951	47,480	43,970			3,510		62.8	60.7	2.0	3.3	do	20.4	255.2	329.0
1952	61,287	65,303				4,017	62.9	61.0	1.9	3.1	do	22.2	259.1	347.0
Republican:														
1953	64,671	74,120		9,449			63.8	61.9	1.8	2.9		22.2	266.0	365.4
1954	64,420	67,537		3,117			64.4	60.8	3.5	5.6	Decrease	20.0	271.2	363.1
1955	60,209	64,389		4,180			65.8	62.9	2.9	4.4		20.0	274.3	397.5
1956	67,850	66,224	1,626				67.5	64.7	2.8	4.2		20.0	272.7	419.2
1957	70,562	68,966	1,596				67.9	65.0	2.9	4.3		20.0	270.5	442.8
1958	68,550	71,369		2,819			68.6	63.9	4.6	6.8		20.0	276.3	444.5
1959	67,915	80,342		12,427			69.3	65.5	3.8	5.5		20.0	284.7	482.7
1960	77,763	76,539	1,224				70.6	66.6	3.9	5.6		20.0	286.3	503.4
Democrat:														
1961	77,659	81,515				3,856	71.6	66.7	4.8	6.7		20.0	288.9	518.7
1962	81,409	87,787				6,378	71.8	67.8	4.0	5.6		20.0	298.2	553.9
1963	86,400	92,600				6,200	[7] 75.1	[7] 70.8	[7] 4.3	[7] 5.7		20.0	304.8	
1964	[8] 86,900	[8] 98,802				[8] 11,902						20.0	[8] 315.6	
Total			21,999	35,419	3,849	296,888								
Less surpluses				21,999		3,849								
Cumulative deficits, each party				13,420		293,039								

[1] Source: Budget, fiscal year ending June 30, 1964, p. 422.
[2] Source: 1901 through 1928: P. 215 of "The Measurement and Behavior of Unemployment" by National Bureau of Economic Research, Princeton University Press.
1929 through 1946: P. 206 of "Statistical Abstract of the United States, 1959."
1947 through 1963: U.S. Department of Labor, Bureau of Labor Statistics.
[3] Source: Joint Committee on Internal Revenue Taxation.
[4] Source: Budget, fiscal year ending June 30, 1964, p. 422.
[5] Source: "Facts and Figures on Government Expense, 1962-63," Tax Foundation, p. 49.
[6] Less than $500,000.
[7] July 1963.
[8] Estimate.

NOTE.—Variations in totals result from rounded figures.

Statistics assembled by JOHN J. WILLIAMS, U.S. Senator, September 1963.

RECAPITULATION, 1900-64 (64 YEARS)

	Republican (34 years)	Democrat (30 years)
Balanced budgets	22	3
Unbalanced budgets	12	27
Cumulative deficits (billions)	$13.4	$293
Percent of national debt	4.4	95.6
Average unemployment (percent)	5.6	8.5
Tax reductions	8	2
Tax increases	2	13
Depressions	1	0
Wars	0	3

The PRESIDING OFFICER. The bill is open to amendment. If there be no further amendment to be proposed, the question is on the third reading of the bill.

The bill was ordered to a third reading, and was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass? On this questions the yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. CARLSON (when his name was called). On this vote I have a pair with the Senator from Louisiana [Mr. LONG]. If he were present and voting, he would vote "yea"; if I were at liberty to vote I would vote "nay." Therefore, I withhold my vote.

The rollcall was concluded.

Mr. HUMPHREY. I announce that the Senator from New Mexico [Mr. ANDERSON], the Senator from West Virginia [Mr. BYRD], the Senator from Idaho [Mr. CHURCH], the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Arizona [Mr. HAYDEN], the Senator from Massachusetts [Mr. KENNEDY], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming [Mr. MCGEE], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from California [Mr. ENGLE], is absent because of illness.

I further announce that the Senator from Connecticut [Mr. DODD], is absent.

I further announce that, if present and voting, the Senator from New Mexico [Mr. ANDERSON], the Senator from California [Mr. ENGLE], the Senator from Arizona [Mr. HAYDEN], the Senator from Missouri [Mr. LONG], and the Senator from Texas [Mr. YARBOROUGH], would each vote "yea."

On this vote, the Senator from West Virginia [Mr. BYRD] is paired with the Senator from Colorado [Mr. ALLOTT]. If present and voting, the Senator from West Virginia would vote "yea," and the Senator from Colorado would vote "nay."

On this vote, the Senator from Idaho [Mr. CHURCH] is paired with the Senator from Wyoming [Mr. SIMPSON]. If present and voting, the Senator from Idaho would vote "yea," and the Senator from Wyoming would vote "nay."

On this vote, the Senator from Connecticut [Mr. DODD] is paired with the Senator from Arizona [Mr. GOLDWATER]. If present and voting, the Senator from Connecticut would vote "yea," and the Senator from Arizona would vote "nay."

On this vote, the Senator from Massachusetts [Mr. KENNEDY] is paired with the Senator from South Dakota [Mr. MUNDT]. If present and voting, the Senator from Massachusetts would vote "yea," and the Senator from South Dakota would vote "nay."

On this vote, the Senator from Wyoming [Mr. MCGEE] is paired with the Senator from Iowa [Mr. MILLER]. If present and voting, the Senator from Wyoming would vote "yea," and the Senator from Iowa would vote "nay."

On this vote, the Senator from Oklahoma [Mr. EDMONDSON] is paired with the Senator from Oregon [Mr. MORSE]. If present and voting, the Senator from Oklahoma would vote "nay," and the Senator from Oregon would vote "yea."

On this vote the Senator from Mississippi [Mr. STENNIS] is paired with the Senator from Maine [Mr. MUSKIE]. If present and voting, the Senator from Mississippi would vote "nay," and the Senator from Maine would vote "yea."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is absent because of a death in his family.

The Senator from Iowa [Mr. MILLER] and the Senator from Wyoming [Mr. SIMPSON] are absent on official business.

The Senator from Colorado [Mr. ALLOTT], the Senator from New Jersey [Mr. CASE], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from South Dakota [Mr. MUNDT] is detained on official business.

On this vote, the Senator from Colorado [Mr. ALLOTT] is paired with the Senator from West Virginia [Mr. BYRD]. If present and voting, the Senator from Colorado would vote "nay," and the Senator from West Virginia would vote "yea."

On this vote, the Senator from Arizona [Mr. GOLDWATER] is paired with the Senator from Connecticut [Mr. DODD]. If present and voting, the Senator from Arizona would vote "nay," and the Senator from Connecticut would vote "yea."

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from Wyoming [Mr. MCGEE]. If present and voting, the Senator from Iowa would vote "nay," and the Senator from Wyoming would vote "yea."

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from Kentucky [Mr. MORTON]. If present and voting, the Senator from Nebraska would vote "nay," and the Senator from Kentucky would vote "yea."

On this vote, the Senator from South Dakota [Mr. MUNDT] is paired with the Senator from Massachusetts [Mr. KENNEDY]. If present and voting, the Senator from South Dakota would vote "nay," and the Senator from Massachusetts would vote "yea."

On this vote, the Senator from Wyoming [Mr. SIMPSON] is paired with the Senator from Idaho [Mr. CHURCH]. If present and voting, the Senator from Wyoming would vote "nay," and the Senator from Idaho would vote "yea."

The result was announced—yeas 50, nays 26, as follows:

[No. 251 Leg.]

YEAS—50

Aiken	Douglas	Javits
Bartlett	Fong	Johnston
Bayh	Fulbright	Keating
Beall	Gore	Kuchel
Bible	Gruening	Magnuson
Brewster	Hart	Mansfield
Burdick	Hartke	McCarthy
Cannon	Hill	McGovern
Clark	Humphrey	McIntyre
Cooper	Inouye	McNamara
Dirksen	Jackson	Metcalf
Monroney	Prouty	Sparkman
Moss	Randolph	Symington
Nelson	Ribicoff	Walters
Neuberger	Scott	Williams, N.J.
Pastore	Smathers	Young, Ohio
Pell	Smith	

NAYS—26

Bennett	Hickenlooper	Robertson
Boggs	Holland	Russell
Byrd, Va.	Jordan, N.C.	Saltonstall
Cotton	Jordan, Idaho	Talmadge
Curtis	Lausche	Thurmond
Dominick	McClellan	Tower
Eastland	Mechem	Williams, Del.
Ellender	Pearson	Young, N. Dak.
Ervin	Proxmire	

NOT VOTING—24

Allott	Engle	Miller
Anderson	Goldwater	Morse
Byrd, W. Va.	Hayden	Morton
Carlson	Hruska	Mundt
Case	Kennedy	Muskie
Church	Long, Mo.	Simpson
Dodd	Long, La.	Stennis
Edmondson	McGee	Yarborough

So the bill (H.R. 8969) was passed.

Mr. SMATHERS. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The PRESIDING OFFICER (Mr. INOUYE in the chair). The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

MEDICAL CARE FOR THE AGING

Mr. JAVITS. Mr. President, the AFL–CIO convention in New York has passed an extraordinarily fine resolution with respect to the report on medical care presented by the National Committee on Health Care of the Aged. This distinguished committee was organized at my suggestion last year on a bipartistan, nonpolitical basis with members representing business, insurance companies, the medical profession, and hospitals. Its recommendations have aroused widespread interest and the statement that was adopted unanimously by the Fifth Biennial Convention of the AFL–CIO on November 20 commending the work of the national committee and urging that its report be given careful consideration by the House Ways and Means Committee is most significant and welcome. I ask unanimous consent that it may be printed in the RECORD.

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

REPORT OF NATIONAL COMMITTEE ON HEALTH CARE OF THE AGED UNANIMOUSLY ADOPTED BY THE FIFTH BIENNIAL CONVENTION OF THE AFL–CIO, NEW YORK CITY, NOVEMBER 20, 1963

After the defeat of the Anderson-Javits amendments to the welfare bill of 1962 in the Senate which would have provided hospital and related services to the elderly through the social security and railroad retirement systems, Senator JACOB K. JAVITS, of New York, suggested the formation of a bipartisan, nonpolitical task force to make a fresh and independent review of the issue. In response to this suggestion, the National Committee on Health Care of the Aged was formed. The committee was made up of 12 nationally recognized leaders in the fields of medicine, education, industry, and insurance under the chairmanship of Dr. Arthur S. Flemming, president of the University of

Oregon, and formerly Secretary of Health, Education, and Welfare.

After 14 months of intensive study, the committee made public its report on the eve of the opening of this Fifth Biennial Convention of the AFL–CIO. On the day following its release it was formally received by President John F. Kennedy at the White House.

The AFL–CIO is pleased that this report recommends the social security method for basic institutional care of the elderly. The report also indicates how social insurance and private insurance can complement each other in meeting the problems of financing health care for the aged: Therefore be it

Resolved, That the AFL–CIO commends the National Committee on Health Care of the Aged for the effort and time devoted to the study of this problem and for the imagination and courage with which its members developed their proposals. The fact that their recommendations are unanimous commends them to serious and careful study by all who are interested in this problem; be it further

Resolved, That the AFL–CIO, with a view to facilitating the reporting of a sound and workable hospital insurance bill, urges that the report of this committee be included in the proposals to be considered by the Committee on Ways and Means of the House of Representatives in the hearings now being conducted.

AMENDMENT OF THE SMALL BUSINESS INVESTMENT ACT OF 1958

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 617, S. 298, which is to be made the pending business.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 298) to amend the Small Business Investment Act of 1958.

The PRESIDING OFFICER. The question is on agreeing to the motion by the Senator from Montana.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "Small Business Investment Act Amendments of 1963".

SEC. 2. The second sentence of section 302 (a) of the Small Business Investment Act of 1958 is amended by striking out "$400,000" and inserting in lieu thereof "$700,000", by striking out "three years" and inserting in lieu thereof "five years", and by striking out "1961" and inserting in lieu thereof "1963".

SEC. 3. Section 303(b) of the Small Business Investment Act of 1958 is amended to read as follows:

"(b) To encourage the formation and growth of small business investment companies, the Administration is authorized (but only to the extent that the necesary funds are not available to the company involved from private sources on reasonable terms) to lend funds to such companies either directly or by loans made or effected in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred (standby) basis. Such loans shall bear interest at such rate and contain such other terms as the Administration may fix, and shall be subject to the following restrictions and limitations:

"(1) The total amount of obligations of any one company which may be purchased and outstanding at any one time by the Administration under this subsection (including commitments to purchase such obligations) shall not exceed 50 per centum of the paid-in capital and surplus of such company or $5,000,000, whichever is less.

"(2) All loans made under this subsection (b) shall be of such sound value as reasonably to assure repayment.

SEC. 4. Section 306 of the Small Business Investment Act of 1958 is amended to read as follows:

"SEC. 306. Without the approval of the Administration, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any small business investment company under the provisions of this Act for any single enterprise shall not exceed 20 per centum of the combined capital and surplus of such small business investment company authorized by this Act."

SEC. 5. The last sentence of section 308(b) of the Small Business Investment Act of 1958 is amended to read as follows: "Such companies may invest funds not reasonably needed for their current operations in direct obligations of, or obligations guaranteed as to principal and interest by, the United States, or in insured savings accounts (up to the amount of the insurance) in any institution the accounts of which are insured by the Federal Savings and Loan Insurance Corporation."

SEC. 6. (a) The Small Business Investment Act of 1958 is further amended by adding at the end of title III a new section as follows:

"CONFLICTS OF INTEREST

"SEC. 312. For the purpose of controlling conflicts of interest which may be detrimental to small business concerns, to small business investment companies, to the shareholders of either, or to the purposes of this Act, the Administration shall adopt regulations to govern transactions with any officer, director, or shareholder of any small business investment company, or with any person or concern, in which any interest, direct or indirect, financial or otherwise, is held by any officer, director, or shareholder of (1) any small business investment company, or (2) any person or concern with an interest, direct or indirect, financial or otherwise, in any small business investment company. Such regulations shall include appropriate requirements for public disclosure (including disclosure in the locality most directly affected by the transaction) necessary to the purposes of this section."

(b) That part of the Table of Contents of such Act which describes the matter included in title III is amended by adding at the end thereof the following:

"SEC. 312. Conflicts of interest."

Mr. SPARKMAN obtained the floor.

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

Mr. SPARKMAN. I yield to the Senator from Illinois.

LEGISLATIVE PROGRAM

Mr. DIRKSEN. Mr. President, I should like to ask the majority leader about the program contemplated for the remainder of the day, and also for Friday.

Mr. MANSFIELD. Mr. President, in response to the question raised by my distinguished colleague the minority leader, the pending business is one of two small business bills which it is hoped will be disposed of this afternoon. It is my understanding that an amendment will be offered by the distinguished Senator from Wisconsin [Mr. PROXMIRE] on which the yeas and nays will be requested. I hope not too much time will be spent in the discussion on both sides, because of the fact that five or six of our colleagues have a very important engagement this afternoon and must catch a plane by a certain hour. I am sure there will be as much cooperation as possible.

Tomorrow the Senate will consider the Library bill and also the bill from the Committee on Commerce having to do with the amendment of the Federal Aviation Act of 1954 to provide for the regulation of rates and practices of air carriers and foreign air carriers in foreign air transportation, and for other purposes.

It is anticipated that on Monday next the Banking and Currency Committee will report the Mundt bill one way or another. The Senate will take it up as soon as it possibly can. I would express the hope and anticipation that the Senate would dispose of that measure one way or another not later than Wednesday afternoon next.

AMENDMENT OF SMALL BUSINESS INVESTMENT ACT OF 1958

The Senate resumed the consideration of the bill (S. 298) to amend the Small Business Investment Act of 1958.

Mr. SPARKMAN. Mr. President, a little more than 5 years ago, Congress passed legislation establishing a new and pioneering program designed to provide equity capital and long-term capital for small business.

As early as 1950, a group of us introduced legislation to achieve this goal, but it took us 8 years to receive the testimony and the counsel we needed to convince our colleagues that this genuine financing need could be met by private institutions, licensed and regulated by the Federal Government.

When we passed the Small Business Investment Act of 1958, there was no question but that an "equity gap" existed; but we certainly could not be certain that the small business investment company concept would be an effective instrumentality for filling that gap.

During 1962, the Select Committee on Small Business held a series of public hearings throughout the United States to examine at firsthand how the program was operating. We wanted to determine whether this new plan had the potential for a full scale onslaught on the unfilled capital needs of independent business concerns capable of sound growth.

At the conclusion of its hearings and studies, the committee concluded that "unquestionably, the SBIC's presently in operation have proved that Congress chose a suitable vehicle for supplying the equity capital needs of small businesses."

Our committee report went on to state that the program was not "out of the woods." Therefore the committee called for changes in the legislation under which the program operates in these words:

If the program is to hold onto the gains it has made and if a suitable climate for needed growth is to be provided, the Congress must provide legislative improvements.

With this backing, I introduced two bills in the early days of the 88th Congress. One of them, S. 298, is before us today. This bill, in its original form, was cosponsored by 16 members of the Select Committee on Small Business. With certain modifications, it comes to the Senate with the backing of the Senate Banking and Currency Committee, following consideration by that group's Small Business Subcommittee.

Although I personally would have preferred the bill as it was introduced, I believe that the committee's amendments had sound justification and that the passage of S. 298 is definitely in the interest of America's small businesses—and, more importantly, in the public interest generally.

The first significant change made by the bill raises from $400,000 to $700,000 the amount of subordinated debentures, which the Small Business Administration may purchase, in a small business investment company. However, SBA may still buy these debentures only on a matching-dollar basis. That is, no SBIC may sell $700,000 of its debentures to SBA until it has raised at least $700,000 of private capital.

Furthermore, the SBIC must repay these debentures over a period of years, and, during the time it holds them, it pays interest to the Federal Government at the annual rate of 5 percent. Thus, this is no gift. I predict that the record will show that there will be very few losses on these debentures and that the excess of interest received by SBA over the cost of the money to SBA will result in a profit to the agency.

Why should we increase this amount, one may ask.

It was the finding of the Small Business Committee that running an SBIC properly is an expensive business which requires an extensive portfolio if all the costs are to be met. Therefore, by encouraging SBIC's to raise their private capital from $400,000 to $700,000, we help them reach the point where they are economically viable and self-sufficient.

The SBIC program needs these added Federal funds at this time. I believe that this will encourage private investors to invest their funds in SBIC's. According to the most recent information available, by June 30, 1963, the total private money that had been invested in SBIC's was $487 million and the total Government money amounted to $140 million. Thus, there is almost $4 in private money invested in SBIC's to every $1 of Government money invested.

The additional amounts which this bill provides would make it possible for private investors with $700,000 to form an SBIC and sell $700,000 of its subordinated debentures to SBA and borrow an additional $700,000 from SBA under section 303(b) of the act. This would make a total of $2,100,000 in funds available to operate the SBIC. With this amount of money available for lending SBIC's of this size would be able to hire competent management that is so necessary to the successful operation of an SBIC.

In the second place, despite the newness of the program, most SBIC's are reaching the point where they are fully invested and must await repayments from their early transactions before they can proceed with the task of providing further assistance to qualified small businesses. By the passage of S. 298, we will enable some SBIC's to put more dollars immediately in the hands of small business and encourage other SBIC's to raise their private capital to take advantage of the 1963 amendments, thereby giving them greater resources for investing and lending in such concerns.

The second major provision in S. 298 restores section 306 of the act to its original form. The 1958 act wisely provided that no SBIC might lend or invest more than 20 percent of its capital or surplus in any one small business. This safeguard guarantees a measure of diversification in the portfolio and generally follows the rules covering other financial institutions. More importantly, under the original act, SBIC's could invest only in small businesses as defined by the SBA.

It may be well to place in the RECORD the SBA definition of "small business concern" for purposes of the SBIC program, which is as follows:

> The size standard set by SBA for small businesses eligible for SBIC financing is that the small business concern does not have total assets exceeding $5 million, net worth exceeding $2.5 million, nor average net income after Federal taxes for the preceding 2 years in excess of $250,000.

In addition, of course, the small business concern must be "independently owned and not dominant in its field" as provided in the Small Business Investment Act.

In 1961, however, a further restriction was imposed: one which limited to $500,000 the amount of funds which an SBIC could invest in any one firm, without SBA approval. The advocates of this proviso hoped that it would discourage larger investments and thus encourage the financing in smaller amounts.

While I was in agreement with the desirability of stimulating investments and loans to smaller business firms, I felt that this negative and restrictive method would do more harm than good. I believe that my objection has been proven correct. All the evidence points to a significant diminution of private capital subscribed to the SBIC program and, thus, a hurt to all worthy and qualified small businesses needing long-term funds.

The Senate Small Business Committee reached the same conclusion in its report submitted to the Senate on April 25 of this year. Senate Report 161 carries this conclusion:

> After considering all the factors bearing upon the present dollar limitation contained in section 306 of the act and after examining the record of the industry, your committee is compelled to the conclusion that this limitation will impede the flow of capital and credit to deserving small businesses, that it is not needed, and that its continuation as a part of the statute is not in the best interest of the American small business community.

As I said, this bill restores the act to its original form; that is, it will limit an SBIC to investments in small concerns as defined by SBA, and it will limit any such investment to an amount which does not exceed 20 percent of the SBIC's capital and surplus.

Mr. President, if a concern meets the definition of "small business concern" used by SBA, there should be no arbitrary limitation on the amount of financing it is eligible to receive from an SBIC other than the present 20 percent of the SBIC's capital and surplus. The size standard set by SBA for small businesses eligible for SBIC financing is that the small business concern does not have total assets exceeding $5 million, net worth exceeding $2.5 million, nor average net income after Federal taxes for the preceding 2 years in excess of $250,000. This limitation on the size of businesses to be aided by the SBIC will assure that financing is not made available under the program to large businesses.

Within this size limitation there are many small businesses which require heavy capital outlays. A machine shop, for instance, may be small as far as total assets and number of employees are concerned, but to replace or acquire needed equipment will, in many cases, require more than $500,000. Also, small business concerns which require heavy capital outlays are often those concerns which have great potential for growth. This growth will create jobs and add to our national economic well-being. This bill would permit that type of company to receive aid from an SBIC without the restriction presently found in the act.

Mr. President, small business has suffered because of this $500,000 limitation. Often an SBIC cannot make a second loan to a small business concern because to do so would exceed its permissible limit under the regulation. While SBA regulations permit SBIC's to participate in providing financing to small concerns, an outside participant may not be available at the time such additional financing is needed. Also participations have proved very burdensome and have not been used to a very great extent. This limitation denies to many small businesses the aid which they should have under the act.

Mr. President, another section of this bill would amend section 303(b) of the act to provide SBA with express authority to lend funds to SBIC's in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis. SBA does not now have explicit authority to make participation loans with banks and other lending institutions. However, the Comptroller General has ruled that SBA has implied authority under the act to enter into participation agreements. Under this ruling by the Comptroller General, SBA has developed a standby agreement which is now being used. Under this plan a bank makes a loan to an SBIC with the understanding that it may call upon SBA at any time for the full amount of the outstanding principal. This bill gives SBA specific authority to make participation loans with banks or other lending institutions under their present standby plan or under other plans, such as guarantees, which SBA may develop. This should encourage banks and other lending institutions to

participate to a greater extent in the financing of SBIC's.

The Small Business Investment Act of 1958 recognizes that it is not always possible for SBIC's to keep all of their money fully invested in eligible small business concerns. Accordingly, SBIC's were authorized under the act to invest funds not needed for their current operations in direct obligations of, or obligations guaranteed as to principal and interest by the United States. SBIC's were permitted by SBA to acquire interest-bearing certificates of deposit in commercial banks. SBA ruled, however, that SBIC's are precluded under the Small Business Investment Act from placing funds in savings and loan associations through the purchase of share accounts in such associations. Another section of this bill would amend the act to include among the ways SBIC's may invest funds not reasonably needed for their operations in insured savings accounts in institutions insured by the Federal Savings and Loan Insurance Corporation. The bill would, however, limit such investments to the amount insured by the Federal Savings and Loan Insurance Corporation.

Mr. President, in September the committee held hearings on the question of conflicts of interest in the SBIC program. Our attention had been called to reports that this might develop into a dangerous problem for the program.

SBA now has implicit authority and has exercised the authority to issue regulations regarding conflicts of interest in the SBIC program. However, as a result of the hearings, the committee amended the bill to provide a specific directive to SBA to issue regulations for the purpose of controlling conflicts of interest.

The amendment provides that where an activity of an SBIC is involved, SBA shall issue regulations to govern transactions involving conflicts of interest of any officer, director, or shareholder of any SBIC, or any transaction with any person or concern in which any interest is held by any officer, director, or shareholder of any SBIC. It is expected that other possible areas of conflict of interest will be covered also. The amendment also provides for public disclosure of these transactions. The methods of disclosure will be left to the discretion of SBA.

In conclusion, Mr. President, I urge the immediate and favorable consideration of S. 298. Taken in conjunction with the SBIC tax bill, S. 297, and with various administrative changes, I sincerely believe that this legislation will give a greatly needed boost to the SBIC program and that the SBIC's, in turn, will buttress the imaginative, ambitious, fiercely competitive, American small businessman to contribute his full share to the Nation's sound economic growth.

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

Mr. SPARKMAN. I yield.

Mr. SALTONSTALL. I appreciate the Senator's yielding to me at this time, because I must attend a committee meeting. As the ranking minority member of the committee, I merely wish to say that I have cosponsored the pending bill with the chairman of the committee. I believe that the Small Business Investment Act which we passed in 1958 has worked well. What the Senator from Alabama is trying to do through S. 298 is to make the Small Business Investment Act more feasible and practical. I understand that losses under the act have been practically nil. One of the purposes of S. 298 is to permit an increase in the amount of subordinated debentures which the Small Business Administration can purchase from a small business investment company. This will serve to help the general small business situation.

Mr. SPARKMAN. The Senator has well stated the case. So far as the Government is concerned, there have been no losses.

Mr. SALTONSTALL. That is correct.

Mr. President, will the Senator permit me to insert a short statement at this point?

Mr. SPARKMAN. I ask unanimous consent that that may be done.

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

STATEMENT BY SENATOR SALTONSTALL

As a cosponsor of S. 298, it is my intention to vote for this bill as well as its companion bill, S. 1309.

I have consistently supported the small business investment company program, initiated by the Small Business Investment Act of 1958. I believe that this program has served a constructive and real purpose in providing long-term loans and equity capital to the small business community.

The need for a program of this nature was recognized by the Congress when it passed the Small Business Investment Act. The need for this program still continues. So long as this situation exists, it is only logical and proper that all reasonable assistance should be given to the program. This is necessary if it is to discharge its functions in the manner prescribed by the Congress.

It is my view that S. 298 provides a remedy for certain deficiencies which presently exist in the law. These tend to inhibit the proper discharge of this program. The experiences gained through the operation of the program have given rise to the need for S. 298. It is for this reason that I have cosponsored this measure.

I am particularly impressed with the need to extend the minimum capitalization of investment companies so that they may have sufficient capital available for lending purposes as well as operating costs. I think it reasonable to consider that this can be accomplished through the provision of S. 298 which authorizes an increase from $400,000 to $700,000 in the amount of debentures which the Small Business Administration is authorized to purchase from a small business investment company.

It is my hope that S. 298 will prove sufficient to permit the small business investment company program to discharge adequately its functions.

I feel that S. 1309, as a companion to S. 298, should be passed. Furthermore, it is hoped that the $34.3 million to be authorized under S. 1309 for the purpose of carrying out the provisions of both S. 1309 and S. 298 can be absorbed in the present Small Business Administration appropriations bill currently pending before the Senate Appropriations Committee.

I am also impressed by the provision of S. 1309 which amends section 7(b)(2) of the Small Business Act. This provision would enlarge the scope of disaster loan authority of the agency. I think it is only realistic to recognize that economic injury can be sustained by a small business from many causes other than drought or excessive rainfall. I believe that small business should be entitled to assistance under the criteria of this provision of S. 1309.

I believe, furthermore, that section 3 of S. 1309 properly provides a remedy to the Federal Government for injury sustained when any property mortgaged or pledged to the Small Business Administration as security for a loan is misappropriated. I think this section is essential as needed security against such conduct.

For these reasons, I am of the opinion that these two measures should be passed.

Mr. PROXMIRE. Mr. President, I call up my amendment No. 327, and I ask that the reading of the amendment be dispensed with and that it may be printed in the RECORD at this point.

The PRESIDING OFFICER. Without objection, so ordered.

The amendment, ordered to be printed in the RECORD, is as follows:

On page 5, strike out lines 1 through 9, as follows:

"SEC. 4. Section 306 of the Small Business Investment Act of 1958 is amended to read as follows:

" 'SEC. 306. Without the approval of the Administration, the aggregate amount of obligations and securities acquired and for which commitments may be issued by any small business investment company under the provisions of this Act for any single enterprise shall not exceed 20 per centum of the combined capital and surplus of such small business investment company authorized by this Act.' "

On page 5, line 10, strike out "Sec. 5" and insert in lieu thereof "Sec. 4".

On page 5, line 19, strike out "Sec. 6" and insert in lieu thereof "Sec. 5".

Mr. PROXMIRE. Mr. President, the amendment would retain the present provision in the law which requires small business investment companies to keep half their investment portfolios in loans of $500,000 or less. Under present regulations, a small business investment company may invest the other half of its investment portfolios in loans of any size it wishes.

Mr. President, it should be recognized that the Senate unanimously adopted this amendment last year, with a view then that it would be completely restrictive, that is, that there would be no loans of more than $500,000. A subsequent interpretation by SBA held that half of the portfolio of an SBIC could be in big loans of $1 and $2 million, and some SBIC's have made loans of that size and some even bigger loans.

The pending bill eliminates this limitation entirely. There will be no limit if the bill is passed without the Proxmire amendment. My amendment would retain the limitation in its present form.

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

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. In the first place——

Mr. PROXMIRE. Let me say, first, before I yield, that, of course, no SBIC loan can exceed a 20-percent limit on the capital surplus or the SBIC, which in the case of one of the large California SBIC's, would mean that it could not make a loan bigger than $6 million, and in other cases there would be a limit of $1, $2, $3, or $5 million. There is a sec-

ond theoretical limitation. SBIC loans can only be to firms that meet SBA size standards; that have less than $5 million in assets, and so forth. But these limitations are utterly ineffective. One firm in Chicago, with about 159 branches, received more than a million dollars in an SBIC loan. My amendment does not prevent an SBIC from making some big loans.

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

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. First, in connection with the Senator's statement that the $500,000 limitation was accepted unanimously, the Senator will recall that it was a compromise which was arrived at in committee.

Mr. PROXMIRE. May I say, at that point, to the distinguished Senator from Alabama, that perhaps there a compromise was reached, but, as I recall, there was no real opposition from anyone on the floor; in conference a compromise was indeed reached.

Mr. SPARKMAN. Even in committee the figure that was arrived at was arrived at by compromise.

Mr. PROXMIRE. Perhaps it was. The concept of the limitation seemed to have been generally agreed upon.

Mr. SPARKMAN. In the second place, when the Senator speaks of a $6 million loan, it must be a loan to a small business, and a small business within the definition in the act must be one with net worth not exceeding two and a half million dollars. I cannot conceive of anyone lending a company more money than its net worth. Therefore, there are limitations.

Mr. PROXMIRE. There are limitations; however, certainly in cities of almost any size except megalopolis, a firm that has $5 million in net assets, with a net worth of two and a half million dollars, is the biggest firm in town. That is big business. The law now provides that the size of any loan by SBIC's may not exceed 20 percent of the SBIC's capital surplus. Since only 30 SBIC's have capital surplus of two and a half million dollars or above, the removal of the $500,000 limitation will assist only the 39 largest SBIC's, of a total of 678 which are active. The big SBIC's have a large proportion of all SBIC capital.

I once worked for an investment banking firm in New York. The reason why an investment bank prefers a big investment is that if it makes one $1 million investment, it must investigate the credit of only one company; and there are expenses for only one investment.

If they invest the same $1 million in 10 $100,000 investments, they have to investigate 10 companies, and have almost 10 times the cost of investigation.

Therefore, there is a built-in inducement for the SBIC's to make large investments. I recall, too, that one very frank and honest and most successful head of an SBIC, one of the largest SBIC's in the country, said to me that if we passed the bill introduced by the Senator from Alabama without the Proxmire amendment, every loan his company would make would be a loan of more than $500,000.

I believe this amendment is a very moderate amendment.

The smaller firms, the firms that would get loans of less than $500,000, are the firms that the law is designed to benefit. Congress provided lucrative tax benefits for the small business investment companies. When this law was enacted, we provided substantial benefits, which have been described by one outstanding magazine as permitting a firm which is breaking even because of the tax advantages, or which makes two investments, one of $100,000, which doubles in value, another of $100,000 which disappears entirely and fails totally, and the firm breaks even in that way, nevertheless, because of tax advantages the SBIC law enables that firm to make a return of 17½ percent to the stockholders. That is the kind of tax advantage we provide for the SBIC's.

We also provide a substantial amount of Government money, and the bill provides even more Government money than before.

Under those circumstances, with the advantage of special tax privileges, special tax advantages, which enable the SBIC's to operate with Government money at low interest rates, it seems to me that Congress should require that the SBIC service small business. That is the purpose of extending such benefits. We should do this at least to the extent of requiring that half of the portfolio be in loans of $500,000 or less.

Under the interpretation of present law by the Small Business Administration, about 10 percent of the money furnished by SBIC's has gone into loans above $500,000. Yet these loans have gone to only one-half of 1 percent of the total firms borrowing from SBIC's, obviously, the biggest of the technically small business operations.

If the $500,000 limitation is removed entirely, from 30 percent to 40 percent of the total investments of SBIC's may go to larger firms in the form of loans in excess of $500,000. I believe the present proportion is about right. I should like to see a little more go to small firms. But it cannot be said that the big firms are starving, when they constitute only one-half of 1 percent of firms borrowing from SBIC's but get 10 percent of all the money, or 20 times as much as the average smaller firm.

I should like to reiterate and reemphasize the colloquy I had with the distinguished Senator from Alabama [Mr. SPARKMAN]. He argued that the bill does not really remove the limitation, because two limitations remain in the bill. One is that the loan may not exceed 20 percent of capital and surplus. The second is that the loan may not be to a firm which does not comply with Small Business size standards.

The first limitation is not a limitation for big SBIC. One SBIC I know of can lend 20 percent of $30 million or $6 million in one loan because that is their capital in surplus. A good friend of mine is the head of an SBIC in New York having $18 million in capital. It can obviously make a $3,600,000 loan, if my amendment is defeated.

So far as small business is concerned, the record is replete with loans that have been made to firms that have nationwide sales, that have hundreds of employees—and the number varies from 150 to 1,000, depending on the industry in which it is located. Such a firm can do a very substantial business indeed compared with 95 percent of American business. I argue that at least half the portfolio of those companies should be invested in the 99½ percent of firms that require less than $500,000 in loans.

I conclude by saying that to permit SBIC's to make loans of any size, with no limitation, cannot really help small business firms.

The overwhelming majority of the firms in America that we recognize as small business cannot be helped, because more of the funds in the program will be made available to the bigger firms, and that much lost to the smaller business.

If any of us were operating such an SBIC, we would operate it for profit. So we would invest in big loans to large firms that cost less to investigate per dollar and are likely to be more reliable.

Unless some effective requirement is tied to the tax privilege and the Government money that is loaned, the intent of Congress will be frustrated.

I hope the amendment will be adopted.

If the Senator from Alabama would agree, I would suggest that, for the purpose of having 19 or 20 Senators come to the Chamber, so that the yeas and nays might be ordered, there be a live quorum call. If he would agree to that, we would be ready to vote a couple of minutes after the live quorum was developed. Or does the Senator from Alabama wish to speak further?

Mr. SPARKMAN. I wonder why the Senator suggested a couple of minutes later? Why not immediately?

Mr. PROXMIRE. That is satisfactory.

Mr. SPARKMAN. I did not plan to speak.

Mr. PROXMIRE. I assumed that the Senator might perhaps wish to speak further. But if he does not, it is satisfactory to me to proceed.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Wisconsin [Mr. PROXMIRE] to the committee amendment in the nature of a substitute.

Mr. MANSFIELD. Mr. President, in view of the situation, with the understanding that what I am about to propose will not be considered as a precedent, I ask unanimous consent that the years and nays on the Proxmire amendment be ordered. But this is not to be a precedent.

This is an unusual circumstance; otherwise I would not have asked unanimous consent that the yeas and nays be ordered. This procedure is not to be considered as a precedent.

The PRESIDING OFFICER. Without objection, the yeas and nays are ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HUMPHREY. I announce that the Senator from Oklahoma [Mr. EDMONDSON], the Senator from Alaska [Mr. GRUENING], the Senator from Missouri [Mr. LONG], the Senator from Louisiana [Mr. LONG], the Senator from Wyoming

[Mr. McGEE], the Senator from Oregon [Mr. MORSE], the Senator from Maine [Mr. MUSKIE], the Senator from Mississippi [Mr. STENNIS], and the Senator from Texas [Mr. YARBOROUGH] are absent on official business.

I also announce that the Senator from Connecticut [Mr. DODD] is absent because of illness in family.

I further announce that the Senator from California [Mr. ENGLE] is absent due to illness.

I further announce that, if present and voting, the Senator from Connecticut [Mr. DODD], the Senator from California [Mr. ENGLE], the Senator from Oregon [Mr. MORSE], the Senator from Mississippi [Mr. STENNIS], the Senator from Louisiana [Mr. LONG], and the Senator from Missouri [Mr. LONG] would each vote "nay."

Mr. KUCHEL. I announce that the Senator from Arizona [Mr. GOLDWATER] is absent because of a death in his family.

The Senator from Iowa [Mr. MILLER] and the Senator from Wyoming [Mr. SIMPSON] are absent on official business.

The Senator from Colorado [Mr. ALLOTT], the Senator from New Jersey [Mr. CASE], the Senator from Nebraska [Mr. HRUSKA], and the Senator from Kentucky [Mr. MORTON] are necessarily absent.

The Senator from Utah [Mr. BENNETT] and the Senator from New York [Mr. KEATING] are detained on official business.

On this vote, the Senator from Nebraska [Mr. HRUSKA] is paired with the Senator from New York [Mr. KEATING]. If present and voting, the Senator from Nebraska would vote "yea," and the Senator from New York would vote "nay."

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from Wyoming [Mr. SIMPSON]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from Wyoming would vote "nay."

The result was announced—yeas 31, nays 49, as follows:

[No. 252 Leg.]

YEAS—31

Anderson	Fong	Nelson
Beall	Gore	Neuberger
Boggs	Hickenlooper	Pastore
Burdick	Kuchel	Pearson
Byrd, Va.	Lausche	Proxmire
Carlson	McGovern	Russell
Church	McIntyre	Thurmond
Cotton	Mechem	Williams, Del.
Curtis	Metcalf	Young, N. Dak.
Dirksen	Monroney	
Douglas	Mundt	

NAYS—49

Aiken	Hill	Prouty
Bartlett	Holland	Randolph
Bayh	Humphrey	Ribicoff
Bible	Inouye	Robertson
Brewster	Jackson	Saltonstall
Byrd, W. Va.	Javits	Scott
Cannon	Johnston	Smathers
Clark	Jordan, N.C.	Smith
Cooper	Jordan, Idaho	Sparkman
Dominick	Kennedy	Symington
Eastland	Magnuson	Talmadge
Ellender	Mansfield	Tower
Ervin	McCarthy	Walters
Fulbright	McClellan	Williams, N.J.
Hart	McNamara	Young, Ohio
Hartke	Moss	
Hayden	Pell	

NOT VOTING—20

Allott	Case	Edmondson
Bennett	Dodd	Engle
Goldwater	Long, La.	Muskie
Gruening	McGee	Simpson
Hruska	Miller	Stennis
Keating	Morse	Yarborough
Long, Mo.	Morton	

So Mr. PROXMIRE's amendment to the committee amendment was rejected.

Mr. SPARKMAN. Mr. President, I move that the vote by which the amendment to the amendment was rejected be reconsidered.

Mr. HUMPHREY. Mr. President, I move that the motion to reconsider be laid on the table.

The PRESIDING OFFICER. The question is on agreeing to the motion to lay on the table the motion to reconsider.

The motion to lay on the table was agreed to.

The PRESIDING OFFICER. The committee amendment in the nature of a substitute is open to amendment. If there be no further amendment to be proposed, the question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, and was read the third time.

Mr. PROXMIRE. Mr. President, will the Senator from Alabama yield?

Mr. SPARKMAN. I yield.

Mr. PROXMIRE. Is it the understanding of the Senator from Alabama that the junior Senator from Michigan [Mr. HART] has an amendment that he desires to offer to the bill?

Mr. SPARKMAN. The amendment of the Senator from Michigan refers to the bill S. 1309, which will be considered next.

Mr. PROXMIRE. I thank the Senator.

Mr. President, I understand that there will be no further yea-and-nay votes today.

Mr. President, I wish to ask some questions of the Senator from Alabama.

Mr. SPARKMAN. I shall be happy to respond to questions from the Senator from Wisconsin.

Mr. PROXMIRE. Do I correctly understand that the bill would increase from $400,000 to $700,000 the amount of subordinated debentures which SBA can purchase from an SBIC?

Mr. SPARKMAN. The Senator is correct.

Mr. PROXMIRE. Originally it was $150,000?

Mr. SPARKMAN. When the act was originally written.

Mr. PROXMIRE. In 1958.

Mr. SPARKMAN. That is correct.

Mr. PROXMIRE. We have escalated from $150,000 to $400,000, and now it is proposed that up to $700,000 of Government money be authorized under section 302 of this program.

Mr. SPARKMAN. The Senator is correct. Before the Senator from Wisconsin gets away from that point, I should like to call his attention to the comment I made in my direct statement, that by raising the amount of debentures that could be sold, the authorization would be accompanied with a requirement that the SBIC's should raise that much more money; that is, to get the benefit of the full $700,000, a company, would have to have $700,000 of its own money in hand. Then it could sell subordinated debentures in the amount of $700,000 to the Small Business Administration. Then the company could borrow a like amount from SBA which would make a total of $2.1 million. That would be in a fund for lending. In that way, it would bring in a great deal of private money to build up the net assets.

Mr. PROXMIRE. Consider the case of a firm that from 1958 to 1961 had $700,000 of its own money—SBIC money. It could get $150,000 of U.S. Government money plus $425,000 of section 303(b) money, which totals $575,000 of U.S. money. But under the provisions of the bill before us now, today, a firm with only $700,000 of its own money would be in a position to borrow $1.4 million of money from the Federal Government, and would have a 2-to-1 ratio of Federal money compared to less than a 1-to-1 ratio from 1958 to 1961. Do I understand correctly?

Mr. SPARKMAN. Let me call attention to the fact that $700,000 of that amount is secured by debentures of the company. It is not an open loan. So I believe we need to keep that point in mind.

The Senator is correct so far as his figures are concerned.

Mr. PROXMIRE. Would not more Government money go into the program now under the bill than was in the program before, so that it would increase the present ratio of less than $1 of Government money for each $1 of SBIC money—assuming a $700,000 commitment by the SBIC—to $2 of Federal money to $1 of private money?

Mr. SPARKMAN. We have maintained the same ratio. But the figures of the Senator are correct, if we count the debentures as being Government money.

Mr. PROXMIRE. Under section 303 (b), this bill would increase the limitation for SBA loans from 50 percent of capital and surplus, or $4 million, to 50 percent of capital and surplus, or $5 million, whichever is greater. Do I understand correctly?

Mr. SPARKMAN. I wonder if the Senator would mind repeating that question?

Mr. PROXMIRE. Do I understand correctly that the bill would increase the amount of SBA loans to SBIC's from $4 million to $5 million under section 303(b)?

Mr. SPARKMAN. The law at the present time provides that an SBIC may borrow from SBA under section 303(b) of the act an amount not to exceed 50 percent of the capital and surplus of the SBIC, or $4 million, whichever is the smaller. This bill would increase that $4 million limitation to $5 million. That is correct.

Mr. SPARKMAN. Mr. President, will the Senator yield, so that I may clarify one thing?

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. A while ago there was discussion about the increase in the amount of Government money which might go into the SBIC. I am not certain that I made it clear that, regardless

of the figures which have been cited, the proportion of Government money to private money has remained the same throughout.

Mr. PROXMIRE. Mr. President, as I understand the situation, this is one of the most rapidly growing agencies of the Government. It has grown at a fantastic rate.

People talk about the increase in Government spending and the increase in bureaucracy, but seldom do they focus on the benefits which business receives. A small segment of small business is involved, because only 1 firm in 200 in this country has ever borrowed from the Small Business Administration.

Despite this, we have witnessed a situation in which the Small Business Administration from 1953 to 1963 grew from 432 employees in 1953 to 3,239 employees in 1963, an increase of 775 percent. This compares with a decrease during that same period of time in the total overall number of Federal employees from 2,558,000 to 2,527,000. Whereas the Federal Government maintained almost complete stability during the past 10 years, as to the number of Federal employees—there have been some fluctuations, but almost complete stability—the so-called small business sector has not been doubled, tripled, or quadrupled, but has been increased, in number of employees, sevenfold.

The Senator from Wisconsin, like all other Senators, is for small business. But the soaring cost of the promotion of business I think has been overlooked by those who call attention to the growth of the Federal Government. The growth of the Federal Government during the past 10 years, has been dwarfed by the explosive growth of subsidies for water carriers, subsidies for airlines, and subsidies to business.

On the basis of the discussion on the previous amendment, we have observed that these loans go more and more to the larger so-called small business firms.

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

Mr. PROXMIRE. I yield.

Mr. SPARKMAN. The Senator's figures are correct, but I believe they should include a bit more information.

Prior to the creation of the Small Business Administration we had the Smaller Defense Plants Administration. The SDPA was organized during the Korean war to help small business in the defense program. It was purely a defense organization, and almost entirely limited to that.

In 1953, in the 83d Congress, the Small Business Administration was made a permanent agency and given the broad power of lending to small businesses throughout the country.

Mr. PROXMIRE. What year did it become permanent?

Mr. SPARKMAN. 1953.

Mr. PROXMIRE. Very well.

Mr. SPARKMAN. I should like to correct that. I said it was made permanent in 1953, but it was not. The Small Business Administration was created in 1953. It was made permanent in 1958.

Later we added to the functions of the Small Business Administration the job of administering disaster relief in this country. Everyone who knows what has happened over the past years knows that this has been a considerable load to carry. The Small Business Administration was given that job.

Congress has enacted other laws with reference to various programs in Government contracting, subcontracting, and so forth. That added a personnel need. Other activities and functions have been given to the Small Business Administration as time has gone along.

When the SBIC was organized in 1958, the administration of that program was given to the Small Business Administration.

We cannot eat our cake and have it, too. If Congress provides new functions, somebody must administer those functions. If it happens to involve an agency such as the Small Business Administration, of course it is necessary to employ additional personnel to take care of the functions which have been added.

This is getting a bit ahead of the game, but there will be under consideration in a few minutes, I hope, another bill in this field. The Senator from Michigan will offer an amendment to that bill to extend the disaster relief program. The Senator from Wisconsin, as I understand, will support that amendment.

Mr. PROXMIRE. Yes, indeed.

Mr. SPARKMAN. It will not be possible to administer that program without some additional personnel. It may not require as many as a half dozen, but certainly it will require some more.

So it goes. As we add burdens and responsibilities to the Small Business Administration, we should expect the number of employees to continue to grow.

We ought to keep those factors in mind when we discuss the phenomenal growth which the Small Business Administration has had.

Mr. PROXMIRE. Mr. President, I thank the Senator for his comments, but I should like to invite his attention to several things.

It is true that in 1953 there were 432 Small Business Administration employees. However, every year there has been an increase, and usually a big increase of 100 or 200 employees sometimes more, year after year.

First, the number was 432; then it was 601; then it was 736; then it was 821; then it was 1,161; then it was 1,471; then it was 2,013.

And so on, until the past year, when it was 3,239.

It is true that if we provide for some kind of assistance to the beleaguered fish industry, it might be necessary to employ another person. I do not believe it will be necessary. I believe the Small Business Administration should be well enough staffed now to handle the relatively small and temporary situation in which the fish industry now finds itself.

I should like to invite to the distinguished Senator's attention the statistics in this regard. In 1954, $275 million was authorized by the Federal Government for the revolving fund of the Small Business Administration. The next year it was $275 million. Then it was $375 million. Then it was $455 million. It has climbed, year after year, until there has been a 600 percent increase since 1954, so that now it is $1,666 million.

During the same time, the Federal Government has increased its spending from $73 billion to $92 billion.

Many editorials have been written deploring the increase of spending by the Federal Government. Most Senators would like to keep spending as low as possible.

I invite attention once again to the fact that the people of America who denounce subsidies the most, who believe this and feel this most strongly—who are opposed to the expansion of a Federal bureaucracy the most, who are opposed to Federal subsidies the most, are the small businessmen. One might say all businessmen, but especially the small businessmen. I have talked with thousands of them in my State who are opposed to the growth of the Government.

Yet we see that the agency which purports to represent the small businessman primarily is probably the fastest-growing agency in the Government in terms of personnel, in terms of money, in terms of the involvement of the Federal Government in what is going on.

On the basis of everything I have seen and all my talks with small businessmen, they do not want bureaucracy to grow, even if they receive some benefit from it.

Only one out of every 200 small businessmen has had an opportunity to borrow from the Small Business Administration. That is one half of one percent. The other 99½ percent have not borrowed from the Small Business Administration. This does not mean that we should abolish it. The SBA performs some very useful functions. I am in favor of continuing it. But I am opposed to this bill and the next bill that will come up today because I think the agency is growing too fast. If we mean anything we say about keeping Government spending under control and keeping bureaucracy from growing so great, we should keep this SBA bureaucracy from growing.

May I ask the Senator from Alabama if there has not been this 600 percent increase in the revolving fund of the SBA between 1954 and last year?

Mr. SPARKMAN. Yes. The Senator has given correct figures. However, again, I think there is an explanation. When SBA started in 1953, it was provided with a revolving fund to take care of business loans and loans for disasters caused by floods and other catastrophes. Also an amount was provided in the law to make it possible for the Small Business Administration to contract with the Government for prime contracts and then perhaps subcontract them out to a pool of small businesses that might be formed. That fund has never been used.

Later, the Small Business Act was amended to include disaster loans to small businesses which have suffered severe economic injury because of the injuries done their customers by drought and heavy rainfall in the area where the

small business is located, also the act has been amended to permit disaster loans to any small business which has suffered substantial economic injury as a result of its displacement by a federally aided urban renewal or highway construction program.

There has been spent for disaster relief a total of about $155 million. That is SBA's part.

In addition, there has been participation by banks.

Still later, in 1958, the SBIC program was put into effect and a revolving fund was created for it. This is included in the large figures toward the end of the total which the Senator quoted.

We must remember that these programs require money. They are not grants—grants have been minimal in the Small Business Administration. These are loans that are paid back, generally at a rate of interest that is favorable. Business loans carry a rate of interest of 5½ percent. Disaster loans carry a lower rate—3 percent, as I recall—in keeping with the decree of Congress. But the money is put out in loans, and it is being paid back with interest, and a very fine record is being made.

Mr. PROXMIRE. Let me say to the distinguished Senator from Alabama that nobody has worked harder on small business legislation or more effectively or more faithfully than has the Senator from Alabama. He has done a wonderful job. He is certainly Mr. Small Business in the Senate. He has accomplished much. He has been very fair to me. I have had the duty, as chairman of the Small Business Subcommittee of the Committee on Banking and Currency, to handle a situation that is becoming increasingly uncomfortable for me. The Senator from Alabama has been wonderful in cooperation. He has beaten me every time we go to the mat, whether it is in subcommittee, in the full committee, or on the floor. He is going to beat me today. But I want to make it clear that I oppose the provision in S. 298 that would increase the amount of subordinated debentures that SBA will buy and the size of the loans that SBA will make, as well as loans that are over $500,000, with which my amendment, which was rejected a few moments ago dealt.

Mr. SPARKMAN. Mr. President, I am deeply grateful to the Senator from Wisconsin for his comments. I know he has worked hard, and I know he has been sincere in his efforts with reference to small business. I have differed with him on several occasions, but I have enjoyed working with him. I am a member of the subcommittee over which he presides. Also, in the Select Committee on Small Business, we work diligently and periodically throughout the year, as he knows, in studying those problems. There has been a high degree of concord of opinion in that committee on both sides. There is no partisanship in that committee. Almost all of the reports which we have rendered since 1950 have been unanimous.

Mr. PROXMIRE. If the Senator will yield at that point, perhaps that is the difficulty. I think it is fine to achieve unanimity, but I feel that in this area we need a little more inquiry and criticism in order to evaluate the program on the basis of differences.

Mr. SPARKMAN. We do not handle the specific items the Senator is discussing; we handle principles and policies. Where there is a point at issue, we handle it.

The Senator from Wisconsin heard the Senator from Massachusetts [Mr. SALTONSTALL], who is the ranking minority member of the committee, speak with reference to S. 298. He is one of the sponsors.

Practically the entire membership of the Small Business Committee joined in sponsoring the bill. We did it based upon hearings and studies by the committee.

I say to the Senator from Wisconsin that, regardless of our differences, we have usually—in fact, in most instances—ironed out our differences. We have not gone to the mat in many matters. I have enjoyed working with the Senator from Wisconsin.

Mr. PROXMIRE. I point out that this business subsidy powerhouse is a real streamroller. In most areas we hear the distinction made between liberals and conservatives and Republicans and Democrats on spending; but when they get together on the Small Business Committee and the Banking and Currency Committee in matters relating to business, the sky is the limit. There are very few limitations on business. When we enter the area of welfare, or foreign aid, there is criticism. We even hear criticism in the field of defense these days. But when it comes to business, no. I do not believe that is helpful. Business does not want it that way. It wants a much slower pace in expansion of a bureaucracy which is supposed to serve small business.

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

Mr. PROXMIRE. I yield to the Senator from Texas.

Mr. TOWER. There is probably no subcommittee in the Congress in which there has been a more constructive spirit of cooperation and lack of partisanship than on our subcommittee. I think both S. 1309 and S. 298 reflect that spirit of compromise.

Legislation has been described as the art of the possible. We have brought about in the subcommittee a meeting of minds of those of diverse political persuasion. That fact stands as a tribute to all members of the committee, including the Senator from Wisconsin and the Senator from Alabama.

For that reason, I hope S. 1309 and S. 298 will stand in their present posture.

Mr. PROXMIRE. I thank the distinguished Senator very much for his remarks. I am grateful. He certainly is a cooperative, as well as an intellectually, brilliantly qualified member of the Banking and Currency Committee.

The final comment I wish to make is that this country is probably more fully "banked" today than it has ever been before. There are more large and eager-to-loan banks, and they are more aggressive than they have been in a long time. The banking system in my State, and those in most States of the Union, has greatly improved. Under those circumstances, with the availability of capital, we should be a little more careful than we have been in the past in the rapid expansion of the Small Business Administration and its many functions.

Eugene Foley, Administrator of the SBA, is a fine Administrator. He has been in office a very short time, but he has rendered a fine service, as did his predecessor, John Horne.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (S. 298) was passed.

Mr. SPARKMAN. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. HUMPHREY. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT OF SMALL BUSINESS ACT

Mr. SPARKMAN. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 618, S. 1309.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 1309) to amend the Small Business Act, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to; and the Senate proceeded to consider the bill, which had been reported from the Committee on Banking and Currency with an amendment to strike out all after the enacting clause and insert:

That section 4(c) of the Small Business Act is amended—

(1) by striking out "$1,666,000,000" and inserting in lieu thereof "$1,700,300,000"; and

(2) by striking out "$341,000,000" and inserting in lieu thereof "$375,300,000".

SEC. 2. Paragraph (2) of section 7(b) of the Small Business Act is amended to read as follows:

"(2) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to any small business concern located in an area affected by a disaster, if the Administration determines that the concern has suffered a substantial economic injury as a result of such disaster and if such disaster constitutes—

"(A) a major disaster, as determined by the President under the Act entitled 'An Act to authorize Federal assistance to States and local governments in major disasters, and for other purposes', approved September 30, 1950, as amended (42 U.S.C. 1855–1955g), or

"(B) a natural disaster, as determined by the Secretary of Agriculture pursuant to the Consolidated Farmers Home Administration Act of 1961 (7 U.S.C. 1961); and"

SEC. 3. Section 16 of the Small Business Act is amended by adding thereto the following new subsection:

"(c) Whoever, with intent to defraud, knowingly conceals, removes, disposes of, or converts to his own use or to that of another, any property mortgaged or pledged to, or held by, the Administration, shall be fined not more than $5,000 or imprisoned not more

than five years, or both; but if the value of such property does not exceed $100, he shall be fined not more than $1,000 or imprisoned not more than one year, or both."

AMENDMENT OF ARMS CONTROL AND DISARMAMENT ACT

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 777) to amend the Arms Control and Disarmament Act in order to increase the authorization for appropriations and to modify the personnel security procedures for contractor employees, which were, on page 2, strike out lines 22 over through and including line 7 on page 3, and insert "SEC. 3. Section 33 of the Arms Control and Disarmament Act (22 U.S.C. 2573) is amended by adding at the"; on page 3, line 22, strike out "in support of any pending"; and on page 4, line 1, strike out "legislation".

Mr. HUMPHREY. Mr. President, on behalf of the Senator from Arkansas [Mr. FULBRIGHT], I move that the Senator concur in the amendments of the House.

Mr. President, I believe the Senate should accept the House amendments.

One of them would retain the language of the existing law concerning the approval by Congress of any agreement which would obligate the United States to disarm or to reduce or limit its Armed Forces. The Senate accepted this language 2 years ago by an overwhelming vote. Since the other body has accepted the Senate amendment to reduce the Agency's authorization to $20 million for the fiscal years of 1964, 1965, I see no reason why we should insist on our amendment on congressional approval of arms control and disarmament agreements.

The other amendment adopted by the House would prohibit the dissemination of "propaganda" within the United States concerning the work of the Arms Control Agency. The Senate's language was somewhat narrower. It limited the prohibition to propaganda in support of "any pending legislation" concerning the work of the Agency.

I believe we can accept this amendment also. In doing so, we should understand that the Agency can continue its program of informing the American public about its activities.

The able chairman of the House Foreign Affairs Committee, Dr. MORGAN, made this clear yesterday to the Members of the other body. As he said, this amendment would not eliminate the existing authority under section 2(c) of the Arms Control and Disarmament Act for the dissemination of "public information" concerning arms control and disarmament.

The distinction is between propaganda and information. This is a distinction with which the Committee on Foreign Relations has long been familiar. What concerns the committee are efforts by agencies of the executive branch to use the public media to put heat on Congress to pass particular legislation or to approve a particular treaty. On the other hand, the committee believes the American people have a right to know the positions which our Government is taking in the arms control and disarmament field, and the reasons why we are taking these positions. For this reason, the word "propaganda" must be narrowly construed so that the American people will not be deprived of information from any appropriate medium about arms control and disarmament activities.

With this understanding, I urge the Senate to adopt the amendments of the other body. This will give the Agency a new 2-year authorization to seek safeguarded alternatives to the arms race.

Mr. President, we all know that negotiations in this field will continue. We all know that even a measure like the limited test ban treaty can have an impact on our national security, particularly if other countries cheat. This Agency must be continued to do research so that our negotiators will be prepared to judge proposals, to determine what impact they would have on our national security, and to find out whether cheating could be detected.

By our vote today we will continue for 2 years the Agency which, more than any other, was responsible for the "hot line" to Moscow and the test ban treaty.

Mr. President, I ask unanimous consent that a statement prepared by the Senator from Arkansas [Mr. FULBRIGHT] be printed in the RECORD at this point.

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

STATEMENT BY SENATOR FULBRIGHT

The House made two minor changes in the Senate bill. The first of these restores, with one small change, the present language of the proviso in section 33, which states "that no action shall be taken under this or any other law that will obligate the United States to disarm or to reduce or to limit the Armed Forces or armaments of the United States, except pursuant to the treatymaking power of the President under the Constitution or unless authorized by further affirmative legislation by the Congress of the United States." The Senate would have changed the last phrase to read: "except in accordance with the constitutional processes of the United States." The existing language has worked effectively and I see no objection to keeping it. It has always been understood by the committee and the Senate that major agreements, such as the recent limited nuclear test ban treaty, would be submitted as treaties whereas minor agreements, such as the "hot line" would not.

The Senate bill made the proviso applicable only to action taken under the Arms Control and Disarmament Act; the House bill continues the existing law which makes the proviso applicable to actions taken under other laws as well.

The second minor change occurs in the provision limiting the use of funds for propaganda. As passed by the Senate, it read: "None of the funds herein authorized to be appropriated shall be used to pay for the dissemination within the United States of propaganda in support of any pending legislation concerning the work of the U.S. Arms Control and Disarmament Agency." The House proposes to strike the words "in support of any pending legislation." Here again, I see no objection to the House change. In fact, the original language considered by the committee was virtually identical to that agreed to by the House.

The committee's concern and intent was set forth in the report as follows:

"The committee is fully aware of the constitutional right of citizens to petition their Government. It is concerned, however, that tax funds gathered from all the citizens not be used, directly or indirectly, to encourage expressions of particular groups of citizens simply because those groups support positions taken by the Government agency. Mr. Foster testified that he personally did not promote these exertions on behalf of the bill and that he did not know who did. The provision recommended by the committee would therefore merely insure that the Agency will not participate in a public campaign on behalf of its own legislation. The committee does not intend by this language to restrict Agency officials from addressing public affairs groups and others on the general subject of arms control and disarmament or to undertake similar activities."

The following statement from the report of the Foreign Relations Committee dealing with an earlier limitation on propaganda activities of the International Cooperation Administration is equally applicable, I think, to the pertinent provision of S. 777: "It is admittedly difficult to draw a hard and fast distinction between information and propaganda so as to fit all possible cases. But the problem, in the committee's view is more theoretical than real * * * '[G]eneral propaganda' should be very narrowly construed and should not inhibit action through all appropriate media to make more information about the program available to the American people," (S. Rept. No. 412, 86th Cong., p. 39).

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Minnesota to concur in the House amendments.

The motion was agreed to.

AMENDMENT OF THE SMALL BUSINESS ACT

The Senate resumed the consideration of the bill (S. 1309) to amend the Small Business Act, and for other purposes.

Mr. SPARKMAN. Mr. President, the bill would increase the authorization of the Small Business Administration's revolving fund for use in its programs under the Small Business Investment Act of 1958 by $34.3 million. This brings the total authorization for these programs to $375.3 million and the total authorization for the Small Business Administration's revolving fund to $1,700,300,000. The Small Business Administration estimates that this increased authorization will enable it to operate the Small Business Investment Company program and the lending program to State and local development companies through fiscal year 1964.

SBA now has authority to make loans to small businesses which have suffered severe economic injury because of the injury done their customers by drought and heavy rainfall in the area in which the small business is located. Section 2 of the bill would broaden this authority so as to include all types of natural disasters. These disasters must be declared by the President or Secretary of Agriculture under their statutory authority to make such declarations. There have been many cases where small businesses have suffered such economic injury because of disasters other than drought

and heavy rainfall. Last winter, for instance, the citrus fruit crop in Florida was severely damaged by freezing. Many small businesses in the citrus fruit area dependent on the fruit growers were injured economically because of this natural disaster. There is no valid reason why small businesses should not be permitted to obtain disaster loans for economic injury resulting from disasters such as this heavy freezing as well as for floods, hurricanes, fires, or earthquakes.

The bill also provides the Federal Government with power to bring criminal charges against any person who, with intent to defraud, knowingly steals any property mortgaged or pledged to the Small Business Administration as security for a loan. This provision is the same as the authority now held by the farm credit agencies for similar offenses against property used as collateral for their loans. This provision would not preempt the States from taking action under their own laws.

Mr. HART. Mr. President, I call up my amendment No. 318. Joining in the sponsorship of this amendment are Senators HUMPHREY, MCCARTHY, MCNAMARA, NELSON, and PROXMIRE.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 4, line 8, insert "(a)" after "SEC. 2.".

On page 5, strike out line 3, and insert in lieu thereof the following: "(7 U.S.C. 1961);"

On page 5, between lines 3 and 4, insert the following:

(b) Section 7(b) of such Act is further amended by striking out the period at the end of paragraph (3) and inserting in lieu thereof "; and", and by adding after paragraph (3) a new paragraph as follows:

"(4) to make such loans (either directly or in cooperation with banks or other lending institutions through agreements to participate on an immediate or deferred basis) as the Administration may determine to be necessary or appropriate to assist any small business concern in reestablishing its business if the Administration determines that such concern has suffered substantial economic injury as a result of the inability of such concern to process or market a product for human consumption because of disease or toxicity occurring in such product through natural or undetermined causes."

Mr. HART. Mr. President, I believe my colleagues are aware of the unfortunate botulism episode which resulted in the October 25 action by the Food and Drug Administration recommending against consumption of smoked fish caught or processed in the Great Lakes area.

Due to our highly developed means of communication, the word of this warning instantly spread across the Nation. Unfortunately, the whole story was not always covered; namely, that the warning did not apply to fresh, frozen, canned, or pickled fish from the Great Lakes area.

As a result, the effect of this action by the Food and Drug Administration—in substance highly desirable from the standpoint of the public welfare—was to bring about an instantaneous and almost total shutdown of the commercial fishing business in the Great Lakes area. Twenty thousand men have been reported to be out of work, of whom 8,000 are citizens of the State of Michigan. And because the warning applied to fish caught anywhere but processed in Great Lakes plants, the effects of the shutdown extended to processors and retailers all over the Nation.

Those of us who represent the States most affected took such immediate action as could be devised to help straighten out the situation. The FDA was requested to—and did—clarify its recommendation, making clear that the warning applied only to smoked fish.

Standards were developed for preparation of smoked fish in a manner that could be certified as healthful; these, however, present many problems for the industry in terms of producing a tasty, attractive product, and research is continuing. Additional impetus has been given to research into the origin and development of type E botulism, a subject in which our knowledge is extremely limited.

In spite of these and other efforts, the distress in the industry is still very, very acute. Small business concerns which must meet fixed obligations and which are for the time being without income, are desperately in need of assistance. Low interest, long term loans such as those available to other segments of our economy who suffer disaster, would help tide them over.

Our amendment would add a fourth category of small business concerns which would be available for disaster loans if the Small Business Administration determines "that such concern has suffered substantial economic injury as a result of the inability of such concern to process or market a product for human consumption because of disease or toxicity occurring in such product through natural or undetermined causes."

Our intention is that these loans would be available to those small concerns—from the commercial fishing companies to the processors and the retailers—engaged in the marketing and processing of the fish; and that it would not be necessary to show that every fish was diseased, but that the inability to conduct their business was because of disease or toxicity occurring in the product in general.

Mr. President, we have tried to word this amendment in language that would not open up a Pandora's box. We have tried to make it very specific. But this industry is indeed experiencing a severe disaster, and we believe it should be eligible for disaster loans on a par with the assistance so understandably offered to those who make their living from the products of the soil.

Mr. SPARKMAN. Mr. President, I have discussed the amendment with the Senator from Michigan [Mr. HART], the Senator from Wisconsin [Mr. PROXMIRE], and the Senator from Texas [Mr. TOWER], and the Senator from Minnesota [Mr. HUMPHREY]. I have some reservations about it, because I am not certain what its full implications are. Nevertheless, as I told the Senator from Michigan when he first spoke to me about it, and also the Senator from Wisconsin, my inclination was to accept the amendment and to take it to conference. I presume there will be a conference. Of course, the House may accept it as it is.

Mr. HART. I hope the House will accept it.

Mr. SPARKMAN. So far as I was concerned, I told those Senators that I would be willing to accept the amendment.

Mr. HART. If there is no objection, I ask that there be printed at this point in the RECORD selected letters written to me by persons who are directly affected. These letters, in simple but very eloquent language, express the extreme difficulty in which a great many very good citizens find themselves. The situation has been created not at all from any failure on their part, but from some mystery of nature.

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

ALPENA, MICH.,
November 15, 1963.

Attention Senator HART.

DEAR SIR: I am a commercial fisherman on the Great Lakes and since this outbreak of botulism I have had to lay my boat up.

I employ three men that each average $4,500 a year. These men are *only skilled* in fishing as I am. We are unable to find any job fishing. My equipment is valued at $25,000, and is my whole life's earnings and savings and is now laying idle.

I am past 40 years old and quite unable to start learning a new trade and support my family at the same time without any income.

If we could get a subsidy now like the farmers get when their land is laying idle would help.

Sincerely yours,

MR. DONALD CARPENTER.

OSCODA, MICH.

DEAR SIR: I am pleading for my family's livelihood due to the recent misrepresentation of botulism to the public. We, the commercial fishermen and thousands connected, are in great hardship.

I am in danger of losing my home and unable to put any money aside for the winter months when we freeze up.

There are no available jobs and no one to watch my fishing equipment if I leave to go look for a job elsewhere. Also, there is no possible way of selling my fishing equipment (boat, nets, etc.) so that I could start someplace else.

I have all my life invested in fishing and have never done anything else except my service hitch.

I have never asked for help before and wouldn't now if there were any other way.

Would you please try to help pass bills S. 627 and S. 978? I know I need the help and so do many many others.

I am strictly a chub fisherman and chubs are only used for smoking. So you can see how bad it is with us. Please help us all.

Sincerely,

EMIL VETTER, Jr.

OSCODA, MICH.

DEAR SIR: We thank you for your interest in the fishermen's (chub fishermen) problems.

We read your enclosure, S. 1309, and although we don't pretend to understand all the insert (A); strike out line 3 and adding to other parts, we do get the general idea in your paragraph (4).

The Small Business Act—S. 1309—would be very helpful to us to keep our business going until something is worked out with the botulism. Please help to get the low-interest

loans through before it is too late. We need them now, not in 6 months; that may be too late.

Sincerely,

Mr. and Mrs. EMIL VETTER, Jr.

FAYETTE, MICH.,
November 12, 1963.

Senator PHILIP A. HART,
Washington, D.C.

DEAR SIR: I am writing to you in regard to the commercial chub fishing industry that has come to an end, due to what we think was given too much publicity by the Pure Food and Drug Administration.

I am 52 years old and have been fishing chubs most of my life, now that chub fishing has come to an end I have no way of making a living for my family.

I owe money on my boat and nets and am afraid I will lose what I have worked for most of my life.

Although we are not farmers of the soil we are farmers of the sea and think that we should get some assistance to see us through this crisis. I surely hope as do many others that are in the same fix I am in that you will do your utmost to help the commercial chub fishermen that were put out of business.

With great respect.

Yours truly,

NORMAN CASEY,
Commercial Fisherman.

ALPENA, MICH.,
October 29, 1963.

DEAR SENATOR HART: I am in the commercial fishing business, fishing chubs from Lake Huron. These fish are used solely for smoking purposes and since the deaths due to botulism found in some smoked fish, all chub fishermen have had to stop operations, and are in a state of emergency. This affects chub fishing in all the Great Lakes.

I am asking that you do all you can to speed up the testing being done by the Food and Drug people and the University of Michigan in their effort to find what caused the botulism.

In the meantime, my income has stopped, as has all the other fishermen in this area.

Something needs to be done quickly, before we lose everything. I am making payments on my home, furniture, and car, besides all the current bills for living expenses and these must be paid regardless. I paid $10,000 for my steel fishing boat and it has taken 20 years to build up my business. A man past 45 cannot get another job even if there were some.

I understand bill No. 627 is for emergency measures and I urge you to do what you can to help it pass. I hope you will give this your immediate attention.

Yours truly,

FRED J. LANG.

BARK RIVER, MICH.

DEAR SIR: I am writing in regards to the publicity that fish have gotten from all the papers over the deaths from smoked fish. And as near as I get it if the people had handled the fish like any food should have been there would have been no disease in that. But the way it was put to the people it is going to be hard to overcome and a lot of fishermen are out of business and some may never get back. As near as I get it, there are 20,000 men out of work from this unnecessary scare. Fishermen like myself with little schooling and know no other way of making a living are hurt bad. And am asking the men that can do help clear this up if it can as I do not believe the fishing industry deserved this blow.

Yours truly,

ELMER LARSON.

P.S.—It would be a blessing if commercial fishermen would be eligible for marine hospital care. Would like to see the bill passed on this.

TAWAS CITY, MICH.,
October 29, 1963.

Senator PHILIP HART,
Washington, D.C.

DEAR MR. HART: I have been a commercial fisherman all my life and at 47, it would be impossible for me to get employment that would keep 10 children and make necessary payments. What the Pure Food and Drug Department has done to us in the smoked fish deal by misinforming the press can never be rectified. It has killed us.

We need help from the Government immediately, to save us or we will lose everything we have worked for all our lives.

Yours truly,

EMERALD LABLANCE & SONS.

P.S.—Please vote for bills S. 627 and S. 978.

OSCODA, MICH.

DEAR SIR: I am the wife of a commercial fisherman writing to you for your help in the passage of bills Nos. S. 978 and S. 627.

The botulism scare hit us right at the time when we make our winter stake. Not only can't we put any money aside for the winter when we freeze up, we're already one house payment behind and likely to lose our home before things clear up.

I even had to help my husband pull his nets out of the water as we couldn't pay a hired man when we can't sell the fish.

Please help us desperate wives. We're scared.

My husband has his whole life in his fishing and needs help to keep it.

Please help soon.

Very sincerely,

Mrs. EMIL VETTER, Jr.

Mr. PROXMIRE. Mr. President, I am delighted that the Senator from Michigan took the initiative to propose an amendment to the bill. I had occasion to speak to some fishing industry people in Wisconsin about 10 days ago. They are in serious difficulty. Their businesses, which have been established for many years, are on the verge of failure through absolutely no fault of their own. Their business is a very hazardous and tough business indeed—and highly competitive. Those men have been offering marvelously wholesome and healthful food, and now, because of an action by the FDA, and because of one or two incidents that occurred which had no connection with them, they find that their whole future is seriously prejudiced, and that they may lose their business or their jobs. Their whole livelihood depends on this business.

There is reason for accepting the amendment. I wish to say once again, because of the great efficiency of Mr. Foley, that I hope this matter can be taken care of without an increase in the number of employees or in the appropriations for the SBA, because this is a relatively small operation and involves only a temporary situation.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Michigan [Mr. HART] to the committee amendment in the nature of a substitute.

The amendment to the amendment was agreed to.

Mr. SPARKMAN. Mr. President, I said I had discussed the amendment with the Senator from Texas [Mr. TOWER]. I do not want that statement to be understood as meaning that he was in complete agreement with the amendment. I believe that he, too, had some reservations about it. But at least he was aware of the fact that the amendment would be offered and that I intended to accept it and take it to conference.

Mr. HART. On behalf of the Senator who joined with me in offering the amendment, I thank the Senator from Alabama for his willingness to accept it.

The Senator was gracious enough to speak about 2 weeks ago concerning the Great Lakes fishing industry. Based on that experience, anything that can be done to keep Great Lakes fishing alive is worthwhile.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute as amended.

The amendment in the nature of a substitute, as amended, was agreed to.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill (S. 1309) was ordered to be engrossed for a third reading, was read the third time, and passed.

Mr. SPARKMAN. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. MANSFIELD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

AMENDMENT OF LIBRARY SERVICES ACT

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 570, S. 2265.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 2265) to amend the Library Services Act in order to increase the amount of assistance under such act and to extend such assistance to nonrural areas.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Montana.

The motion was agreed to; the Senate proceeded to consider the bill.

Mr. MANSFIELD. Mr. President, no action will be taken on the bill tonight. It will be the pending business.

ORDER FOR RECESS UNTIL NOON TOMORROW

Mr. MANSFIELD. Mr. President, I ask unanimous consent that when the Senate completes its business today, it recess until 12 o'clock noon tomorrow.

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

AMENDMENT OF MERCHANT MARINE ACT, 1936, AND SECTION 18 (B) (2) OF SHIPPING ACT, 1916

Mr. PROXMIRE. Mr. President, I introduce two bills and ask that they be appropriately referred.

The PRESIDING OFFICER. The bills will be received and appropriately referred.

The bills, introduced by Mr. PROXMIRE, were received, read twice by their titles, and referred to the Committee on Commerce, as follows:

S. 2328. A bill to amend the Merchant Marine Act, 1936, in order to provide that it shall be a misdemeanor for any contractor receiving an operating differential subsidy under title VI or for any charterer of vessels under title VII to engage in certain discriminatory rate setting practices; and

S. 2329. A bill to amend section 18(b)(2) of the Shipping Act, 1916, to require the publishing and filing of economic justification along with the publishing and filing of tariffs in certain cases.

Mr. PROXMIRE. Mr. President, the shocking differentials in ocean freight rates which have been imposed upon American carriers have discriminated against our entire economy. In my opinion it is a prime explanation for the chronic balance-of-payment difficulties which we have experienced.

How can we possibly improve our export position when the freight rates being charged are so substantially in excess of those paid by exporters from other nations.

It is virtually impossible for American producers to compete effectively in foreign markets when foreign producers can enter those markets at substantially lower costs.

This discrimination has been extremely severe in the case of Great Lakes shipments. Let us examine the facts. It costs $52.75 a ton to send beer from Milwaukee to Germany, but only $32 a ton to send German beer to Milwaukee—only a little more than half as much as to send Milwaukee beer to Germany. Bicycles from Milwaukee to Amsterdam cost $41.72; only $17.50 in the reverse direction—only a little more than a third as much.

An automobile from Milwaukee to England—and Ramblers are produced in Milwaukee—costs $27.50 per ton. An English car to Milwaukee costs only $16.10 a ton. Even books from Milwaukee to England cost $58 and only $29.40 from England to Milwaukee. Many similar examples could be given.

Why have these conditions come about? The answer is that these rates are set by international shipping conferences and American lines are consistently outvoted by foreign lines.

Therefore, foreign lines are, in effect, establishing economic policy for the United States. The Federal Maritime Commission has authority to disapprove these rate disparities but incredibly no actions have ever been taken under this authority.

The two bills I am introducing should go a long way toward correcting this situation. The first bill would require the publishing and filing of economic justifications for any rate disparities which are proposed. Thus, a burden of justification will be placed upon steamship conferences and steamship lines to explain why discriminations exist.

My second bill would forbid American taxpayers' dollars being used to support conference agreements which establish rates discriminatory to American exporters. Under this bill a penalty would be provided for any subsidized line if it continues as a party to any agreement under which discriminatory rates are set. The bill specifically states that rates must be comparable.

U.S. taxpayers are paying almost $300 million a year to subsidize an American fleet. The only purpose of this subsidy is to make the American fleet competitive with foreign fleets.

If, with the subsidy, we cannot carry American exports for the same price as comparable foreign ships, our subsidy program is a failure.

Thus, my bill should either save the American taxpayer money or should improve our balance of payments by establishing competitive conditions under which American exports can be carried in American ships.

Mr. President, we are all concerned about our adverse balance of payments. The administration has initiated a number of measures designed to rectify our adverse position. The Trade Expansion Act of 1962 was a notable step in this direction. Other actions include extending the charter of the Export-Import Bank, developing programs of education and assistance to American exporters, encouraging sales of raw material, such as cotton, and so on. However, as pointed out repeatedly in the recent hearings of the Joint Economic Committee, one major difficulty in correcting this imbalance is the handicap our domestic producers suffer as a result of outdated shipping practices.

Today I have introduced bills designed to update our transportation policies. I believe that new legislation aimed at the transportation and delivery of our exports is a necessary extension of other proposals designed to increase U.S. exports.

FREIGHT-RATED DIFFERENTIALS

The recent hearings of the Joint Economic Committee contained numerous examples which revealed that it costs 25 to 50 percent more to ship many American products to Europe or Japan than it costs to ship similar European or Japanese products to this country. The effects of these disparities on our balance of payments were well illustrated before the committee on October 10 by Mr. Arthur Dodge, Jr., vice president of the Dodge Cork Co., of Lancaster, Pa.:

Of great concern to us is the fact that eastbound transatlantic ocean freight rates for products we manufacture are generally 40 percent higher than the rates for the same products for westbound shipments.

In the case of cork bottle stoppers, Mr. Dodge indicated that the rate from the United States to Europe was $238 per long ton, while the rate from Europe was only $72 per long ton. Commenting on the effect of this disparity, he stated:

By redesigning the closures to be used, we are saving the bottlers as much as $6 per thousand closures compared to the cost in Europe of closures for identical packages. For the first time we can now see a potential market in Great Britain and Europe of over $100,000 per year for these items. We are in contact with firms abroad who want to buy from us. However, a freight disparity of 330 percent is a major barrier to achieving this potential business.

Mr. Dodge's example is not unique. On many American products the outbound freight rate is substantially higher than the inbound rate. Nor are these disparities confined to the Atlantic ports, or to the gulf ports, or to the Pacific ports, or to the Great Lakes—they apply to all. The hearings of the Joint Economic Committee contain numerous examples of the disparities on the Atlantic, gulf, and Pacific. I asked the staff of the committee to obtain from the Federal Maritime Commission some rates from the Great Lakes to Europe. There are of course, some disparities in the reverse direction. I see no reason why they should exist in either direction.

METHODS OF DETERMINING RATES

For the most part, ocean freight rates are set by steamship conferences composed of lines offering scheduled sailings over a particular trade route. In most cases, foreign lines outnumber U.S. lines. These monopolistic conferences, in order to operate in U.S. foreign commerce free from antitrust laws, must obtain approval of their actions from the Federal Maritime Commission. The Commission can refuse exemption from the antitrust laws whenever a conference agreement is detrimental or prejudicial to the foreign commerce of the United States. By this method the Commission has the means needed to disapprove these rate disparities.

Unbelievably, the Federal Maritime Commission has not acted previously in this area but, partially as a result of the Joint Economic Committee's investigation, a new Chairman has been designated and he has initiated programs designed to eliminate rate disparities. In order to expedite the Commission's investigation, some of the burden of proof of these disparities should be placed on the participants—the steamship conferences and the participating lines.

Therefore, I am introducing an amendment to section 18(b)2 of the Shipping Act of 1916, to require the publishing and filing of economic justification for rate disparities along with the publishing and filing of the rates themselves. Currently, section 18(b)2 requires steamship lines and conferences to file their rates with the Federal Maritime Commission. It is the purpose of this amendment to impose on the conferences and lines the burden of justification for rates which appear to discriminate against American exporters.

THIRD-COUNTRY DIFFERENTIALS

The Joint Committee's hearings also revealed that it costs considerably more on a per-ton-mile basis to send U.S. exports to South America and other foreign countries than it does to ship comparable products from Europe and Japan to these same countries. Mr. Robert R. Clark, vice president of FMC International, stated this problem very accurately. Mr. Clark stated:

To further substantiate what the committee has already revealed, I have submitted a report as part of my testimony, which embraces 138 different rates on 7 chemical commodities to 10 third countries from the United States and Europe. Page 2 of this study shows that the average rate from Europe to 10 countries to be 154 cents per 100

pounds; whereas the average rate from the United States is 233 cents per 100 pounds. Page 3 of this study shows on a cents-per-50-tons-per-nautical-mile basis that the average rate from Europe to 10 countries is 23.7 and from the United States, 50.6.

It does not take many examples to show the effects on the U.S. balance of payments or upon U.S. industry in general of freight rates which are double those of our major foreign competitors.

One significant example was brought out by Mr. Thomas A. Arnholz, president of Chemoleum Corp., in his testimony before the Joint Committee:

An importer in Brazil at this time has the option of buying potassium muriate, a basic fertilizer, from this country at a price of say $31 per ton f.o.b., or at $32.50 from Europe. The conference freight rate from this country to Santos, Brazil, is $14.85; from Europe to Santos it is $12.00. This means the delivered Santos price from this country is $45.85 as against $44.50 from Europe. This relatively small differential is decisive and the importer will buy in Europe.

This is a particularly important example not only because the distance from Europe is longer to Santos than it is from the United States, but because these rates exclude loading and port charges. In other words, it costs $2.85 more just to carry a commodity from the United States to Santos than it does to carry this commodity from Europe, even though it is 500 miles farther from Europe.

Mr. Arnholz's example is pertinent for another reason—perhaps the most important of all. The rates from the United States to Brazil are set by a steamship conference with 14 active participating lines. Two of these lines are American, three are Latin American, and nine are European. Out of these nine European lines, which can obviously control the rates from the United States to Brazil, seven of these have a competitive service from Europe to Brazil and, therefore, have an interest in building up European exports. Not long ago when the rates from the United States to Brazil increased on potash, exports decreased from 2,100 tons a month to 800 tons per month.

LEGISLATION ON SUBSIDIES

I am also introducing an amendment to the Merchant Marine Act of 1936 which forbids American taxpayers' dollars being used to support conference agreements which establish rates discriminatory to American exporters. This amendment provides a penalty for any subsidized American line if it continues as a party to any agreement under which rates established for shipments between any U.S. port and a foreign port are higher on a mileage basis than the rates established for comparable shipments between such foreign port and another foreign port. The amendment specifically states that shipments must be comparable; that is, the same commodity moving in comparable volume over the two routes. Moreover, the rates exclude handling and stevedoring costs.

U.S. taxpayers are paying almost $400 million a year to subsidize an American fleet so that it is competitive with foreign fleets. If, with a subsidy, an American ship cannot carry an American export for the same price as a comparable foreign ship can carry a comparable foreign export, the subsidy is a failure.

There is other evidence to question the subsidy or at least the management of the subsidy program by the Maritime Administration. Since the passage of the Merchant Marine Act of 1936, over $2 billion in direct subsidy has been paid. Yet, the percentage of oceanborne freight carried by American ships has markedly declined. The oceanborne freight of the United States has grown from 100 million tons in 1946 to 285 million tons in 1960, but the portion carried by U.S.-flag vessels during this period has declined from 65 to 35 million tons.

A preliminary investigation of the Maritime Administration's management of the subsidy has revealed shocking results.

Prior to the Joint Economic Committee's hearings in June, it was the policy of the Maritime Administration to require American-subsidized lines to be members of steamship conferences or lose their operating subsidies. This policy was pursued even though these conferences are predominately foreign controlled and charge excessive rates on our exports. As a result of the committee's recommendations, this policy has been abandoned.

The unwillingness of the Maritime Administration to shift subsidized carriers from inactive to active trades was also revealed. In 1957, the Maritime Administration entered into a 20-year contract with a steamship line to subsidize approximately 150 sailings a year between U.S. North Atlantic ports and the Caribbean, primarily Venezuela. At the time of contract negotiation, the volume of U.S. Atlantic trade to Venezuela was 845,000 tons—with the subsidized line carrying 362,000 tons, or 41 percent. To meet this trade volume, the Maritime Administration required three sailings a week by the subsidized operator. However, since 1957, the volume of trade has declined by 58 percent, and the volume carried by the subsidized operator has declined from 362,000 tons to less than 120,000 tons—a decrease of 69 percent. Such a decline would call for a reduction in subsidized service by at least two-thirds. But no such reduction has taken place—the ships are sailing with less than 33 percent of their weight capacity utilized.

The cost of the Venezuelan-North Atlantic subsidy, on a yearly basis, is approximately $6 million for the operating subsidy and $2 million for the construction subsidy—a total of $8 million per year. The remaining 14 years of this contract will cost U.S. taxpayers $112 million. Even if the volume of trade does not continue its steady decline, it will amount to only 1.5 million tons over the next 14 years. If no reduction in service occurs, the taxpayer will continue to pay the astronomical figure of $72 per ton in subsidies.

NO SUBSIDY CHANGES TO DATE

Section 606 of the Merchant Marine Act of 1936 gives the Maritime Administration the authority to change a subsidy contract or reduce subsidy payments when it determines that a change in the subsidized service is required as a result of trade changes after the effective contract date. The act clearly gives the Maritime Administration ample authority to reduce the subsidy on the Venezuelan trade route by two-thirds. But the Maritime Administration has not inaugurated a proceeding under section 606 in this case. In fact, it is my understanding that the Maritime Administration has never, on its own *initiative*, inaugurated a proceeding under this section to review any contract. The facts in the United States-Venezuelan trade case clearly indicate that of the remaining $112 million subsidy payments to be paid, $75 million is for empty space. This certainly calls for immediate review and action by the Maritime Adminstration.

The Venezuelan trade is but one example of the inflexibility of the Maritime Administration's subsidy policy. It shows that the Administration has not acted to reduce subsidized service when the trade clearly calls for a reduction. On the other hand, the Maritime Administration has failed to respond to increases in trade volume and to shift the underutilized ships to these routes. In 1952, exports from the U.S. gulf to Japan were 905,000 tons—one U.S.-subsidized operator carried 518,000 tons, or 57 percent, of this trade. In 1962, this total trade figure increased 189 percent—to 2,618,000 tons—but the one U.S.-subsidized operator carried only 670,000 tons, or 26 percent.

Even more startling is the Pacific coast-European trade route, where the volume of trade has increased from 567,000 tons in 1952 to 1,300,000 tons in 1962. Yet the percentage of U.S. carriage has declined from 14 to 1 percent because of the lack of subsidized carriers on this trade route. Figures for the Atlantic coast-Far East trade route are similar.

This is but a brief description of the lack of flexibility of our subsidized fleet. In a trade area where the tonnage has drastically declined, two-thirds of the subsidized space is empty. Yet in other trade areas where our foreign commerce has substantially increased, our subsidized fleet has not. This may be a primary reason for the decline in the percentage of U.S. foreign commerce carried by U.S.-flag ships. In 1950, U.S. flags carried 39 percent of our total foreign commerce; in 1962, only 12 percent; currently, the figure is less than 10 percent. This is very significant in terms of our balance of payments. Approximately 73 cents of every freight dollar leaves the U.S. economy and is a deficit to our balance of payments if the commerce is shipped on a foreign-flag vessel. However, if the commerce is shipped on an American vessel, 77 cents of each freight dollar stays in the U.S. economy. This dramatizes the need for flexible and efficient management of our subsidy program.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

THE SENATE ESTABLISHMENT REVISITED

Mr. CLARK. Mr. President, Senators will recall that, last February, I spoke on three different days and at some length on the Senate Establishment, what it is, how it operates, and its responsibility for preventing the Senate from acting on the President's program. I desire to return to this subject today. I call my remarks "The Senate Establishment Revisited."

During the consideration of the foreign aid bill, which, at long last, the Senate has passed after mutilating many of the provisions recommended both by the President of the United States and by our own Foreign Relations Committee, there occurred one of the frequent nongermane discussions for which the Senate has so long been notorious. The discussion was initiated during the evening of November 6 by the Senator from Connecticut [Mr. DODD]. That evening and the next day, the discussion was participated in by the Senator from California [Mr. KUCHEL]; the majority leader, the Senator from Montana [Mr. MANSFIELD]; the minority leader, the Senator from Illinois [Mr. DIRKSEN]; the two Senators from New York [Messrs. JAVITS and KEATING]; the Senator from Wisconsin [Mr. PROXMIRE]; the Senator from Oregon [Mr. MORSE]; the Senator from Alaska [Mr. GRUENING]; and the Senator from Arkansas, the chairman of the Foreign Relations Committee [Mr. FULBRIGHT]. These able Senators speculated as to what is wrong with the Senate, why we are still here in the middle of November, when, had we dealt expeditiously with the proposed legislation before us, we might well have adjourned no later than the end of July.

Various explanations were given for the unhappy condition in which we find ourselves. I should like to present to my colleagues and to readers of the RECORD my own analysis.

First, let me dispose of some contentions which I do not believe give an adequate explanation of the present situation. It was said by the Senator from Connecticut [Mr. DODD]—although later he apologized for his remarks—that the leadership on both sides of the aisle had failed in their duty because they did not bring the Senate in early and keep it in late, in order to dispose of the business before it. But, as several Senators pointed out, the calendar is practically up to date, and there can be no very good reason for long floor hours when there is nothing ready for floor consideration.

It is now 4 o'clock; and, so far as I am advised, this speech is the only thing keeping the Senate from taking a recess or adjourning for today, because there is no measure on the calendar, ready for action, and sponsored by Senators who are in Washington and are ready to take it up.

Mr. MANSFIELD. Mr. President, will the Senator from Pennsylvania yield?

Mr. CLARK. I yield.

Mr. MANSFIELD. There are measures ready for action; but the Senator from Pennsylvania indicated that he wished to speak this afternoon. So we held up other procedures, in order to enable him to make his speech. However, there are measures which could be taken up.

Mr. CLARK. I apologize to the Senator from Montana. Let me ask whether it is desired to take up those measures later today.

Mr. MANSFIELD. No; but we do this as a courtesy to the Senator from Pennsylvania, who waited for a long time in order to permit us to handle the other bills which we have handled today. I make this statement for the RECORD.

Mr. CLARK. Mr. President, the Senator from Montana is most courteous, as always.

Let me say that I, for one, have no desire to return to the days prior to 1961 when the majority leader spent his time, as described by Newsweek last week, in "back-slapping, chest jabbing, and arm twisting." I do not share the nostalgia of the Senator from Connecticut for "an orchestra leader" who "it is alleged stood up and blended into a wonderful production all the discordant notes of the Senate." Those days are gone, I hope, forever. Let the dead past bury its dead.

I am content with—indeed, I am proud of—our present Democratic majority leadership.

Second, it was suggested by the Senator from Oregon that the reason for our difficulties is because major pieces of proposed legislation have not reached the floor of the Senate. This of course is true. But this is the symptom, not the cause, of our senatorial "mononucleosis." The Senator from Oregon stated that this was not the fault of the majority leader, and with this I agree.

It is true that many of the major bills which we should have passed long ago have not as yet come out of committee. But the committees in default are only three in number: Finance, Appropriations, and Judiciary. Much proposed legislation has not only come out of other committees, but also has been passed by the Senate. It is now either awaiting action in the other body, or is bogged down in conference, because of disagreement between the two Houses. In the former category are the youth opportunities bill, the area redevelopment amendments, the mass transit bill, the extension of the juvenile delinquency bill, and the amendments to the Manpower Retraining and Development Act. Among the latter are the educational vocational bill and several of the major appropriation bills. The higher education bill is the only major measure which has been passed by both Houses, and has been agreed to in conference, but, for tactical reasons, has been held up on the Senate calendar.

Incidentally, I am in accord with those tactical reasons. As a prospective member of the conference committee, I believe we should come to an agreement with the House before we undertake to have this body pass the higher education bill.

All these measures are part of the President's program; but the Senate cannot be blamed for the failure to enact them. We have done our job. The difficulty lies on the other side of Capitol Hill. And it must be said that, other things being equal, the world would not come to an end if all these bills were not passed until next year. What, then, is holding us here in November, when we should have adjourned in July as the law requires, for the La Follette-Monroney Reorganization Act of 1946 calls upon Congress to complete its legislative business, including the major appropriation bills, and to adjourn by the last day of July? Every Senator knows why we are still here. It is our failure to pass, months after we were required by law to do so, 8 out of the 12 regular appropriation bills.

It is our failure to act on the President's civil rights bill.

It is our failure to act on the President's tax bill.

It is our unconscionable delay in not acting on the foreign aid authorization bill until November 15.

Who is to blame for this failure of the Senate to perform its constitutional duty? It is not the leadership. It is the Senate establishment. It is the small bipartisan group which does not want anything to happen, and which, I regret to state, appears quite content to have congressional government break down.

We can blame the House for some of this; but we must blame ourselves for a good deal of it, too. Let us look at the record.

A heavy burden of responsibility, in my judgment, lies on the senior Senators who are the chairmen and the ranking Republican members of the Finance, Appropriations, and Judiciary Committees and subcommittees, where appropriation bills, the civil rights bill, and the tax bill are bogged down, and have been bogged down for months. This is the group which opposes both the program of the President of the United States and the planks in the Democratic platform adopted at the Los Angeles Convention in 1960, and this also includes a group which is opposed to many of the planks of the Republican platform of 1960. It is a bipartisan group which is preventing the badly needed Senate reorganization which will enable us to perform our constitutional duty.

Let me be quite specific: The reason why we are still in session in the middle of November, and the reason why, in all likelihood, we shall remain in session for the balance of 1963, is the control of these key committees by this small group of men, who seem determined to obstruct the program of the President of the United States. One might say that the ruling cliques in the Finance Committee, the Judiciary Committee, and the Appropriations Committee constitute the Senate establishment's nests of opposition to the program of the President. These men are conducting a sitdown strike against the people of the United

States. In February I said this would happen. I say in November that it has happened.

It was suggested, during the discussion I referred to, that it was the job of the leadership to blast out of committee the bills which constitute the program of the President and to see that they got promptly to the floor, for action. But I suggest that this is not within the power of the leadership, because the leadership does not control the establishment. Indeed, there are some who think the establishment controls the leadership, although I do not agree. I believe the leadership is anxious for action, but is unable to obtain action. In my view, the reasons are: First, a complete breakdown of Democratic Party discipline; second, an unwillingness to use the weapons of power which lie ready at hand for a majority of the Democrats, acting in conference; and third, our failure to discipline Democratic members of the establishment for their failure to support the program of our President and the principles of the Democratic Party to which they profess to belong.

The Senator from Wisconsin [Mr. PROXMIRE] suggested, during the course of the discussion, that none of us has the facts, other than the simple fact that, when he spoke, it was the 7th of November and major proposed legislation had not yet come to the floor. I suggest that we have the facts, and that the reason why this vital legislation has not come to the floor is that the establishment—on both sides of the aisle, and in the House as well as in the Senate—does not want to have it come to the floor, and is in a position to prevent it.

Let us first consider the status of civil rights legislation. It is said that we must wait for the House to act. Why must we so wait? Is it not because the Judiciary Committee refuses to complete its hearings on the President's proposals and the leadership is unwilling or unable to make a bipartisan effort to require the chairman and the other establishment members of that committee to terminate their hearings and report a bill to the floor?

To be sure, the Commerce Committee has voted to report the public accommodations title of the President's bill to the floor but, for tactical reasons, the leadership does not wish the report to be filed lest some of us who would like to anticipate the House action by starting a debate in the Senate might call the subject up for floor action.

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

Mr. CLARK. I yield.

Mr. MANSFIELD. I believe that the Senator from Pennsylvania wishes to be fair. He mentioned the fact that for tactical reasons the leadership does not like to do this, that and the other thing. I recall that the distinguished Senator from Pennsylvania, in the forepart of his speech, made the statement that, for tactical reasons of which he approved, he was unwilling to bring a conference report on higher education to the floor at this time.

Mr. CLARK. The Senator is correct.

Mr. MANSFIELD. Just as I would respect the Senator's reasons in respect to that report, I assume he would respect the leadership's reasons in the matter of civil rights legislation because of the circumstances and the facts as they actually are.

Mr. CLARK. I certainly do respect the leadership's reasons. I respect them highly. I am not sure I agree with them.

The Commerce Committee is not controlled by the establishment. It is responsive to the administration, and I suggest that perhaps the action of the leadership in encouraging that committee not to complete its report and place the bill on the calendar is not entirely wise.

However, there is also a fair employment practices title, drafted in accordance with the President's civil rights message which has been reported favorably from the Subcommittee on Manpower and Employment of the Senate Committee on Labor and Public Welfare, which subcommittee I chair, without a dissenting vote. There is some hope that this bill can be voted out and placed on the calendar before the House bill reaches us.

The full Committee on Labor and Public Welfare will meet to consider the subject next Tuesday, in the hope that the bill can be reported to the Senate and placed on the calendar. I have made a commitment to the chairman of the committee that I would not call the bill up, once it reached the calendar until the bill came over from the House of Representatives. I do that for tactical reasons, because I should like to get the bill on the calendar, and I do not believe I can do so in any other way. I am not even sure I can do it that way.

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

The PRESIDING OFFICER (Mr. KENNEDY in the chair). Does the Senator from Pennsylvania yield to the Senator from Montana?

Mr. CLARK. I yield.

Mr. MANSFIELD. The Senator, being an astute parliamentarian and a student of the rules and regulations of the Senate—and I mean that sincerely—realizes, of course, that even though he would make a commitment not to call up a bill such as the one that he has mentioned—the FEPC bill—there would be nothing to stop any other Senator who knew the bill was on the calendar from calling it up. Is that not correct?

Mr. CLARK. The Senator is quite correct. Again, I am not sure that would not be a good thing, but I made the commitment for myself hoping to get the bill out.

It is also true that the chairman of the Education Subcommittee, the Senator from Oregon [Mr. MORSE], who has jurisdiction over the educational title of the civil rights bill, has expressed his intention of holding hearings on that title as soon as he can dispose of the education bills for which he is responsible and now that the foreign aid authorization bill, in which he took an active part, is out of the way.

But all of this could have been done months ago. The hard fact remains that the chairman of the Judiciary Committee and his establishment colleagues have so pickled the remainder of the President's civil rights bill that it will never see the light of day unless both the leadership and a majority of the Democratic conference are prepared, through a motion to discharge, to exercise the power of party discipline which is unquestionably theirs and which they are understandably loath to exercise.

Let us turn to the tax bill. We all know what has happened there. After what seemed like interminable delay, the Ways and Means Committee of the other body finally brought out a tax bill differing drastically from the original recommendations of the President, but nevertheless, ultimately in form apparently satisfactory to him, even though most of the tax reform he advocated was stricken out of the measure. But the bill was not intercepted when it reached the Senate from the House, as I believe it both could and should have been. It was sent to the Finance Committee, where it is undergoing slow strangulation; and the small minority of Finance Committee members who desire to bring the bill promptly out of committee have been frustrated in their efforts to pry it loose. The chairman of the Finance Committee and its other establishment members seem determined to prevent the bill from being brought to the floor in time for action this year.

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

Mr. CLARK. I yield.

Mr. MANSFIELD. In fairness to the distinguished Senator from Virginia [Mr. BYRD], I wish to make a statement. The Senator from Pennsylvania considers him to be a member of the establishment, I believe.

Mr. CLARK. A charter member. In fact, a "card-carrying" member.

I share the high regard the Senator from Montana feels for the Senator from Virginia [Mr. BYRD]. I do not happen to agree with the Senator from Virginia in respect to this particular proposed legislation.

Mr. MANSFIELD. Mr. President, I do not rise to defend the distinguished Senator from Virginia [Mr. BYRD]. He can do that for himself, in his own good time and in his own way. But, I do rise to make the record clear as to what his intentions were.

On at least four—possibly five—occasions prior to the time the tax bill was reported from the House Ways and Means Committee, the chairman of the Finance Committee came to me over a 4- or 5-month period to ask if there was some way in which the chairman of the House Ways and Means Committee could speed up his consideration of the tax bill so that the Senator from Virginia could undertake hearings in the Finance Committee.

Strangely enough, on all those occasions, he told me that he thought about 6 weeks of hearings would be enough.

I point out that it took at least 8 months—perhaps a little longer—for the bill to reach the Senate from the House.

I also point out that on the basis of what I have read in press reports, there

is a strong possibility that instead of the hearings being concluded on December 13, as had been announced previously, they may well be concluded on the 6th or on the 9th of December instead, indicating a desire to shorten the period, and I would guess, to bring the hearings within the 6-week span of which the distinguished chairman has consistently *spoken*.

I, too, am sorry there is no tax bill this year. I do not anticipate that there will be one, in view of the strong possibility that even if the hearings close on the 6th or the 9th of December, there will not be time to complete a markup; because, if my understanding is correct—and I do not pry too much into these affairs, though perhaps I should—there is a wide divergence of opinion in the committee itself.

So, I believe that the RECORD should be made clear as to what the intent of the chairman of the Finance Committee had been, insofar as I know personally over the past 4 or 5 months or so.

When he made these statements to me, he made them voluntarily on all except one occasion, and on that occasion I raised the question with him.

Mr. CLARK. The Senator may well be correct. In fact, I do not controvert any factual statement he has made.

The Senator will recall that I, among many Senators, urged the Senate Finance Committee to start hearings on the tax bill concurrently with the hearings in the House Ways and Means Committee. I even suggested the possibility that they hold joint hearings in an effort to expedite the bill and get it through the Senate this year.

The distinguished Senator from Virginia was unwilling to do that.

The statement is sometimes made, "There was no bill on which we could hold hearings." But the administration witnesses clearly could have been called on the basis of the President's message, as they were called in the House on the basis of the President's message. Other interested individuals could have come in to testify. This is a procedure which is utilized every day in the year by the Senate Appropriations Subcommittees, which always have preliminary hearings before a bill comes to the Senate from the House, so that the matter can be expedited when the bill reaches the Senate.

This must be a question of judgment. I am not looking into anybody's motives. I merely say that, in my opinion, the Senate action on the tax bill has been unduly delayed.

I make the further point that, though I may not be correct in the assumption, people who should know have told me in the past couple of days that the leaders of the establishment have decided it would suit their purposes better to bring the tax bill before the Senate before the civil rights bill is taken up, hoping in that way to be more effective in opposition to the civil rights bill, which of course, it is their perfect right to oppose under the rules of the Senate.

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

Mr. CLARK. I am happy to yield.

Mr. MANSFIELD. The latter could well be true; I do not know. I am in full accord with what the Senator said about committees meeting simultaneously or together. At the beginning of this session, while I was at a breakfast meeting, at which the chairmen of the House Committee on Ways and Means and of the Senate Finance Committee were present, I made that very suggestion, and I want the Senator to know that I was put in my place in a hurry.

Mr. CLARK. I have no doubt that the Senator was. I shudder to think what would have happened to me if I had been at that meeting. It is perhaps fortunate that I was not.

I venture to say that when the bill is reported, unless there is a determined filibuster—a filibuster might well come from some liberal Senators, as well as from some conservative ones—that bill will pass the Senate by a vote of well over 2 to 1. And so, again, a little group of establishment members is able to repress the will of the Senate, the will of the President and the will of the people of the United States.

Let us turn to the appropriations bills. Each year the Congress must enact 12 major public appropriations bills. Under the terms of the La Follette-Monroney Reorganization Act, we are required to finish this work, and all our other legislative work, and adjourn not later than the last day in July. Yet as of today—and it is now late in November—only four of them have been passed and sent to the White House. The other eight are stuck in the House, stuck in the Senate, or stuck in conference. And there is little hope, in my opinion, that they can all be passed before the end of the year.

What is the reason for this extraordinary and arrogant avoiding of the clear provisions of the law? Some say it is laziness. Others point to chaotic disagreements between House and Senate conferees. Three appropriations bills have been held up because the authorization bills have not been passed.

Still others suggest that the conservative majority on the Appropriations Committee of both the House and the Senate are content not to take up and pass these bills because each of them, to some extent at least, in accordance with the program of the President, will contain more money than the corresponding appropriation bill for the preceding fiscal year. Thus it is that the Treasury is protected from what are thought to be extravagant expenditures at the expense of services needed by the American people in a wide variety of categories.

Finally, some believe that the appropriations bills are being deliberately delayed by Members of the congressional establishment of both Houses in order to use this delay as a weapon in an effort to prevent enactment, in the foreseeable future, of either the tax bill or the civil rights bill, or both.

Here is a list of the appropriations bills, with a notation of the current status of each. I ask unanimous consent that the list may be printed in the RECORD at this point.

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

1. Agriculture: Passed both Houses but still in conference.
2. Legislative: Finally out of conference and about to come up on the floor.
3. State, Justice, Commerce: Passed the House June 18 but not yet reported to the Senate.
4. Foreign aid: Waiting in the House for a conference agreement and approval of the conference report on the authorization bill.
5. Military construction: Finally passed the House, November 18.
6. Public works: Finally passed the House, November 19, but not the Senate.
7. District of Columbia: Finally passed both Houses, awaiting conference.
8. Independent offices: just passed the Senate, awaiting conference.

Mr. CLARK. Mr. President, I conclude that there has been a deliberate slowdown—perhaps a sitdown strike—by the Senate establishment, with the cooperation of their colleagues of the House establishment, to frustrate the will of the President, of the Congress and of the people of the United States. If these appropriations bills, if the tax bill, if the civil rights bill were permitted to come to a vote on their merits in both the House and the Senate, they would promptly be enacted into law. This could and should have been done months ago.

The constitutional crisis which this situation creates is a challenge to the ingenuity, to the vigor of every Congressman and every Senator who desires to break this roadblock to progress and to enable the Congress of the United States to perform its clear constitutional duty.

How can this be done? There must be both a long-range and short-range program. I list some needed steps in the order of their urgency:

First. We should immediately discharge the Finance Committee from further consideration of the tax bill, passed by the House, bring it to the floor, and pass it. I send to the desk a resolution to this effect and urge my colleagues to support and pass it. I hope the leadership will, in due course, be prepared to support it, also.

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

Mr. CLARK. I am happy to yield.

Mr. MANSFIELD. I am not prepared to support it. I believe in proper procedures. I believe that, for a bill of this magnitude, 6 weeks is not too long. I regret that the bill will not be passed this year, but I do not intend to go against procedures which have proved themselves against the passage of time and which, while they may need some improvement, nevertheless should not be overturned in this manner at this time and on this occasion for this purpose.

Mr. CLARK. I say to my good friend the majority leader that, in my opinion, our best chance, and perhaps our only chance, of getting a tax bill in the foreseeable future—and I am thinking in terms of next year, before we go to the national convention—is to bring it out of the Senate committee or to substitute on the floor of the Senate the House-

passed tax bill, and to pass it exactly as the House passed it. If the bill is passed in different form in the Senate and is sent to conference, I leave it to the imagination of my listeners as to when any kind of bill will come from the conference and be passed again in both the House and the Senate.

The PRESIDING OFFICER. The resolution will be received and printed, and will lie over under the rule.

The resolution (S. Res. 226), submitted by Mr. CLARK, was ordered to lie over under the rule, as follows:

Resolved, That the Committee on Finance be discharged from further consideration of H.R. 8363, the tax bill.

Mr. CLARK. Mr. President, second, we should immediately discharge the Appropriations Committee from further consideration of the State-Commerce-Justice bill which has been stuck in committee since June 19. I send to the desk a resolution to this effect and again urge my colleagues to support and pass it.

The PRESIDING OFFICER. The resolution will be received and printed, and will lie over under the rule.

The resolution (S. Res. 227), submitted by Mr. CLARK, was ordered to lie over under the rule, as follows:

Resolved, That the Committee on Appropriations be discharged from further consideration of H.R. 7063.

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

Mr. CLARK. I am happy to yield.

Mr. MANSFIELD. I point out that the chairman of that particular subcommittee of the Appropriations Committee has a number of other functions, in addition to presiding over the appropriations subcommittee for the Departments of State, Justice, Commerce, and related agencies.

The Senator forgets Mr. Valachi. The Senator forgets the TFX hearings.

Mr. CLARK. And Billy Sol Estes.

Mr. MANSFIELD. And Billy Sol Estes. The Senator forgets that the Senator to whom he refers is a member of at least four other subcommittees of the Appropriations Committee. He is chairman of the Committee on Government Operations. He has other responsibilities and duties.

Although I think it has taken too long to report the bill, nevertheless I believe the Senator ought to be given a little more time, in view of the circumstances involved. I am quite sure neither that bill nor, to the best of my knowledge, any other bill, is being held up because of dilatory tactics or because of a deliberate effort to delay.

Mr. CLARK. I respectfully disagree with the able majority leader. I point out that by law that bill was required to be passed by the 30th of June. It came to the Senate on the 19th of June.

I appreciate that part that the able Senator who is the chairman of the subcommittee has other responsibilities, but I suggest to my good friend the majority leader that this is a question of a priorities.

I am not one to pass adverse judgment on this floor against a Member of the Senate who is not present, but it occurs to me that perhaps the highest priority involved was to get that important appropriation bill through, and to forget Billie Sol Estes, the TFX, Mr. Gilpatric, and Joe Valachi until the appropriation bill had been passed; which, I say again, could have been and should have been done by the 30th of June.

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

Mr. CLARK. I am happy to yield.

Mr. MANSFIELD. It is easy to criticize a chairman of a committee, especially if one does not have the responsibilities which that chairman has. I would not single out this particular appropriation bill, because, if my recollection serves me correctly, there are still those which have not left the House and which must yet be considered by the Senate. How would the Senator handle those, in view of the fact that he is trying to discharge from the jurisdiction of the duly authorized subcommittee of the Appropriations Committee a measure on which hearings have been held until recently and which measure will be marked up this coming week and probably be reported out thereafter?

Mr. CLARK. I think the answer is obvious—we cannot do anything about undue delay in the other body. All we can do is do our duty here.

Mr. MANSFIELD. Will the Senator yield further?

Mr. CLARK. In a moment.

I respectfully say to the Senator from Montana that he is in error when he says it is easy to criticize on the floor a member or chairman of an appropriation subcommittee. It is not easy. It is one of the most difficult things. It has, perhaps justly, caused me to be categorized by Mr. James Reston as the most unpopular Member of the U.S. Senate. But I have my duty to do. I do not think anything has been more distasteful for me to do than to make this speech, except perhaps the three speeches I made early this year.

Now I yield to the Senator from Montana.

Mr. MANSFIELD. First, let me say that I do not agree with Mr. Reston at all. The Senator from Pennsylvania may not be one of the most popular Members of the Senate, but he is certainly not, by any means, the most unpopular. I would put him in the middle category, with the majority leader.

Mr. CLARK. The Senator is very kind. Anytime he puts me in the same category with the Senator from Montana, I shall be happy.

Mr. MANSFIELD. Popularity does not win ball games.

Mr. CLARK. And "nice guys" do not win, either.

Mr. MANSFIELD. That is true.

Mr. CLARK. But I do not believe that. I think "nice guys" do win.

Mr. MANSFIELD. The Senator is speaking of faults of the Senate and of its procedures. I do not think the fault lies with the Senate, or even with its procedures to the extent he states. I think the fault lies with Senators.

The Senator will find, if he goes over the record of the Senate, a high degree of absenteeism, especially on the Democratic side of the aisle, on the side which is supposed to be in control. The Senator will find that, instead of the rules and regulations being at fault, Members of the Senate are at fault because they will not answer telegrams urging them to return for consideration of important legislation, they will not remain on the floor and participate in debate, they will go their own way, in their own good time, and no penalties can be inflicted. Why are not more Senators here this afternoon to listen to the excellent speech by the Senator from Pennsylvania?

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

Mr. MANSFIELD. I yield.

Mr. CLARK. Because they could not care less.

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

Mr. CLARK. In just a moment. I am reminded by the Senator from Montana of a quotation from Julius Caesar. I think it was Cassius who said:

The fault, dear Brutus, is not in our stars, but in ourselves, that we are underlings.

Perhaps it is.

If the Senator from Montana will take a look at the Journal of the first Senate of the United States, in 1789, which was compiled by the first Senator from Pennsylvania, Mr. William Maclay, the Senator will find that there was critical absenteeism in that Senate, in the first session. It took 3 months to develop a quorum. It continues on to this day. So this could properly be called an inbred disease of Senators, which probably will not change unless there is a change in human nature.

I yield now to the Senator from Florida.

Mr. HOLLAND. I thought the Senator might want to have a fact which I may be able to contribute. I have served on the Appropriations Committee for a long time. Last year the chairman of the committee in the other body saw fit to place in one bill objectives which had always, since I had been in the Senate, been in two different bills. The State, Justice, and Judiciary bill had been handled by the able Senator from Arkansas [Mr. MCCLELLAN]. The bill on Commerce and related agencies—and there were many related agencies—I happen to have handled for some years.

For some reason the chairman of the Appropriations Committee in the other body joined those two bills, both large, important measures involving long hearings.

The Senator from Arkansas has had to stand up to that very much increased responsibility and also those very much lengthened hearings required under that arrangement. In fairness to all concerned, that statement should appear in the RECORD.

Mr. CLARK. The Senator is aware of the fact, is he not, that the bill came over from the House on the 19th of June? When was the first hearing called for in the Senate? If the Senator does not

know, I will tell him—the 8th of November.

Mr. HOLLAND. The Senator from Florida is on six subcommittees of the Appropriations Committee, one of which is this particular subcommittee. The Senator from Florida has worked pretty hard on his subcommittee assignments. He has had an opportunity to attend only two or three of the hearings on this particular subcommittee. I know the Senator from Arkansas has had one of the heaviest burdens in the way of hearings, not only in connection with the Appropriations Committee, but the Government Operations Committee and the special duties that have been involved there this year, in connection with agricultural irregularities, which have been mentioned by the Senator from Pennsylvania, and which certainly justified a full and careful inquiry for the protection of all concerned, both executive and legislative, as well as ordinary citizens involved in the matter.

I have not had the pleasure and privilege of listening to all parts of the Senator's discussion, but I hope he will realize the fact that the Senator from Arkansas is a most heavily burdened Senator in connection with hearings that he is required to carry on.

I have one further comment. I have no criticism of the Senator. I have not heard all his statement, but, as a member of the Appropriations Committee, I thought I should make the statement that the double burden on the Senator from Arkansas in connection with the hearings this year is a heavy burden.

I thank the Senator for yielding to me.

Mr. CLARK. I thank the Senator for his comments.

To continue with my statement:

Third. The leadership should request the administration supporters of the civil rights bill on the Judiciary Committee to attempt to bring the President's civil rights proposals out of committee and to the floor. If this effort fails, a discharge resolution should be filed.

Fourth. The joint leadership should give notice that it intends, in January 1965, to discipline, through party action, those members of the establishment on both sides of the aisle who, in the case of the Republicans, frustrate the program of their party or, in the case of the Democrats, refuse to support either the candidate of their party for the Presidency or the platform on which he runs in 1964. This discipline should include refusal to support for committee seats or chairmanships those Senators who are unwilling to support the platform of the party in the area of the particular committee's responsibility. In the meanwhile, the provisions of the Proxmire resolution of November 8, calling on the leadership in both Houses to schedule legislation for consideration next year, should be carried into effect.

Fifth. The rules of the Senate and some of the rules of the House must be changed promptly so that both bodies may act on the program of the President when a majority is ready for action.

Sixth. Senate Concurrent Resolution 1, providing for a study of congressional reorganization now on the calendar, should be called up for action, amended to restore authority to recommend changes in the rules, procedures, and floor action of both parties as contemplated by the 30 Senators who originally sponsored it, and passed.

Seventh. The Senate should pass in stronger form Senate Resolution 89, now on the calendar, requiring a rule of germaneness while the pending business is before the Senate for action.

Eighth. The Senate should pass in strengthened form Senate Resolution 111, now on the calendar, permitting Senate committees to sit while the Senate is in session.

Gentlemen, it is later than we think. The bricks and mortar of which the Houses of Congress are built are cracking and falling out of place under our eyes. The American people are becoming disillusioned with the legislative performance of the Congress. They are demanding both action and reform. We must act to restore the efficacy of congressional government before the legislative branch of our Federal Republic destroys itself because we were unwilling to save it.

I yield the floor.

Mr. MANSFIELD. Mr. President, we have been listening to the fifth or sixth in a series of discourses on the Senate establishment. I anticipate this is not the last we will hear about it. I am quite certain other Senators will have something to say about it.

RECESS

Mr. MANSFIELD. Mr. President, I move that the Senate stand in recess until 12 o'clock noon tomorrow, under the order previously entered.

The motion was agreed to; and (at 4 o'clock and 38 minutes p.m.), under the previous order, the Senate recessed until tomorrow, Friday, November 22, 1963, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

THURSDAY, NOVEMBER 21, 1963

The House met at 12 o'clock noon, and was called to order by the Speaker pro tempore [Mr. ALBERT].

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

Proverbs 14: 34: *Righteousness exalteth a nation; but sin is a reproach to any people.*

Almighty God, as we go forth into the hours of this beautiful day, may we seek to identify and unite our desires and wishes with Thy divine will, pledging ourselves to make it the constant and controlling thought of our minds and hearts.

We rejoice that our beloved Nation was not founded by atheists and agnostics, or by pagans and infidels but by God-fearing men and women who placed the altar of faith and prayer at the very center of their life.

Grant that we may authenticate and bear witness to the grandeur and glory of the ideals and principles of our Republic by incarnating and making them regnant in our daily life.

We pray that our chosen representatives may be men and women who abhor dishonesty and hypocrisy and may the legislation which they propose and adopt never run counter to that which is honorable and righteous.

Hear us in Christ's name. Amen.

THE JOURNAL

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

MESSAGE FROM THE SENATE

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

H.R. 8747. An act making appropriations for sundry independent executive bureaus, boards, commissions, corporations, agencies, and offices, for the fiscal year ending June 30, 1964, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House upon the disagreeing votes of the two Houses thereon, and appoints Mr. MAGNUSON, Mr. HILL, Mr. ELLENDER, Mr. ROBERTSON, Mr. RUSSELL, Mr. ANDERSON, Mr. ALLOTT, Mr. SALTONSTALL, and Mr. YOUNG of North Dakota to be the conferees on the part of the Senate.

The message also announced that the Senate had passed a joint resolution of the following title, in which the concurrence of the House is requested:

S.J. Res. 103. Joint resolution to increase the amount authorized to be appropriated for the work of the President's Committee on Employment of the Physically Handicapped.

LEGISLATIVE PROGRAM FOR WEEK OF NOVEMBER 25

Mr. HALLECK. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. HALLECK. Mr. Speaker, I take this time for the purpose of inquiring as to the legislative program for next week, and, if it is in order, in view of the fact that next week is Thanksgiving week, if the acting majority leader can give us any information as to what we might expect for the week following next week.

Mr. BOGGS. Mr. Speaker, in response to the inquiry of the gentleman as to the schedule for next week, we have programed legislation for Monday and Tuesday. There are two matters to be considered, one having to do with the continuation of appropriations for the month of December, which we will consider in the House on Monday, and the Senate then has to consider it, and there is the debt ceiling legislation which is now being considered in the other body. We hope both matters can be disposed of before the end of Tuesday.

Monday is District day, but there are no District bills to be considered. As I said a moment ago, Monday we will take up the continuing resolution on appropriations for the month of December.

We have also scheduled for Monday five printing authorizations from the Committee on House Administration, which are as follows:

H.R. 8751, to print certain proceedings of the AMVETS as a House document.

House Concurrent Resolution 230 and House Concurrent Resolution 231, authorizing the printing of 5,000 copies each of two committee prints entitled "Tax-Exempt Foundations and Charitable Trusts: Their Impact on Our Economy," for the use of the Select Committee on Small Business.

House Concurrent Resolution 237, providing for the printing of additional copies of the Supreme Court opinions involving the offering of prayers and reading from the Bible in public schools.

House Resolution 518, to print as a House document the handbook entitled, "The U.S. Courts."

We will also consider the bill H.R. 8971, the supplemental authorization of appropriations for the Atomic Energy Commission for the fiscal year 1964. We hope to consider that by unanimous consent.

On Tuesday we have scheduled S. 254, providing for 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. This will be considered under an open rule, with 1 hour of general debate.

There is no further legislative business scheduled for the week, although conference reports will be in order at any time.

I am unable to announce the legislative program for the following week, although I have been informed informally that the cotton bill will probably be considered in the early part of that week.

Mr. HALLECK. The gentleman says he thinks the cotton bill will be considered?

Mr. BOGGS. Yes.

Mr. HALLECK. How early in the week might that come?

Mr. BOGGS. My information at this time is that it will be considered on Tuesday and Wednesday.

Mr. HALLECK. In view of the situation for next week, would it be expected that there will be a session on Friday of next week in order to adjourn over until Monday?

Mr. BOGGS. Yes, but simply for that purpose.

Mr. HALLECK. I wonder if I might suggest to the acting majority leader that he might get that permission now.

Mr. BOGGS. I so request, Mr. Speaker.

The SPEAKER pro tempore. Will the gentleman withhold that request?

Mr. BOGGS. I think the problem we are confronted with, if I may say to the distinguished minority leader, is the difficulty in connection with the continuing resolution and the debt ceiling. It is conceivable we may have to be here to consider conference reports and final legislative action on those two matters.

Mr. HALLECK. On Friday of next week?

Mr. BOGGS. I would hope not. But that is the problem we are confronted with.

Mr. HALLECK. I made the suggestion, Mr. Speaker, only because I remember one time we had objection here to adjourning over Thanksgiving Day, and I think if it could be worked out now, it would seem to me it would serve a good purpose. But, Mr. Speaker, I withdraw the suggestion.

Mr. BOGGS. I thank my colleague.

ADJOURNMENT OVER TO MONDAY

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that when the House adjourns today, it adjourn to meet on Monday next.

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

There was no objection.

DISPENSING WITH CALENDAR WEDNESDAY BUSINESS ON WEDNESDAY NEXT

Mr. BOGGS. Mr. Speaker, I ask unanimous consent to dispense with the business in order under the Calendar Wednesday rule on Wednesday next.

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

There was no objection.

Mr. BOGGS. Mr. Speaker, I ask unanimous consent that the distinguished Speaker pro tempore may be permitted to extend his remarks in the body of the RECORD.

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

There was no objection.

NINETY-FIFTH BIRTHDAY OF JOHN NANCE GARNER, FORMER SPEAKER OF THE HOUSE

Mr. ALBERT. Mr. Speaker, 95 years ago tomorrow John Nance Garner, the fourth of his name, was born in a log cabin near a small Texas border town neighboring what is now my State and congressional district, then the Choctaw Nation, Indian territory.

Since the House will not be in session tomorrow I am taking this time today to extend heartfelt birthday greetings to this great American who by any standards was one of the most illustrious men ever to serve in the House of Representatives. In doing this I know I express the views of every Member of the House.

When John Garner came to Congress he was destined to become the 39th Speaker of the House of Representatives and the highest ranking Democrat in the Nation at the time of his election to that office. Had he remained in Congress he undoubtedly would have established a record of tenure in the speakership that would not have been matched in a thousand years.

John Garner became Vice President of the United States and at the end of his service in that high office had broken the record up to his day for the longest continuous service in the chairs of the highest parliamentary bodies of this country. As Vice President during the surging days of the New Deal he of course became a historic figure but it was his service in the House of Representatives more even than in the Vice Presidency that stamps his career as one of the most important in American history. His 46 years in public life embrace service as a Representative, majority whip, minority leader, as well as Speaker and Vice President. He served as ranking member of two powerful committees, the Committee on Foreign Affairs and the Committee on Ways and Means.

Mr. Garner has lived a life phenomenal both as to public service and private activity. His service in the House dates back to the beginning of this century and all those who knew him, including the few remaining Members of the House of Representatives who served with him, are delighted that this great Texan, like the immortal record which he wrote in the House of Representatives, lives on and on.

When he retired in 1941 he said that he hoped he might spend half his years in public life and the remaining half in private life. "I am going home," he said, "to live to be 93 years old."

Mr. Garner is a modest man and perhaps deliberately underestimated his potential for longevity. And I am delighted that he did. I hope his prediction misses its mark by many, many more years. I extend my congratulations to the distinguished former Speaker and Vice President and wish him many happy returns of the day.

OLD-AGE MEDICAL CARE

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

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

There was no objection.

Mr. POOL. Mr. Speaker, after reviewing the testimony on the King-Anderson bill now being heard before the Ways and Means Committee, I am convinced more than ever that I am right in my opposition to this legislation. I think the testimony given today by a distinguished American, Dr. Edward R. Annis, president of the American Medical Association, very accurately sums up my position on this bill.

Mr. Speaker, I insert at this point in the RECORD the testimony given by Dr. Annis as part of the speech.

STATEMENT OF DR. EDWARD ANNIS, AMERICAN MEDICAL ASSOCIATION

Mr. Chairman and members of the committee, I am Dr. Edward R. Annis, of Miami, Fla., and I am president of the American Medical Association. I am here to present the views of the medical profession on H.R. 3920.

The American Medical Association opposes this measure.

Our objections to this bill are manifold. We disagree with its basic philosophy. We oppose its method. We are deeply concerned over the effects it would have upon the Nation's standards of health care.

H.R. 3920 would transfer to the Federal Government at a single stroke the responsibility for the purchase of specified hospital

and related benefits for all persons over 65, regardless of their desires or their economic need. There is no justification for the use of tax funds collected from workers at the low end of the income scale to pay these expenses for the entire elderly population, including the self-supporting and the wealthy.

More than 60 percent of the 17½ million aged, or about 10 million, have already protected themselves through insurance from the cost of illness. No one disputes the fact that some elderly people require help in meeting their medical expenses. But the means for assisting them already exist through the Kerr-Mills law.

The need for H.R. 3920 has been exaggerated before the American people in the campaign to secure its passage. Now, let us examine some facts and figures which we believe demonstrate why this is so.

ECONOMIC CONDITION OF THE AGED

Proponents of this bill support their case with three parallel claims:

1. That debilitating illness is universal among the population aged 65 and over. This is false.

2. That economic deprivation is a general characteristic of the elderly. This is false.

3. That these conditions demand a massive rescue operation by the Federal Government. This is false.

For years, the American people have been bombarded by such statements as: The monthly income of the great majority of the aged is little more than a social security check. Yet, the Government's own figures show the annual income of persons over 65 is $35 billion. Only one-third of this comes from social security payments.

The aged are portrayed as a group too impoverished to pay for medical care. But the Government reports that persons over 65 paid $5.4 billion for medical care in 1961. Nearly three-fourths of this sum was paid from private sources.

CHRONIC ILLNESS

King-Anderson proponents have also sought to perpetrate a false picture of the aged as universally frail and feeble, constantly ill, and doddering from one visit to the doctor to the next. Why, they declare, older people visit doctors 36 percent more often than younger people. What does this mean precisely? It means a difference of 1.8 visits per year—an average of 5 visits for the younger population compared with an average of 6.8 for those over 65, hardly a significant margin.

Repeatedly, supporters of this legislation have asserted that four out of five older persons have one or more chronic illnesses. The word "chronic" has an awesome sound. It is intended to convey an impression of an array of serious afflictions causing an intolerable financial burden for the elderly.

But "chronic" defines duration, not severity. It includes such nondisabling afflictions as nearsightedness and partial hearing loss.

Evidence does indicate that four out of five among the aged have one or more chronic conditions. The same evidence indicates that less than 4 percent of the more than 17 million over 65 are confined because of chronic illness, and only about 15 percent of the noninstitutionalized experience any significant limitation of activity because of these ailments.

The fact is that the vast majority of the aged enjoy reasonably good health, and really poor health is concentrated among a relatively few. While the aged are more susceptible to chronic conditions than the population as a whole, they are less likely to suffer acute illness or to require surgery.

HOSPITALIZATION

The aged who enter hospitals will stay, on the average, about twice as long as younger people, about 15 days against 8.4 days for the population as a whole. The average for the aged, however, is pushed up by a minority who, because of extremely poor health, remain hospitalized for long periods. The U.S. Public Health Service has reported that 10 percent of the aged account for 39 percent of the total days of hospitalization for this age group. The same 10 percent also account for about 38 percent of expenditures.

INCOME OF THE AGED

Supporters of H.R. 3920 also play unceasingly on the theme of the near-hopeless financial plight of the aged. Among the claims: More than 50 percent have incomes below $1,000 a year, and the incomes of aged families are only half as much as for younger families.

These are deceptive statistics. Included among those with incomes of less than $1,000 are wives who have zero income even though the family income may be $5,000 or $10,000 per year. It would be just as accurate to say that almost 60 percent of all persons under 65 have incomes of less than $1,000, too. For there are millions of younger people, as well as older, who are unemployed and unemployable, such as infants, schoolchildren, wives, and the sick and disabled.

Economic comparisons based on gross income figures of aged and younger families are no less misleading. Thus, we often hear the statement that the median income of younger families in 1960 was about $5,900 as against about $2,900 for aged families.

It would appear to be elemental that a family's financial condition depends not on income alone but on the number of people to be taken care of, as well as other inescapable demands on the income.

REDUCED DEMANDS ON INCOME

The President's Council on Aging has estimated that the special tax advantages enjoyed by older Americans will save them approximately $775 million in 1963. Moreover, many of the aged have retired and thus escape expenses for transportation, lunches, clothing, and other needs incident to employment. Most of them no longer have children to educate. Their housing costs are lower. A recent survey by the University of Michigan Survey Research Center disclosed that 64 percent of the aged were homeowners; among younger Americans, 53 percent were homeowners. But 53 percent of all the aged owned their homes mortgage free, compared with only 18 percent among younger Americans.

Federal taxes will not take a bite out of the older family's income in the vast majority of cases, but they will reduce the younger family's $5,900 income to about $5,170. The average older family is composed of 2.34 members, the average younger family of 3.97 members. Thus, the tax-free income of the older family in 1960 was $1,240 for each member, only $60 less than the $1,300 after-tax, per member income of the younger family. And educational costs alone could have wiped out that differential.

There are other facts bearing on this question worthy of the committee's attention. For example:

1. The income of families headed by an older person rose 4.5 percent between 1960 and 1961, or more than twice as much as the 2.1 percent increase for all U.S. families.

2. Although the elderly have increased in number, the proportion who must rely on old age assistance programs for their basic necessities has declined in the past dozen years from more than 23 percent to slightly more than 12 percent.

3. The aged who need help in meeting medical bills are receiving it. Government figures show that more than $1.5 billion in public funds was paid out for this purpose in 1961.

REPORT OF COUNCIL ON AGING

Even the President's Council on Aging was able to delineate a remarkable record of economic improvement among the aged in its May 14, 1963, report, "The Older American," and the group forecast continued improvement in the future.

The Council pointed out that in 1950 there were 12.3 million Americans over 65 with a total income of $15 billion, but by 1961, with the number of aged at 17 million, their income had jumped to $35 billion.

Furthermore, the Council noted that practically everyone is becoming eligible for social security; the checks will grow larger because they will be based on higher average earnings; private pensions will add more and more to the income of the aged as today's workers reach retirement age.

Clearly, we are dealing with a diminishing problem which belies the crisis propaganda of the forces behind the King-Anderson proposal. We submit, Mr. Chairman, that the factual evidence wherever it can be gathered reduces to absurdity the claim that everyone becomes ill and destitute and dependent on the Government when he becomes 65. The argument is exploded both by the financial condition of the aged and by the demonstrated ability of these Americans to handle the problems of their later lives as they have in their earlier years.

KERR-MILLS

In our discussion of the economic condition of the aged as a group, as a single segment of the population, we do not argue for a moment that all of the elderly are without financial problems. We know a significant number of Americans over 65 require financial help from some source to meet medical expenses.

The fact is we cannot generalize about our senior citizens, or about people in any age group. The problems of the aged—whether they involve health or finances, jobs or recreation—are those of individuals, not of an entire mass that has passed a certain birthday.

Some elderly—about 2¼ million—are on public assistance for all their needs. Some over-65 Americans are wealthy and well-to-do. In between these two extremes is the vast majority of our older people, with incomes and financial resources ranging from low to modest to comfortable. Some poor people are extremely healthy, and some wealthy people are invalids.

RECORD OF PROGRESS

When this committee held hearings in 1961 on King-Anderson legislation, the Kerr-Mills statute was only a few months old. It was too soon to make a reasonable evaluation of its effectiveness. Now there is a record on which to base a valid judgment. It is a record of progress which simply cannot be denied.

All the more remarkable, the implementation of the law by the States and their initiation of new programs has proceeded in the complete absence of encouragement by the executive branch. The law has never been liked by those who want the Government to assume total charge of medical care.

Beneficiaries under the Kerr-Mills law fall into two groups:

The needy who are already on public assistance for the other necessities of life.

The near-needy, those ordinarily self-supporting but who do not have the resources to cover the extra expense of serious or prolonged illness.

Twenty-nine going MAA programs within 3 years after the Federal law was passed clearly shows State support of the Kerr-Mills law. And, when we recognize that State leg-

islatures do not, ordinarily, have annual sessions, and that they must study the problem locally, develop eligibility standards, decide what services to cover, develop cost estimates, establish administrative staffs and procedures, and obtain approval of the State plan from HEW, the record of implementation becomes more impressive.

In addition to the MAA programs now in operation in 29 States, and in Guam, Puerto Rico, the Virgin Islands and the District of Columbia, 2 more programs are scheduled to begin this year (Iowa and South Dakota), 3 to begin in January (Kansas, Nebraska, and Virginia), and 2 more in July 1964 (Minnesota and Wisconsin). Thus, within 7 months, programs will be in operation in 36 States and 4 other jurisdictions—40 out of the 54 possible programs. Is this a lack of acceptance?

OAA GROWTH

Nor has the growth of Kerr-Mills been limited to enactment of MAA legislation. Added impetus has been given to old-age assistance programs under the act; that is, improvement of health-care programs for the needy elderly who are totally dependent on public assistance.

Vendor payment medical programs for OAA recipients are now in effect in all 50 States and the 4 other jurisdictions; 9 States and 2 jurisdictions which had no vendor payment programs prior to Kerr-Mills have since begun them; 27 States and the other 2 jurisdictions have increased coverage, or benefits, or both, under Kerr-Mills encouragement. Only 14 States have made no significant changes in OAA vendor payment programs. Many of these already had sufficiently broad programs to meet their needs.

INDIVIDUALS HELPED

Today, hundreds of thousands of needy and near-needy older persons across the Nation are receiving medical, hospital and nursing home care through MAA and OAA. Testimony before this committee on Monday disclosed that 451,000 aged received help during the 1963 fiscal year under the MAA program.

Another 2¼ million aged persons, one out of every eight, were on State OAA rolls. Thus, they were assured of medical care benefits from these programs as the need arose.

During the fiscal year ended June 30, 1962, according to the Department of Health, Education, and Welfare, $350.7 million in OAA funds and $194.8 million in MAA funds—over half a billion dollars—were spent in vendor payments for health care.

KERR-MILLS FLEXIBILITY

The flexibility of Kerr-Mills is one of its most significant features, permitting individual States to broaden and improve their programs as experience shows changes to be desirable. This would not be possible under a monolithic national program, administered from Washington and treating all the Nation's elderly alike.

The wisdom of the Kerr-Mills approach has already been demonstrated. Since their original enactment of MAA programs, 15 States have liberalized eligibility requirements and 4 other States are considering such action. Benefits have been increased in 16 States. Some States have improved their programs more than once. In only one State, West Virginia, has there been any significant cutbacks.

CHARGES AGAINST KERR-MILLS

Nevertheless, despite this record, the attacks on Kerr-Mills continue. They invariably follow three lines:

1. Little new aid is being given; the States have merely shifted the cost of their old programs to the Federal Treasury.

This is demonstrably false. Monthly vendor payments for health care under OAA and MAA have increased by $41 million since enactment of Kerr-Mills.

2. Five States are receiving the bulk of Federal funds for MAA; therefore, little is actually being accomplished in the other States.

It happens that these States contain about 60 percent of the aged in the States with MAA programs in effect. They also have higher hospital costs and had well-organized welfare medical programs which allowed quick implementation of MAA. Even so, the percentage of MAA funds now going to these States is decreasing as new MAA programs begin and older ones in other States gain experience. In September 1962, it was 88 percent; in July 1963, it was about 77 percent; and the Secretary of HEW acknowledged in his testimony Monday that it is now 73 percent. Moreover, the argument of "disproportionate" distribution of funds is meaningless unless the Kerr-Mills critics would have, for example, Hawaii with 31,000 total aged receive as much in Federal matching funds as New York which has almost 2 million over 65.

3. The means test is degrading and discourages older people from applying for help.

The steadily mounting number of older people being aided by Kerr-Mills destroys this argument. A means test is an established procedure in this country for protecting tax funds from waste and abuse. At least 10 Federal programs, besides Kerr-Mills, require a specific means test. Many labor unions deny strike benefits to their members unless need can be shown.

AMENDMENTS PROPOSED

However, we do not claim the law is perfect as it stands. It requires adjustment to make it more effective, and the AMA board of trustees has recommended that Congress amend it in several respects. These recommendations are:

(a) Removal of the requirement that both old-age assistance (OAA) and medical assistance for the aged (MAA) programs be administered by the same agency;

(b) Provide flexibility in the administration of the income limitations proposed under State law so that a person who experiences a major illness may qualify for benefits if the expense of that illness, in effect, reduces his money income below the maximum provided;

(c) Include a provision in the law requiring State administering agencies to seek expert advice from physicians or medical societies through medical advisory committees; and

(d) Provide for free choice of hospital and doctor under State programs.

Several States have already revised their benefit standards and their eligibility requirements. We believe this pattern will continue.

PRIVATE VOLUNTARY EFFORTS IN BEHALF OF THE AGED

In this testimony, we should also like to touch briefly on an important matter too often ignored when extension of Federal welfare is being considered. This is the contribution made by private citizens and groups, at the local level, toward solving the problems of our older citizens.

The individual, generously working in his home community to assist the less fortunate, is the backbone of our humanitarian and realistic system of helping those who need help. In recent years, there has been a notable increase in the number and scope of these projects designed to help the aging in a variety of ways.

The Nation's total nursing home capacity has been doubled, largely under private auspices, and special housing developments for the aging are being offered on an increasing scale. Literally, thousands of voluntary groups in communities across the country have instituted rehabilitation programs to assist older people toward productive and enjoyable lives.

Other programs include recreation activities for older persons, nursing care in their homes, homemaker services, hot meals supplied in their homes for those unable to cook, and even the simple, humanitarian gesture of friendly visitors to break the loneliness of the confined.

PERIL OF FEDERAL INTERVENTION

Perhaps we would only realize the full impact of voluntary, private, unselfish efforts on the local level, if suddenly they were to stop. Could they ever be replaced?

Passage of the King-Anderson type of program will discourage, psychologically and practically, these voluntary programs by placing the Federal Government in a dominating role. It will diminish the motivation for charitable contributions and will cause many Americans to feel there is less need for them to give of their talent and time to help the needy. If the incentive toward voluntary private efforts is curbed, the loss to our older persons will be incalculable.

COST OF H.R. 3920

From the beginning, proponents of King-Anderson have dwelt heavily on the theme that the social security tax increases to be levied on the Nation's workers and employers to pay for the health care of everyone over 65 would be "infinitesimal." Fractions may sound like small amounts. They are not. We are dealing with a double boost in payroll taxes of major dimensions. The rate would go up and the base would be increased. All future rises in the rate would be applied to the higher base. With increases already scheduled in the law, wage earners making $100 a week or more (almost half the work force) would be paying 46 percent more social security tax by 1968 than they are now, not an inconsiderable sum.

RISING TAXES

The heaviest proportionate burden would fall on the moderate and low income families. The $5,200 a year clerk would be taxed as much as the $50,000 corporation executive. Thousands of workers who do not earn enough to pay a Federal income tax would be required to meet this new burden, thereby further reducing their take-home pay.

But this would not be the end of it. The Department of HEW has acknowledged in its actuarial study No. 57 that periodic tax increases will be necessary in a rising economy to keep the program solvent. Indeed, the bewildering array of cost estimates which have been presented to the American people raise grave doubts as to how far the initial tax boost will go toward supporting the program even to start. As developed in testimony before this committee on Monday, the tax rate will have to be increased by 1 percent, rather than by one-half percent, or by twice the amount proposed in H.R. 3920.

The truth is the ultimate cost of the program cannot be determined until the added use of the Nation's health care facilities under a program of "free" Government benefits is learned from experience.

CONFUSING ESTIMATES

Meanwhile, we are painfully aware that the Government's estimates bear little relation to reality. The starting cost of the program was set at $1.7 billion by HEW experts in their testimony Monday. But other HEW figures show that $2.8 billion was spent in 1961 for precisely the same services to the same segment of the population.

If, as seems far more likely, the estimates on which the proposed tax increase is based are unrealistically low, today's workers face the grim prospect of higher and higher taxes to protect the social security fund from an impossible new burden.

Any way they are examined, the facts before us today shatter the arguments that this program is so well-intentioned, and would be so inconsequential in cost, that no one in good conscience can possibly object to it. This is a proposal of limitless proportions. It would open the way for the Government to fasten a burden of taxes and controls on present and future generations of Americans from which they would never escape.

MEDICAL PROGRESS AT STAKE

Proponents of H.R. 3920 and similar legislation choose to ignore the temporary, transitional nature of the economic problems involved. Instead, they would impose a permanent pattern of taxpaid, Government-regulated health care—a pattern inherently subject to inevitable expansion.

Such expansion would lead to a deterioration of the quality of health care—disrupting the voluntary relationship between the patient and his physician, and imposing centralized direction which would frustrate the striving for professional excellence. It would bring about a decline of professionalism and create a form of medicine strange to these shores. It would result in a loss of able entrants into the health care field because of Government controls over medicine.

Mr. Chairman, and members of the committee, we believe that this legislation is not only unnecessary, but also dangerous to our American system of medical care.

We urge you to help preserve the vitality, promise, and potentiality of that system.

We urge you to reject H.R. 3920.

And now with your permission, Mr. Chairman, Dr. Welch will continue our presentation.

PROPOSED DR. GODDARD MEMORIAL STATUE IN MASSACHUSETTS

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include extraneous matter.

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

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, my home State of Massachusetts is justly proud of the late Dr. Robert H. Goddard, the rocket pioneer, who was born and spent most of his life in our State.

Dr. Goddard began his historic experiments in rocketry and jet propulsion while chairman of the physics department of Clark University in Worcester, Mass.

As far back as 1914, he patented two inventions which are still basic to rocketry. In 1919 he wrote a paper for the Smithsonian Institution entitled "A Method of Reaching Extreme Altitudes." And in 1926 he fired the first liquid-propelled rocket.

Over 40 years ago, Dr. Goddard was writing about interplanetary navigation, multiplestage rockets, jet propulsion, use of solar energy and a landing on the moon—scientific problems which still intrigue us today.

Goddard patents are still in use on every rocket that leaves the earth. Scores of them were approved during his lifetime and 131 after his death.

This remarkable inventive genius is such an inspiration to our Nation today, Mr. Speaker, that I have deemed it appropriate for the Government to erect a memorial in his home State and have filed legislation to achieve that purpose.

The bill is numbered House Joint Resolution 787, and is a short one, which I request be printed at the conclusion of my remarks. I am delighted that my good friend, the gentleman from California, Congressman GEORGE P. MILLER, the chairman of our House Committee on Science and Astronautics, has approved the legislation and has filed a companion bill. I am hopeful that we can adopt the bill at the current session.

Further, Mr. Speaker, I would like to recommend to the membership and the country a new biography of Dr. Goddard entitled "This High Man" and written by Milton Lehman. This is an inspiring story of a lifetime of courage, persistence and dedication.

Every legislator, every citizen and every student challenged by the frontiers of science should read this remarkable story.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the National Aeronautics and Space Administration shall erect in the Commonwealth of Massachusetts an appropriate memorial to the late Doctor Robert H. Goddard, former professor of physics at Clark University in Worcester, Massachusetts, and the father of American rocketry.

The memorial shall comprise an appropriate bronze statue of the inventor and his early rocket, in a park setting, and may be in the vicinity of his first launchings in central Massachusetts or adjacent to a science facility in Massachusetts carrying on the type of aeronautical research in which the late Doctor Goddard was engaged throughout his life. The National Aeronautics and Space Administration shall request the advice and comment of the Commission of Fine Arts with respect to the design and setting of the statue.

The memorial shall give appropriate recognition to the two Goddard patents of 1914 which were basic to the future of rocketry; to the world's first liquid-fuel rocket flight from a farmyard in Auburn, Massachusetts, on March 16, 1926; and to other pioneering efforts advancing his country's achievements in rocketry and supersonic flight.

SEC. 2. There are authorized to be appropriated such sums as may be necessary to carry out the purposes of this joint resolution.

NO FREEDOM OF CHOICE

Mr. WAGONNER. Mr. Speaker, I ask unanimous consent to address the House for 1 minute and to include a newspaper article.

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

There was no objection.

Mr. WAGGONNER. Mr. Speaker, I have on a number of occasions assailed the vindictive civil rights bill with the sound argument that it removes from among our rights, one of the most precious of all, the freedom to choose.

Certainly the truth of my argument has been borne out in a recent news story which disclosed that all the military dead at Fort Hood, Killeen Base, and Gray Base in Texas, regardless of their race, are handled now by a Negro undertaking establishment in Temple, Tex.

The Dallas News commented that "the Federal Government's campaign to erase every vestige of segregation in the military now includes the dead." This is an acid but truthful charge.

If ever there was a time when a human should have the right to choose, it certainly is at that sad hour when he must provide for the remains of his loved ones. But that right, too, has now been given away.

I believe this story appeared in the newspaper on Veterans Day. It is a questionable tribute from the administration to our honored dead that will, I believe, be remembered for a long time.

I ask unanimous consent to insert this article in the RECORD.

AT FORT HOOD, GRAY BASE—NEGRO FUNERAL HOME HANDLES MILITARY DEAD

DALLAS.—The Dallas News said today that all the military dead at Fort Hood, Killeen Base, and Gray Base are handled now by a Negro undertaking establishment at Temple.

"The Federal Government's campaign to erase every vestige of segregation in the military now includes the dead," the account from Fort Hood said.

"Gone is the old system of having an officially designated white funeral home for white soldiers and a Negro funeral home for Negro personnel.

The News said that since early August, "all the military dead, regardless of rank, race, or sex," have been handled by the Hornsby Funeral Home in Temple, 36 miles east of Fort Hood. The News said the Hornsby firm became the official mortuary contractor for the central Texas military complex by submitting the lower bid.

Only two funeral establishments in the area bid. Wayne Frank of Lampasas, the other bidder, commented:

"There is no business of a more personal nature than the funeral bus'ness. If there ever was a time when personal choice should apply, it is in time of death. I don't believe the public is aware of this situation or the concern and ill feeling it could cause."

The wife of B. K. Hornsby, owner of the Negro place in Temple, asserted that white funeral homes have been handling Negroes and added:

"I don't see anything wrong with it being the other way around. I don't think we'll have any trouble."

COMMITTEE ON GOVERNMENT OPERATIONS

Mr. FASCELL. Mr. Speaker, I ask unanimous consent that the Committee on Government Operations have until midnight Friday to file conference reports.

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

There was no objection.

FASCISM COULD RISE FROM LEFT

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. HALEY. Mr. Speaker, with permission to extend my remarks, I wish to place in the CONGRESSIONAL RECORD an

editorial column, "Fascism Could Rise From Left," which appeared in the November 17, 1963, edition of the Tallahassee Democrat, one of Florida's outstanding daily newspapers.

The writer of this column, Malcolm B. Johnson, has always had a very sane and stable approach to the problems of our time. He is one of the most highly respected journalists in the South.

This column has particular merit. I hope each of my colleagues will read "Fascism Could Rise From Left" which follows:

FASCISM COULD RISE FROM LEFT

(By Malcolm B. Johnson)

There is sometimes a glimmer of suspicion, among those of us who fret about our national drift to socialism, that we may be baying on a false trail.

You can make something of a case for feeling that the bunch in charge in Washington is pushing us more toward a type of fascism—if, indeed, it is leading us anywhere except to a domestic confusion and international subjugation from which the Lord only knows what will emerge.

"Aha," comes the cry from our friends who call themselves liberals. "The old boy finally is coming around to our alarm lest the conservative right take over and install a Fascist regime."

Not so. If there are seeds of a Fascist regime in our Nation today, they are sprouting in the fields of the left, nourished by activists who worship the welfare state—just as they grew there for Hitler and Mussolini and Peron to cross-breed into governmental monstrosities.

In a current issue of Human Events (a publication of the so-called "Radical Right") Editor James Wick deals with the similarities between the Frontier-Deal welfare state of our country and the something-for-everyone handouts by which the Fascist dictators of a generation ago rose to power.

He makes the point that if it weren't for the hideous persecutions and maniacal blood purges, those social programs on which Hitler, et al., gained popularity would fit very neatly into the package so brightly beribboned by our own political do-gooders—benefit payments to all who falter in the work-a-day world; and a better life for everyone through central government administration of all education, production, and distribution under the eye of some core of intellectually elite.

THE DIFFERENCE

Terse definitions for most political terms come hard—especially where you are dealing with an ideology as vague, vagrant, opportunistic, and transient as the fascism which terrorized the world for only about 20 years.

But if you erase all such common denominators as method, personal dictatorship, and national ambitions, you arrive at a distinction between fascism and socialism about like this:

Socialism aims at total ownership of all property by a central government which would control production and distribution on a formula of taking "from each according to his ability" and giving "to each according to his need." Fascism started out on that theory, too, under both Hitler and Mussolini, but in the end it settled for leaving property in private hands while setting over it an almost unlimited government control.

Our constitutional guarantees of private property rights would seem to operate to favor at least a temporary phase of fascism on the road to socialism—and that may be the reason we have so few successful tendencies to seize private property for the specific purpose of nationalizing its production. (There is more validity to a protest that our Government takes too much property under the constitutional power to condemn with just compensation, and that it then is too eager to put it into productive competition with private enterprise.)

LOOK AROUND YOU

You need look no further than your own street to find examples of Fascist-style regulation, supervision and control of private affairs: wage and hour laws, payroll deductions, production controls, crop acreage limitations, dictation of what may or must be broadcast, income tax tyranny that makes every man risk law violation on his return, efforts to control private patronage and choice of employees—administrative supervision at a hundred places.

Most of this supervision and regulation comes by decree from some administrative board with a growing disregard of statutory law. Much of it is promulgated with a disdain for appeals to the courts, and some with the hearty consent of a judiciary that seems to have joined the executive branch in bypassing Congress and the intent of the Constitution in its rush to serve a new social philosophy.

Much of it comes, it is true, at the urging of businessmen and property owners who seek shortcuts to profit or economic survival through politics instead of the marketplace. Much of it comes, also, from the yearning of citizens for a better life in the name of compensation and benefits that aren't earned by effort.

That, also, is in the pattern of Fascist conquests. Conservative businessmen took favors from government or accepted burdens of regulation in the belief that simultaneous controls of labor were worth it. The Socialists and Communists pushed reforms of their liking in the confident belief that inevitably Fascist government would fall to them. They thought they could substitute socialism for fascism, once democracy had fallen.

WHY WATCH THE LEFT?

But, since both the conservative right and the liberal left show up in implementing roles for what may be a historic replay of Fascist conquest, you ask, "Why should the watch be maintained on the left?" Simply this:

That's where the activists are. That's where you find all those who want an administrative board to bypass Congress. That's where you find pleas for the court to overlook the plain language of the law and the Constitution and decree a new philosophy. That's where you have militant organizations in action—striking, picketing, demonstrating, agitating, pushing, resisting. That's where you have the greatest tolerance of government by bureaucratic decree, controlled by whim and shifting circumstances, which is the basic ingredient of tyranny.

For all the talk of thunder on the right by those bigoted liberals who call anybody a Fascist who doesn't agree with them, there is hardly a whisper, comparatively, from the right. Aside from a few fragments of crackpot groups like Rockwell's American Nazis, the most militant bunch is probably the Birch Society, which emphasizes protest, petition, and letterwriting to hold the status quo of the Constitution—not picketing and parading and litigating to get around its terms.

As long as we maintain our separation of powers between State and Federal Government, and between the three coordinate branches of Federal Government—legislative, judicial, and executive—it is unlikely that any man can rise in this Nation to lead us either to totalitarian fascism or socialism.

But if they can destroy the States as free-functioning governments, or if they can reduce the elected Congress to the position of a nonentity by a power combination of the executive and the judiciary, it could be done. Look, now, and see what direction such efforts are coming from.

NATIONAL ASSOCIATION OF MANUFACTURERS

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Arizona?

There was no objection.

Mr. UDALL. Mr. Speaker, surely there is no organization in the United States which has been more critical of Congress at various times than the National Association of Manufacturers. Thus I think it may be of interest to my colleagues to know that this leading organization of industrialists has given its endorsement to the principle of pay increases for Members of Congress and the top-level officers of the Federal Government.

In its November 8 issue the NAM News, published by the National Association of Manufacturers, made the following observation:

Congress last year raised most Federal salaries under a bill with the fancy title: "Federal Salary Reform Act."

At that time the administration, and probably most Congressmen, knew that the most needed reform was to establish a logical salary relationship between Government and private employment at the policymaking level. To have brought legislative salaries just a bit more into line with what the policymakers in industry are paid would have cost about $7 million. To have brought top executive and judicial jobs into line would have added something like $25 million more.

But did the bill do this? Certainly not.

What it did do was raise salaries across the board except at the important policymaking levels.

The basic policies of this country are made by Members of Congress. Others in the Government either execute or enforce these policies. So there has developed a pattern under which very few Federal Government officials are paid more than a Congressman, whether they be in the executive agencies, independent agencies, or the courts.

If a business were losing money because costs were too high, it might consider hiring some new department heads to cut costs—pay them well for doing it and thus balance the budget.

But not Government.

Mr. Speaker, I do not mean to suggest that the National Association of Manufacturers supports all features of the Federal pay legislation now before the Congress. It does not. But the NAM does support pay increases for Members of Congress, the top officials of the executive agencies and the judiciary. I think this support is significant and should quiet some of the fears of my colleagues that a vote for an increase in congressional pay would arouse the ire of responsible citizens and organizations everywhere.

Also, Mr. Speaker, I want to call the attention of my colleagues to the outstanding support given Federal pay legislation by the American Bar Association. In its November issue the American Bar Association Journal published

both an editorial and an excellent article supporting this legislation.

Finally, I should like to call the attention of my colleagues to an editorial appearing in the New York Times giving strong support to Federal salary legislation.

Mr. Speaker, without objection, I insert these three items at this point in the RECORD.

[From the American Bar Association Journal]

Our association for years has urged the importance of adequate compensation for members of the Federal judiciary. Judicial salaries have lagged considerably far behind compensation in private employment, although there is no service in private employment of comparable importance to the Nation or to the administration of justice.

The President's Advisory Panel on Federal Salary Systems recently made its recommendations to the President. The panel was composed of recognized leaders in industry, labor, education, and the professions. In recommending increase in pay for the three branches of Government, the panel report stated:

"There stands out in boldest relief the need for excellence in all three branches of our Government. That excellence will neither be obtained quickly, nor will it be retained for adequate periods, until we compensate our top officers on a basis commensurate with the complex and difficult roles assigned to them.

"The Federal Government will always be able to command the services of persons who recognize their obligation to give of their time and talents to the Nation. It should not, however, be at a competitive disadvantage with other forms of public service in attracting the best talent. We are convinced that our top salary structure no longer provides positive encouragement to men and women of the highest ability, dedication and conviction about the American way of life to accept Federal appointments in either the executive branch or the judiciary, or to seek Federal elective office with assurance that the financial demands upon them can, in most instances, be met from their salaries."

Since 1919, salaries of Federal judges and of Members of Congress have been closely related to each other. Since the last congressional-judicial pay raise in 1955, no readjustment has taken place to meet the rising cost of living. This means that, in effect, the real earnings of Federal judges and Congressmen are less than they were 8 years ago.

In response to a plea by President Kennedy and in order to rectify this and other inequities, H.R. 8716 has been introduced by Congressmen MORRIS K. UDALL, Democrat, of Arizona, and JOEL T. BROYHILL, Republican, of Virginia, as a conscientious attempt to reform judicial and congressional salaries. Some Members of Congress may be reluctant about voting for pay increases to become effective with the convening of the next Congress. They are naturally concerned lest there may be some criticism from their constituents. Rather than criticism, however, there should be widespread support for those who face their responsibility to solve this urgent problem.

In the past, salaries of Federal judges have set a standard for salaries of judges of State courts. But many States are reappraising the disparity between the incomes of successful practicing lawyers and their judges, and are increasing judicial salaries.

The legislation now before Congress is consonant with the unanimous action of the house of delegates of the American Bar Association recommending that the Congress substantially increase compensation of the Federal judiciary and examine its own pay scale.

A discussion of the pending legislation entitled "Udall-Broyhill Bill Gives New Hope for Judicial and Congressional Salary Reform," appears below. It was written by Bernard G. Segal, chairman of our association's standing committee on judicial selection, tenure and compensation. Mr. Segal was Chairman by appointment of President Eisenhower of the Commission on Judicial and Congressional Salaries. His article is authoritative and should be read by every member of the bar and by every Member of Congress for the light it casts upon the serious problem now facing our Nation involving compensation of those who bear major responsibility in Government.

As Mr. Segal points out, "That present judicial and congressional salaries are unconscionably low measured by any appropriate standard cannot be doubted, and every responsible group which has addressed itself to the subject has unequivocally reached this conclusion."

We are wholeheartedly in agreement with the position taken by Mr. Segal in his article, and we cannot too strongly urge upon the Members of Congress that they vote to support this vital pending legislation.

It is the primary responsibility of the lawyers of America to work constantly for improvement in the administration of justice and for a better government. The need for increasing the compensation of those serving on the Federal Bench and in Congress has been proved. The remedy is at hand. Leadership of the bar is urgently needed to bring about public understanding and support.

UDALL-BROYHILL BILL GIVES NEW HOPE FOR JUDICIAL AND CONGRESSIONAL SALARY REFORM

(Salaries of the Federal judiciary and Members of Congress are wholly inadequate and grossly inequitable when judged by any comparisons or standards. Although every group or person who has studied the problem has reached this conclusion, little has been accomplished because of Congress historic reluctance to raise its own salaries, to which judicial compensation has been traditionally related. Mr. Segal writes of the new salary increase bill and calls for its enactment)

(By Bernard G. Segal)

On October 7, 1963, Congressmen MORRIS K. UDALL, Democrat, of Arizona, and JOEL T. BROYHILL, Republican, of Virginia, introduced H.R. 8716, a bill of extraordinary importance to the citizens of the United States.[1]

If enacted this omnibus salary bill will increase the pay of approximately 1,750,000 officials and employees of the Federal Government. As to those in the classified services, it marks the culmination of 6 years of intensive study by the Government of long-needed salary reforms, and it carries forward the program started in the Federal Salary Reform Act of 1962.[2] As to top-level officials and employees, the bill is also an effort to reduce the inequitable disparity which has developed between their compensation and that of others in the Government service.

H.R. 8716 constitutes a conscientious attempt to meet the plea by President Kennedy in his special message of February 20, 1962, to Congress for "Federal pay reform, not simply a Federal pay raise."[3] At least as to employees in the classified services, it endeavors to meet the President's call for increases which would establish salaries reasonably comparable with those prevailing in private enterprise for the same levels of work, insofar as this is possible, and to establish realistic and appropriate salary relationships President's comments concerning the salary systems by following the principle of equal pay for equal work, with distinctions in pay consistent with distinctions in responsibility.

In his message President Kennedy also pointed out the critical necessity of providing adequate salaries for Government employees in top career positions in the classified services, but he also noted that appropriate increases in these salaries would boost the pay of many civil servants to levels above those of their chiefs in Cabinet, sub-Cabinet and similar positions. "I recognize," President Kennedy continued, "that the salary level of these top executives has been quite properly related in recent years with the salary level of the Congress; and both are, in my opinion, inadequate." In view of the fact that at least since 1919 salaries of Federal judges and of Members of the Congress have been in direct relation to each other, the President's comment concerning the salary level of the Congress necessarily apply to the judiciary as well.

Accordingly, titles III and IV of the Udall-Broyhill bill provide long overdue increases in the salaries of Members of the Congress and Federal judges, respectively, and it is to these particular phases of the bill that this article relates.

HISTORY OF JUDICIAL AND CONGRESSIONAL SALARIES

By any standard the present salary scale of members of the Federal judiciary and of the Congress is wholly inadequate and grossly inequitable, and this condition has existed for many years.

One of the reasons for this situation is the extreme infrequency with which adjustments are made in their compensation. Since 1789 adjustment have come, on the average, only once in every 20 years. Since 1891, when uniform salaries were established for the first time for all U.S. district judges,[4] judicial salaries have been increased on only five occasions—an average of once every 15 years. And congressional salaries have been increased on only four occasions since 1866—an average of approximately once in every 25 years.[5]

Because under the Constitution they are charged with the responsibility of fixing their own salaries, Members of Congress have always displayed a natural reluctance to increase their compensation. One of the side effects has been a similar infrequency in the review of judicial salaries. Thus, the congressional salary enacted in 1866 remained at $5,000 for a period of 41 years, until it was raised in 1907 to $7,500, and the Supreme Court salary of $10,500 fixed in 1873 remained at that figure until it was increased by $2,000 in 1903, 30 years later.

The chart below reflects the changes in congressional or judicial salaries beginning with the year 1891.

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[1] The bill has been referred to the House Post Office and Civil Service Committee.

[2] 76 Stat. 843 (1962), 5 U.S.C. 1171.

[3] 1962 U.S. Code Congressional and Administrative News 4114, 4118.

[4] 26 Stat. 783 (1891). Prior to establishment of uniform salaries in 1891, salaries of district court judges varied from State to State and ranged from $3,000 to $5,000. This system of differentials stemmed from the Judiciary Act of 1789. As new States came into the Union, salaries for the district judges were provided for in the individual statutes setting up the district courts in those States. Increases were also granted on an individual basis; see, e.g., 1 Stat. 423 (1795) and 2 Stat. 121 (1801).

[5] A fifth increase, granted in 1873 by the 42d Congress (17 Stat. 486), was repealed less than a year after its enactment by the 43d Congress.

Year	District court	Court of appeals	Supreme Court [1]	Members of Congress
1891	$5,000	$6,000	[2] $10,500	[3] $5,000
1903	6,000	7,000	12,500	
1907				7,500
1911			14,500	
1919	7,500	8,500		
1926	10,000	12,500	20,000	10,000
1946	15,000	17,500	25,000	15,000
1955	22,500	25,500	35,000	22,500

[1] The Chief Justice receives additional salary of $500.
[2] First provided in 1873.
[3] First provided in 1866.

In 1949 the Commission on Organization of the executive brance of the Government, headed by former President Hoover and popularly known as the Hoover Commission, made extensive recommendations for increases in salaries of officials and employees in the executive departments. Recognizing the dislocation the proposed increases would cause in the traditional relationship between these salaries on the one hand and congressional and judicial salaries on the other, the Hoover Commission felt impelled, despite the fact it was outside its assignment, to urge that congressional salaries be increased by $7,500 (60 percent) and Justices of the Supreme Court by $10,000 (40 percent), with corresponding increases to other Federal judges. Despite the tremendous prestige and public acceptance of the Hoover Commission, Congress failed to act on either recommendation.

In 1949 the House of Delegates of the American Bar Association had endorsed the recommendations of the Hoover Commission,[6] and in 1951 it again adopted a resolution recommending increases in Federal judicial salaries.[7] In 1953 the board of governors approved a recommendation of the association's standing committee on judicial selection, tenure and compensation endorsing a bill introduced by Senator PAT MCCARRAN, Democrat, of Nevada, chairman of the Senate Judiciary Committee, providing increases of $10,000 a year for Members of the Congress and Federal judges, except that an increase of $14,500 was prescribed for the Chief Justice.[8] Since then the American Bar Association has been in the forefront of efforts to achieve more realistic compensation for these important officials of our Government.

COMMISSION ON JUDICIAL AND CONGRESSIONAL SALARIES

By 1953 congressional leaders concluded that if action on congressional, and therefore judicial, salaries was to be taken within a reasonable period of time, the support of an independent study by a nongovernmental source would be necessary. Public Law 220, approved August 7, 1953, created the Commission on Judicial and Congressional Salaries "to determine the appropriate rates of salaries for justices and judges of the courts of the United States and for the Vice President, the Speaker of the House of Representatives, and Members of Congress in order to provide fair and reasonable compensation to such officials." [9]

Under the act the Commission was required to be composed of 18 voting members, including, in equal numbers, leading figures from labor, from agriculture, and from business and the professions. Six members of the Commission, including the Chairman, were to be appointed by the President, six by the Chief Justice, and three each by the Vice President, and the Speaker of the House. There were also to be nine advisory members, three each from the Senate, the House of Representatives, and the Federal judiciary.

The material assembled by the Commission and its recommendations constitute the most appropriate springboard for any current consideration of judicial and congressional salaries. Although performed in a relatively short period, the work of the Commission was extensive. It was aided by an excellent staff assembled from various departments of the Government by authority of President Eisenhower. Seven task forces, consisting of members of the Commission and technical staff employees, were appointed by the Chairman, and they conducted detailed inquiries into assigned areas relating to the Commission's activity.[10]

The Commission invited the views of all proponents and opponents of salary increases, communicated with the editors of 10,000 newspapers, magazines, and other publications and conducted lengthy public hearings in Washington. A large number of leaders from agriculture, labor, business, education, the professions, the Government, and other groups appeared and testified. Many more citizens—important leaders of organized groups and interested individuals—sent written communications for the record.[11] The mass media devoted a great amount of space and comment to the work and recommendations of the Commission, and hundreds of editorials in newspapers and magazines in almost every State were devoted to the salary question. With rare exceptions, these witnesses, groups, editors, and other commentators supported the work of the Commission and urged adoption of their recommendations. The American Bar Association and, at its instance, many State and local bar associations were active in conducting local campaigns to educate the public. Tremendous grassroots support for substantial salary increases resulted. Alerted to the need, the public reaction was impressive and reassuring.

CONCLUSIONS REACHED BY THE COMMISSION

In its published report,[12] the Commission specifically found that the scale of judicial and congressional salaries had not kept pace with the growth of the duties and responsibilities of these offices; that the differences between salaries paid to Federal judges and Members of the Congress and those paid in private enterprise were grossly disproportionate; that the salaries of members of the judiciary and of the Congress had lagged far behind salary adjustments granted most officials of the Federal Government and had fallen substantially below historic differentials; that judicial and congressional salaries were and for a long time had been grossly inadequate; that these salary rates tended to confine these high positions to persons of independent wealth or with outside earnings; that while there is no exact formula by which salaries of Federal judges and Members of the Congress can be determined, any of the accepted job evaluation criteria established that existing salaries were inadequate; and, finally, that the net cost to the Government of increasing salaries of the Federal judiciary and the Congress to reasonable amounts would be comparatively inconsequential. Significantly, every one of the Commission's findings, made 10 years ago, applies with equal force today.

The Commission recommended salaries of $40,000 for the Chief Justice of the United States and $39,500 for the Associate Justices of the Supreme Court; $30,500 for judges of the U.S. courts of appeals; and $27,500 for judges of the U.S. district courts and Members of Congress.[13]

Hearings on the proposed legislation were conducted by a subcommittee of the Senate Committee on the Judiciary, headed by the late Senator Estes Kefauver, Democrat, of Tennessee.[14] One of the witnesses was Morris Mitchell, the then chairman of the association's standing committee on judicial selection, tenure, and compensation, who reported the association's strong endorsement of the Commission's report. The Chairman of the Commission informed the subcommittee of the widespread support for the Commission's recommendations in the form of communications, editorials, personal visits and telephone calls from all over the Nation, with only the barest sprinkling of adverse comment.

From many discussions over a period of several months with a large number of Senators and Congressmen, the writer can personally attest the fact that a majority of the Congress considered, as did the Commission, that the Commission's recommendations were conservative. The Senate Judiciary Committee concluded that:

"There is no question but what the work of the Commission on Judicial and Congressional Salaries was thorough and its findings and recommendations based upon sound and logical conclusions. * * *" [15]

Nevertheless, when legislation was finally enacted on March 2, 1955, providing judicial and congressional salary increases, the recommendations of the Commission were cut by approximately one-third. The salaries adopted by Congress were $35,500 for the Chief Justice and $35,000 for Associate Justices, $25,500 for judges of the courts of appeals, and $22,500 for judges of the district courts and Members of the Congress.[16] And there have been no changes in these salaries since that time.

JUDICIAL AND CONGRESSIONAL SALARIES TRAIL OTHERS

The historic differentials between the salaries of Members of the Congress and the Federal judiciary, on the one hand, and other Government officials and employees, on the other, have been drastically altered even since the Commission's recommendations were arrived at in 1953.

[6] 74 A.B.A. Report 288 (1949).
[7] 76 A.B.A. Report 125 (1951).
[8] 78 A.B.A. Report 179 (1953).
[9] An act to provide for the creation of a Commission on Judicial and Congressional Salaries, and for other purposes. Public Law 220, 83d Cong., 1st sess. (1953). 67 Stat. 485.
[10] The areas of investigation assigned to the task forces were: (1) Salaries of the Vice President, Speaker of the House and the Members of Congress, (2) comparative salaries in business, (3) standard of living evaluation, (4) comparative salaries in the professions and agriculture, (5) comparative salaries in the field of labor, (6) retirement benefits, staff expenses, office and other services furnished by the Federal Government, and (7) salaries of the Federal judiciary. "Judicial and Congressional Salaries, Reports of the Task Forces of the Commission on Judicial and Congressional Salaries Pursuant to Public Law 220," S. Doc. No. 97, 83d Cong., 2d sess. (1954).
[11] Hearings before the Commission on Judicial and Congressional Salaries pursuant to Public Law 220, S. Doc. No. 104, 83d Cong., 2d sess. (1953).
[12] Report of the Commission on Judicial and Congressional Salaries, H.R. Doc. No. 300, 83d Cong., 2d sess. (1954).
[13] Whenever salary figures for judges of the court of appeals are referred to hereafter the reference should also be read to include judges of the Court of Claims, of the Court of Customs and Patent Appeals, and of the Court of Military Appeals. Whenever salary figures for district judges are referred to, the reference should also be read to include judges of the customs court and of the Tax Court and district judges for Guam, Puerto Rico, and the Virgin Islands.
[14] Hearings on S. 165, S. 462, and S. 540 before a subcommittee of the Senate Committee on the Judiciary, 84th Cong., 1st sess. (Comm. Print, 1955).
[15] Judicial and Congressional Salaries, report of the Committee on the Judiciary, S. Rept. No. 25, 84th Cong., 1st sess. 4 (1955).
[16] Act of Mar. 2, 1955, cf. sec 1, 69 Stat. 9.

Since the last judicial-congressional salary increase in 1955, employees in the classified services of the Government have received six salary increases: 7.5 percent in 1955; 8.1 percent in 1956; 10 percent in 1958; 7.7 percent in 1960; 5.5 percent in 1962; and 4.1 percent to become effective January 1, 1964. These aggregate more than 51 percent. The effect of these increases has been to narrow drastically the differential between the maximum salaries in the classified services and judicial and congressional salaries. The establishment in the Federal Salary Reform Act of 1962 of the present classified rates in an effort to achieve a degree of comparability between classified salaries and salaries in private enterprise—a long overdue and badly needed reform—without any concurrent adjustment of judicial and congressional pay has created a completely illogical and wholly untenable situation.

Recognizing the substantial disparity between Federal career salaries and salaries in private enterprise, the Kennedy administration committed itself in 1962 to the principle of comparability between pay for classified Government employment and the average pay for similar work in private enterprise. While there are, of course, no positions outside Government which are truly comparable to membership in the Congress or on the Federal bench, nevertheless the discrepancy in levels between judicial and congressional salaries and salaries for positions in business, the professions and other private enterprise requiring similar ability, maturity and character, and entailing large responsibilities is far more extreme than the discrepancy with respect to classified employees.

This conclusion is borne out by the findings of the President's Advisory Panel on Federal Salary Systems, headed by Clarence B. Randall, former chairman of the Inland Steel Corp., which submitted its report to the President on June 12, 1963. The Randall Panel was composed of 11 leaders in industry, labor, education, banking, government, the judiciary, and the military, each of whom had won distinction in his own field.[17]

Figures compiled for the Panel by the Bureau of the Budget and the U.S. Civil Service Commission indicated that the median salary for the top executives of approximately 1,150 corporations in manufacturing, retail trade, banking, rail and air transportation, gas and electric utilities, mining, and life insurance ranged from $91,000 in manufacturing firms to $53,000 in insurance companies. Substantial disparities were found to exist in numerous other fields as well.

Moreover, even the historical relationship between salaries of Federal and State court judges has been radically altered. Traditionally, salaries of Federal judges have set the standard for State court judges. This is no longer so. Today, many State court judges receive salaries in excess of those of judges of U.S. district courts and courts of appeals. Thus, Federal district judges in California, Georgia, Illinois, Maryland, New York, and Pennsylvania receive lower salaries than State trial court judges in those States. Similarly in California, Illinois, Michigan, New Jersey, and Pennsylvania, State appellate judges receive salaries greater than those of judges of the U.S. courts of appeals.[18]

In Pennsylvania, for example, the chief justice receives $33,000 a year. The chief judge of the U.S. Court of Appeals for the Third Circuit, presiding five blocks down the street at hearings on appeals from all Federal courts in Pennsylvania, New Jersey, and Delaware, receives $25,500—$7,500 a year less. Judges of the Pennsylvania Superior Court, an intermediate State appellate court, receive $5,000 a year more than the chief judge and the other judges in the U.S. court of appeals. And judges of the Philadelphia courts of common pleas—a State trial court of general jurisdiction—receive higher salaries than the judges in the U.S. district court sitting in the same city.

The President's Advisory Panel on Federal Salary Systems submitted its report in June of this year. It concluded that if we are to attract qualified people to the Congress and the Federal judiciary, salaries must be raised substantially. It recommended the following increases and strongly urged the President to throw his full support behind them: $60,500 for the Chief Justice and $60,000 for the Associate Justices of the Supreme Court; $45,000 for the judges of the courts of appeals; $35,000 for the judges of the district courts; and $35,000 for Members of the Congress with $5,000 deductible for income tax purposes.[19]

Title III of the Udall-Broyhill bill provides salaries of $35,000 for Members of Congress. Title IV establishes salaries of $50,500 for the Chief Justice of the Supreme Court and $50,000 for the Associate Justices, $40,500 for judges of the courts of appeals, and $35,000 for judges of the U.S. district courts.

It is of course apparent that the Udall-Broyhill bill prescribes compensation below that recommended as recently as June of this year, except in the case of district judges, as to whom the suggestions are adopted. It is significant, too, that if the 1954 recommendations of the Commission on Judicial and Congressional Salaries were increased commensurately with the pay raises received by employees in the classified services since the date of the report of the Commission, even without regard to the additional salary hike provided by the Udall-Broyhill bill for such employees, the resulting salaries for Members of Congress and the Federal judiciary would be substantially higher than those prescribed in the pending bill.

One of the striking points made by the commission in 1954 was that the number of persons affected by salary increases for the Congress and the Federal judiciary is so small that the resulting impact on the national budget will never be very great. This is demonstrated by the approximate annual cost of the increases provided in the Udall-Broyhill bill, which would be $6,700,000 for Federal judges and the same amount for Members of the Congress. The total cost of these increases would represent only about 2½ percent of the aggregate annual cost of the Udall-Broyhill bill and just a little over one-hundredth of 1 percent of the proposed Federal budget for 1964.

However concerned we may be—and, of course, all of us are—with the urgency of decreasing the expenditures of the Federal Government, this consideration should have no application here. The cost of these increases is minimal, especially when contrasted with the substantial promotion of the public interest which would be achieved.

IT'S NOW TIME TO ACT

That present judicial and congressional salaries are unconscionably low measured by any appropriate standard cannot be doubted, and every responsible group which has addressed itself to the subject has unequivocally reached this conclusion.

In a canvass of 677 important leaders of American life by the National Civil Service League just this year, it was found that 88 percent of the 387 national leaders in business, education, journalism and the professions whose replies were tabulated expressed the view that Members of the Congress should receive salaries of $30,000 or more, as contrasted with the present rate of $22,500. Only 33 of the 677 individuals canvassed suggested that congressional pay should not be increased.

The Congress has shown no reluctance to raise the pay of Government employees in the classified services, the postal services and the military services, as well as in other branches. Its failure to act with the same promptness and zeal for the public interest and the same spirit of fairness with respect to congressional salaries, and therefore judicial salaries, which are now by many years of tradition considered together, is due to the difficult position of Members of the Congress in exercising the constitutional mandate that they determine the amount of their own salaries. History has demonstrated, as recently as 1955, that the fears of some Members of Congress that a vote for a congressional pay increase would have adverse consequences at the polls are completely unfounded.

It is here that the citizens of the Nation must move in. They must make clear that they do not seek inequitable and unreasonable financial sacrifices by their public servants. Newspaper and magazine editors, columnists and the television and radio commenators can once again perform the magnificent task they did in 1953 and 1954 in informing the American public of the need and justification for salary increases. And as in the past, the real inspiration must come from the organized bar at national, State, and local levels, and the American Bar Association, which has already launched a vigorous campaign, must provide the leadership.

Federal judges and Members of the Congress prize the opportunity for service and the prestige of their offices. They do not expect the same financial return as they could earn in private life. But the sacrifice is too great.

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[17] Besides the chairman, the members of the Panel were Gen. Omar D. Bradley; John J. Corson, of the Woodrow Wilson School of Public and International Affairs, Princeton University; Marion B. Folsom of the Eastman Kodak Co.; Theodore V. Houser, former chairman of Sears, Roebuck & Co.; Robert A. Lovett, of Brown Bros. Harriman; George Meany, president of the American Federation of Labor and Congress of Industrial Organizations; Don K. Price, Jr., of the graduate school of public administration, Harvard University; Robert Ramspeck, former Member of Congress from Georgia; Stanley F. Reed, Associate Justice (retired) of the U.S. Supreme Court; and Sydney Stein, Jr.

[18] These facts are confirmed in the Randall Panel report. See also, "A Survey of Judicial Salaries in the United States and Canada," 45 J. Am. Jud. Soc. 231–263 (1962).

[19] Although the statutory duties of the Commission on Judicial and Congressional Salaries did not include consideration of benefits for widows and dependents of Members of the Congress and the Federal judiciary, the Commission strongly urged consideration of its task force report on that subject in order that appropriate legislation providing such benefits be enacted. At that time there were no benefits whatever provided for widows and dependents of members of the Federal judiciary. Since then legislation has been adopted for contributory annuities in the case of widows and dependents of Federal judges (28 U.S.C. 376) and for annuities for widows of Justices of the Supreme Court (28 U.S.C. 375). Although the payments to widows of Presidents of the United States and of Justices of the Supreme Court were at one time fixed at the same amount—$5,000—when the allowance for Presidents' widows was raised to $10,000, the allowance for Justices' widows was not increased. The Randall Panel recommended that Congress take appropriate action to bring up to date the legislation providing annuities for widows of Supreme Court Justices. There can be no doubt that the present provisions for widows and dependent children of other members of the Federal judiciary also are deplorably low. The situation calls for immediate correction.

With this Nation's claim to leadership in the world community resting upon ordered liberty under law, there are no positions in this Nation or anywhere else, outside the Presidency itself, which are of greater importance or involve more critical duties than those of Members of the Congress and judges in the courts of the United States. The duties of these high officials are vastly greater today in time consumed, energy required, and responsibility imposed than they were even a decade ago. It would be the poorest kind of economy to make these positions unavailable to qualified individuals merely because of financial considerations.

It must be our solemn objective to assure that the Nation's topflight leadership shall continue to be available in the Halls of Congress and on the Federal bench and that inadequate compensation shall never constitute a bar to any American citizen who is qualified to fill those high posts.

Congressmen UDALL and BROYHILL merit commendation and appreciation for their courageous sponsorship of H.R. 8716. The Udall-Broyhill bill deserves the support of the citizens of the Nation. It should be passed now.

[From the New York Times, Nov. 12, 1963]

THE BEST IN FEDERAL SERVICE

Congress is making a gingerly—almost reluctant—approach toward removing one of the chief roadblocks against the entry of highly qualified personnel into top positions of the Federal service.

This obstacle is the unattractiveness of the salaries paid at the most responsible levels of Government. Such salaries are low not only by the standards that prevail in the higher echelons of private industry but also in comparison with the earnings of top-ranking officeholders in many State and municipal agencies, philanthropic organizations, and even some universities.

Chicago's superintendent of schools, for example, receives $48,500 a year and the general manager of Los Angeles Water and Power Department gets over $40,000. But Federal officials with vastly greater responsibilities receive perhaps as much as $25,000 (which is the salary of Cabinet officers). It is not surprising that Washington is constantly plagued by the difficulty of recruiting and keeping persons of competence in key posts.

A bill now before Congress seeks to make the Federal Government more competitive in attracting top talent by providing for increases of $5,000 to $10,000 for many responsible officials. Cabinet officers would receive $35,000; the Vice President and the Justices of the Supreme Court, $45,000. In many cases the salary increases are less generous than those recommended earlier this year by the study committee headed by Clarence Randall. Nevertheless, the House bill is a step, if an inadequate one, in the right direction.

The cost of this badly needed structural reform would not be great. The Randall Committee estimated that its recommendations would involve a total annual cost of only $20 million. But these needed high-level increases have been combined in this bill with a general wage increase for almost 2,500,000 Federal workers, a much more expensive matter, the merits of which ought to be argued separately.

Congressmen appear afraid to pass this bill because it provides for raising their own salaries, by $10,000, to $32,000. They worry about taxpayer vengeance at the polls—needlessly, we believe. Congress has had no pay raise in almost a decade. We doubt that there would be any significant public objection to a pay increase for Congress, especially if it were to be accomplished—as Senator KEATING suggests—with conflict-of-interest legislation applicable to Members of Congress.

MEMORY OF "BLACKMAIL" OFFER OF CUBAN PRISONERS FOR TRACTORS REVIVED

Mr. MICHEL. Mr. Speaker, I ask unanimous consent to extend my remarks at this point in the RECORD and include several excerpts from Dr. Milton Eisenhower's latest book.

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

There was no objection.

Mr. MICHEL. Mr. Speaker, on June 1, 1961, I spoke out on the floor of the House against the tractors-for-prisoners deal. I followed up these remarks on June 5, June 26, and again on June 27, including a sermon pointing up the fact that "there is nothing in the Christian doctrine that would countenance such behavior."

Mr. Speaker, in reviewing my remarks on June 5, I note that I stated:

I predict Castro will refuse the offer of the committee for he knew precisely what he was asking for in the first instance—heavy duty machines to build up his defense establishment.

The Washington Daily News, on November 18 and 19, 1963, ran two excerpts from Milton Eisenhower's book "The Wine Is Bitter," concerning those sections covering this unhappy situation. The second excerpt includes the following sentence:

On Friday, June 23, at 11:26 a.m. (34 minutes before the deadline), Fidel Castro rejected our offer.

Mr. Speaker, I included in my speech, appearing in the CONGRESSIONAL RECORD, volume 107, part 9, page 11220, a letter from Attorney General Kennedy and a statement of President Kennedy. The President said in part:

This Government is thus putting forward neither obstacles nor assistance to this wholly private effort.

The Attorney General's letter concluded:

The President has stated his sympathy with the humanitarian objectives of the committee and the intention of the Government not to interfere with or put obstacles in the way of a legitimate private, humanitarian effort. A copy of the President's statement is attached. In view of the foregoing, I do not believe any violation of the Logan Act is involved.

After "the whole affair began to take on ominous overtones," Milton Eisenhower wrote to the President:

He [Castro] insists that we accept the principle of indemnification for damage done in Cuba, and that he will accept only what the 10 prisoners with whom you asked us to meet told us he wanted; namely, heavy D-8 type bulldozers which are war materiel, possibly for trade with the Communist bloc.

As a result of that letter, Mr. Eisenhower received a call from Secretary of State Dean Rusk. Mr. Eisenhower states:

He [Rusk] agreed wholeheartedly that our committee should restrict its activities to the single narrow field of fundraising and assured me that the State Department would guide us in our actions thereafter.

Mr. Speaker, I think it is important to call attention to the Eisenhower book because it points out vividly that the brothers Kennedy have no regard for the truth or the law and there is no telling what type of hoax they will attempt to pull over the eyes of the public prior to the next election. Under unanimous consent, I include the two articles, but I do take issue with the last paragraph of the second excerpt. Perhaps Mr. Eisenhower will file an addendum to his book.

[From the Washington (D.C.) News, Nov. 18, 1963]

"NOW I BEGAN TO FACE THE AWFUL TRUTH"

(By Milton S. Eisenhower)

(First of two-part series)

One Friday evening in May 1961, at about 7 o'clock, I was sitting in my library at home with a few friends when my telephone rang. The White House operator, whose voice I readily recognized, said that President Kennedy was calling.

I was surprised. Having run errands for four Presidents—two Republicans and two Democrats, beginning with Herbert Hoover—I might have been expected to be available to the new administration. But I had strongly opposed the election of President Kennedy.

When the operator put President Kennedy on the phone, he came immediately to the point. "I want to ask you for some help," he said.

I find it nearly impossible to refuse the President of the United States any request, and I replied instantly: "I'll do whatever I can."

He explained that Fidel Castro was sending 10 prisoners to the United States to negotiate for the release of more than 1,200 of their compatriots who had been captured in the abortive Cuban invasion. The U.S. Government felt a moral obligation to help these men. It could not deal with Castro, however, for we had withdrawn official recognition of his regime.

The President, therefore, wanted to establish a committee of private citizens for the sole purpose of raising private funds to buy the tractors that Castro demanded in exchange for the captives. In this way, Americans could perform an act of justice. The late Mrs. Franklin D. Roosevelt and Walter Reuther had agreed to serve on the committee and now he was seeking two Republicans. He wanted George Romney, president of American Motors, and me to help.

He would explain the matter to the American people the next day. And our committee would meet with the Cuban prisoners on Monday.

I told the President I would help.

At about 11 o'clock that evening, Walter Reuther called me. He expressed satisfaction that I serve on the Tractors for Freedom Committee. He said something that was to keep me awake most of the night.

"As I understand it," he said, "this is to be a wholly private effort and we aren't to mention that the President has asked us to undertake this."

"Now, wait a minute, Mr. Reuther," I replied, "private citizens cannot meddle in foreign affairs. We must have the President's authorization for this." For us to have dealt with Castro without Government authorization would have been a violation of the Logan Act.

"We have no worry on that score," Reuther answered. "I talked this over with Richard Goodwin, who is Special Assistant to the President, and everything is all right. In fact, the State Department is going to help us in every way it can. We've even been assured that we will get tax-exempt status."

This would allow donors to deduct their gifts from their incomes in computing taxes.

Sunday, May 21, as I remember it, was a day of anticipation and telephone calls. I talked with Mr. Reuther and Mrs. Roosevelt

to arrange our meeting in the Statler Hilton in Washington for the next morning. (When Romney declined, the President requestioned Joe Dodge, former Director of the Bureau of the Budget in the Eisenhower administration and a Detroit banker, to become the fourth member of our committee, but he would not be available until later in the week.)

We also drafted a telegram to Castro, stating that we were prepared to meet with the 10 prisoners, now in Miami, and negotiate with them for the proffered exchange—unless Castro advised us to the contrary.

Sunday's news carried no word from Kennedy.

At 11 o'clock the next morning our committee met for the first time. Mrs. Roosevelt was named honorary chairman, Reuther and I, cochairmen, and Dodge, treasurer.

Mr. Kennedy's assistant and personal representative in this matter, Richard Goodwin, was also present and briefed us on the Government's involvement. He assured us of every cooperation: The Secretary of the Treasury would arrange for tax exemption on gifts; the Government had arranged transportation for the prisoners; we could be assured that our fund-raising efforts had the full approval of the Government; the Logan Act was not at issue.

Castro's original offer had used the word "bulldozers," but it had been made in a speech to farmers in a context that could only mean he wanted agricultural tractors.

We met with the prisoners and they repeated that he wanted bulldozers, but they could not say for certain just what Castro would accept. They pointed out that he had been irritated by the use of the words "trade" and "exchange." He insisted that he was demanding indemnification.

The whole affair began to take on ominous overtones.

We gave the prisoners a letter stating that we would undertake to raise the funds for 500 agricultural tractors for Cuba on the condition that we receive a list of the prisoners for verification. We also decided to send a committee of agricultural experts to Havana to work out the details on the type of tractors to be traded. We repeated this in a cable to Castro.

I was beginning to be angry. President Kennedy had not explained our position as mere fund-raisers in support of a governmental policy as he had led me to believe he would.

Then the first rumblings of criticism that would soon engulf the Tractors for Freedom Committee were heard on Capitol Hill: Senator BARRY GOLDWATER and Indiana's Senator HOMER CAPEHART denounced our effort as giving in to "blackmail."

It seemed crucial to me that the President speak out at once.

Before he did, on Tuesday, May 23, the lid blew off.

Congress was furious and demanded that Secetary of State Dean Rusk say whether the administration approved of our efforts to trade tractors for prisoners. Members of the President's own party were foremost among the critics.

I knew from long experience, of course, that the President of the United States is subject to constant pressures about which most of us know nothing. I realized it was unfair to judge him without knowing exactly what motivated him. I had been told that he would make it clear to the public the Government's role in our effort.

Not only had he remained silent; he apparently had not even bothered to call in congressional leaders from both parties to brief them on the plan—an action which might have done much to forestall criticisms in Congress.

My chagrin solidified into a frustration. I was considering more than my own position and that of the university which I represented; I was thinking of the adverse effect that opposition in the United States would have on the committee's effort to raise money and on the attitudes of Latin Americans who had begun to admire our unselfish and humanitarian response.

At this point, I considered resigning from the committee. Only the dreadful thought that my resignation might contribute to—or seem to contribute to—the failure of our effort stopped me. I did not want on my conscience the fate of those 1,214 Cuban prisoners who perhaps faced death due to our fumbling management of the invasion.

The Wednesday afternoon papers carried a statement by President Kennedy. I turned to it eagerly. Then my heart fell. It was not the one I had been waiting for.

He called upon Americans to contribute funds and said, speaking of the prisoners, "If they were our brothers in a totalitarian prison, every American would want to help." He also said, "The U.S. Government has not been and cannot be a party to these negotiations * * *" and the Government is "putting forward neither obstacles nor assistance to this wholly private effort."

Now I had to face the awful truth. Though the President had personally asked me to help, and though I had understood this fact would be proclaimed to the public—our task being only to raise funds—I now realized, in chilling clarity, that the President intended to maintain the fiction that all aspects of the case, from negotiation to critical decision, from raising funds to actually freeing the prisoners, were private.

What, then, about the Logan Act? Was the Government's posture assumed because of the unpopular reaction to the trade? Or was the intention from the first to keep the Government aloof?

Could I possibly have misconstrued the President's conversation with me, and Goodwin's repeated assurance that our activity was fully sanctioned by the Government?

Despite the heavy criticism, Americans were sending gifts to Post Office Box "Tractors for Freedom" in Detroit. Several thousand letters, some of them no doubt critical, had piled up.

Walter Reuther issued a statement thanking donors for their generous support. We had not yet actually launched a fund drive, for we still awaited word from Castro. We had no funds and no staff. The letters lay unopened in the "Tractors for Freedom" box of the Detroit post office.

Exactly a week had passed since President Kennedy had called me. It seemed like a year. I had been bombarded with viciously critical letters and phone calls.

On this dismal note, 10 Cuban prisoners, honor-bound to return to Havana after a week, left Florida to join their imprisoned fellow freedom fighters.

[From the Washington (D.C.) News, Nov. 19, 1963]

THE BITTEREST LETTER I'VE EVER WRITTEN

(By Milton S. Eisenhower)

(Second of two-part series)

On June 1, 1961, the Tractors for Freedom Committee received a cable from the prisoners' representatives in Havana stating they had delivered to Castro our message that we would undertake to raise funds for 500 agricultural tractors for Cuba on condition that we received for verification, a list of the prisoners to be exchanged. They urged that we send a delegation to Havana to negotiate.

Mr. Reuther and Mr. Dodge met with five agricultural experts in Detroit on Friday and prepared a tentative list of the equipment we would be willing to exchange for the 1,200 prisoners. The list was sent to Castro in a cable which also pointed out that since we had had no official word from him since our inception, we would expect to hear from him by noon on June 7.

On Tuesday, June 6, shortly after midnight, I received a copy of a cable from Castro. His response was sheer propaganda and hedged on details. He repeated his demands for indemnification. Then he stated that he could not negotiate by cable and suggested that either Mrs. Roosevelt or I meet him in Havana.

At this point, I sent President Kennedy the bitterest letter I've ever written. I informed him that I could serve as a member of the Tractors for Freedom Committee only so long as I felt the committee could help the country.

I wrote: "The public should have been told from the first, and should even now be told, that the foreign policy decision was governmental—only fundraising being private. But now the response from Castro, in his cable of today, indicates that he will not negotiate with respect to tractors. He insists that we accept the principle of indemnification for damage done in Cuba, and that he will accept only what the 10 prisoners with whom you asked us to meet told us he wanted; namely, heavy D–8-type bulldozers which are war materiel, possibly for trade with the Communist bloc. He has attempted, by flamboyant countercharges, to broaden the matter to include negotiation for the exchange of prisoners; those he mentions in the United States are imprisoned Communists or criminals. On all these points, our private committee is not a competent agency. These demands, if recognized at all, call for serious attention by appropriate Government officials and by them alone. Our committee cannot properly carry on an exchange of cablegrams with Castro on such matters without stepping beyond the grounds of the single fundraising task you asked us to assume."

My letter continued: "On this fundamental point, Mr. Reuther and I are in disagreement. He believes we should continue our cablegram discussions with Castro * * *. My belief is that if we did so, we would be moving into the area of governmental responsibility."

My letter to Mr. Kennedy found its way to the desk of my friend, Secretary of State Dean Rusk. He called to thank me for writing. He agreed wholeheartedly that our committee should restrict its activities to the single narrow field of fundraising and assured me that the State Department would guide us in our actions thereafter.

Reassured by this call from Secretary Rusk and by his personal approval of a proposed message, I agreed finally to another cable to Castro: It restated our original offer and dismissed most of Castro's reply as propaganda. We said we were prepared to ship 100 agricultural tractors to Cuba within 2 weeks, provided he would then release one-fifth of the prisoners. We offered to send our agricultural experts to Havana, to arrive on June 12.

From the moment of the public announcement (that the Tractors for Freedom Committee had been formed), my office was deluged with mail. Phones rang continually, at all hours of the day and night. Events repeatedly overtook us, and orderly planning was virtually impossible.

Decisions requiring the agreement or consent of all four members of the committee had to be made one after another, and so we had to neglect other important duties to be available by telephone or to attend hastily called meetings—midday in New York, midnight at a hotel in Washington, one evening at my home.

New problems arose so quickly, decisions had to be made so rapidly, that in many cases we barely had time to pen notes on the backs of envelopes of what we must do next.

During this frenetic period, I ate many sandwich lunches at my desk, and got my sleep in catnaps. It was a grueling period, made no easier by the fact that we were

constantly subjected to vitriolic and unrelenting criticism.

My office estimated that in the first few days only one in every 10 letters had a kind word to say for the committee's effort and of course none of the writers, at this point, knew that the President had asked me to undertake the task.

Later on, a few more letters and calls offered support or sent contributions (which I forwarded on to the post office box in Detroit). But it is fair to say there was no peace for any of us that hot summer. The whole project seemed interminable, exhausting.

Overnight we had found ourselves in verbal combat with a most unscrupulous rascal, adept at dirty tricks and infighting.

All four of us had gotten more than we had bargained for: With an impossible effort to negotiate with a ruthless dictator before us, from behind we were beset by ridicule and misunderstanding of our motives on the part of the American press and public. My frustration in this situation was almost overwhelming.

Our four agricultural experts returned from Havana with Castro's impossible new demands. Now these were for $28 million in cash, credits, or tractors (in contrast to our offer for $3 million worth of tractors). To me, this meant the end of the whole affair.

After the experts had concluded their report to the Tractors for Freedom Committee and excused themselves, the members wrestled with the problem of what to do.

Walter Reuther felt that a last specific offer should be made with a 48-hour deadline.

Mrs. Roosevelt, after expressing her disapproval of the invasion, unhappiness about the present situation, but deep concern for the prisoners, insisted that any wire to Castro must make clear that his demands for $28 million were impossible, wholly outside his original proposal. Nor, she felt, did the committee have the authority to deal with it.

Joe Dodge felt the same concern for the prisoners and their families but was wary of sending another cable. He also repeated his fear that the bad publicity our effort had evoked might make it impossible to raise even the few million dollars needed to buy farm tractors.

I was opposed to restating our offer to Castro. So the committee adjourned without reaching a decision. Later after much debate, we agreed to send one more cable.

The last-chance cable was unequivocal. We stated our original offer of 500 agricultural tractors for 1,214 prisoners. We gave Castro a deadline of noon, June 23, to accept it; if he rejected the offer, our committee would dissolve. It was "fish or cut bait."

On Friday, June 23, at 11:26 a.m. (34 minutes before the deadline), Fidel Castro rejected our offer.

"Your committee lies when it states that Cuba has changed its original proposal," his cable began. He covered the tired ground of indemnification, $28 million, an equal number of potential prisoners, and the cowardly invasion of Cuba. He termed our final offer ridiculous. And he concluded, to our dismay, with the promise that he would authorize the delegation of prisoners to go to the United States again and explain the facts to the American people.

Here was proof that he wished to keep his foot in the door, that he was still looking for a propaganda victory.

The Tractors for Freedom Committee issued a press release which began by stating that it "deeply regrets that Dr. Fidel Castro has seen fit to renege on his offer to exchange 500 tractors for the lives of some 1,200 freedom fighters." It concluded: "As a result of Dr. Castro's action the decision of the committee is to disband and return all contributions without putting them to the use for which they were so generously, genuinely, and unselfishly intended."

And so ended the most exasperating, frustrating, and enervating 6 weeks of my life. Even now I am not sure I can assess the experience objectively or accurately.

Several things are obvious:

Castro's inhuman proposal that men be traded for machines did more to discredit him in Latin America than anything the United States could have done.

The real victims in this sordid affair were not nations but the captives themselves—men tormented by the hope of freedom and crushed by the inevitability of their fate.

The incident lost its original humane focus and became a propaganda struggle which the United States desperately needed to win.

The American people demonstrated again their unique generosity (despite all the criticism, a grocery store owner pledged 10 percent of his day's receipts, a shipping company offered free transport for tractors, a tractor company offered to produce them without profit; thousands of people sent in contributions). Some Americans, however, displayed a shortsightedness and a callousness, as did a good many of their leaders, though I must temper this criticism by saying that had they been told the truth from the beginning their atttiudes might well have been different.

Finally, Castro clearly demonstrated his adherence to the Communist dictum that life is governed by a materialistic absolutism and that lies pave the road to salvation so long as they serve the Communist cause.

Fortunately, the terrible mistakes made in the Cuban invasion, and the clumsy fumbling displayed in the tractors for prisoners deal, have not characterized other efforts of the Kennedy administration in the Latin-American area. From the moment that President Kennedy called the ambassadors of the Latin-American republics to the White House early in 1961 to formulate an Alliance for Progress, our efforts to seek justice for the underprivileged of Latin American through collective action have been constantly and earnestly pursued.

SECRETARY FREEMAN RESPONDS TO HOG PRICE QUESTIONS

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

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

There was no objection.

Mr. CANNON. Mr. Speaker, on Monday, November 18, I quoted in my remarks on the floor of the House an Associated Press report, in part, as follows:

Hogs are an important source of farm income. * * * An Agriculture Department report issued Monday showed prices for the country as a whole in mid-September averaged $15.40 a hundred pounds, $2.70 lower than a year ago.

But the reduction in the hog price tells only a part of the story of dwindling returns from hog raising. Profits are determined by prices farmers have to pay for corn—as well as prices paid for hogs.

In mid-September this year the national average for corn prices was $1.21 a bushel. * * * The administration is moving quietly to correct this situation by bringing about lower corn prices—and thereby reducing hog production costs.

Without public notice, it has resumed offering Government-owned surplus corn on the market to compete with supplies held by farmers and dealers.

Officials hope and expect that within a month or so, corn prices will drop to the 1962 level of around $1.07 a bushel. Government sales coupled with the movement of new corn into the market, they said, should bring this about.

In response to my remarks on that occasion I am this morning in receipt of the following letter from the Secretary of Agriculture:

DEPARTMENT OF AGRICULTURE,
November 20, 1963.

DEAR CONGRESSMAN CANNON: Upon my return today from a meeting of the Food and Agriculture Organization in Rome, I noted your remarks on farm income and your references to newspaper stories in the CONGRESSIONAL RECORD for November 18.

I want you to know that I am extremely concerned about the current and prospective decline in the incomes of our farmers. I have on many occasions made it clear that our efforts in the Department of Agriculture have been directed toward raising farm income generally, not reducing it. This continues to be our objective.

Nearly every action we have taken with regard to prices and incomes for major commodities has supported farm incomes. Early in 1961 we moved to improve feed grain prices and incomes while reducing surpluses at the same time. Soybean price supports were raised in order to expand acreage, and soybean income rose by some $400 million in 1961.

As a result of these and other actions, net incomes of farmers in 1961 and in 1962 were nearly 10 percent higher than in 1960. We look upon this improvement in net income coupled with the reduced surpluses of feed grains and wheat as very significant developments of the past 2 years.

This year farm income is expected to be some $400 million lower than last year. This is primarily the result of somewhat lower cattle prices which in turn are largely due to increased beef production. Even though overall income from farming will be down somewhat, income per farm will be at about the same level as in 1962. Per capita income of people living on farms, however, including nonfarm as well as farm sources will be 3 percent higher this year than in the 1963 record of $1,436 last year. We expect that per capita incomes of people living on farms will be about as high next year as this year as programs to improve the nonfarm job opportunities of rural people continue.

It is important to recognize that the projected decline in farm income next year is almost entirely the result of an expected drop in wheat prices in the last half of 1964 because of the wheat referendum. Receipts from other farm products will be up about the same amount. But the continued rise in production costs paid by farmers will reduce incomes compared with this year.

Because we have made our objectives in regard to farm income so clear, I am surprised and puzzled by the recent article in the Washington Star referring to lower corn prices. I want to assure you that the Department of Agriculture is not proposing "to hammer down the price of corn in order to make hog raising profitable." I know too well that cheap corn means cheap hogs, as you indicated in your remarks.

Any charge that corn prices are unusually low or have been reduced directly as a result of actions by the Department of Agriculture is completely without foundation. Department officials hope and expect corn prices to strengthen, not to go lower.

At Chicago yesterday, No. 2 Yellow corn was 6 cents higher than a year ago. In October, U.S. farmers averaged $1.08 per bushel for corn, 6 cents above October 1961 and 1962. These higher prices prevail in spite of a record crop this year, and despite excellent harvesting conditions putting a

heavy volume of corn on the market. Higher prices for corn this year may add some $400 million to the value of the 1963 crop, compared with the 1960 crop of about the same size, but for which farmers received an average price just below $1 per bushel.

Contrary to the report that the Department "is moving quietly to correct this situation not by increasing the price of hogs but by lowering the price of corn and thereby reducing hog production costs," we have in fact put far less corn and other feed grains into the market so far this fall than we have in recent years. On November 18, 942 cars of corn arrived in Chicago. Only five cars were sold by CCC that day in Chicago. It is the current crop, not CCC sales, which are the major factors in the market today.

Compared with the last 2 years, CCC sales the past several months have been moderate, and have been made largely to fill export demands. Last year, CCC sold 131 million bushels of corn for all purposes from August through October. This year, CCC sales have been only 66 million bushels. Only twice from August to the present time have weekly corn sales this year exceeded sales last year.

We expect corn prices this year to be materially stronger than last year. Under the provisions of the Food and Agriculture Act of 1962, which established the feed grain program for the 1963 crop, the Department of Agriculture is authorized to sell CCC corn to redeem feed grain program payment-in-kind certificates only at prices above the current loan rate. I have informed the Congress that CCC minimum sales prices will be even higher than required by law by the amount of carrying charges during the marketing year. Because of the amended sales provisions of law and Department sales policies applicable to this year's crop, we expect less CCC corn to be placed on the market during the early months of this marketing year than in recent years. As a result corn prices should average higher this year than last year, adding stability also to hog markets.

If you have further questions on these matters, please call on us.

Sincerely yours,

ORVILLE L. FREEMAN.

Mr. Speaker, I have the highest regard for Mr. Freeman, the Secretary of Agriculture, and for the admirable manner in which he is administering his duties in that important and difficult position. He is one of the great men of the Nation.

But he is surrounded by a hard-shelled bureaucracy which has from time to time shown their lack of interest in providing for the farmer his fair share of the national income.

In the 78th Congress I found it necessary to include in the RECORD quotations from newspapers in which high officials in the Department of Agriculture had expressed—as in this instance—the hope that farm prices would be lower. On that occasion—as in this—I contrasted the different attitude of Department of Agriculture officials with the attitude of Department of Labor officials toward wages and adverse labor conditions.

The Department was established to serve American agriculture and if in the present slump of farm prices—when all other prices are steadily rising—they can not express to the press a sympathetic attitude toward those they are paid to serve—they should resign and seek more congenial fields.

DAIRYMEN'S PROTEST

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

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

There was no objection.

Mr. WHARTON. Mr. Speaker, in the early days of this Congress, assurances from the Secretary of Agriculture were received which indicated that dairy legislation would be included among the "must" list of the administration. The intervening 11 months have disproven this pledge and for all intents and purposes, we must now return to our constituent dairymen empty handed and explain that the glib rhetoric of January was forgotten by midsummer. Granted, cursory hearings were held on both sides of Capitol Hill; however, no plausible solution has been advanced by the administration. To this end, I have introduced a stopgap measure designed to remove at least one of the glaring monstrosities which have contributed to the highly undemocratic process by which orders are amended. The law now provides that a cooperative may cast a single vote for each and every one of its membership. Elimination of the bloc voting provision by enactment of my bill, H.R. 9218, would insure each farmer a real voice in the regulation of his livelihood.

The 28th District of New York is included in the confines of Federal Milk Marketing Order No. 2, and shortly a referendum vote on an amendment will undoubtedly be accorded near unanimity. Will a co-op in representing the producer, miss such an opportunity to pass along to the farmer the cost of hauling his product to market? Presently, milk is priced f.o.b. at the dairy doorstep. The proposal to require the farmer to absorb the hauling charge of approximately 10 cents per hundredweight would not be allowed if the farmer was given a say-so and pure democracy prevailed. However, the anomaly of the system which has given the co-op the right to vote its members' share, is now certain to require that same farmer to pay a charge which is really one which the corporation should continue to pay.

Certainly every Member of the House of Representatives who is devoted to protecting democratic principles should join me in urging the Agricultural Committee to act promptly on this bill.

MORTGAGE GUARANTY INSURANCE CO.

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Wisconsin [Mr. BYRNES] is recognized for 1 hour.

Mr. BYRNES of Wisconsin. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. BYRNES of Wisconsin. Mr. Speaker, last Sunday, I returned to Washington from São Paulo, Brazil. I had been in that country attending the Inter-American Economic and Social Council meeting. I went there at the invitation and urging of the Department of State which was anxious that the Committee on Ways and Means be represented. The majority leader had also personally urged that I accept the invitation.

The night before I was preparing to leave for the conference, I began to receive questions from the press concerning my role in a tax problem which involved an insurance company in my State and also concerning the circumstances under which I later bought stock in that company. I answered their questions. I delayed my departure the next day to the last minute in order to continue to respond to questions from the press. Before I left, I instructed my assistant to continue to supply all the information available to the press and to open my complete file on these matters if requested. This was done during my absence. This I did in full confidence that I had done nothing improper or wrong.

I did not, of course, have the opportunity to read the press coverage of this matter while I was out of the country, but, as the House knows, I have been the subject during my absence of numerous news stories and severe editorial attack. My first task, when I returned here, was to bring myself up to date on the attacks and to make certain inquiries. I apologize to the House for the time it has taken me to appear before you to set forth the facts and the full history of my participation in these matters. The delay has been occasioned only by a desire to have every possible bit of information pertinent to this case to put before you so as to lay the matter to rest for once and for all.

This House has had an opportunity to come to know me. I am entering my 20th year of service here and my 24th year as a legislator. I have devoted full time to my legislative duties. I gave up the active practice of law when I first took my oath of office here. I have not had outside business or legal interests while I have been here. I have tried to uphold the highest ideals and maintain the highest ethical standards while serving in this body. Prior to last week, I think I can honestly say, there has never been the slightest word of criticism concerning the way I have conducted myself, morally and ethically, in this or any office. The House itself can be the judge of the reputation I held when last I stood before it.

The House is also in a position to assess the reputation I hold today. And, since I cannot mince words with you who know me best, let us recognize at once that my character and reputation, but, for the last 10 days, my sole assets as a public servant, have been gravely, perhaps irreparably damaged by what certain elements of the press has said and spread about about me throughout the land.

I have been prosecuted, judged, and hung by a powerful part of the public press. I have been condemned, in my absence from this country on the Nation's business, on the basis of information I freely gave and openly furnished,

and before I could rise to defend myself. I have been judged editorially on the basis of certain news stories which are replete with speculation, innuendoes, false quotations, misinformation, uninformed information, and malicious material out of context.

I have been so judged by certain parts of the press even though the press was fully aware that the most precious thing I possess, my reputation, was at stake. I have been so judged on the basis of a single incident, without regard for a record of conduct in public office which I place against that of any man in public life.

I have suffered; my family has suffered; my friends and my party have suffered. Because injury is often measured by the small things as well as the great, let me tell you that even the faithful woman who was caring for my children in our absence last week was called a liar by a member of the press when she told him I was not home—to the deep hurt of everyone in my family. In fairness to that reporter, he had the decency to apologize when he learned the truth, but no apology can make amends for his original thoughtless behavior.

I am prepared today to answer to the charges and attacks which I have undergone in the past 10 days. I am prepared today to begin the long, hard task of repairing the damage which has been done to me. I am asking you, my colleagues, to hear the evidence.

I begin by making certain categorical denials of charges which have either been made, or intimated, in the press:

I categorically deny any wrongdoing, or intention of wrongdoing, on my part, in connection with the tax case involving Mortgage Guaranty Insurance Co., and my subsequent purchase of stock in that company.

I deny that I have engaged in any unethical conduct, or that I am guilty of any conflict of interest.

I deny that I obtained preferential tax treatment for the insurance company or any other taxpayer.

I deny that I have used "pressure" or threats on the Treasury Department or the Internal Revenue Service to obtain preferential tax treatment, or any other kind of treatment for this insurance company.

I deny that I received any payoff from the taxpayer in this case or in any other case I have worked on.

The first aspect of this matter I wish to clarify is the tax case involving the Mortgage Guaranty Insurance Co.

This phase should be of concern to every Member of this body, because one of the remarks I made to the press is that I did not do anything in this case that any other Congressman would not do for a constituent or a business in his State that had a tax problem. The U.S. News & World Report comments that—

> This statement raises the question about whether it is common practice among Members of Congress to use pressure or influence to get changes in tax rulings or rules in other agencies of Government that give special favors for individuals or business enterprises in their States.

Each Member, therefore, ought carefully to listen to what I did on this case, and make a judgment for himself whether it is the way he would have handled it or any other similar case which may come across his desk. For, if you reach the conclusion that my statement—"that I did not do anything in this case that any other Member would not have done"—was correct, then you will be in jeopardy to the public charge of using improper pressure every time you try to correct what you believe is a wrong being done to a resident of your State.

At the heart of this case is a tax ruling by the Internal Revenue Service.

Throughout the discussion of this case by the press, there is evidence of a complete misunderstanding and misrepresentation of what a tax ruling really is.

A tax ruling by the Internal Revenue Service is its interpretation of what a tax law passed by this Congress means and requires in regard to a specific case before it. It is an interpretation made by experts—dedicated men—in the light of knowledge and experience, but it is, in many cases and understandably so, biased toward the tax collector, or the Federal Government. Let us get this clear.

An interpretation of the tax laws by Internal Revenue Service is not something handed down from Mount Sinai, immutable and invariably correct. It has no greater standing in law than the interpretation of the taxpayer who is understandably biased toward himself, until the differing interpretations—one by the tax collector and the other by the taxpayer—are tested in a court of law.

There is one essential difference, however. Too often, the IRS interpretation operates with the force of law, simply because the taxpayer cannot afford, for one reason or another, to bring his differing view before a court of law. If the taxpayer finds the game is not worth the candle, he must abide by the IRS ruling, even though he feels it is wrong. Some people seem to think that what the IRS believes is the law in every case—its interpretation and its ruling—actually is the law. But it is not. It is still only an interpretation.

There is absolutely nothing wrong for a taxpayer to seek, openly and aboveboard, to have the IRS change its view as to the interpretation of the law. If he can convince IRS he is right, IRS will change its interpretation and the change will affect all taxpayers in an identical situation. The taxpayer, when that fails, also has every right to go into court or, and this is important, to seek corrective legislation from the Congress.

A Member of Congress, when there is brought to him what he believes is an inequitable interpretation affecting a taxpayer or class of taxpayers, has and must have, the right to request a review of an IRS interpretation, with the view toward changing it, in order to determine the necessity of starting on the long, legislative process. He must have that right in connection with the interpretation by an agency of any law. The essential element is that he exercise that right openly and aboveboard.

With that background, let us consider the case here in question—the tax problem confronting Mortgage Guaranty Insurance Co. late in 1959.

The problem involved an IRS interpretation of whether certain premiums were earned or unearned for tax purposes. The taxpayer had not only sought to change that interpretation once, he had tried twice and had both times been denied.

MGIC was a new company engaged in a new field of insurance—privately insuring lenders against losses arising from the nonpayment of loans on residential property. The company was pioneering anew in a field which until then was largely monopolized by the Federal Housing Administration—FHA mortgages. Because it was new, operations in this field raised new questions which required new interpretation. IRS had given its opinion that the taxation of premiums paid into a contingency reserve by the company, as required by Wisconsin law, were taxable as current income.

Let me explain the situation briefly because it is crucial to understanding this case.

In addition to normal reserves, an insurance corporation of this type was required under Wisconsin law for the protection of the insured to set aside as "contingency reserve" 30 percent of the premiums on mortgage loan insurance when the mortgage was for less than 80 percent of the appraised value of the property, and 50 percent of the premiums where the initial mortgage was for 80 percent or more of the appraised value. The premiums put into this reserve had to be maintained there, under State law, for 15 years. The company could use the funds for only one purpose—to cover extraordinary losses as the result of widespread mortgage defaults as in the event of a depression.

The tax question involved here was whether the premiums put into this contingency reserve would be considered as earned in the year the premium was paid, or as earned after they could be withdrawn from the reserve and used for general company purposes when they then would be taxed. IRS had ruled that the tax had to be paid currently on premiums as income even though the company could have no use of the money until the expiration of 15 years. If the IRS interpretation prevailed, the company would have had to cease opeartions or so reduced their operations as to make the continuation of the business pointless. The company obviously could not pay taxes at a 52-percent rate on such a large proportion of its premium income when that income was not available to pay such taxes for 15 years. It could not do so and still stay in business.

That was the problem which faced the insurance company when, in December 1959, Paul J. Rogan, an officer of the company and an old friend, sought my advice and assistance as the Wisconsin Congressman on the Committee on Ways and Means. The company confronted an IRS interpretation of the law, which if not changed, would mean it simply could not operate. Any interpretation of the revenue laws which could lead to this result, I immediately felt, was suspect on its face and must be thoroughly explored.

But, I did not rely on my own judgment, or the company's judgment. Before doing anything, I requested the staff of the Joint Committee on Internal Revenue Taxation for an opinion. I wanted to have their expert advice—advice any member of the tax-writing committees must have in the complex field of taxation. I wanted their advice on two matters.

First, was the IRS interpretation consistent with the law? Was their opinion right or wrong, based on the wording of the code?

Second, if the Service was right in its interpretation of the law, was a revision of the law itself justified?

On January 11, I received an exhaustive study prepared by Mr. Russell M. Oram, of the committee staff. It had been submitted by him to Mr. Colin Stam, the chief of staff of the committee, and transmitted by Mr. Stam to me. I include the full text of this study and other material in the RECORD at the conclusion of my remarks.

The staff study concluded, on the first point, that the question of whether the IRS interpretation was consistent with the law, and therefore correct, could not be resolved with any real certainty. The study did say, however:

On the basis of these decisions (which it cited), it would appear that MGIC would have a reasonable chance of winning a decision if the issue were taken to the courts.

On the second point, as to the justification for legislation, the study first discussed the possibility of relief through litigation. It said:

Even though MGIC appears to have a fair chance for relief through litigation, the company says it is not practicable to litigate this issue; in the event IRS is sustained, the taxpayer would be unable to meet the liability incurred during the pending of litigation.

In view of this very real difficulty, the study goes on to say, and because it can be argued that the viewpoint of the courts in the decisions in the *Early* v. *Lawyers Title Insurance Company* and Massachusetts Protective Association cases is an intrinsically correct and reasonable viewpoint, legislation such as MGIC requests might be desirable.

Further in the matter of whether legislation was justified, the report goes on to say:

Taxation is a practical matter. Here the inescapable fact seems to be, as MGIC has stated, that it is simply impossible for a mortgage insurance company to pay income taxes at the rate of 52 percent on money which is not available to pay such taxes, or for any other purpose, until 15 years have elapsed. Legislatively, we are here confronted with a condition, not a theory. Confronted with a somewhat similar situation in the past, Congress granted relief.

Citing the change in law with respect to the deferral of the reporting of income on the sale of personal property sold on the installment plan, the study goes on:

Congress provided that such dealers could defer the reporting of this income until the installments were received, thus postponing the tax until the money to pay the tax was received. The study says, what MGIC now asks is in some degree similar, since it asks that it be permitted to pay the tax when the money to pay it is released from the legal restrictions.

Let me emphasize that point. The company did not seek to avoid tax. It simply asked that it be allowed to pay the tax when the premiums were available for company use.

The study concludes with this point:

Fifteen years is a long time for the Government to wait for its tax, but it would seem that if MGIC (and any other mortgage insurance companies subject to similar regulations) is to survive, legislation of the type requested would be necessary (assuming that litigation will not solve the problem).

That was the advice I received from the staff of the Joint Committee on Internal Revenue Taxation—Congress' tax experts.

In effect, this report told me that IRS might be wrong in its interpretation. It agreed that litigation was not practical. It said that, if the IRS persisted in its interpretation, legislation would be necessary if the company was to survive and if the insurance of mortgages by private companies was to continue.

Now, it is axiomatic to me, as I believe it is to every Member, that our tax laws must be so written and administered as to permit legitimate businesses to operate in accordance with sound accounting practices and, in the case of insurance companies, in accordance with State laws designed to protect the insured. No government can raise revenue from a business if a tax law makes it impossible for the business to operate.

Based, therefore, on the joint committee study, I called the problem to the attention of the Treasury Department, sending them a copy of the staff analysis, asking them to check into this problem for the purpose of determining whether or not it could be solved administratively or, in other words, by a change in the ruling. I asked, in effect, for a determination of whether it was felt that the law required an interpretation which had such a self-defeating effect. At the same time, I also asked the staff of the joint committee to prepare appropriate legislation.

Now, let me digress for a minute in order to deal with certain newspaper attacks.

The New York Times, in accusing me of obtaining preferential tax treatment, states:

Mr. BYRNES cannot even claim he was providing assistance to a constituent (because the insurance company is located in Milwaukee).

Does the Times contend that a Congressman must limit his interest and activity only to matters of his district? I am a Representative from Wisconsin, and I take it that that means my responsibilities are to the whole State as well as the district. I hope it is never said of me that, when faced with what I believed to be a tax inequity no matter where it arises, I failed to meet my responsibility, as a member of the Committee on Ways and Means, to try to correct it.

I had, of course, a prime and compelling interest in this problem because it involved a Wisconsin company fighting for its life, but my efforts in the past have not been limited exclusively to Wisconsin taxpayers.

We were faced with a somewhat similar problem not long ago in the case of the American Automobile Association and its affiliated State organization. After some years of litigation, including appeals to the U.S. Supreme Court, it had finally been decided that the AAA was currently taxable on gross dues received without any provision for its obligation to provide road service and other features for its members over a period of years. In the 87th Congress, I introduced a bill to remedy the situation and it later became Public Law 87–109. I have not yet been attacked for my efforts in that case, but that is probably because I have not revealed publicly until now the fact that I have been an AAA subscriber and member for at least 20 years.

Prior to that case, there was a problem with respect to—of all things—prepaid newspaper and periodical subscriptions. When the IRS sought to tax currently the gross subscriptions received by a few publishers without recognition of their liability to supply papers over the subscription period, the Congress enacted remedial legislation. That legislation overturned one of those sacred IRS interpretations. The provision now appears as section 455 of the code and was enacted in the 85th Congress.

I would be interested to learn if the New York Times, the guardian of legislative morals, attacked the enactment of this law for the benefit of a few publishers as preferential tax treatment.

In neither of these two previous cases, of course, was the problem as acute, or as inequitable, or as self-defeating in terms of the Federal revenue, as the problem confronting the mortgage insurance business. Those taxpayers were not threatened with extinction.

I felt strongly that the mortgage insurance business was entitled to the same consideration with respect to the treatment of its premiums that had been accorded to the AAA and certain publishers. Even more compelling, I felt it was entitled to the same consideration with respect to premiums placed in reserve as is granted to other types of insurance. The mortgage insurance business was clearly being subjected, in my judgment, to discriminatory and confiscatory tax treatment.

So, I vigorously pushed for a review of the tax service's interpretation of the law. I thought this matter should be settled promptly, either by administrative action or by action of the Congress. I wrote several letters to the Treasury Department which were then, and are now, a matter of public record as far as I am concerned. I conferred on several occasions with Treasury officials informally or on the phone. I dealt only with the merits of the case. Then, on March 10, I introduced a bill, H.R. 11033, which had been drafted by the joint committee staff. I wrote the Secretary of the Treasury, explained the urgency of the matter and my efforts toward administrative solution, and asked that he expedite a report on the legislation so that it could be started on its long legislative journey at the earliest possible time.

That is a complete summary of what I did to help solve this urgent tax prob-

lem. I have told the press that I did what any Congressman would do under the circumstances. But, I do not presume to speak for any other Member, and whether you would have done differently is a matter for your own determination.

I do want you to know, however, so you may gage your future actions, I have been accused of "pressure," "influence," and "threatening tactics" for what I did in this case.

For the life of me, I cannot figure the basis for these charges, but most of them seem to center around my introduction of the bill. It is intimated and insinuated that the entire Treasury Department, including all the Revenue Service, got scared to death when I introduced that bill and, to save their very lives, granted administrative relief.

I was proud to introduce the bill and I was prepared to throw this question into the full light of public discussion and debate, and advocate its passage with all the strength at my command, because I believed I was right.

Why should the Treasury be afraid? What threat could a bill introduced in the U.S. Congress constitute to that Department or the Government? In what way was this improper?

Those who have charged me with pressure, or threats, because I introduced a bill and, in effect, told the Treasury to "fish or cut bait" should have the common courage to explain and prove their damnable accusations.

For, if the day ever comes, my colleagues, when you cannot drop a bill in this hopper for fear you will be accused of improper activity, or of threatening tactics, then God help the United States of America.

This tax matter was ended, as far as I was concerned, on March 25 when I received a letter from the Under Secretary of Treasury advising me that the Internal Revenue Service had come to the conclusion that appropriate allowance for contingency reserves of the type proposed to be covered by my bill could be made under existing law and that, accordingly, legislation would not be necessary. The taxpayer would avoid no tax; he would pay the tax, however, when the income became available to him—when it was released from the statutory reserve in 15 years. And, remember IRS made the final determination.

Now, as far as I was concerned, that ended the matter.

What I had done, in my opinion, was an essential part of my duty as a Representative in Congress from Wisconsin and as a member of the Committee on Ways and Means. What I had done I had done openly, prepared to fight in public for what I believed right. There was no thought in my mind that I had acted improperly. Indeed, I looked with great satisfaction and pride on the part I had played in helping to bring a clearly inequitable and discriminatory tax problem to successful solution.

The immediate result, of course, was to permit this company to stay in business. You should also know that it has since permitted the formation of five other companies to operate in this field, one in Louisiana, two in North Carolina, one in South Carolina, and one in Wisconsin. I also understand a company is being formed in Iowa. It has thus resulted in new jobs in Wisconsin and elsewhere. It has assisted the housing industry and families who want to own a home. It has brought revenue to the Treasury which it otherwise would not have.

So, I say to this House, in answer to charges that this was special interest legislation, preferential tax treatment, favoritism, and a new loophole, those charges are false, and they are false on their face because their makers have not even taken the trouble to examine the merits of the issue. For what I did in this case, I would be willing to answer in any forum. There is nothing I did in this case which I would now change in the slightest.

A source of great shock and regret to me, however, is that I unknowingly laid open to attack, by writers of the New York Times, one of the few truly great and dedicated men I have known. Colin Stam, the chief of staff of the Joint Committee on Internal Revenue Taxation, has been brutally attacked—and I use the word deliberately—for the part his staff played in this case. It is startling to see a congressional staff member attacked for fulfilling his statutory function by responding to a request for information and opinion on the need for legislation in a complex tax matter. Such an attack should not go unrecognized by the taxwriting committees of this Congress. For the present, I want to say to the House that the bounds of fairness and decency have been badly overreached when a man as scrupulously honest, as faithful, as impartial, and as valuable as Colin Stam is carelessly and viciously impugned for performing the duties delegated to him by Congress. If the net results of this kind of attack is to impair the freedom of congressional staffs to advise Congress on technical and complex matters, then, Mr. Speaker, the legislative process will indeed have suffered a grievous blow.

A final word on this tax case. I state categorically that I had no understanding, expectation or desire for any reward or favor of any kind for my participation in the case. Anyone who says otherwise is a liar. My reward was ample. It was the satisfaction which comes from making the tax laws workable, equitable, productive, and stimulating to the economy.

I let you judge my statement that "I did not do anything in this case any other Congressman would not do for a constituent or business in his State that had a tax problem." I think you would. One wonders what makes this "holier than thou" part of the press tick.

Permit me now to turn to the matter of the investment I later made in the Mortgage Guaranty Insurance Co. First, let me say, at no time, during my work on the tax case, was there any discussion with anyone about investing in the company, nor had anyone suggested that I do so. The idea of investing in the company never entered my mind. The fact is that, at this time, I owned no stocks of any kind.

But, in September 1960, about 6 months after the conclusion of the tax matter, I was at home in my district preparing for an intensive reelection campaign in that presidential year when I received a long-distance phone call from Paul Rogan, whom I have already mentioned. He urged the purchase of some stock in the Mortgage Guaranty Insurance Co., which he said was available as a splendid investment. Mr. Rogan in addition to being an officer in the company, was a former commissioner of insurance in Wisconsin, and, above all, a very close and good friend. I had every faith in his integrity and his judgment. He told me that the company was enjoying a splendid growth record, that he foresaw the early possibility of a considerable increase in the value of the stock, and that, in his opinion, this purchase would represent a sound investment which would substantially increase in value over the years. As events turned out, he was eminently right. Although this stock certainly could also have gone down, it has had a fabulous rise.

Based on his judgment and his judgment alone, I agreed then and there to purchase some of the stock. As I recall, no specific number of shares was discussed, nor was the price of the stock specifically mentioned. Acting on the spur of the moment, I told him I could manage a purchase involving around $2,000 and to go ahead and get me the stock and I would settle with him when the purchase was closed. Later, by letter dated September 16, addressed to my home in Washington, my wife and I received stock certificate No. 803 for 80 shares of Mortgage Guaranty Insurance Co. with a par value of $10 per share, and stock certificate No. 771 for 20 shares of Guaranty Insurance Agency with a par value of $5 a share. The shares of the companies were apparently offered only in units consisting of four shares of MGIC common stock and one share of agency common stock. At this time—mid-September—I was still in Wisconsin, and Mrs. Byrnes and the children were in Washington. It was some days after the letter arrived, in talking with Mrs. Byrnes, that she told me that the letter had come to the house from MGIC, enclosing certain stock certificates. I then related to her my conversations with Mr. Rogan and what I had agreed to.

I was at this time engrossed in my congressional duties and a very heavy campaign schedule which kept me constantly on the road right up to election day. As soon as the election was over, I got in touch with Mr. Rogan with respect to the price of the stock, and I gave him my personal checks totaling $2,300 in payment of the stock. One check was drawn on the Sergeant-at-Arms account in the sum of $1,300, and the other check was drawn on the Kellogg-Citizens National Bank of Green Bay, Wis., in the sum of $1,000. These checks were made payable to Paul Rogan. He had taken care of the purchase. These checks are available for examination at my office. Here are the checks.

As I have said, I made no independent investigation of the stock before I purchased it. I was unaware that there was any market for the stock existing at the time I purchased it. I did not see a prospectus or have any other information relative to the stock. I did not contact a broker. As far as I was concerned, I was buying stock which the corporation was authorized to issue. I assumed that I was buying it along with others to whom it was then being offered at the same price. I had complete faith in Mr. Rogan, and I had no reason to think that I was engaged in anything other than acquiring an interest in a relatively new company based on the recommendation of a friend who had a special knowledge of the insurance business and of the company's operation and prospects. As far as I was concerned, it was purely and simply a long-term investment on terms, which I was told and believed, were very good, even though speculative.

Efforts have been made by the press to tie this purchase to the tax case that I had worked on earlier in the year. Let me make this perfectly clear. As far as I was concerned, the purchase had nothing to do with the tax matter. Neither Paul Rogan nor the company were in any way obligated to me as far as I was concerned. The tax case was closed. I believed then, as I believe now, that Paul called my attention to this opportunity because of our longstanding friendship. I did not then, nor do I now, consider it unethical or a conflict of interest for a legislator to make a bona fide investment in a company which he had openly, legitimately and honestly helped in the past, completely in keeping with the performance of his official duties. That is what I had done in this case.

Let me also make this clear. I am not suggesting that Members of Congress can ignore conflicts of interest. They must constantly and scrupulously avoid it. If I had held stock in this company when their tax case was being pursued, I would have felt dutybound to divorce myself from any phase of this problem. But, when I was working on that case, I was not a stockholder and had no intention of becoming one. I say further that, since becoming a stockholder, I have done absolutely nothing with respect to any matters they may have been interested in either before the Congress or any other place in Government.

So that you may have the full record of the developments with respect to the MGIC stock, I should report that on October 3, a letter was received at my home in Washington, while I was in Wisconsin, advising that the old certificates of shares were being canceled and new shares of stock were being issued on the following basis: The outstanding shares of $10 par value common stock of Mortgage Guaranty Insurance Co. were reclassified into 10 shares of a newly authorized $1 par value common stock, and 6 shares of the new MGIC common stock were being issued for each share of $5 par value common stock of Guaranty Insurance Agency, Inc. On November 17, and after my return to Washington, I sent the old shares of stock to the transfer agent, the First Wisconsin Trust Co., for cancellation and issuance of certificates of the new shares.

Then, on April 10 of 1962, I received from the corporation a stock dividend equivalent to 1 share of common stock for each 20 shares owned. This dividend brought my total holdings to 966 shares. Other than this stock dividend, no other dividends have been paid by the company since I have held the stock.

I have sold no shares. I have received no cash dividends. And, while the papers refer to the profit I have made, let me point out that I have not received one red cent up to this time as a result of this investment. Every bit of profit is a profit on paper only and no one knows what is going to become of that.

That, then, is the story of my participation in the tax case and in the purchase of stock of the company.

That is the story of what I did in the tax case and why. That is the story of my purchase of the stock and the information I had when that purchase was made.

I see absolutely nothing wrong in any part of it.

Upon my return to Washington last Sunday, I found that certain press accounts of this matter stated that I had received special consideration with respect to the price at which the stock had been sold to me, and that there was a market in this stock at that time in which the price was considerably higher than I had paid.

These allegations were at variance with what I understood the situation to be. Let me make clear again that when I was offered the stock, I had absolutely no knowledge that there was a market or that I was receiving any special treatment by the company in selling it to me.

These allegations, as you can well understand, were very disturbing to me. On Monday morning, therefore, I contacted Mr. Rogan and also retained an attorney in Milwaukee, Roger C. Minahan, to investigate and advise me as to the facts that existed in September 1960, when I purchased the stock. It has been the development of this information that has delayed my laying this matter before you.

I believe I now have the facts as best they can be determined by me. I have learned that, at that time, no real market had been established, but there were some isolated transactions in the stock at substantially higher prices than I had paid. There was no unpublished information as to such transactions, however, until the latter part of October 1960, when quotations began to be published in the Milwaukee Sentinel. Prior to that time, the only way information could be obtained was by contacting local brokers to ascertain whether they had any knowledge of any trades. I have also learned that there were a limited number of transactions, from July through September, with the prices ranging between $8.70 per share to $23.37 a share. Knowledge of such transactions, in the absence of inquiry to brokers familiar with such transactions and publication of quoted trades, was not, however, available to the public.

With respect to the stock held by the company and which they were authorized to sell, I have learned, as a result of this investigation, that the company was restricted in the price at which it could be sold. Under State orders of registration and the prospectus filed with the SEC, these shares could not be offered at any price other than $2.50 per share, on the adjusted basis. That is the price at which the shares were sold to me. Charges that these shares were sold to me at a price considerably less than than that at which the company was selling shares to others are absolutely false.

All shares of this issue sold by the company were sold at the $2.50 price—as adjusted—as required by law. My shares, through Mr. Rogan, had been bought from the company.

To my complete dismay, I have also learned that the shares sold by the company were supposed to be restricted and limited to selected executives of mortgage lending institutions. I did not fall in that category. It should be said that the company admitted this violation to the SEC when it applied successfully for a subsequent authority to issue additional stock. It admitted that it violated this restriction with respect to other sales of the stock covered by this particular registration.

I cannot avoid the fact, therefore, that the company extended a preference to me which was supposed to be available only to executives of mortgage lending institutions and that the price of this restricted stock was considerably less than the price at which the stock was being sold in isolated private transactions.

These facts should have been disclosed to me at the time the offer was made to me. They were not. I had no knowledge of them then, nor did I have knowledge of them until I began an investigation of this matter earlier this week.

It can be said, and those who want to crucify me will say it, I am sure, that I could have discovered these facts if I had made the same investigation in September 1960, that I have made within the last few days. The fact is, however, that I did not; it never occurred to me to do so. I had confidence in Mr. Rogan who advised me of the availability of the stock. I had confidence that the company had the right to sell the stock to me. I believed it to be a bona fide, legitimate transaction.

I swear, before my God and this House, that had I known of these facts, I would not have purchased the stock.

Now I have told you all I know about these matters, all I know about the tax case, all I knew at the time I purchased the stock, and all I have been able to learn since my return about the kind of stock I purchased.

I must now make a most difficult decision. The decision involves the stock now in my possession. When I purchased the stock I believed sincerely that there was nothing improper in my doing so on the basis of the information I then had.

Information I have recently obtained makes it clear to me that if I had had

that information in September 1960, I would not have purchased the stock.

Should I keep the stock since it was acquired legally and, as far as I knew at the time, it was a bona fide legitimate purchase of a speculative stock?

If I do retain it, certainly that part of the press that sits as self-appointed judges will continue its condemnation of me and, by innuendoes and implications, will continue to damn me falsely as a Congressman who accepted a gift and made a profit in repayment for unethical actions in aid of the company.

Should I sell the stock, keeping from the proceeds only my original purchase price and dispose of the remainder at no profit to myself, as the next best thing to never having entered into the transaction in the first place—as the only way I can now reflect what I would have done if I had known at the time of the purchase what I know now?

If I do that, I have been warned, that part of the press that sits as self-appointed judges will interpret this action a confession of guilt of their entire indictment. That such action will be taken as proof that I acted improperly in the tax case, proof that my stock purchase was a conflict of interest which I should have recognized, proof that my standards are so low as to make me unfit for further service in this House.

What would you do, my fellow colleagues?

Because I knew that any action I would take would reflect not only upon me but upon this entire House, I have sought advice from my dearest friends and closest associates. Their opinions differ, as the opinions of honest men always differ.

But late last night, as I was working on this presentation in my office, it became crystal clear to me that this was a decision which could be made only by myself, in the light of all I have been taught and all that I am, and that it could be made only on the basis of what I felt was right, regardless of what interpretation might be placed upon it. I can live with criticism; that is something I can fight if, in my heart, I know I am right. But I cannot live with a conscience which tells me I once had an opportunity to make amends for an honest error and failed to take it.

I will, therefore, as soon as arrangements can be made, sell all of the Mortgage Guaranty Insurance Co. stock in my possession. I will retain from the proceeds my original purchase price and I will donate the remainder to Scholarships, Inc., of Green Bay, Wis., a charitable organization which provides higher education for deserving students in my hometown who could not otherwise afford to go to college.

I do this to remove the slightest possibility of doubt that I would knowingly profit from any transaction which, on the basis of all the facts, was not regular and aboveboard in every way. I do it without impugning the motives or ethics of anyone else who may have bought or sold this stock. I do it in keeping with my conscience, and I do it in simple justice to this House.

But that does not end this matter.

If I have had a responsibility to reconstruct and amend a 3-year-old action on the basis of what I now know, then the self-appointed judges of the press have the responsibility, it seems to me, to examine its actions of the past 10 days to determine if it, too, has acted in keeping with the highest standards of its noble profession.

I address myself particularly to the New York Times, the Washington Post, the Milwaukee Journal, and the Madison Capital Times, as well as to any other newspaper and magazine and writer who has seen fit to pass moral judgment upon me before I could testify on my own behalf.

I wonder if the part of the press that has been so quick to judge and condemn will be as willing to admit that it has erred.

They have been willing to try to tear me to shreds on conjecture, innuendo, partial information, and misinformation. Will they be just as willing to correct the impressions and false charges they have made?

I say to them: If I could afford, in terms of wealth and of pride, to do what I have done today, then in all fairness to me and my family, you can afford to report my side fully by printing in its entirety the statement I have made here today.

I say to them: You have a responsibility to produce proof before you print such a permanently damaging statement as BYRNES "succeeded in obtaining preferential tax treatment for a mortgage insurance company."

I say to them: You have a responsibility to explain what you mean and prove what you say when you print that I used pressure or threatening tactics upon an agency of the Federal Government; I say you have a responsibility to check, and investigate, and confirm before you broadcast to the world the statement that if my "standard were to be taken as a model, private companies would have an open invitation to spread favors in Congress." I say you have the responsibility to be sure of your facts in every respect before you imply that my conduct and my beliefs mean that financial payoffs for political favors are accepted as right and proper. I say you have the responsibility, in common decency, to look at the whole man and the whole record, and all of the facts, before you include me among the "sleazy fixers who are periodically discovered beneath upturned rocks around Washington."

For my actions, I am prepared to answer in any place; I hope the press is prepared to do the same.

I would add a personal note and then I am through, with an apology for the long period I have been compelled to interrupt the business of this body.

I have been with you for close to 20 years, and I never thought I would have to reveal personal matters to you in defense of my reputation and character. But I have been particularly deeply and grievously hurt by the words of one columnist and what I have to say is necessary.

Richard Starnes, writing in the Washington Daily News, after discussing this case, states that the "Bakers and BYRNES get rich."

I do not know the Bakers and I would not presume to comment for them. For the BYRNES', I can say this:

After almost 24 years of public life, I do not consider myself a rich man. I own no stocks or bonds, except those I will shortly sell at no profit to me. I have no outside connections or financial interests. I have no savings accounts. I have a few thousand dollars in checking accounts. I have a mortgage on my home and a few other debts which, fortunately, are not large. And, outside of furnishings and other personal effects, that is all I have. It is not a record, I submit, of a man who has gotten rich during 25 years of public service.

Frankly, I watched the growth of the insurance company from time to time and the appreciation of its stock with more than a casual interest. It was the only really profitable monetary investment I have ever made. In 2 years, my oldest boy will be ready for college; the other five children will follow him almost yearly thereafter. I confess I had visions that, with prudence, this investment would go a long way toward educating my children.

But, Mr. Speaker, the faith of my children that their father was willing to answer in any place for anything he had ever done is more important to them than any college degree. The conviction of my wife that I have acted honorably is more important to her than any easing of her future sacrifices. The respect of this House and my friends means more to me than any worldly wealth.

For, if my children's faith is lost, if honor is gone, if I no longer have your respect, then I have lost everything. If what I have said and done here has served, to a small degree to reestablish that faith, that honor, and that respect, then I have lost nothing. Then, I am indeed a rich man.

[Memorandum from Russell M. Oram to Mr. Colin F. Stam, Chief of Staff]

PROPOSED AMENDMENT TO SECTION 832, JANUARY 6, 1960

Mortgage Guaranty Insurance Co. requests, through Representative JOHN W. BYRNES, an amendment to section 832 which would permit a company writing mortgage insurance to deduct additions to a reserve for contingencies required by the State regulatory body. You asked me to analyze the factual situation and comment on the proposal.

THE FACTS

Mortgage Guaranty Insurance Co. (subsequently referred to as MGIC) is engaged in the business of insuring mortgage lenders against loss for a premium of one-half of 1 percent of the principal amount of the mortgage for the first year and one-fourth of 1 percent for each subsequent year, where the mortgage is less than 80 percent of the appraised value of the property. (Higher premiums are charged when the mortgage is 80 percent or more of the value of the property.) A mortgage insurance company guarantees the mortgage lender against any loss by reason of nonpayment of the obligation by the borrower and concurrently guarantees the borrower against any personal liability for deficiency judgment in the event of foreclosure. MGIC was licensed by the State of

Wisconsin to do business as a mortgage insurance company early in 1957. It is the only such company now operating. It operates in Wisconsin and is licensed to do business in 32 other States. It is subject to the statutes of Wisconsin and to the administrative regulations of the Wisconsin Insurance Commission. The Wisconsin laws and regulations control the operations of this company in the other 32 States in which it may do business.

The pertinent regulations, section 3.09 of the Wisconsin administrative code, provide that the company shall establish the usual unearned premium reserve based upon time; that is, if an annual premium is received on June 30, one-half of this premium will be unearned on December 31. The regulations also require a mortgage insurance company to set aside as a contingency reserve 30 percent of its earned premiums with respect to mortgages where the mortgage was at its inception less than 80 percent of the appraised value of the property and 50 percent of the earned premium where the initial mortgage was for 80 percent or more of the appraised value of the property. Amounts so set aside must be retained in the reserve for a period of 180 months (15 years). During that period they can be used only to cover extraordinary losses (in excess of the normal losses incorporated in the premium rate formula) which exceed 10 percent of the earned premiums for that year.

Section 832, as presently written, provides for the deduction (in effect) each year of the net addition to only two reserves; the reserve for unearned premiums and the reserve for unpaid losses. MGIC has contended that the additions to the required contingency reserves amounting to 30 percent or 50 percent of gross premiums earned are deductible as unearned premiums. The Internal Revenue Service has ruled that these contingency reserves are not reserves for unearned premiums and therefore additions to such reserves may not be deducted under section 832. Therefore, MGIC now advocates an amendment to section 832 which would include such contingency reserves as "unearned premiums" for a mortgage insurance company if they are required by State law or regulation.

DISCUSSION

Probably a legislative amendment for the benefit of one taxpayer would not be deemed necessary or desirable if that taxpayer could obtain the relief it seeks through litigation. The first question to be considered, therefore, is whether the Internal Revenue Service's ruling that the 30 percent and 50 percent portions of earned premiums required to be set aside in contingency reserves are not deductible would be upheld by the courts.

It does not seem possible to give a categorical answer to that question. On the surface, the ruling of the Internal Revenue Service appears to be correct. Certainly the 30 percent or 50 percent of premiums required to be set aside in a reserve for 15 years unless they are earlier used to cover extraordinary losses do not constitute "unearned premiums" within the ordinary meaning of those words. "Unearned premiums" is a phrase constantly used and well known in all insurance business. As the Internal Revenue Service states in its ruling, Revenue Ruling 55-693 (C.B. 1955-2, 284) an "unearned premium" is "that portion of the premium which the company has not yet had time to earn or, more precisely, that portion paid by the policyholder which must be returned on cancellation of the policy, and which is in direct proportion to the unexpired time which the policy is to run." Premiums received by MGIC are annual premiums, insuring the mortgagee against loss for 1 year thereafter, or 10-year premiums, insuring the mortgagee against loss for 10 years. The statutes and regulations of Wisconsin provide that MGIC can view 50 percent of the aggregate of annual premiums received in a year as unearned at the end of the year, or it may treat as unearned nine-twelfths of annual premiums written in September, six-twelfths of annual premiums written in June, etc. Ninety percent of a 10-year premium is reported as unearned at the end of the year when the premium is received, and smaller specified percentages at the end of each subsequent year. The Internal Revenue Service concedes that these are "unearned premiums," and there is no dispute about that, but the question is are these the only "unearned premiums" within the meaning of section 832, or may the 30 percent and 50 percent additional portions of the premiums which must be set aside for 15 years be also viewed as "unearned premiums" within the intent of Congress.

MGIC contends that the 30 percent or 50 percent segregations of premiums are "unearned premiums" within the meaning of section 832, citing two circuit court decisions interpreting prior statutory language which is similar to that of section 832.

One decision is that in *Early* v. *Lawyers Title Insurance Co.*, 132 F. 2d 42. In that case the taxpayer issued policies of title insurance for a single premium, payment of which insured a mortgagee against loss by reason of a defective title or prior lien for the duration of the mortgage period, or a property owner against any such loss at any time. Applicable Virginia law required the taxpayer and similar companies to set aside 10 percent of each premium in a special reserve for the protection of policyholders. The company could gradually withdraw for its general purposes up to half of the amounts set aside during the first 5 years, and could so withdraw the other 5 percent at the expiration of the mortgage period if a mortgagee was insured, or at the end of 20 years if the property owner was insured. Amounts so set aside were to be treated in all respects as unearned premiums.

The Government contended that title insurance premiums were earned when received, citing *American Title Co.* v. *Comm.*, 76 F. 2d 332, which so held. The court agreed that this was ordinarily so, but held that in this case the 10 percent items set aside constituted "unearned premiums" within the intent of Congress. It said that the premium was earned in the sense that the insured could not demand return of any portion of it, but it pointed out that there was a time element to be considered, during which the company had a continuing liability. It said: "If the (Virginia) statute had provided that 10 percent of the premiums collected should be held for the benefit of policyholders for a fixed period and should belong to the company only after it had carried the liability for that period, it could hardly be contended that this portion of the premiums are earned within the meaning of the Revenue Act until the expiration of the period; but that is precisely the effect of the Virginia statute" (in treating these amounts "for all purposes" as unearned premiums). The Virginia statute gives to those portions of the premiums "all the attributes of unearned premiums; i.e., it withdraws them from the power of the company to use them for the general purposes * * * until the risk shall have been carried for the periods that the statute provides. Until this period has expired the company has no more control over them than * * * a fire insurance company has over the portion of its premiums applicable to an unexpired risk."

Several other court decisions, however, have held that portions of premiums for title insurance required by State laws to be set aside in reserves are not deductible for income tax purposes. In *City Title Ins. Co.* v. *Comm.*, 152 F. 2d 859, for example, it was held that "the existence of a reserve, or the mere fact that it was required by a State statute, cannot justify the deduction taxpayer claims." In distinguishing *Early* v. *Lawyers Title Ins. Co.*, the court said: "Funds in that reserve were primarily to be held for a limited period, after which they were released and then became free assets, i.e., 'earned premiums' subject to the Federal tax. But no one can tell whether the funds in this reserve will ever be released and become free assets." And in *Title and Trust Co.*, 15 TC 510, affd. per curiam 192 F. 2d 934, the Tax Court said: "Deductibility of the statutorily prescribed reserves out of title insurance premium income thus turns on whether the local statute calls for a mere insolvency reserve of indefinite duration or whether the required reserve is established by segregating a portion of the premium income for a specified period when the risk of loss is presumably greatest. In the latter instance, the reserve becomes taxable income to the company when it is released for general corporate purposes at the expiration of the prescribed period." These decisions indicate that, for a title insurance company at least, amounts required by State law to be set aside to meet risks covered by the insurance are deductible for income tax purposes if they are set aside for a specified period of time and then are released for the general purposes of the company; whereas they are not so deductible if the reserve continues indefinitely and there is no time period. In other words, such reserves can be viewed as "unearned premiums" only if they will be earned at the end of some specified period. The Internal Revenue Service contends, however, that this doctrine does not apply to a mortgage insurance company because, while the risk covered by a title insurance premium exists for a long time, a mortgage insurance company receives annual premiums to cover the risk for each year so that the ordinary reserve for unearned premiums completely covers the unexpired period of risk.

MGIC counters this argument by referring to the decision of the circuit court in *Massachusetts Protective Association* v. *U.S.*, 114 F. 2d 304. There the court allowed deductions to a company writing noncancelable health and accident insurance even though the premiums were paid annually, as in the case of MGIC. The court said: "As long as these reserve funds must be held to provide for expected insurance liabilities in the future on these noncancelable health and accident insurance policies and are not to be used for the general purposes of the company, they are not earned premiums within the meaning of Congress. * * * The test is not whether the part of the premium set aside in the reserve * * * belongs to the company in the event of cancellation or lapsing of the policies, but whether that amount is such part of the company's gross income as Congress considered should be treated as net income for the purposes of taxation." That decision was in 1940; subsequently Congress provided explicitly in the law for the deduction of additions to reserves for noncancelable policies where the premiums were the same year after year but the risk tended to increase with the age of the insured.

On the basis of these decisions it would appear that MGIC would have a reasonable chance of winning a favorable decision if the issue were taken to the courts. While it is true that the mere fact that the State law requires that 30 or 50 percent of earned premiums be set aside in a special reserve for a period of 15 years would not in itself make the additions to this reserve deductible, the reasoning in *Early* v. *Lawyers Title Insurance Corp.* indicates that these amounts would constitute unearned premiums, since they are set aside for a limited time and then become available (if not used to meet extraordinary losses) for the general pur-

poses of the company. The fact that the company receives annual premiums and not a single premium is offset by the fact that the policies are noncancelable, so that provision must be made for an increased risk which might occur in the future at a time when, because of the noncancelable feature of the policies, larger premiums could not be charged to offset the larger risk.

Even though MGIC appears to have a fair chance for relief through litigation, the company says that "it is not practicable to litigate this issue; in the event the Internal Revenue Service is sustained, the taxpayer would be unable to meet the liability incurred during the pending of the litigation." In view of this very real difficulty, and because it can be argued that the viewpoint of the courts in the decisions in the *Early* v. *Lawyers Title Insurance Corp.* and Massachusetts Protective Association cases is an intrinsically correct and reasonable viewpoint, legislation such as MGIC requests might be desirable.

In weighing the desirability of such legislation, however, we are confronted with a dilemma. Essentially the reserves which MGIC is required to set up and maintain are pure contingency reserves. They do not represent any present risk nor do they, as in the case of reserves for noncancelable health and accident insurance, represent the setting aside of part of a higher than necessary present premium to meet a risk which on the basis of statistical analysis will very probably, if not certainly, come into being in the future. Rather, these reserves are intended to cover the possibility, although not necessarily the probability, of a substantial economic depression similar to (although perhaps not quite so drastic) the depression of the 1930's, which could cause extraordinary failures by mortgagors to meet their obligations.

Historically, deductions have never been allowed for reserves for contingencies, whether these reserves are voluntarily set up by the taxpayer or whether they are required by State laws or regulations. Banks, for example, are required by law to maintain a certain portion of capital and surplus to growing deposits, yet they have never been allowed to deduct amounts set aside from earnings to provide this necessary surplus. Life insurance companies are required by law to set aside a small percentage of their investment income as a contingency reserve against possible market decline in the value of their securities, yet even in the recently enacted life insurance provisions they are not allowed to deduct additions to such a reserve. Philosophically, it seems wrong to allow deductions against current income to meet future obligations which may never occur. Many organizations have from time to time requested deductions to cover reserves for various possible, but not probable, contingencies. For example, casualty insurance companies have, on several occasions, asked for the deduction of additions to fairly substantial reserves to meet possible extraordinary losses which might result (but so far have not) from cyclones, catastrophic fires, etc. Our staff, the Treasury staff and the congressional tax committees have, so far, not been willing to concede the desirability of present deductions to take care of hypothetical future losses of that type.

There is one exception to this rule. In the life insurance legislation of last year the life insurance companies are permitted to exclude from taxation 50 percent of their net underwriting income so long as this 50 percent is retained in the business for the protection of the policyholders, and taxes on this 50 percent will be imposed only if and when the companies pay out these funds in dividends or otherwise to their stockholders. It is true that in the life insurance field the 50 percent of untaxed underwriting income is 50 percent of a relatively small net income after the deduction of all expenses, whereas in the case of MGIC the reserves set aside are 30 percent to 50 percent of gross premium receipts. It is also true that life insurance is far more complex than mortgage insurance.

The chief argument against legislation of the type requested by MGIC would seem to be that it might open the door to a flood of requests from many types of taxpayers for the allowance in their cases of additions to reserves for various contingencies. Even though abandonment of a long-established rule of income taxation in a single case might be deemed necessary because of the peculiar circumstances in that case, it might be feared that in this area, as in other areas in the past, an isolated and reasonable deviation from accepted principles in one case would be followed by much less justifiable deviations in the same area with respect to other types of taxpayers.

On the other hand, "taxation is a practical matter." Here the inescapable fact seems to be, as MGIC has stated, that it is simply impossible for a mortgage insurance company to pay income taxes at the rate of 52 percent on money which is not available to pay such taxes or for any other purpose until 15 years have elapsed. Legislatively we are here "confronted with a condition, not a theory." The premium rate schedule provided by the Wisconsin regulations applicable to MGIC provides only a narrow margin of 2½ percent of the premiums, exclusive of the 30 to 50 percent which must be retained for 15 years, as profit for the company. Clearly, the company could not pay a tax of one-half of the 2½ percent plus a tax of one-half of 30 or 50 percent of gross premium receipts out of its free income. Nor, presumably, could it pay taxes representing so large a portion of gross receipts out of capital. Confronted with a somewhat similar situation in the past, Congress granted relief. Sellers of personal property on the installment plan would, under the generally required accrual method of accounting, have had to report as income gross profits based on sales, although they would not be collected under the installment plan until subsequent years. Congress provided that such dealers could defer the reporting of this income until the installments were received, thus postponing the tax until the money to pay the tax was received. What MGIC now asks is in some degree similar, since it asks that it be permitted to pay the tax when the money to pay it is released from the legal restrictions. Fifteen years is a long time for the Government to wait for its tax, but it would seem that if MGIC (and any other mortgage insurance company subjected to similar regulations) is to survive, legislation of the type requested would be necessary (assuming that litigation will not solve the problem).

TEXT OF WIRE SENT TO THE EDITOR, MILWAUKEE JOURNAL, ON NOVEMBER 18, 1963, BY REPRESENTATIVE JOHN W. BYRNES

I was shocked to read, upon my return to Washington from Brazil yesterday, the story which appeared in the Milwaukee Journal of November 10, 1963, headlined "Firm Did Him a Favor, BYRNES Says of Stock," dealing with my purchase of stock in the Mortgage Guaranty Insurance Co.

I refer particularly to the following quotation and the manner in which it was made the principal emphasis of the story:

"I certainly recognize that what the company did was a favor to me. In part it is true that the company's friendship toward me was based on what I had done for them in the tax case."

This verbatim quotation, directly attributed to me, falsely represents my views and I disclaim it. In the view of the following facts, I can only assume that it was used by the Journal in its lead and in its headline in an effort to place me in as damaging a light as possible.

(1) I do not believe, and hence it was impossible for me to say to your reporter that I felt, at any time, the company was doing me a favor by selling me the stock based in any way upon what I had done in the tax case. If I had believed that, I would never have purchased the stock.

(2) I do believe, as I told your reporter, that Paul Rogan was doing me a favor, on the basis of a longstanding friendship, in calling my attention to what he felt was an excellent investment opportunity. I believed then, as I believe now, that Mr. Rogan would have done the same thing for me, if I had done nothing in the tax case.

(3) This belief of mine is indicated in the following direct quotations attributed to me by the Journal reporter in his notes which he has willingly furnished to me:

"There was no deal with the company regarding my efforts in the tax ruling.

"I suppose this was a favor. I certainly recognized that Paul Rogan was doing me a favor.

"I was simply dealing with a good friend."

The above attributed quotations were omitted from the Journal's story, even though they were directly related to the principal emphasis placed upon the story by its lead and headline.

(4) In a covering letter to my assistant, the Journal's reporter states that his notes represented answers to questions he asked me during a telephone interview. My purported answers appear, in part, in his notes and in the Journal story, but the questions do not appear, thus distorting the attributed quotations.

(5) Thus, the impression is given that the quotations are from a complete statement made by me, when in fact, they were obtained during the course of a lengthy telephone discussion of the case. The fact is that I discussed this case with the Journal reporter on the phone on some four or five occasions, during which questions were asked and answers given in no particular order. No mention is made of the fact that the reporter did not inform me he was seeking verbatim quotations for attribution. Neither did the reporter ask me to verify the accuracy of such quotations as he had transcribed.

(6) The reporter's notes in my possession are extremely brief in the light of the numerous questions asked and answered in the interviews. If they purport to give the full substance of our interview, they are incomplete, consist of attributed quotations the accuracy of which cannot be verified, and were selected out of context from long conversations which, if printed accurately and in full, would fully have represented my views.

(7) The Journal, after receiving the attributed quotation from its reporter, made no effort to verify independently its accuracy prior to printing, even though it must have been fully aware of how damaging it would be to my reputation and character. This is true, in spite of the fact that the Journal and its reporter were in contact with either myself or my assistant until press time, and the city desk did, in fact, call my assistant to check on a wire report it had received from another newspaper on another aspect of the matter.

(8) The damaging headline and lead used in the Journal story is not only contradicted by quotations the Journal did not use, as cited above, but also by other quotes which the Journal did use, and I refer to the following:

"They (the firm's officials) had no obligation to me whatsoever. Paul (Rogan) knew that and anyone else I've dealt with knows that.

"I have to confess that the only rationale I was operating on was the assumption that

they were doing something that was perfectly legitimate and above board."

Again, neither the Journal nor its reporter made any effort to clear up this self-evident contradiction in the information it had available.

(9) Prior to leaving for Brazil, I talked to dozens of reporters and gave them the same information I gave to the Journal reporter. In no other story printed as the result of these interviews have I been able to find any direct or indirect quotation which is remotely similar to the quotation which appeared in your paper.

To sum up, the partial, inaccurate and distorted quotation by itself, and also in the light of the Journal's treatment of it, has done me a grave disservice. It misrepresented my view on a vital point to your readers. It has been used by other newspapers, including the New York Times, to condemn me editorially.

I therefore request the Journal to print this statement, in fairness to me, at the earliest possible date in a position as prominent as that given to the original story and that it take such other action as it may feel warranted in the circumstances.

JOHN W. BYRNES.

GOVERNMENT AND THE NEW SCIENCE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Connecticut [Mr. SIBAL] is recognized for 1 hour.

Mr. SIBAL. Mr. Speaker, I have taken this time today to put before the House and the country some observations and comments on the urgent subject of Government and science. We are in the beginnings of a new science and it is essential that we in Government understand it and utilize it. Upon our success in doing this depends the future of the country.

Earlier this year, I took the floor to explain a bill I had introduced, H.R. 6866, which is designed to equip the legislative branch with tools it needs to meet the challenge of the new science. This bill would provide Congress with independent, continuing advisory staffs of scientists and technologists. The interest that has been shown in this bill both among scientists and people in Government has been broad and heartening.

Similar legislation has been introduced in the Senate by the Senator from Alaska [Mr. BARTLETT] with whom I have discussed the subject.

My bill is to have public hearings December 4 before the Subcommittee on Accounts of the House Administration Committee under the able direction of the gentleman from Maryland [Mr. FRIEDEL], chairman of the subcommittee.

In advance of these hearings, I will set forth today the background of the bill and show why I believe the development of a new science makes it imperative that we keep in step through legislation such as this.

Science, like truth, is indivisible. It cannot be broken into compartments or into isolated, separate branches. All science today is closely interrelated and cannot successfully be treated otherwise. The importance of this concept to the Nation cannot be overstated. Nor can the importance of science itself to the life of the Nation.

The nuclear test ban treaty was hammered into being largely because of growing recognition of the hazards of radioactive isotopes, which, when discharged into the air and the oceans by atomic explosions, enter our food and drink and so into our bodies.

Opponents of the treaty based their arguments on the scientific handicaps which a test ban might place upon those charged with our country's defense.

In each case, science was the pivot around which the arguments wheeled.

Science, in both basic research and applied technology, is directly responsible for our crisis in agriculture—the surpluses and the $5 billion a year it costs us to maintain them. Through science, we have learned to draw the maximum from each acre of cultivated soil while dramatically reducing the amount of human labor required to do it.

Some of our railroads are in deep financial trouble because they have overlooked the fact that science and technology could have helped them to forecast changes in transportation and helped them to prepare for new requirements.

Major portions of our fishing industry are weak and sickly because they do not use the tools of science and technology, although the fishing fleets of the Soviet Union flourish because they do.

Cities, counties, States, and whole geographic regions of the country are running out of drinking water and now look to science to provide economical means of drawing fresh water from the seas.

Although it is a time of general prosperity, more than 5 percent of our available working force are unemployed. This imposes a heavy expense on the public purse and undermines the national morale. This condition arises in large measure because this is the age of the computer, the servomechanism and other ingenious devices and techniques which devour the jobs of the unskilled and have written "obsolete" across the face of much of our economic tradition.

Children and adults die before their time because we do not yet have scientific answers for the cause, prevention, and cure of an army of afflictions and diseases.

Such a list could go on and on. The point is that everything we see and use, our clothes and food; our automobiles and other means of transportation, their fuels and lubricants; the houses we live in; our means of communication, all are products of our scientific revolution. Far from being an abstract subject, science affects the national safety, our economy, our mode of living, and our very lives.

For this reason, it is the intimate concern of Congress and would be even if no funds were involved. But funds are involved in tremendous quantity. During the current fiscal year, the Federal Government will spend $15 billion on science.

As we in Congress allocate these enormous resources, it is essential for us to grasp the import of the new science and to remember that it is indivisible and cannot be sorted into self-sufficient compartments.

This is an unfamiliar attitude for us because we have been taught to regard science in segments. We studied our biology, chemistry, physics, botany, zoology, geology, astronomy, or mathematics, as separate subjects when we were in school.

This was a logical approach and conformed to existing knowledge at the time. The sciences began with description, as they had to. A fish, for instance, must first be described because, if two marine biologists are talking about a specific fish and one thinks it is a salmon and the other a trout, the discussion would be ludicrous.

At the descriptive stage, divisions in science are natural and useful. One who studied fish became an ichthyologist, little concerned with other scientific fields. Likewise, one who dealt with plants became a botanist; an astronomer dealt with stars and planets; a physician with the health of man, and so on.

But description is only the first stage—the bare awakening that a field of study is to become a science. The next stage is measurement, because if there is no measurement there is no science. Inevitably, each discipline began to make measurements. The chemist would measure the intensity of a color; an ichthyologist the sizes of fins; the botanist the dimensions of leaves and plants and flowers; the astronomer the size, color, and motion of the stars.

Today, however, science has passed through these crude, intermediary stages of description and measurement and is working down to the level of the basic units of mass such as the molecule, the atom, and the subatomic particles. It is dealing with the basic units of energy, of time, and of space. This is the new science to which I refer.

In the course of this development, it has become apparent that each of the seemingly different disciplines of science have the same basic common denominators. At this level of study is found the basic warp and woof of the universe and all disciplines are interrelated parts of it.

Attempts to maintain the old divisions in the face of what we know today are self-defeating. They result in duplication, are expensive in time and money, and erect invalid barriers among dependent disciplines.

When science is treated as one, however, massive advances are made. It is of great significance that last year's Nobel prize for medicine was awarded, not to a physician, but to two physicists and a biologist.

Another illustration of the point is found in Great Britain where the man who is contemplated to become the head of all the British Government's defense research is a professor of anatomy.

Recognizing the new science brings us up against a difficult and sensitive area in Government, an area where traditions and vested interests run deep. This is the realm of the Federal department. The Federal Government is a network of departments in which there is, and cannot help but be, redundancy and waste.

We, in Congress, tend to be unaware not only of the amount of science which is being supported by the Government, but also of its quality, both good and

bad. None of us is surprised to know that scientific research is being conducted by the Defense Department, the Atomic Energy Commission, the National Aeronautics and Space Administration, the National Institutes of Health, or the National Science Foundation. But a surprising number of other agencies are involved in research. Among them are: The Bureau of Printing and Engraving, the Bureau of Mines, the Federal Trade Commission, the Library of Congress, the Small Business Administration, the Farmers Cooperative Service, the Bureau of Public Roads, the Bureau of the Census, the Post Office Department, the Department of Labor, the National Park Service, the Bureau of Sport Fisheries and Wildlife, and the Veterans' Administration.

Congressional treatment of these agencies is not in concert with the times. Our system of committees sustains the no longer valid concept of a divided science. My own committee, Interstate and Foreign Commerce, is deeply concerned with science, as are, obviously, other committees, such as Armed Forces, Science and Astronautics, and Appropriations.

But all other committees are also deeply concerned with science and must recognize the new science if they are to do their jobs efficiently and economically. Foreign Affairs, Government Operations, Education and Labor, Banking and Currency, Merchant Marine and Fisheries, Interior and Insular Affairs, Post Office and Civil Service, Public Works, Veterans' Affairs, House Administration, Small Business, District of Columbia, Ways and Means, Rules, Judiciary, all of them have a high stake in the new science. To the extent that we in Government fail to recongize it, to that extent we do the country a dangerous disservice.

Yet, the truth is that in both Congress and the executive, we have failed to acknowledge the new science and adapt ourselves to it. Throughout the Government, in the departments and on Capitol Hill, we continue to treat science as broken into compartments. And, further, we in Congress let the executive take the lead because we have no independent sources of guidance of our own.

These divisions in Government are a hangover from the days when science could be divided neatly into compartments and parceled out among the departments on the basis of simple description or obvious mission—to chart the coasts, to aid agronomy, to supervise mines, to develop standards of various sorts, and the like.

Today, however, the problem of charting a coastline has grown from a matter of simple geography to include geodesy and geophysics.

It is inseparable from geology and volcanology. It must take into account theories of continental drift, the action of the Humboldt Current and the Gulf Stream; it must consider climatology and, hence, meteorology. Such new fields as bioclimatology and biogeography must play a part. Geodesy myst become concerned with questions of earth's earliest formation and cannot ignore seismology nor studies of gravity and cosmology, which seek to understand the origins of the universe.

Cosmology cannot be limited to this planet alone but must cross the borders of astronomy in full array to trace the origins of the stars, to probe thermonuclear reactions within the interiors of the stars, to study the creation of elements, and such esoteric subjects as the study of subatomic particles.

Where then does geodesy stop? The answer is that it does not. Like all science, it is a continuum. Its work requires the use of artificial satellites and a great supply of other costly implements, which are the necessary tools of the new science.

In Congress, we tend to treat these matters as mysterious, and subjects into which we cannot delve very deeply. There is not a scientist in Congress but, if we are to do our jobs, we must have a basic understanding of what is happening in science.

There is no reason why we cannot do this. In our work, we have to learn about a host of subjects in which we have not had primary scholastic training. We legislate on problems of military strategy, aviation, taxes, foreign affairs, commerce, public health, and so forth. It is also our obligation to insure that this country's science and technology be the finest the world can produce. It is entirely within our capabilities to do this well.

We must maintain close supervision of all governmental scientific and technological policies, not in the sense of tyrannical control, for we must not strangle the very aims we seek to foster, but rather as enlightened stewards of the public interest.

The bill, which I have introduced, would create an independent cadre of scientific advisers and consultants available to all Members of Congress. Such a cadre is imperative for the attainment of fiscal responsibility, which we in the Republican Party have rightly made our watchword.

Fiscal responsibility means abolishing waste and redundancy. It means an incessant attack on the operation of Parkinson's law, which describes the unchecked growth of bureaucracy. But it means more than this.

It means not only how and where to cut spending, but, just as importantly, how and where to spend wisely. It means cutting with a scalpel, not a cleaver. It also means promoting essential work and promoting it in the right way.

Committing public funds to explore the unknown involves an investment that is so vital to the national welfare that it requires our closest attention.

We cannot afford the meat-ax technique on funds for basic research. We cut it at our peril.

For this reason, the national welfare requires us to reject some of the current efforts being made in Congress to limit basic research. These efforts are being led by some Members who feel they are exercising good stewardship by insisting on line-item budgets for all scientific activities. By definition, however, there cannot be line-item control over pioneer investigations. To attempt it is to nullify the very creativity which we are trying to encourage.

Many agencies of the Federal Government have been assigned special functions of applied research as differentiated from basic research. These agencies, indeed, absorb by far the greater portion of our scientific budgets. For them, budget control, good planning, and intelligent review of projects is not only possible but mandatory, and line-item budgets are appropriate for them.

Our particular care must be not to extend the line-item approach to basic research, which takes but a small fraction of the money we spend on science. We must always take pains to insure that this small fraction of the budget is committed unreservedly to those vaulting minds, those uninhibited developers of new knowledge who will create the resources of tomorrow.

We have resisted this attitude toward basic research in the United States, and we have been very lucky it has not cost us more than it has. We even tend to scoff at what we cannot see, especially when someone wants a dollar to look for something he cannot even prove exists. We tend to ask, "Who cares what makes grass green? Where's the profit in that?"

In truth, the most vital resources of any country today lie not in what is buried in its soil but in the creativity inherent in the trained brains of its people. There are not many Christopher Columbuses or Albert Einsteins, and we must guarantee the ones we have an opportunity to shape the future. Our enemies do so.

There is a sort of informal organization I have heard of. It holds no meetings, collects no dues, and has no officers. Its members are scientists and technologists who become members automatically by asking, "What do you think the chances are today of getting the Federal Government to support a couple of fellows working on something in a bicycle shop in Dayton, Ohio?"

Historically, we have been tardy in recognizing our inventors and scientific geniuses. They have succeeded, where they have succeeded, in spite of public apathy and even contempt.

We think sentimentally today and with affection of the pioneers of the past but in their day most of them were thought to be fools or worse.

I grant that the very adversities which they had to overcome may have served as a valuable spur to the work of these extraordinary men, but we can no longer depend on this. For one thing, research is too expensive today and too interrelated to be carried out on grit and intellectual stamina alone. The day of the "loner" in science is past.

The threat to them today expresses itself at the congressional level by demands for line-item control of basic research. Some of us in Congress feel we must insist that our creative scientists delineate, item by item, dollar by dollar, their plans for exploration for 1 or 3 or 5 years ahead and, furthermore, to state what they will find at the end of that time.

However well intentioned this point of view may be, its effect on science is

pernicious. It is like saying to Columbus: "Bring me a tobacco leaf, an Indian, and a piece of the Indies and then I will finance your trip."

We are in desperate need of explorers who have the courage, dedication, and motivation to probe the unknown. If they could tell us in advance what they were going to find, they would not have to explore.

We must give them the freedom and opportunity to create. Fiscal responsibility means not only knowing how to conserve money and prevent its waste, but also how and where to spend it wisely. Our pioneers have an importance to the population out of all proportion to their numbers. We ignore them at our peril.

We ignored Dr. Robert Goddard, our great rocket pioneer, but the Nazis did not. They started rocket work in 1931 and, although their rocket men also faced long years of governmental indifference, they developed the V–2 on the basis of Goddard's work. General Eisenhower tells us that if the V–2 had been put into operation 6 months earlier than it was, he would have had to cancel the invasion of Normandy. That is how close a call we had that time.

Over the years, we have created Federal agencies whose function is to stimulate science. Their budgets have fattened and Congress has become increasingly concerned and has tried to obtain that limiting control over them which would actually prevent them from carrying out their assignments.

In the National Science Foundation and the National Institutes of Health, for example, there are staff people who are afraid of us. They are afraid to support much basic exploratory research lest Congress attack them for "wild-eyed, blue-sky" wasting of public funds. This is a costly approach which we dare not continue.

Albert Einstein for years was considered one of the wildest eyed inhabitants of the blue sky. He appeared to do *nothing, to create* nothing, to perfect nothing, but merely wrote cabalistic signs on blackboards and the backs of envelopes. In fact, he altered the history of the world.

In our support of basic research, we must take care that research devoted to applications of known principles does not soak up funds and talent needed for basic research, which grows more costly every year. For example, in much basic research today there are important events which must be measured occurring in a billionth or a one-hundredth of a billionth of a second at the subatomic level. Equipment needed to measure just one such event is enormously expensive.

Yet, a survey of governmental programs in science today reveals a frequent misuse of funds on unnecessary programs at the expense of basic research.

For example, there is a program sponsored by Federal money which will, in effect, test virtually any substance to see if it is effective against cancer. There is no selectivity. Anything sent in will be tested.

By the end of this year, about one-quarter of a billion dollars will have been spent on this program. More than 170,000 compounds have been tested in what is one of the most unscientific approaches that can be imagined. Yet a willing Congress has provided the funds for it. The directors of the program admit that very little has come from this enormous effort. At the time it was initiated and subsequently up to today, scientists have deplored this type of shotgun approach and have pleaded for a more rational way. The program's defenders insist that it should continue because by sheer happenstance they may discover something useful against cancer.

Perhaps so, we all certainly hope so, but we should also ask whether this enormous program has not drained off sums that would have been better applied to fundamental studies on the prevention and cure of this dread disease.

Somehow, we in Congress must obtain the knowledge that will show that "trying things for cancer" is not good stewardship of the public welfare if it means we close off opportunity for those who want to carry out fundamental studies.

To my personal knowledge, there are scores of qualified scientists who want to do fundamental exploratory research but who are denied the opportunity because laboratory space and money are so heavily committed to the pragmatic, the applied, and the shotgun type of research.

Until the Congress has continuing access to scientific resources of our own, we will necessarily go on stumbling in the dark, expensively, dependent on luck, and subject to the fads of the moment. It is up to us to take the initiative. If we fail, we will be overtaken and overcome. It cannot be said of us, "They also serve who only stand and wait."

PRESIDENT KENNEDY'S POSITION IN THE CASE OF PROFESSOR BARGHOORN PROVED SOUND BY SUBSEQUENT EVENTS

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Delaware [Mr. McDOWELL] is recognized for 20 minutes.

Mr. McDOWELL. Mr. Speaker, President Kennedy's judgment and strategy in the matter of the strange arrest by the U.S.S.R. of Prof. Frederick Barghoorn, of Yale University, has been proven sound by subsequent events.

The President's position was strongly supported by educators throughout the Nation and on campuses from coast to coast.

Although Professor Barghoorn has now safely returned to the United States, the whole episode can hardly be washed away and forgotten. American citizens, including our exchange scholars and scientists, are not pawns of capricious games of the Soviets.

I am especially pleased to note the comments of a number of leaders in Delaware's educational community who strongly supported President Kennedy in his stand on this matter. Prof. Paul Dolan, a distinguished political scientist and senior member of the Department of Political Science of the University of Delaware, for instance, summed the matter up in this way:

The arrest of Professor Barghoorn was a most reprehensive act, particularly in view of the fact that he received a visa from the Soviet Government to reenter their country after there had been some question as to his writing and general statements about conditions in Russia. Such action is tantamount to enticement and it would appear as if a trap were being set.

Professor Barghoorn is an eminent political scientist, and as such, he must of necessity write about the things and conditions he sees and to draw conclusions therefrom regardless of whether it happens to please those in authority or not. Much of the same is done in our own country by such lesser qualified persons as Madame Nhu, yet no action is taken against them. Is what we have seen by Professor Barghoorn's apprehension a manifestation of the basic difference between Russia and the United States with respect to freedom of inquiry? If so, then the hope which many had that Russia was advancing away from her police statism is dashed.

The cultural exchange program which many persons in both countries were promoting as one good way to insure world peace is placed in dire jeopardy by this unwarranted action. Men of intellect and particularly the professorial group must be encouraged to pursue the truth and not to be beholden or subjected to the whim of authority. If the U.S.S.R. is to take its proper place among the civilized nations of the world after its long dark years of terror and police rule, then it should renounce once and for all any attempt to interfere with the pursuit of intellectual truth by those trained to make the pursuit.

If, for some reason, Dr. Barghoorn was persona non grata to the Russian Government, the thing to do would have been to cancel his visa—not to have arrested him.

I include articles from the Evening Journal, of Wilmington, Del., and the New York Herald Tribune which explore aspects of this bizarre case:

[From the Wilmington (Del.) Evening Journal, Nov. 20, 1963]

BARGHOON CASE ILLUSTRATES PROBLEMS OF COEXISTENCE

(By Charles Bartlett)

WASHINGTON.—Prof. Frederick Barghoorn was not a spy and his misadventure in the Soviet Union served to cast some new light on the current nature of East-West relations.

Counterintelligence services expand their watchfulness in a time like this because the danger of espionage grows as the ice of hostility melts. The KGB appears to have made an honest mistake in seizing upon some incautious remarks by the professor as a basis for his arrest.

The magnitude of their mistake was brought home to the Soviet Government by the earnestness of President Kennedy, by the cancellation of the cultural exchange negotiations, and by Robert Kennedy's conversation with Soviet Ambassador Dobrynin. Close study of the temperament of the professor, far from ideally suited for espionage must also have convinced the Russian security people that they were wrong.

The swift backdown by Nikita Khrushchev, who was willing to suffer a loss of face, appears to have been prompted by a desire to preserve the new atmosphere, although the future of tourism and of the cultural exchanges was also at stake. Face is an important element of the dealings between major countries and Khrushchev's readiness to deport the professor without the face-

saving procedures of a trial may be seen as a hopeful barometer of his intentions.

The incident, coming on top of the mixed atmosphere of the November 7 ceremonies in Moscow and the trouble on the Autobahn, serves to point up the inevitable inconsistencies which will characterize the efforts to expand the areas of agreement.

The basic character of the present period is that neither side has deep confidence in the other's intentions and the efforts to reach agreement will not interfere with the deadly earnest game of espionage and counter-espionage on both sides. When spies are operating, spies will be caught but these activities should not ruffle the basic atmosphere. They have become so accepted a part of international life that it is considered bad taste to discuss them in diplomatic conversations, except for the periodic transfers of captured agents.

The doublehanded nature of the present phase is also reflected in the fact that both President Kennedy and Chairman Khrushchev will be required to make shows of toughness from time to time. Neither man can afford at this point to commit himself completely to the pursuit of peace.

The Soviets will utilize an occasional spy case or similar demonstration of Western perfidy in order to sustain their people's dedication against capitalism. The Soviet press, while reflecting a hopeful view of President Kennedy and future relations, frequently emphasizes the existence of "aggressive circles" within the United States. The Big Lift military exercise was called a strategy of intimidation, the NATO bloc is usually described as "aggressive," and the autobahn incidents were a test of nerves perpetrated by Washington.

Russian officials constantly remind their people that their objectives are the liquidation of capitalism, the expansion of communism, and the maintenance of peace. President Kennedy must similarly conduct himself as a relentless anti-Communist who is nevertheless ready to examine the opportunities for improved relations.

The President's license to pursue peace is paradoxically enhanced by his opportunities to show stiffness, as in the Barghoorn case or last year's Cuban crisis. He gains support as a peacemaker by demonstrations that he is tough and resolute.

A mixed pattern of behavior is expected on both sides of the Iron Curtain for the period ahead. The pragmatic advantages of living in peace will be struggling with the ideological differences, which remain unchanged. The most realistic hope is that time will permit the inconsistencies of the present to become the base of a hopeful future.

[From the New York Herald Tribune, Nov. 20, 1963]

STORY OF RUSSIAN VILLAINY—YALE PROFESSOR TELLS HOW HE WAS FRAMED

(By Douglas Kiker)

WASHINGTON.—"A youngish-looking man, a complete stranger, approached me carrying what looked to be a roll of newspapers. He asked, 'Are you an American citizen?' I said 'Yes.' Then he pushed toward me this roll of papers."

This was the way it all began for Yale Prof. Frederick C. Barghoorn, who came here yesterday to tell State Department officials the story of his arrest and imprisonment by Russian security agents.

"I thought it was some sort of propaganda matter, so I unwittingly—or foolishly—took it," Dr. Barghoorn told newsmen at a press conference here.

He managed to get a look inside the papers, he said, and found material "that looked like photographs, although I don't know anything about military matters."

Almost immediately, two men appeared out of the shadows and "hustled me off in an auto," he said.

He was imprisoned, charged with being an American spy, and it took direct and personal pressure from President Kennedy to set him free after 16 days.

It was 7:30 in the evening of October 31 and Dr. Barghoorn—due to leave Moscow for Warsaw the next morning—had just been dropped off outside the Hotel Metropole by a U.S. Embassy car driven by a Russian employee.

Dr. Barghoorn, it is known, is convinced the chauffeur saw the arrest, but so far as it is known the man never reported it to Embassy officials.

After his arrest, the Yale Russian specialist—who has visited the Soviet Union almost yearly since 1958—was taken directly to a Moscow police station, handcuffed and questioned for about 5 hours.

He was accused specifically of photographing Russian missile sites during his current trip, it was learned, and the intelligence agents who grilled him produced several "witnesses" who testified in his presence that they had seen him doing it.

It is known that Dr. Barghoorn did not carry a camera into the Soviet Union.

From the prison he was taken to 2 Dzerzhinsky Street and into Lubyanka, the Soviet's principal political prison and headquarters of the KGB, Russia's secret police organization. He arrived there about midnight.

There things got a little rougher for him, although he said here yesterday that he was "not physically molested in any way."

But he was crammed into a narrow cell, where there was a cot and a chair, and was told he was not allowed to lie on the cot between 10 a.m. and 6 p.m.

And from then on he was questioned almost constantly by the KGB.

They charged he had been on spying missions during his previous trips to Russia in 1958, 1959, and 1961. And they charged that he had been an intelligence agent in West Germany in 1951.

LISTED AS AGENT

Yesterday, Dr. Barghoorn told reporters that this came as a complete surprise to him. At that time, he said, he had been employed by the U.S. State Department to interview political refugees from Iron Curtain countries and to ask them "political and sociological questions." He learned later, he said, that he had been listed as an "intelligence officer" in the department's biographic register.

The KGB questioned him closely about that work. They even asked him about cocktail parties he had attended then in Frankfurt and Bad Nauheim, and wanted to know why he had spent so much time at those parties talking to certain people there—people whom Dr. Barghoorn couldn't remember.

At one point during this questioning, it is known, one of the KGB men informed him he could be executed if found guilty of espionage.

Dr. Barghoorn said yesterday he was worried, naturally, during this period. He asked to see U.S. Ambassador Foy D. Kohler, but the request was never granted.

Although he signed no confession, Dr. Barghoorn said, he did sign what the Russians called a protocol of his questioning by interrogators. He was not told he was being set free until they took him from his cell last Saturday, he said.

CARRYING NOTEBOOKS

At his press conference yesterday, which was held before batteries of television cameras and platoons of reporters, Dr. Barghoorn said: "It's true I go about talking to people and taking notes inside Russia." He patted his coat pocket. "In fact, I have some of the notebooks in my pocket right now."

He said he hoped "this experience I have had will not destroy the possibilities of continuing the United States-Soviet cultural exchanges program."

His special field of political science, he said, naturally is a sensitive one, and he suggested that nervous Soviet security men might have seen his note gathering as reasons for suspicion.

But he firmly denied he had any intelligence assignment of any kind and, because of no military experience, wouldn't recognize military information if he saw it.

Dr. Barghoorn was asked if his arrest could have been ordered by a minor functionary in Moscow, rather than high officials of the Kremlin?

"Possibly," he replied.

"Probably?" asked a reporter.

"I would not go so far as to say that," the professor replied.

How did he feel while held incommunicado in prison?

"Naturally one is worried," he said. "I felt I had not committed espionage and that as the facts became known the situation would work itself out. Of course, my feelings were mixed, and they changed from time to time."

Before his arrest, Dr. Barghoorn said, he had no reason to fear impending trouble. "I felt my trip had been quite successful," he said.

Before meeting reporters, Dr. Barghoorn conferred voluntarily with Soviet expert Llewellyn Thompson and others at the State Department.

THE NATIONAL WATERWAYS CONFERENCE, INC., REPORT

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Pennsylvania [Mr. SAYLOR] is recognized for 45 minutes.

Mr. SAYLOR. Mr. Speaker, H.R. 3846 has been reported to the House (H. Rept. 900), as amended by Committee Print No. 8 by the Interior and Insular Affairs Committee. This is a measure to establish a land and water conservation fund introduced by the distinguished and able chairman of the House Interior and Insular Affairs Committee, myself, and a number of others.

It is not my purpose to discuss all the details of this important measure, but I am greatly disturbed by various and sundry documents, as well as letters that I have been receiving, which purport to interpret the bill. One of the most recent analyses of this legislation was published by the National Waterways Conference, Inc., on October 29, 1963. When I read this report from such a responsible organization, I was much concerned. In rereading Committee Print No. 8 and House Report No. 900, I felt that my interpretation of the measure and theirs was at such great variance that some good might well be served by indicating this difference in order to clarify this proposal prior to formal debate.

The National Waterways Conference states at the outset:

> Any proper aspirations which may be credited to it (H.R. 3846) could be accomplished under existing law without saddling the country with a vast, new back-door taxing and back-door spending mechanism.

I have read the bill with great care, and I am unable to determine where any new tax has been imposed as a result of the bill. There is now a 4-cent tax on fuel used by motorboats, 2 cents of which is refundable if the motorboat user petitions for that refund, and the

remaining 2 cents is credited to the highway trust fund. If the 2 cents which is reclaimable by the motorboat user is not reclaimed by him—this amount also is credited to the highway trust fund. The only change that the present measure would make in regard to this existing tax is to allocate these moneys to the proposed land and water conservation fund, rather than the highway trust fund. It is my understanding that this procedure has been approved by the Ways and Means Committee, and no objection has been voiced by the Department of Commerce, inasmuch as this represents an extraordinarily small proportion of the highway trust fund.

As to the second allegation that backdoor spending is involved, I find this, too, to be completely without foundation. In section 3 of Committee Print No. 8, entitled "Appropriations," there is the following language:

Moneys covered into the fund shall be available for expenditure for the purposes of this act only when appropriated therefore.

Unless I am unable to read properly the English language, this means to me that no moneys can be disbursed from the fund unless the usual appropriations procedure is followed. The principal difference is that the moneys would be appropriated from a specific fund rather than the general fund of the Treasury. I am therefore unable to find the National Waterways Conference interpretation to be accurate.

I should like to deal with the critisms based on the National Waterways Conference interpretations of the bill.

1. Too much latitude: Through undefined fees and user charges on undefined recreational land and water facilities, it would create over 10 years a fund of $2 billion to be used as the President and Secretary of the Interior may determine.

It is difficult for me to understand why such a charge is made. Before any moneys would be appropriated, a complete justification must be made during the usual budgetary processes. The measure not only insists by section 3 quoted above that the usual appropriation procedure be followed, but section 4 further provides that "there shall be submitted with the annual budget of the United States a comprehensive statement of estimated requirements during the ensuing fiscal year for appropriations from the fund."

This appropriate retention of the control by the Congress can in no way be interpreted as granting the President or any administrative jurisdiction within the executive branch of government complete and total latitude in expending these moneys on anything they wish without accountability.

2. Double taxation: Compelling a handful of Federal agencies to sell facilities which the people already own, to those who may be able to afford to pay for them—and exact a $500 fine and/or 6 months in durance vile for any who may trespass without benefit of fee.

First, there is no provision in this legislation for selling any facilities. It is assumed that the reference here is to the proceeds from surplus property which would be credited to the land and water conservation fund. Those who support the legislation contend that this is transferring capital from an area where it is no longer needed to an area where it is needed badly. I find in my analysis of the bill the imposition of fees exaggerated in terms of what the bill actually provides.

Fees for recreation have been charged for many years on areas owned and operated by the Federal Government. This is a fact today, in such areas as our national parks and monuments, certain developed areas within the National forests, certain Federal recreation areas at Federal water development projects like Lake Mead and Hoover Dam. Yellowstone National Park, for example, assessed its first fee in 1915. If one wishes annual access to this park today under existing statute, the fee is $6 a car per year. Entrance fees were established in Grand Canyon in 1926. The philosophy of these fees has extended since 1915 that while the establishment of a park or recreational area is a general public benefit and is primarily financed by proceeds from all the taxpayers, those who do enjoy the special benefits should pay a modest and reasonable fee for that privilege. More recently, Congress stipulated in title V of the Independent Offices Appropriation Act of 1952 (5 U.S.C. 140), that services which are rendered to special beneficiaries by Federal agencies should be self-sustaining to the fullest extent possible. The implication that this is a new terror with which we are confronted does not appear warranted.

3. Too much power: There is no restriction to prevent this or some future President from declaring any land or waterway liable to user fees (tax), if they be under some Federal authority—and if not, to use the funds the bill provides to go out and buy them.

In the first place, no fees of any kind can be charged for the nonrecreation use of waters, of reservoirs, canals or waterways that are part of the Federal navigation system. In short, there is not only a failure to provide the authority the National Waterways Conference suggests, but there is a specific exclusion of such authority. The implication here is that the President can charge fees on any land and waterways in which he feels it to be appropriate, and without any consultation or limitations. It is beyond my comprehension how one can carefully read this act and come to such conclusions. The limitation on fees and Executive authority represents a significant part of the bill. For example, no entrance or admission fees could be charged at any area, except where the area is administered by a Federal agency, where the recreation facilities or services are provided at Federal expense, and where the land or water area is primarily for scenic and recreational enjoyment. All of these three conditions must be present before fees can be charged.

As a result, no fee could be charged on any Federal recreation area that has been leased to a State or private organization for operation of the resources. Additionally, there is no authority for Federal hunting or fishing licenses. No charges can be made for activities not related to recreation. No fee can be charged for travel over any part of a Federal highway aid system. No fees can be charged over roads commonly used by the public, even though much of the travel is within a fee designated area. No fee could be charged for a person traveling to and from his property which may be located in a Federal recreation area. No fee could be charged where more than half the lands for a particular area have been acquired by contributions from a State or locality, unless special consideration is given by the Governor or his representative. It should also be understood that no entrance or admission fee is required to the national forests, public domain lands and other Federal wild lands, except where substantial recreational developments have been provided at Federal expense. Thus, the overwhelming percentage of the Nation's public lands will continue to be open to the public without the necessity of a fee.

Such a reading of the bill seems to refute completely the argument that the President is free to indulge a whim or caprice in designating an area for a user fee. As to the allegation that if the land is not under the jurisdiction of the Federal Government, the President can simply buy it is without foundation, since any such intent must stand the test of the usual review of the appropriation procedure.

4. Abridgement of historic policy: The charging of fees (tolls), for recreational use of the waters is in complete conflict with historic policy and repeated congressional intent, and would make more difficult future resistance to commercial tolls, despite language in the House measure that prohibits this construction. In fact, the President's campaign pledge promised his adherence to the toll-free principle.

This, too, was startling inasmuch as the National Waterways Conference had just concluded under the discussion of "too much power" that there is no restriction to prevent the President from declaring any land or waterway liable to user fees. They now contend that the present measure "would make more difficult future resistance to commercial tolls, despite language in the House measure that prohibits this construction." Now either the President is inhibited by the language of this bill, or he is not. It cannot be contended on the one hand that there is no restriction to prevent the President from issuing such fees, and then contend on the other hand that the restriction is not strong enough. What they are contending is that future Congresses might establish a system of tolls on the waterways. I cannot say whether some future Congress would pass a statute to effect such a requirement, but I would strongly oppose such a move. The past charges that have been made on the national parks, many of which contain lakes, have not resulted in any precedent for such tolls. At Lake Mead, which is a widely used recreation area and whose principal attraction is the water area, fees have been charged for some years and this has not constituted any precedent for the establishment of tolls. Why this should now be introduced as relevant, I do not know. The present legis-

lation makes this no more apparent, or no more near to realization, than the longstanding practice of charging fees just mentioned. The President's campaign pledge to a toll-free principle is not affected, nor should it now be questioned.

5. Self-defeating: As with most propositions of this sort, there exists an underlying virtue—conservation and provision of recreational facilities for the people, but user fees would restrict, not increase, use. Allocation of funds for land acquisitions and improvements could easily be justified by anticipated fees, thus hampering development of facilities of equal or greater importance, but with less popular appeal at a given time.

In reading this analysis, I felt that in view of the experience of the agencies with fees in the parks and other recreational areas, that it should be able to be determined whether an increase in fees have had the stultifying effects as suggested. For example, the experience of the National Park Service has been exactly contrary to the contention that an increased fee means a reduction in use. Fees were raised significantly in the early 1950's to units of the national park system, yet visitations have practically doubled from 1952 to 1962. Also, from 1960 to 1963 visitations have increased about 25 percent. When the total population increase from 1960 to 1963, which is estimated at 10 million, is compared to the approximate increase of 20 million visitations to the national park system—some perspective is given to the demand for outdoor recreation.

This is true in almost every area where fees are charged, whether they are charged by the Federal Government or by States and localities. The explanation appears reasonably simple—for when the American public goes camping, they want conveniences such as running water, sanitary facilities, showers, and on occasion laundry facilities. Most feel that the benefits far exceed the modest fees charged.

6. Uneconomical: Collection of fees would be burdensome, costly, and inefficient. There is the problem of persons entering designated land or water areas from other areas by swimming, hunting, boating, hiking, etc. The amount collected per user, and in so many diverse locations, would be small in relation to the enormous cost of salaries and all the rest.

At this point of reading the criticisms of the proposed legislation, I began to wonder whether the critics had actually read the bill as passed out of committee and/or where they have been for the last 50 years. In the first place, there has been a longstanding practice that fees charged for any use of the public lands cannot be collected unless it is economical to do so. This Bureau of the Budget policy has been in existence for many years, since only a small percent of the total Federal cost can be allocated to administrative costs. In addition to this well-defined administrative practice, the bill adds the further protection:

All fees established pursuant to this subsection shall be fair and equitable taking into consideration direct and indirect cost to the Government, benefits to the recipient, public policy or interest served, and other pertinent factors.

Certainly, the public interest would not be served if the cost of collections were higher relative to the amounts collected. The various branches of Government have been collecting fees for grazing, recreation, mineral, timber, and special use fees for decades. To assume that this would be a brandnew experience presenting insurmountable administrative difficulties is to argue from ignorance of well-defined historical practices. The problem of policing enforcement and administrative complexes has not been insurmountable during the longstanding administrative history of our many Government land agencies.

7. Unjust: The power to set fees under this measure is without practical limit, being based upon Federal costs "direct and indirect," as determined by the President and/or the Secretary. No provision is made for public hearings or judicial review in respect of user charge determinations. Only as the hapless poacher(s) stands in Federal district court can fee level validity be examined.

The only new authorization is the annual entrance fee and this establishes a maximum of $7. Thus, the statement that the power to set fees is without practical limit is incorrect. The determination of other fees would be the same as they have been for years. To the best of my knowledge, no one has strongly protested that the fees charged for recreation developments on public lands has been excessive. There has been far more comment that such fees are too modest and too small, in terms of the facilities provided. Where was the National Waterways Conference in 1915 when fees were established in Yellowstone Park? No provision was then made for public hearings or judicial review. Considering the fact that this practice now has continued in the national parks for some 48 years and that no great public clamor for judicial review to protect the rights of individuals has resulted appears to answer effectively such charges.

8. Administrative jumble: It would put Government agencies in the policing and tax collecting business. Except possibly for the National Park Service, none is equipped for this work nor should they become so. Added would be the Bureau of Land Management, Bureau of Sport Fisheries and Wildlife, Bureau of Reclamation, Forest Service, Corps of Engineers, TVA, and the U.S. section of the International Boundary and Water Commission (United States and Mexico).

In attempting to respond to item 6 above, it was pointed out that the Forest Service, Bureau of Land Management, and other Government agencies have been collecting fees for products and services for many years. This is not new in terms of their present duties, and they are well established to perform this function. It would appear that this is another instance in which the critics of the measure are not conversant with land practices and the functions of the several land agencies, nor are they conversant with the specifics of H.R. 3846 as amended.

9. Inequitable: Enormous land and water acquisitions under the act, as well as grants to the States (with concomitant erosion of States rights), would result from fees charged against fishermen, pleasure boat operators, and other users in areas thousands of miles from such acquisitions, and injure State tourist industries wherever these depend upon Federal holdings.

It is obvious that the Governors or other responsible officials in 46 States do not agree either that this constitutes an erosion of States rights or that the State tourist industry would be injured. In my own State, we have found quite clearly that the better the recreation facilities, the greater the tourist attractions. In addition, the land and water conservation fund is not limited to land and water acquisition, but is available also for planning and development of recreation resources. It is hard to see how the States could be placed in a worsened position by receiving Federal grants-in-aid.

10. Cost-benefit ratio concepts undermined: In consideration of the complex, multiple-purpose aspects of modern water resource development, a dollar emphasis on only two, recreation and conservation, would jeopardize all future projects, while weakening traditional cost-benefit formulas.

This argument appears to be a non sequitur, if the argument suggests that the consideration of recreation has a tendency to unbalance the reservoir programs. If all water users are to be considered in planning water impoundments and the recreation benefits are high relative to the cost of producing them, then there is little question as to the desirability of such benefits. How this would weaken the traditional cost benefit formulas is not indicated. Only recently, the administration has proposed to the Congress that policies and guidelines be provided by statute to include recreation and fish and wildlife enhancement. Instead of jeopardizing future projects, the inclusion of recreation features often lends feasibility to the project, where none existed prior to including such features.

11. Collectivism? The bill provides for use of fee money for acquisition of non-Federal lands "within wilderness, wild, and canoe areas of the national forest system and within other areas of that system which are primarily of value for outdoor recreation purposes." Under the multiple-use concept of national forest management, virtually all national forest areas and inholdings can be considered of value for outdoor recreation purposes.

Once again, it is necessary to refer to the bill which states:

There shall be submitted with the annual budget of the United States a comprehensive statement of estimated requirements during the ensuing fiscal year for appropriations from the fund.

In short, the acquisition of inholdings simply by the motion of the Executive is not possible. There is indeed within the concept of the Multiple Use Act passed by the Congress an ability to determine primary uses on forest land, without refuting the multiple-use concept. This primary use may very well allow and be compatible with other uses, though at the same time it is possible to determine primacy of forest use. The Forest Service, in their original analysis as to their part of the proposed program, has indeed separated lands needed for recreation from lands of a more general

purpose character. Just what the term "collectivism" means, when related to the criticism thereof, is considerably vague.

12. Public lands already huge: Out of a total Federal landownership of 772 million acres, 34 percent of our Nation's total land area, the national forest system embraces over 186 million acres in Federal ownership. This should be ample for meeting the outdoor recreation demand—adequate development is needed, not more land area.

This criticism fails to grasp the problem of needed recreation areas. The problem is not one of total acres, but of effective acres. Obviously, most of the recreation land is where people are not. Few places are near enough to metropolitan areas for weekend family trips. The tendency for greater migration to metropolitan areas further aggravates the problem. It is therefore important to acquire these effective acres before competing uses and/or soaring costs place them beyond our reach.

13. Unneeded delegation of powers: Special acts of Congress have been enacted for numerous forest acquisitions. This year Congress appropriated $320,000 for land acquisition under seven special acts in addition to the $962,000 appropriated for land acquisition under the Weeks law. The Forest Service also has the authority to exchange national forest land for State and private lands within the boundaries of national forests.

Apparently little analysis was undertaken to determine the meaning behind the appropriations cited in these land acquisitions. In the first place, these appropriation figures have little to do with the acquisition of important recreation areas. These, of course, are figures for total acquisitions, not just recreation acquisitions. They include acquisitions for timber, grazing, watershed, and wildlife and recreation. Of the $320,000 cited for land acquisition, surely the critics must be aware that $250,000 of this amount was limited to the acquisition in one national forest where the primary value is the protection of the water supply for a large city. Thus while the figures are correct for land acquisition, they are not helpful or accurate in determining recreational purchases.

14. Further existing latitude: The Weeks law (act of March 1, 1911), authorizes the Secretary of Agriculture, with the approval of the National Forest Reservation Commission to purchase lands "within the watersheds of navigable streams as in his judgment may be necessary to the regulation of the flow of navigable streams or for the production of timber." It further provides that such lands may be divided into national forests in ways deemed best for administrative purposes. National forest boundaries can, and have been, created and extended—thus increasing inholdings—by administrative order of the Secretary of Agriculture, by Executive order, and by Presidential proclamation.

It is not clear precisely what this statement strives to convey. Apparently it is a recitation of the Week's law which provides for the acquisition of inholdings in the national forest system. If this argument means to suggest that the present legislation conveys acquisition authority for the Forest Service or any other Federal agency, this of course is incorrect. A reading of the bill will reveal this almost immediately. The problem has not been the authority for the Federal agencies to acquire inholdings—the problem has been the availability of funds. A land and water conservation fund could therefore provide the moneys under the conditions of the usual appropriations procedure. The volume of total inholdings in the national forest system is not necessarily related to the specific recreation inholdings which need to be acquired. Perhaps the only relevant detail is that these key recreation inholdings represent only about 10 percent of the total inholdings. Additionally, it has been pointed out in the testimony of the Forest Service that of the key recreation inholdings which need to be acquired 84 percent of them are located in the East. It should be further emphasized that in terms of the present legislation there is no way for the Executive to act without the consent of Congress since national forest acquisitions must be determined annually by the Congress.

FINAL COMMENTS

It is often the case that when a measure of some complexity reaches to floor of Congress there are so many incorrect references made to it that the bill is prejudiced before the debate. I am not suggesting that there will not be pros and cons as to the advisability of enacting this legislation. I do feel it incumbent, however, upon all Members of the Congress in considering this most important bill to determine what the bill provides and what it does not provide. It is doubtful whether the publication and dissemination of information which are patently incorrect as to fact, aid the legislative process.

RESULTS OF A SURVEY AMONG CHICAGO AREA DOCTORS ON MEDICARE

The SPEAKER pro tempore. Under previous order of the House, the gentleman from Illinois [Mr. PUCINSKI] is recognized for 30 minutes.

Mr. PUCINSKI. Mr. Speaker, I should like to call my colleagues' attention to an interesting survey which I have just completed among 4,740 Chicago area doctors, which shows 60 percent of the doctors believe that most of their aged patients can afford to pay their entire hospitalization from their own financial resources and that 24 percent of the doctors believe only a few of their patients can afford adequate hospital care from their own financial resources.

However, the same survey showed that 82 percent of the doctors said they find it necessary to reduce their normal fees for aged patients because of their aged patients' poor financial condition. Thirty-six percent of the same doctors answered "yes" when asked if any of their aged patients declined to follow their professional recommendations for hospitalization because they felt they could not afford the care or would have to seek public assistance to get it.

The survey also showed that 64 percent of the doctors said their aged patients require help from relatives to pay their medical bills.

This survey was conducted through a questionnaire containing 26 questions which was mailed to 4,740 doctors in Chicago whose names were taken from the Chicago Classified Telephone Directory.

The group included many suburban doctors who have their offices in Chicago. I received 970 replies, which is a 20.5-percent response to the total questionnaires mailed.

Anyone who has had any experience with public opinion surveys will agree that this is an unusually large response to a public opinion questionnaire. I am extremely pleased with the large response.

I shall include at the conclusion of my remarks, the original questionnaire which I mailed to the doctors and a breakdown of their replies.

I had also sent the doctors a condensed memorandum which listed the highlights of the three proposals now receiving most serious consideration in Congress to provide hospital care for the Nation's senior citizens.

The first proposal is the Bow bill, H.R. 21, which would provide medical and hospital care by subsidizing voluntary health insurance premiums through Federal income tax credit to senior citizens.

The second proposal is the King-Anderson bill, H.R. 3920, which is President Kennedy's proposal to extend social security benefits to people over 65 to cover hospital care.

The third plan is the existing law, known as the Kerr-Mills bill, to provide health care for the near-needy aged through a program of State and Federal matching funds.

The results of the survey were tabulated by the International Business Machines Corp. Computer Service Bureau. Each doctor received a specially prepared reply card which was designed for computer computation.

The survey showed that 41 percent of the doctors favor the Kerr-Mills bill, 15 percent favor the King-Anderson bill, 20 percent favor the Bow bill, 16 percent favor none of these proposals, and 6 percent failed to express an opinion.

However, Mr. Speaker, it is interesting to note that 27 percent of the doctors favor extending social security benefits to include hospital care if a medical commission of physicians from private practice, appointed by the President and confirmed by the Senate, were to administer the entire program. Sixty-nine percent said they were opposed to such a plan and 4 percent expressed no opinion.

Perhaps even more significant, Mr. Speaker, is the fact that 38 percent of the doctors indicated they would favor extending social security benefits to include hospital care for the aged if this entire program were administered by Blue Cross; 57 percent opposed even this plan and 5 percent declined to express an opinion.

It would not surprise me, Mr. Speaker, to see Congress adopt a compromise bill which would retain the social security approach with the Government serving

only as a collecting agency and Blue Cross administering the entire program, with probably some form of needs test to insure against exploitation.

Mr. Speaker, I was impressed by the fact that 65 percent of the doctors said they would have no objection to treating patients in their hospitals if the patients' bills were being paid as part of social security benefits.

This is interesting in view of the doctors' strike in Canada some time ago against a Government-sponsored hospital program for the aged. It would appear that our American doctors have no such intentions. I also noted with interest that 63 percent of the doctors said "yes" when asked if self-employed physicians should be covered under social security as are other professionals.

Mr. Speaker, the survey also showed 54 percent of the doctors believe their patients would buy less costly supplemental private health insurance to pay other medical bills if their basic hospital costs were included in social security benefits.

Regarding the 36 percent of the doctors who answered "yes" when asked if their aged patients ever declined to follow their professional recommendations for hospitalization because they feel they cannot afford such care, 30 percent of those replying "yes" said that between 0 and 20 percent of their patients declined such advice; 9 percent said between 21 and 40 percent take this attitude; 4 percent said 41 to 60 percent of the patients refuse to folow their doctor's advice; 1 percent listed the figure between 61 and 80 percent; 1 percent estimated the number between 81 and 100 percent of their aged patients declined their advice and 55 percent of those who said "yes" to the original question, would not estimate what percentage of their aged patients decline their doctors' advice for hospital care.

It is interesting to note that 64 percent of the doctors said they find it necessary to varying degrees not to charge their patients any fee at all because of their patients' poor financial conditions. However, 53 percent said such waiver of fees occurs seldom; 10 percent said often; 6 percent said very often; 1 percent said almost always, and 30 percent declined to estimate how often.

When asked what percentage of their aged patients have some form of private insurance to help pay hospital costs, 9 percent of the doctors said between 0 and 20 percent of their patients have such insurance; 10 percent of the doctors estimated between 21 and 40 percent; 18 percent estimated the number to be between 41 and 60 percent; 31 percent estimated 61 to 80 percent of their patients have some form of insurance, and 28 percent estimated that between 81 and 100 percent of their patients have such insurance. Four percent failed to reply. This would indicate that while in some areas a large percentage of senior citizens have private hospital insurance, there are equally large pockets where oldsters do not have such insurance.

Mr. Speaker, it is my intention to give the results of this survey to the House Ways and Means Committee now holding hearings on the medicare program.

As far as I know, this is the most extensive survey undertaken by a Member of Congress to determine the views of doctors in a large metropolitan community.

Mr. Speaker, I believe this survey will be of substantial value in trying to develop a workable program of hospital care for our Nation's senior citizens.

I am very pleased with the candor which such a large cross section of doctors displayed in replying to this questionnaire. I sent the questionnaire to every doctor in Chicago because it would not have been possible to determine which doctors lived in my own district or treat patients who are residents of my district.

I am particularly impressed that 94 percent of the doctors replied "yes" when asked if they approved of my effort to obtain their views on this very important subject in this manner. Four percent said "no" and 2 percent failed to reply.

Mr. Speaker, we here in Congress have heard all sorts of arguments for and against this legislation. We have also heard all sorts of things about the Nation's doctors and their attitude toward this legislation. This survey clearly shows that the doctors have their own views on this problem. I am extremely proud of the large response to the questionnaire. It demonstrates that the doctors want to be consulted on this very vital issue. And this is quite proper. After all, this legislation will affect their profession.

This questionnaire clearly demonstrates that a substantial segment of the medical profession rejects the extremist view of both sides. Somewhere between the extreme views of the advocates of this program and the opponents of this program lies a solution which will be acceptable to all. I believe this survey will help find that solution. For this, I am grateful to the doctors who were kind enough to participate in the survey.

Mr. Speaker, the replies of the doctors follow:

DOCTOR'S REPLIES TO QUESTIONNAIRE

[Replies in percentage]

1. What percentage of your patients would you estimate are 65 or over?

None	10
0 to 20 percent	46
21 to 40 percent	28
41 to 80 percent	14
81 to 100 percent	2

2. What percentage of your aged patients can afford to pay their entire hospital bill from their own financial resources?

All	8
Most	60
Few	24
None	3
No reply	5

3. What percentage of your aged patients have some type of private insurance to help pay hospital bills?

0 to 20 percent	9
21 to 40 percent	10
41 to 60 percent	18
61 to 80 percent	31
81 to 100 percent	28
No reply	4

4. What percentage of your aged patients have some type of private insurance to help pay for your services?

0 to 20 percent	18
21 to 40 percent	14
41 to 60 percent	23
61 to 80 percent	26
81 to 100 percent	15
No reply	4

5. In a typical case of one of your aged patients with private health insurance, what percentage of the total hospital is covered?

0 to 20 percent	4
21 to 40 percent	6
41 to 60 percent	18
61 to 80 percent	42
81 to 100 percent	24
No reply	6

6. What percentage of the surgical cost does this insurance normally cover?

None	2
0 to 25 percent	9
26 to 50 percent	33
51 to 75 percent	41
76 to 100 percent	8
No reply	7

7. What percentage of nonsurgical physician's services does this insurance normally cover?

None	8
0 to 25 percent	25
26 to 50 percent	26
51 to 75 percent	25
76 to 100 percent	7
No reply	9

8. Is it ever necessary for you to reduce your normal fee for aged patients because of their poor financial condition?

Yes	82
No	13
No reply	5

9. If your answer to the above is yes, how often:

Seldom	44
Often	29
Very often	6
Almost always	6
No reply	15

10. Is it ever necessary for you not to charge your patients any fee at all because of their poor financial condition?

Yes	64
No	31
No reply	5

11. If your answer is yes to above question, how often?

Seldom	53
Often	10
Very often	6
Almost always	1
No reply	30

12. Do you find the number of your aged patients whom you charge less than your normal fee is:

Increasing	15
Decreasing	11
No significant change	62
No such patients	6
No reply	6

13. Do any of your aged patients require help from relatives to pay medical bills?

Yes	64
No	8
Don't know	23
No reply	19

14. Would you please estimate the percentage who require such help.

None	11
0 to 25 percent	48
26 to 50 percent	13

51 to 75 percent	6
76 to 100 percent	3
No reply	19

15. What percentage of your aged patients, if any, have all or part of their medical bills paid by public assistance (old-age assistance (OAA) or the Kerr-Mills program of medical assistance for the aged (MAA))?

None	57
0 to 25 percent	32
26 to 50 percent	3
51 to 75 percent	1
76 to 100 percent	0
No reply	7

16. What percentage of your aged patients are in nursing homes?

None	38
0 to 10 percent	53
11 to 20 percent	1
21 to 30 percent	1
31 to 40 percent	1
No reply	5

17. In Illinois, the Kerr-Mills program does not pay for nursing home care. Do you think it should?

Yes	64
No	27
No reply	9

18. Do any of your aged patients decline to follow your professional recommendation for hospitalization because they feel they cannot afford the care or would have to seek public assistance to get it?

Yes	36
No	55
No reply	9

19. If your answer is yes, what percentage?

0 to 20 percent	30
21 to 40 percent	9
41 to 60 percent	4
61 to 80 percent	1
81 to 100 percent	1
No reply	55

20. If social security benefits included payment of basic hospital costs of the aged, do you think your patients would buy less costly supplemental private health insurance to pay other medical bills?

Yes	54
No	37
No reply	9

21. Would you favor extending social security benefits to include hospital care if a medical commission of physicians from private practice, appointed by the President and confirmed by the Senate, were to administer the entire program?

Yes	27
No	69
No reply	4

22. Would you favor extending social security benefits to include hospital care for the aged if the entire program were administered by the Blue Cross?

Yes	38
No	57
No reply	5

23. Do you believe self-employed physicians should be covered under social security as other professionals are?

Yes	63
No	34
No reply	3

24. Would you have any personal objection to treating patients in your hospital if their bills were being paid as part of their social security benefits?

Yes	30
No	65
No reply	5

25. Which of the following, in your judgment, would best serve the hospital needs of those of your aged patients who do not have sufficient private resources and who for various reasons cannot get private hospital care insurance?

Kerr-Mills bill	41
King-Anderson bill	15
Bow bill	20
Neither	16
No reply	8

26. Do you approve of my effort to obtain your views on this very important subject in this manner?

Yes	94
No	4
No reply	2

Mr. Speaker, following is the actual letter with the questionnaire which I mailed to the doctors in the Chicago area:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., October 30, 1963.

DEAR DOCTOR: Legislation concerning health care for the aged—normally 65 or older—is before the House Ways and Means Committee. I do not think any action will be taken by the committee this year other than to hold hearings. Nevertheless, a clear understanding of all viewpoints—in general and in detail—is vital if the committee and we here in Congress are to make a sound decision on this matter.

I am sure you agree, and it is in this belief that I ask you to take a few minutes from your very busy schedule to help me gather information which, I can assure you, can prove very helpful to me in making a final judgment on these various proposals.

I would appreciate it if you would answer the attached questions on various aspects of this issue. The questions are designed so that your response will take a minimum of time, but of course I will be happy to receive any additional views you might wish to offer on the subject. I have made an honest effort to keep these questions objective, but since they will be tabulated by machine, the multiple choice answers had to be limited to a maximum of five choices.

The enclosed reply card has been specially designed to permit machine tabulations. Please do not write anything on either side of the reply card. If you wish to include additional remarks, please do so on a separate sheet of paper which I would urge you to include in a stamped envelope addressed to my Washington office, together with the reply card.

In order to include as many replies in the tally as possible, may I request you to return the reply card no later than November 15, 1963. I will be very happy to send you the results of this poll if you will be good enough to indicate where you want such results mailed.

For your information I include a brief summary of the King-Anderson bill, the Kerr-Mills program (as it applies in Illinois), and the Bow bill, since these are the three main bills in the current discussion.

Thank you for your cooperation.

Sincerely yours,

ROMAN C. PUCINSKI,
Member of Congress,
11th District, Illinois.

THE THREE MAJOR PROPOSALS

BOW BILL (H.R. 21)

This would provide medical and hospital care by subsidizing voluntary health insurance premiums through Federal income tax credit.

Eligibility: A credit against income taxes could be claimed by (1) anyone 65 or over whose annual income doesn't exceed $4,000 a year and who pays premiums for and is a beneficiary of a qualified health care program; (2) relatives and former employers who pay premiums for a health care program for a person 65 or over.

Benefits: Qualified plan must be guaranteed renewable, not exclude preexisting conditions and provide basic benefits of at least (1) major medical benefits with payment made, after an annual deductible of not more than $200, of at least 75 percent of hospital and various medical costs, or (2) a plan providing a hospital room and board charges for up to 90 days a year; payment of $120 for hospital ancillary services; surgical fees; physicians services to $75 a year and $6 per day room and board convalescent care to $186 per year.

Under the plan, there will be no assurance that such plans would be available and no requirement for government to do anything if plans do not become available or are too high priced.

Administration: By the U.S. Treasury Department through private insurance plans.

Financing: Persons with a tax liability of at least $150 ($300 for a couple) would deduct this amount from Federal income tax to pay insurance premiums. Those with smaller or no tax liability would receive medical care insurance certificates for the difference between tax liability and $150. To claim credit, tax returns would show evidence from an insurer that a policy meeting Bow bill standards had been issued.

KING-ANDERSON BILL (H.R. 3920, S. 880)

This is President Kennedy's social security health insurance plan which would pay for institutional, home services, and diagnostic services, but not private doctor fees.

Eligibility: All persons 65 or older entitled to monthly social security or railroad retirement benefits and 2½ million 65 or older who do not now qualify for such payments.

Benefits: (1) Inpatient hospital services for up to 90 days per benefit period with deductible of $10 a day (minimum of $20) for first 9 days, unless beneficiary elects either up to 45 days with no deductible or 180 days with deductible equal to average cost of 2½ days of hospital care; (2) Nursing home services furnished, after transfer from hospital, in facilities affiliated with hospitals for up to 180 days per benefit period; (3) 240 home health visits including visiting nursing care, therapy, part-time homemaker services; (4) Outpatient hospital diagnostic services as required, but subject to $20 deductible for services furnished within a 30-day period.

Administration: Under established social security or railroad systems, with States and national accrediting bodies used in determining eligibility of providers to participate and private organizations performing functions related to providers of services.

Financing: A Federal social insurance trust fund would be maintained through an increase in social security taxes of one-fourth of 1 percent on employers and on employees (with two-fifths percent for self-employed persons) and increase in amount of earnings taxable from $4,800 to $5,200. Benefits provided to persons not covered by social security or railroad systems would be paid from general tax revenues.

KERR-MILLS (MEDICAL ASSISTANCE FOR THE AGED)

This is a system of Federal matching grants to provide medical care to the nearneedy aged. It became law in 1960. Federal grants to State-administered old-age assistance systems provide for welfare cases, while MAA helps those who are otherwise self-supporting but who are unable to pay medical bills. MAA became effective in Illinois on August 1, 1961.

Eligibility: To be eligible for MAA in Illinois (1) a single person must have an an-

nual income of $1,800 or less, plus the amount equal to health insurance premiums; a couple must have $2,400 or less, plus $600 for each dependent living with the couple. Contributions from responsible relatives are included in income. (2) A single person must have assets of less than $1,800 or $2,400 for a couple, plus $400 for each dependent living with the couple. Excluded from assets are the value of real estate, if a single family dwelling, clothing, personal effects, automobile, life insurance with a face value of $1,000 or less, and tangible personal properties used in earning income with a value of $1,000 or less.

Any assistance received in the program constitutes a claim against the estate of the person who received the assistance.

Benefits: (1) Inpatient hospital services for acute illness; accidental injury, surgery, chronic conditions requiring limited period of hospital care, or for diagnostic procedures that can be carried out only in a hospital. Approved by county Medical Advisory Committee required for extension beyond 2 weeks. (2) Physician services provide medical or surgical care in hospital; home and office visits during a 30-day period immediately following release from a hospital. Home visits for acute illness, one per day for 1 week and, for chronic illness, two per month. Office visits for acute illness, six per month, and for chronic illness, two per month. No nursing home or dental care, prescribed drugs, or other services provided.

Administration: Administered by the Illinois Public Aid Commission through its 102 county departments of public aid.

Financing: Federal Government provides 50 percent of the cost of operating MAA in Illinois and the rest is State funds.

Comparison chart of the major health plans

	Bow	King-Anderson	Kerr-Mills (in Illinois)
Eligibility	Every person 65 years or older with annual income or resources of less than $4,000.	All over 65 including those eligible for social security or Railroad Retirement Act benefits.	Aged persons on public welfare rolls; single persons with $1,800 annual income or less and married couples with $2,400 annual income or less who are unable to pay medical bills.
Benefits	Per day limit on hospital, convalescent home charges; covers services of physicians, surgeons.	Hospital, nursing home care; physician services, diagnostic care, and drugs furnished by hospital; home health services.	Includes 14 days in hospital, with physicians' care, diagnostic services, drugs; home and office doctor visits.
Financing	Deduct $150 from income tax ($300 for couple) to pay health insurance premiums.	Through an increase in social security payroll and self-employment payments.	State and United States share equally costs of care and administration.
Administration	U.S. Treasury Department	Secretary of Health, Education, and Welfare Department.	By State public aid commission through counties.

QUESTIONNAIRE

Complete the enclosed specially designed computer card by punching out with a paper clip or any sharp object the blank which best describes your view.

1. What percentage of your patients would you estimate are 65 or over? (a) None; (b) 0 to 20 percent; (c) 21 to 40 percent; (d) 41 to 80 percent; (e) 81 to 100 percent.

2. What percentage of your aged patients can afford to pay their entire hospital bill from their own financial resources? (a) All; (b) most; (c) few; (d) none.

3. What percentage of your aged patients have some type of private insurance to help pay hospital bills? (a) 0 to 20 percent; (b) 21 to 40 percent; (c) 41 to 60 percent; (d) 61 to 80 percent; (e) 81 to 100 percent.

4. What percentage of your aged patients have some type of private insurance to help pay for your services? (a) 0 to 20 percent; (b) 21 to 40 percent; (c) 41 to 60 percent; (d) 61 to 80 percent; (e) 81 to 100 percent.

5. In a typical case of one of your aged patients with private health insurance, what percentage of the total hospital bill is covered? (a) 0 to 20 percent; (b) 21 to 40 percent; (c) 41 to 60 percent; (d) 61 to 80 percent; (e) 81 to 100 percent.

6. What percentage of the surgical costs does this insurance normally cover? (a) None; (b) 0 to 25 percent; (c) 26 to 50 percent; (d) 51 to 75 percent; (e) 76 to 100 percent.

7. What percentage of nonsurgical physician's services does this insurance normally cover? (a) None; (b) 0 to 25 percent; (c) 26 to 50 percent; (d) 51 to 75 percent; (e) 76 to 100 percent.

8. Is it ever necessary for you to reduce your normal fee for aged patients because of their poor financial condition? (a) Yes; (b) no.

9. If your answer to the above is yes, how often? (a) Seldom; (b) often; (c) very often; (d) almost always.

10. Is it ever necessary for you not to charge your patients any fee at all because of their poor financial condition? (a) Yes; (b) no.

11. If your answer is yes to above question, how often? (a) Seldom; (b) often; (c) very often; (d) almost always.

12. Do you find the number of your aged patients whom you charge less than your normal fee is: (a) Increasing; (b) decreasing; (c) no significant change; (d) no such patients.

13. Do any of your aged patients require help from relatives to pay medical bills? (a) Yes; (b) no; (c) don't know.

14. Would you please estimate the percentage who require such help. (a) None; (b) 0 to 25 percent; (c) 26 to 50 percent; (d) 51 to 75 percent; (e) 76 to 100 percent.

15. What percentage of your aged patients, if any, have all or part of their medical bills paid by public assistance (old-age assistance (OAA) or the Kerr-Mills program of medical assistance for the aged (MAA))? (a) None; (b) 0 to 25 percent; (c) 26 to 50 percent; (d) 51 to 75 percent; (e) 76 to 100 percent.

16. What percentage of your aged patients are in nursing homes? (a) None; (b) 0 to 10 percent; (c) 11 to 20 percent; (d) 21 to 30 percent; (e) 31 to 40 percent.

17. In Illinois, the Kerr-Mills program does not pay for nursing home care. Do you think it should? (a) Yes; (b) no.

18. Do any of your aged patients decline to follow your professional recommendation for hospitalization because they feel they cannot afford the care or would have to seek public assistance to get it? (a) Yes; (b) no.

19. If your answer is yes, what percentage? (a) 0 to 20 percent; (b) 21 to 40 percent; (c) 41 to 60 percent; (d) 61 to 80 percent; (e) 81 to 100 percent.

20. If social security benefits included payment of basic hospital costs of the aged, do you think your patients would buy less costly supplemental private health insurance to pay other medical bills? (a) Yes; (b) no.

21. Would you favor extending social security benefits to include hospital care if a medical commission of physicians from private practice, appointed by the President and confirmed by the Senate, were to administer the entire program? (a) Yes; (b) no.

22. Would you favor extending social security benefits to include hospital care for the aged if the entire program were administered by Blue Cross? (a) Yes; (b) no.

23. Do you believe self-employed physicians should be covered under social security as other professionals are? (a) Yes; (b) no.

24. Would you have any personal objection to treating patients in your hospital if their bills were being paid as part of their social security benefits? (a) Yes; (b) no.

25. Which of the following, in your judgment, would best serve the hospital needs of those of your aged patients who do not have sufficient private resources and who for various reasons cannot get private hospital care insurance? (a) Kerr-Mills bill; (b) King-Anderson bill; (c) Bow bill; (d) neither.

26. Do you approve of my effort to obtain your views on this very important subject in this manner? (a) Yes; (b) no.

EXTENSION OF REMARKS

Mr. GIBBONS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include therein, notwithstanding the fact that the cost is estimated by the Public Printer to be $225, the remarks of the President of the United States in my district as of Monday, last.

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

There was no objection.

IMPACT OF IMPORTS AND OTHER FACTORS AFFECTING U.S. LIVESTOCK INDUSTRY

Mr. HARVEY of Michigan. Mr. Speaker, I ask unanimous consent that the gentleman from Kansas [Mr. SHRIVER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. SHRIVER. Mr. Speaker, U.S. livestock producers have faced almost steadily declining prices throughout most of this year, and the outlook, according to the Department of Agriculture, is for marketings to continue into 1964 at a rate which will further weaken prices. This poor prognosis for the livestock industry comes in the face of an Agriculture Department prediction that U.S. beef consumption in 1963 is expected to set a record high of about 95 pounds per person, up from 89 pounds last year. There has been much concern—and not a little controversy—over the reasons for this disruption in the livestock market. The increased imports of beef is very prominent among these reasons; and there are other factors on the horizon which influence the vitality and operation of the livestock industry.

In the 5-year period, 1957–62, imports of beef and veal into the United States more than tripled; imports rose from 395 million pounds in 1957 to nearly 1.5 billion pounds in 1962. In the first 8 months of this year, beef and veal imports of 1.2 billion pounds were more

than 17 percent above the first 8 months in 1962. This flood of imports appears to have resulted from modification in late 1958 of the United Kingdom-Australian Meat Agreement, under which most Australian beef exports had been sent to the United Kingdom. Since that time, shipments of Australian beef into the United States have risen from 18 million pounds in 1958 to 445 million pounds in 1962. At the same time, shipments from New Zealand rose from 184 million pounds to 214 million pounds. Together, these two countries accounted for nearly 46 percent of all U.S. beef and veal imports last year, compared with only 22 percent 5 years earlier. Current livestock expansion in Australia indicates there will be little or no letting up on the part of that country in their shipments of beef in the immediate future. Imports from Ireland of 71 million pounds of beef and veal last year were more than three times those of 1957. Increased imports from these three countries offset by a wide margin declining imports from such traditional United States suppliers as Canada, Mexico, and Argentina.

Beef and veal imports: United States, by selected country of origin, 1958 to date [1]

[In millions of pounds]

Year	Imports, by country of origin, product weight						Total imports [2]	Year	Imports, by country of origin, product weight						Total imports [2]
	Canada	Mexico	Argentina	Ireland	Australia	New Zealand			Canada	Mexico	Argentina	Ireland	Australia	New Zealand	
1958	53.6	75.0	216.7	23.8	17.7	183.7	909	1961	32.3	53.4	65.2	64.4	233.9	154.4	1,037
1959	22.6	48.9	128.6	42.0	224.0	161.6	1,063	1962	19.4	59.3	55.9	70.7	444.9	213.6	1,445
1960	18.9	39.1	52.7	52.8	144.7	130.7	775	1963 (January-July)	11.1	39.8	53.5	40.0	253.0	138.3	907

[1] Includes quantities of other canned, prepared, or preserved meat not elsewhere specified. Assumed to be mostly beef.

[2] Carcass weight equivalent.

Source: U.S. Department of Agriculture.

Of themselves, these figures mean little; but when imports are compared with total U.S. beef and veal production, one can easily see that the volume of imports has reached such proportions as to be of real concern to the livestock industry.

U.S. imports of cattle, calves, beef, and veal, compared with production, 1957–63

[In millions of pounds]

Year	Imports			U.S. meat production [2]	Imports as a percentage of production	Year	Imports			U.S. meat production [2]	Imports as a percentage of production
	Meat equivalent of live animals	Meat	Total [1]				Meat equivalent of live animals	Meat	Total [1]		
1957	221	395	616	15,728	3.9	1961	250	1,037	1,287	16,341	7.9
1958	340	909	1,249	14,516	8.6	1962	280	1,445	1,725	16,311	10.6
1959	191	1,063	1,254	14,588	8.6	January–August 1962	132	893	1,025	10,895	9.4
1960	163	775	938	15,835	5.9	January–August 1963	118	1,086	1,204	11,386	10.6

[1] Canned and other processed meats converted to carcass weight equivalent.
[2] Total production, including an estimate for farm slaughter.

Source: U.S. Department of Agriculture.

A large percentage of these imports is composed of lower grade beef used in the processed meat industry. Thus far in 1963, more than 80 percent of beef imports are of the lower grade, boneless variety. In addition, some 14 percent of 1963 imports are of canned beef. Prior to 1957, canned beef, mainly from South American countries, made up 72 percent of total beef and veal imports. But, as transportation and handling facilities for frozen products developed, imports of boneless beef took on increasing importance. Some of the boneless beef is suitable for uses other than in processed meat products, its quality comparing generally with lower grades of domestic beef. Thus, there is increased reason for believing there may be a higher rate of substitution at the retail level between these lower grade beef imports and the better cuts of domestic beef than was formerly the case.

U.S. selected beef and veal imports, carcass weight equivalent

[In thousands of pounds]

Year	Fresh and frozen	Canned	Boneless	Total beef	Total veal	Total beef and veal	Year	Fresh and frozen	Canned	Boneless	Total beef	Total veal	Total beef and veal
1954	7,520	168,784	12,537	230,608	1,048	231,656	1959	39,136	187,441	680,317	1,047,053	16,138	1,063,191
1955	6,112	172,498	28,674	228,761	275	229,036	1960	14,685	151,538	556,765	760,235	15,275	775,510
1956	5,140	143,999	36,894	210,553	245	210,798	1961	25,096	188,563	764,905	1,020,650	16,474	1,037,124
1957	32,863	188,624	128,520	390,338	4,878	395,216	1962	18,767	166,238	1,187,632	1,419,547	25,511	1,445,058
1958	58,880	224,606	414,488	895,542	13,506	909,048	1963 (January–August)	12,255	148,626	876,756	1,073,423	12,100	1,085,523

Source: U.S. Department of Agriculture.

The U.S. Department of Agriculture has maintained for some time that these imports do not directly bear on the prices received for fed cattle. A recent study of beef imports by the Department indicates that fed-cattle prices depend largely on the volume of fed-cattle slaughtered, since this class of cattle accounts for the principal part of total domestic commercial slaughter. For example, the study indicates that in the 1948–62 period, a 10-percent increase in supplies of lower grade beef—including both domestic cow beef and imports—caused prices of Choice steers to decline 3 percent.

However, the American National Cattlemen's Association maintains that such imports have a direct impact on cattle prices. The answer must be found—perhaps on one side or another of these two divergent findings, or perhaps, somewhere between them.

The Department of Agriculture has concluded that the sharp drop in fed-cattle prices last winter and spring was associated with an upturn in fed-cattle slaughter. Last November—a year ago—the average price for Choice steers in Chicago was $30.13 a hundred; thereafter, prices fell to a low $22.61 a hundred in May—a decline of almost 25 percent. By July, prices rose to $24.72, but have weakened since; in late October they were under $24. Fed-cattle prices are expected to average below the first quarter of 1963, when Choice steers at Chicago averaged $25.28. Good feeder steers at Kansas City were selling at

$25.74 a hundred a year ago; prices there have fallen to $22.92 in October. In the same period, Kansas City prices of Choice feeder steer calves fell from $30.88 per hundred to $27.05. There is good reason to believe that marketings in this quarter will be about 15 percent more than a year ago, and 7 percent above the third quarter of this year.

Selected prices per 100 pounds of cattle, by months, 1962 and 1963

Month	Chicago				Kansas City			
	Choice steers		Utility cows		Good feeder steers		Choice feeder steer calves	
	1962	1963	1962	1963	1962	1963	1962	1963
January	$26.39	$27.27	$14.87	$15.07	$23.75	$25.14	$27.19	$29.50
February	26.76	24.93	15.26	15.00	23.91	24.42	28.70	29.68
March	27.31	23.63	15.97	15.52	24.52	24.00	28.80	29.18
April	27.45	23.77	16.06	15.74	24.78	24.18	29.50	29.48
May	26.02	22.61	15.91	16.31	24.37	23.74	28.98	28.96
June	25.25	22.69	16.42	16.26	24.66	24.18	28.96	29.21
July	26.50	24.72	15.31	15.33	24.80	24.77	29.29	29.42
August	$28.19	$24.60	$15.20	$15.65	$24.77	$24.15	$29.04	$28.66
September	29.85	23.94	15.65	15.10	25.51	23.56	30.06	27.91
October	[1] 29.50	24.18	[2] 15.31	14.71	[2] 25.43	22.92	[2] 30.53	27.05
November	30.13	------	15.22	------	26.28	------	30.88	------
December	28.91	------	14.91	------	25.74	------	30.20	------
Average	27.67	------	15.51	------	24.88	------	29.34	------

[1] 3-week average.
[2] 4-week average.

Source: U.S. Department of Agriculture.

Number of cattle slaughtered under Federal inspection, by class and percent each class is of total United States, by months, 1962–63

Month	Steers				Heifers				Cows			
	Number		Percentage		Number		Percentage		Number		Percentage	
	1962	1963	1962	1963	1962	1963	1963	1963	1962	1963	1962	1963
	Thousand head	*Thousand head*	*Percent*	*Percent*	*Thousand head*	*Thousand head*	*Percent*	*Percent*	*Thousand head*	*Thousand head*	*Percent*	*Percent*
January	999	1,021	56.1	56.9	383	382	21.5	21.4	383	373	21.5	20.8
February	870	891	59.3	57.2	310	351	21.1	22.5	274	302	18.7	19.4
March	991	995	60.1	58.7	346	393	21.0	23.2	297	291	18.0	17.2
April	924	1,049	60.7	60.7	307	378	20.2	21.9	274	283	18.0	16.4
May	1,063	1,155	60.2	61.6	350	401	19.8	21.4	330	300	18.7	16.0
June	1,065	1,083	62.0	61.8	337	354	19.6	20.2	295	298	17.2	17.0
July	1,031	1,079	58.4	58.7	358	395	20.3	21.5	353	345	20.0	18.0
August	1,012	1,106	54.1	58.2	413	418	22.1	22.0	421	359	22.5	18.9
September	847	1,039	51.2	56.8	419	411	25.3	22.5	371	364	22.4	19.9
October	936	------	49.3	------	469	------	24.7	------	473	------	24.9	------
November	841	------	49.9	------	384	------	22.8	------	443	------	26.3	------
December	868	------	55.6	------	344	------	22.0	------	336	------	21.5	------
Total	11,447	------	56.3	------	4,420	------	21.7	------	4,250	------	20.9	------

Source: U.S. Department of Agriculture.

Mr. Speaker, the livestock sector of our farm economy is extremely important; in 1962, sales of some $20 billion of livestock products accounted for more than half of total farm income. In my own State, sales of livestock products accounted for 54 percent of all farm income, and cash receipts from sales of cattle and calves of nearly $537 million accounted for 40 percent of Kansas farm income—nearly as much as Kansas farmers received for all the crops grown in that State. No other single commodity produces a larger slice of U.S. or Kansas cash farm receipts than does cattle and calves.

Recently, representatives of the American National Cattlemen's Association went to Australia and New Zealand seeking some agreement under which producers in those countries might reduce shipments of meat to the United States. I believe that organization is to be commended for its leadership in this problem. But they are facing a formidable situation, for the U.S. market is a rich one, and highly attractive to Australian and New Zealand producers, whose traditional United Kingdom market has been curtailed.

It would appear that some positive action on the part of the Government to bring about an agreement limiting imports of beef is in order. Under section 204 of the Agricultural Act of 1956, the President is authorized to negotiate with foreign governments to limit their shipments if it is found their exports of agricultural commodities to the United States are detrimental to our producers. It would seem that those countries which are unloading large quantities of beef on the U.S. market would be receptive to such limitations, particularly if they realize the United States could, in the final analysis, regulate its own international trade in meat. We cannot afford to stand by and permit these imports to jeopardize such an important sector of our farm economy.

Within the past 2 months attention has been called by representatives of the livestock industry to a proposal by the U.S. Department of Agriculture to establish new beef grading standards, including cutability standards. If adopted by the Department, these regulations would become mandatory for the packing industry.

In addition to the evaluation of a beef carcass as Prime, Choice, Good, and so forth, there would be established cutability designations ranging from 1 to 5. The number 1 would identify carcasses of the highest retail cutout yield and value, and the number 5 would identify those of the lowest.

It has been pointed out that the current proposal is similar to last year's dual grading experiment which was discontinued on June 30, 1963. The only difference seems to be that the cutability designations have been reduced from six to five, and the regulation would become compulsory for anyone requesting Federal carcass beef grading.

Mr. Speaker, there was virtually unanimous opposition to the dual grading proposal from the livestock industry and now this industry, which faces serious problems in the year ahead, has expressed opposition to the proposed cutability designations.

Unless the Department of Agriculture can demonstrate specific advantages to the consuming public, it would appear that this form of Government interference with the right of industry to merchandise its products should be discouraged.

Finally, another factor affecting the livestock industry is the tendency of retail prices to lag behind the fluctuations in live animal and wholesale prices. This delay in passing on to the consumer lower prices hampers increased consumption and further weakens the economic position of the cattlemen.

Mr. Speaker, this is not a matter for congressional or Federal action. Indeed our free enterprise system has demonstrated its ability to promote and merchandise products and goods to the benefit of the consumer. In the case of the food industry, I was informed earlier this year by the National Association of Food Chains and the National Association of Retail Grocers that over the years there

have been over 400 instances in which requests from producers to give additional promotional effort to their products have been honored.

Although there are many other food items competing for the consumer dollar, including pork, lamb, poultry, and so forth, this seems to be an appropriate time for the retail food industry to come to the assistance of the livestock industry and encourage the public through promotion and lower prices to increase its consumption of beef.

Yesterday the U.S. Department of Agriculture released the demand and price situation for 1964 and reported:

> Despite higher consumption, cattle inventory is increasing and will provide the basis for even larger beef supplies in 1964. The inventory on January 1, 1964, will be close to 107 million head, up 3 percent from a year earlier.

In view of this outlook which is coupled with a prediction of further weakened prices, it is essential that the matter of imports and all other factors affecting this vital segment of the U.S. farm economy be given serious attention by every Member of Congress and those responsible for farm policy in the executive branch of the Federal Government.

MIDWEST SOYBEAN FARMERS GET BACKLASH OF FUMBLED RUSSIAN WHEAT SALE

Mr. HARVEY of Michigan. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. FINDLEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. FINDLEY. Mr. Speaker, midwestern farmers are feeling the backlash of the administration's proposal to sell American wheat to Russia.

Soybean producers in Illinois and neighboring States surprisingly are receiving about 20 cents per bushel less for their record soybean harvest than they were a week ago because of the "off again, on aagin" Kennedy inspired wheat negotiations between the Russian purchasing mission and U.S. exporters.

Although wheat was the commodity in which the Russians were reportedly most interested, some U.S. exporters got the idea that they would also take vast quantities of soybean oil. These exporters bought huge amounts of vegetable oils in anticipation of the business, running the price up by about 25 percent. The business failed to develop, and soybean oil and cottonseed oil prices collapsed this week, pulling soybean prices down with them. In the process, one of the largest soybean oil exporting firms in the country was forced into bankruptcy when the value of its inventory of vegetable oils plummeted overnight.

All of this is illustrative of the hazards of conducting negotiations on the Russian wheat deal under a heavy cloak of secrecy. Moscow has been putting out more information on the progress of the talks than has Washington. This is becoming more or less standard procedure in most United States-Russian negotiations.

According to the U.S. Department of Agriculture, total American soybean stocks will just meet domestic and export requirements, without any sales to Russia. Farmers who are now marketing their soybean crop were enjoying excellent prices until the reported breakdown in United States-Russian food negotiations torpedoed them.

Secretary of Agriculture Orville L. Freeman was asleep at the switch again as soybean prices were derailed. His Commodity Exchange Authority, which is supposed to police the Nation's markets, was apparently either unconcerned or unaware of the dynamite-laden situation which was building up in the soybean oil and cottonseed oil markets. There is no record that it undertook any investigations, arrived at any conclusions, or issued any warnings to the public or the trade.

The irony of it all is that the administration's trade deal with Russia, which was put forward as a great boon to wheat growers, has thus far succeeded only in creating chaos in the commodity markets and penalizing soybean producers more than any other group.

INVESTIGATION NEEDED

Mr. HARVEY of Michigan. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. JOHANSEN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. JOHANSEN. Mr. Speaker, my attention has been directed to formal charges which have been filed against the Department of Agriculture by Mr. Adrian Roberts, vice president, American Federation of Government Employees, AFL–CIO, alleging unfair labor practices by the Department of Agriculture. It appears that the Department of Agriculture has granted union recognition to the Organization of Professional Employees of the Department of Agriculture, which, it is contended by Mr. Roberts, is "sponsored, controlled, and assisted by agency management." The AFGE vice president states that the recognition of such employee organizations constitutes a violation of Executive Order 10988 which established the procedures under which the departments and agencies of the Government grant recognition to Federal employee organizations.

The AFGE contends that, in effect, the Department of Agriculture is sanctioning and recognizing a company union.

These unfair labor practice charges against the Department of Agriculture are serious. The Executive order which apparently sanctions the recognition of the so-called company union is based upon an Executive order of President Kennedy which does not have the authorization of the Congress. In view of the grave nature of these charges against the Department of Agriculture and the absence of congressional authorization of policies and practices with respect to Federal employee organization representation and recognition, I am requesting the Subcommittee on Manpower Utilization of the House Post Office and Civil Service Committee to investigate these charges, as well as the entire operation of Executive Order 10988.

KYL HOME RULE BILL CLEARLY CONSTITUTIONAL

Mr. HARVEY of Michigan. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. FINDLEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. FINDLEY. Mr. Speaker, I support the Kyl bill to give back to Maryland most of the present District of Columbia, and Attorney General Robert Kennedy's doubt over the proposal's constitutionality is irreconcilable with his support earlier this year of similar legislation.

In testimony before the House District Committee yesterday, the Attorney General referred to the measure sponsored by Representative JOHN KYL, Republican of Iowa, as a "red herring." According to the Washington Evening Star, he dashed cold water on it by stating that, in addition to "raising a number of thorny practical problems, there is serious question as to the measure's constitutionality."

If the Kyl bill is of dubious constitutionality, then so is S. 815, a bill to adjust legislative jurisdiction over certain Federal enclaves.

On Tuesday, August 20, 1963, the Senate Committee on Government Operations held hearings on this bill. I quote directly from the hearings report, page 3:

> Senator MUSKIE. The bill was introduced in this Congress by Senator JOHN L. MCCLELLAN, chairman, Senate Committee on Government Operations, on February 18 of this year. It was submitted as an administration bill and at the request of the Attorney General of the United States. It is identical to legislation originally drafted by the staff of the Committee on Government Operations with the cooperation of the Department of Justice, in order to implement recommendations contained in a report by the Interdepartmental Committee for the Study of Jurisdiction Over Federal Areas Within the States.

The Attorney General referred to in the Senate hearings as the sponsor of S. 815 is, of course, the same person who now questions the constitutionality of the Kyl bill.

S. 815 would authorize the head or other authorized officer of any department or independent agency of the Federal Government to relinquish to the State in which any Federal lands or interest therein under his custody are situated, such measure of legislative jurisdiction as he may deem desirable.

The exclusive jurisdiction of the Federal Government over the areas involved in S. 815 is derived from the very same

language of the U.S. Constitution that applies to the District of Columbia.

There are over 5,000 such areas in addition to the District of Columbia. Forty-two areas of these areas are larger than the District of Columbia. More than a million American citizens live in these areas—and this figure does not include the population of the District of Columbia—and their citizenship is adversely affected, in much the same way as the citizenship of District residents.

For example, in my home State of Illinois, there were 251 installations under the total exclusive jurisdiction of the Federal Government, and involving a total acreage of 122,873 as of June 30, 1957. Pages 30 and 31 of the hearings give a tabulation for all States, with a grand total of 5,050 installations in all, encompassing 8,062,387 acres.

S. 815 would authorize the restoration to the States legislative jurisdiction with respect to qualifications for voting, education, public health and safety, taxation, marriage, divorce, descent and distribution of property, and a variety of other matters, which are ordinarily the subject of State control.

Curiously, the Attorney General voiced no doubts over the constitutionality of S. 815. Indeed, the bill was backed by the administration and sponsored by the Attorney General himself.

The same hearings carry testimony that 31 State Governors and 29 State attorneys general endorsed the purpose of the bill. In the words of Deputy Attorney General Nicholas deB. Katzenbach, the bill is needed because:

> The Federal Government has been acquiring and retaining too much legislative jurisdiction over too many areas as the result of the existence of practices founded on conditions of a century ago and more.

Katzenbach himself cited in his testimony the constitutional authority, which is article I, section 8, clause 17. He testified:

> That clause provides that the United States shall have exclusive jurisdiction over the seat of government of the United States, and that it shall exercise like authority over lands acquired by it elsewhere for governmental purposes with the consent of the State involved. It is well known that under this clause the Federal Government exercised within the District of Columbia all the powers of government, not only the usual Federal powers but also those which ordinarily are reserved by the Constitution to the States. It is not so well known that under the same clause it has assumed similar State-type powers over more than 5,000 individual areas of land scattered throughout the United States, making of these areas Federal islands, sometimes called enclaves, in which the surrounding State can exercise no authority—legislative, executive, or judicial. For most purposes such an enclave is not considered a part of the State within which it is located. For most purposes the million persons who live in such enclaves are not considered residents of the State within which they live.

Furthermore, there are at least 29 instances in which the Federal Government already has retroceded areas to States—in addition to the well-known retrocession of the Virginia area of the District of Columbia. These are listed in the Senate hearings.

I am at a loss to understand why the Attorney General should doubt the constitutionality of retrocession in the Kyl bill while endorsing it in S. 815.

To me, the Kyl bill is not only sound constitutionally, but sound in every other way. It is the only bill I have ever seen which would truly grant home rule to residents of the District of Columbia. It would grant them full citizenship, a chance to vote for Governor, State legislators, U.S. Senators, U.S. Congressmen, as well as U.S. President and Vice President.

Best of all, it would enable them to assume the full responsibilities and opportunities of local self-government. They would have the opportunity and the responsibility to deal effectively and directly with the vexing problems of crime and education. Their own backyard problems would truly become their own backyard opportunities. I am confident they would measure up.

The Attorney General's doubt over constitutionality can be dismissed. Now, how about the unnamed "thorny practical problems" to which Mr. Kennedy alluded? Perhaps they are lacking in substance just as the constitutional one.

COMMITTEE FOR LIBERATION OF LITHUANIA

Mr. HALEY. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. MURPHY] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. MURPHY of Illinois. Mr. Speaker, the Supreme Committee for Liberation of Lithuania is commemorating its 20th anniversary this year. The Lithuanian people began their struggle against foreign occupation immediately following the Soviet invasion.

The story of the conquering and repression of Lithuania by the Soviet Union is well known. The Congress of the United States itself has unearthed substantial evidence of executions, mass arrests, and deportations to Siberian concentration camps, subversion and cruelty of every kind during the Soviet incorporation of Lithuania into the Soviet empire. During this time and ever since, the Communists have maintained the ridiculous fiction that Lithuania voluntarily joined the Soviet Union.

Anyone can investigate the events since 1940 and discover that not only did not the Lithuanians voluntarily give up their freedom, but that they actually resisted communism in every possible way.

One of the leading groups in this resistance has been the Supreme Committee for Liberation of Lithuania. The committee was formed in 1943 and still exists as vivid refutation of the Communist propaganda.

While it is difficult to get any information about conditions or events in the Soviet empire, we are convinced that Lithuanian dislike for communism is as strong as ever.

Therefore, there is a great need for a democratic resistance group and the supreme committee fulfills that need. The committee celebrates its 20th anniversary in New York City, November 23 and 24. Twenty years is a long time to maintain hope and resistance. But there has never been a greater need for hope and resistance, or chance for success than now. We wish the supreme committee happy 20th anniversary and success in the near future.

SMALL BUSINESS SUBCOMMITTEE SUGGESTION PROMPTS GENERAL MOTORS TO ADOPT NEW POLICY

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

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. ROOSEVELT. Mr. Speaker, in addition to the introduction, consideration, and passage of legislation, there is another important way in which Congress serves the Nation.

An outstanding example recently occurred as an outgrowth of the 7-month hearings on dual distribution held by Subcommittee No. 4 of the House Small Business Committee. The subcommittee, under my chairmanship has conducted a broad survey of problems encountered by small businessmen as a result of dual distribution and related practices.

One of the industries from which testimony was received was the appliance industry. Representatives of the National Appliance, Radio-TV Dealers Association testified concerning a number of problems within their sector of the economy. One of the major points made by them was that frequently builders purchased appliances from manufacturers at a greater discount than that received by retail dealers for the same number of units. These appliances are sometimes diverted into the retail market and sold by the builder in competition with the retail dealer, rather than being installed in homes or apartments constructed by the purchasing builder.

Recently, I have been informed by the General Motors Corp., the manufacturer of Frigidaire appliances, that Frigidaire Sales Corp., a wholly owned subsidiary of General Motors Corp., intends, subject to Federal Trade Commission approval, to have each builder who purchases appliances agree in writing that the Frigidaire appliances he purchases will in fact be installed in the new construction described in the purchase order, and that any appliances not actually so installed will be resold to the Frigidaire Sales Corp.

This action on the part of General Motors and the Frigidaire Sales Corp. is a direct result of a suggestion made by my esteemed colleague on the subcommittee, the gentleman from Oklahoma, the Honorable TOM STEED. While it by no means solves all of the very

serious problems existing in the distributive portion of the appliance industry, still it is a definite gain for the small businessman, and I believe that General Motors Corp. and my colleague, the gentleman from Oklahoma [Mr. STEED], are to be warmly commended for this step.

This is a specific example of how the Congress may perform a public service other than through the enactment of legislation. The subcommittee's actions in determining the areas of the economy in which dual distribution problems exist, inviting in appropriate witnesses, and providing a forum for them, culminated in Mr. STEED's very excellent suggestion. This has resulted in private industry finding a solution to the problem without the necessity of Government regulation, control or intervention.

This, of course, is always the most desirable of all possible solutions. It is my hope that the Federal Trade Commission will grant speedy approval to this proposal and that other manufacturers will adopt similar safeguards.

The hearings on dual distribution have covered over 40 industries. In the vast majority of these, many problems of this general nature were pointed out to the committee. We shall continue to hope that this voluntary approach on the part of industry will result in more examples of self-correction by manufacturers and others of trade practices which are injurious to our economy.

Mr. Speaker, I include the letter from the General Motors Corp. to me, as chairman of Subcommittee No. 4, in the RECORD at this point:

GENERAL MOTORS CORP.,
Detroit, Mich., November 18, 1963.

HON. JAMES R. ROOSEVELT,
Chairman, Subcommittee No. 4, House of Representatives, Select Committee To Conduct a Study and Investigation of the Problems of Small Business, Washington, D.C.

DEAR SIR: The purpose of this letter is to submit for the consideration of Subcommittee No. 4 comments of General Motors Corp. with respect to testimony before the subcommittee on September 16, 1963, by Mr. Earl T. Holst, president of the National Appliance & Radio-Television Dealers Association, and Mr. William Burston, merchandising manager of the National Retail Merchants Association, with respect to merchandising practices in the sale of major home appliances by Frigidaire Sales Corp., a wholly owned subsidiary of General Motors Corp., specifically with respect to direct sales to builders.

Frigidaire Sales Corp. purchases major home appliances such as refrigerators, ranges, washers, and driers and so on, from Frigidaire division of General Motors Corp., the manufacturer, and resells these Frigidaire appliances to dealers and to some extent directly to builders, performing the same function as a distributor in operating through local branch offices in the larger cities.

* * * * *

Messrs. Holst and Burston, in their testimony, objected to appliance manufacturers and distributors making direct sales to builders under two distinctly different circumstances:

1. They objected to all direct sales to builders, including those in which the builder installs the appliance in a new apartment house, new residence, or new trailer, because the dealer is bypassed and misses the opportunity to make a profit on reselling to builders.

2. They also objected to direct sales to a builder who does not install the appliance in new construction, etc., but on the contrary resells the appliance as such either to a consumer or to a dealer. They pointed out that this is possible because builders purchasing directly from manufacturers customarily pay prices which are 10 percent or more below the prices to dealers.

As to the first objection of bypassing dealers on sales to builders for installations, General Motors is sympathetic with the position of the dealers. For many years, Frigidaire Sales Corp. experimented with various plans for providing financial assistance to dealers in obtaining builder business but none of these plans has been entirely successful. Thus, at the present time, Frigidaire Sales Corp. feels that it must sell directly to builders or lose altogether a substantial volume of sales.

* * * * *

As to the second objection, we agree with Messrs. Holst and Burston that the practice of builders reselling appliances into retail channels is highly undesirable and should not be condoned by appliance manufacturers.

* * * * *

Consequently, General Motors has decided to take a further step to minimize builder resales. We have concluded that it would be desirable to have each builder-customer agree in writing that the Frigidaire appliances he purchases will in fact be installed in new construction described in the purchase order and that any appliances not actually so installed will be resold to Frigidaire Sales Corp. It is proposed to add such a specific agreement to builder order forms. This proposal is consistent with the suggestion in one question asked by Representative STEED:

"Mr. STEED. But you know of no situation where the builder has to guarantee the manufacturer that these units actually are going into the homes he is building. Once they sell them to him, they don't care what he does with them.

"Mr. HOLST. That is my opinion. Now I think probably they handle it—when we ask them, of course, they say, 'We know where each one is going. They are for a certain housing project for these houses.' But we also know that many of them don't end up there." (Daily Transcript, p. 1866.)

However, the antitrust laws are in a state of uncertainty at the present time with respect to imposing even apparently reasonable restrictions on resales by a manufacturer's customer. Although it appears to us that the proposed agreement would be perfectly legal under existing case law, General Motors is reluctant to assume the hazard or more narrow interpretations by the courts or the Federal Trade Commission in the future, including extending the so-called per se rule into this area. Therefore, before adopting this additional safeguard, we are asking the Federal Trade Commission for an advisory opinion with respect to this proposed agreement.

Very truly yours,

PHILIP J. MONAGHAN,
Vice President.

SHEVCHENKO—A VOICE AGAINST OPPRESSION

Mr. HALEY. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. DULSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Florida?

There was no objection.

Mr. DULSKI. Mr. Speaker, the unprecedented groundbreaking ceremonies for the Shevchenko statue last September 21 emphasized several themes that are close to the heart of every freedom-loving American. These themes are universal freedom, the liberation of the captive nations, and the abolition of all forms of oppression. For the millions of Americans who are familiar with Ukraine's poet laureate, Taras Shevchenko, the forthcoming erection of a statue in his honor will permanently symbolize the power and greatness of these themes. For those who still are not acquainted with the historic works of this early European freedom fighter, the statue will serve as a beacon of enlightenment, particularly with regard to the captive nations and oppressed people who are today under the heel of Soviet Russian colonialism.

FOR THE OPPRESSED EVERYWHERE

The universality of Shevchenko's stature is not only well certified by his poetic message of freedom but also by historical fact. In the mid-19th century the poet courageously advanced the cause of freedom in Eastern Europe just as the Pole Mickiewicz, the Hungarian Petöfi and others did in central Europe—indeed, as our Lincoln did here. It is no wonder, then, that knowledgeable leaders and citizens in many countries have honored the name Shevchenko and all that it implies for the advancement of world freedom. As in so many other respects, Moscow and its puppets have propagandistically seized upon this symbolic name to deflect its powerful freedom message. But the informed and the intelligent in the free world have stymied this attempt to exploit and defile the name of Shevchenko. For example, the Canadian Prime Minister John J. Diefenbaker had this to say about Shevchenko in 1961:

A century has passed since the death of Taras Shevchenko, the great Ukrainian poet, and it is most fitting that a monument in his honor is to be erected on the grounds of the Manitoba Legislature. As a poet he not only enriched the literature of his people but inspired them with new hope for freedom. What he sought for them he sought no less for the oppressed everywhere in the world.

SHEVCHENKO'S INSPIRATION FOR FREEDOM

The all-important fact for us today is that the Shevchenko statue will symbolize the deep-rooted concern of all Americans for the liberation and freedom of all the captive nations in the Soviet Russian empire. Moscow knows this all too well, if some of our citizens still do not. However, a full account of the record groundbreaking ceremonies in Washington should convince even the skeptical that a profound source of inspiration for freedom resides in the moving spirit of Shevchenko. This account is given in accurate detail in the October 1–15, 1963, issue of the authoritative periodical

"The Ukrainian Bulletin." I request that it be printed as part of my remarks:

GROUND-BREAKING CEREMONY AT SHEVCHENKO MONUMENT SITE DRAWS OVER 2,000 PERSONS TO WASHINGTON—SPOKESMEN OF U.S. GOVERNMENT AND CONGRESS TAKE PART IN HISTORIC OBSERVANCE—UKRAINIAN NATIONAL ANTHEM PLAYED BY U.S. NAVY BAND—SIGNIFICANCE OF SHEVCHENKO AS SYMBOL OF HUMAN FREEDOM AND FOE OF TYRANNY STRESSED BY SPEAKERS AND THE PRESS—"SHEVCHENKO FREEDOM AWARDS" PRESENTED TO U.S. LEGISLATORS

WASHINGTON, D.C., September 21.—"In authorizing the erection of this memorial to Taras Shevchenko for which we break ground today, Congress was not only paying tribute which was both well-deserved and long overdue to a recognized champion of human liberty and freedom * * * but far more important from your standpoint, Congress, in 1960, by the passage of Public Law 86–749, took the initiative in one phase of foreign policy by recognizing the independent existence of Ukraine as a separate entity, a separate state. Congress stated and President Eisenhower, by his approval, ratified the recognition of Ukraine and its people as a separate, distinct being and demolished any confusion about Ukraine being a part of Russia except insofar as bondage has created a relationship. Whether the State Department cares to admit it or not, it is now a historic fact that in 1960 the U.S. Government recognized the existence of a Ukrainian nation by approving this tribute to the greatest of Ukrainian heroes."

These were the opening words of the Hon. Alvin M. Bentley, former Congressman from Michigan, and one of the original sponsors of the Shevchenko statue bill, at the solemn ceremony dedicating the site of the Shevchenko monument in our Nation's Capital.

Mr. Bentley was one of many guest speakers at this historic and unique observance, attended by a crowd estimated by police officials at well over 2,000 persons. The overwhelming majority of those attending were American citizens of Ukrainian descent hailing from many States of the Union, including California and New Mexico.

The official ceremony began at 2 p.m. at the Shevchenko monument site on P, 22d and 23d Streets NW., where a special stand had been erected by the U.S. Department of the Interior. The stand was decorated with American and Ukrainian national flags, a portrait of Taras Shevchenko and the trident, the Ukrainian national state emblem.

SHCHE NE VMERLA UKRAINA

Prof. Roman Smal-Stocki, of Marquette University in Milwaukee, Wis., president of the Shevchenko Memorial Committee of America, opened the official observance in a brief address stressing the importance of this historic event linking the free America with the enslaved Ukraine. He then introduced Joseph Lesawyer, supreme president of the Ukrainian National Association, and executive vice president of the UCCA, and executive director of the Shevchenko Memorial Committee, to act as master of ceremonies. Mr. Lesawyer then asked the audience to rise for the playing of the Ukrainian and American national anthems.

The tense and patriotic crowd was deeply moved when the U.S. Navy Band, under the baton of Lieutenant Stauffer, played "Shche ne vmerla Ukraina," ("Ukraine Has Not Died"), perhaps for the first time in history that a band of a U.S. Government department played the national anthem of Ukraine, a captive nation, not recognized by the United States at this time. Then the U.S. Navy Band played the American national anthem, following the protocol of the State Department that the foreign anthem should precede the American anthem on such occasions.

Subsequently, the Most Reverend Mstyslav, archbishop of the Ukrainian Orthodox Church in the United States, delivered a prayer-invocation.

MESSAGE OF GOOD WISHES FROM PRESIDENT KENNEDY

Thereafter a series of speakers delivered speeches underscoring the historic significance of the groundbreaking of the Shevchenko site in Washington, the capital of the free world:

Dr. Lev E. Dobriansky of Georgetown University, president of the Ukrainian Congress Committee of America and vice president of the Shevchenko Memorial Committee of America; the Hon. Sutton Jett, Director of National Park Service, representing Secretary of the Interior Udall, who is now on an extensive official trip through Africa; Mr. Thomas J. Dodd, Jr., son of U.S. Senator DODD, of Connecticut, who read his father's penetrating address; Hon. Alvin M. Bentley, former Congressman from Michigan; Mr. Robert C. Horne, of the Department of the Interior; the Honorable Charles A. Horsky, representing the White House, who brought a message of good wishes and success from President Kennedy.

Among those who were asked to make brief addresses were three Canadians of Ukrainian descent: the Honorable Paul Yuzyk, Canadian senator of Ukrainian descent, currently a member of the Canadian delegation to the U.N., headed by Lester Pearson, Prime Minister of Canada; Dr. J. Martyniuk, representing the Ukrainian Canadian Committee, and Harry Poworoznyk, representing the Ukrainian National Federation. Messrs. Ivan Hrehorashchuk and Michael Mushynsky, representing the Ukrainian Central Representation in Argentina, were also among the guests at the dedication. The Reverend Frederick Brown Harris, Chaplain of the U.S. Senate, and several other important guests, including officials of the U.S. Department of the Interior and Dr. Eugene Prychodko, the representative of Dr. Stepan Wytwytsky, President of the Ukrainian National Republic in exile, were also introduced at the observance.

William Shust, a prominent Broadway and TV star, and Joseph Hirniak, a veteran Ukrainian stage actor, recited fragments from Shevchenko's "It Is the Same to Me," and "Haydamaky," respectively.

The impressive and inspiring ceremony climaxed with the actual groundbreaking on the site performed by Suton Jett, Director of National Park Service, Prof. Roman Smal-Stocki and Prof. Lev E. Dobriansky. The shovel used at the ceremony was the same that was used at the groundbreaking of the Washington Monument and the Lincoln Memorial.

Finally, Shevchenko's powerful "Zapovit" ("The Testament"), sung by the Ukrainian "Kobzar" Chorus under the direction of Prof. Anthony Rudnytsky and the entire audience, concluded the ceremony, whereupon the Reverend Theodore Danusiar, pastor of the Ukrainian Catholic Church in Washington, delivered the prayer-benediction.

UKRAINIAN-AMERICAN YOUTH COME IN FORCE

One of the most welcome features of this significant event was the participation of the Ukrainian-American youth in large numbers, both at the groundbreaking ceremony and at the concert and banquet. Members of PLAST and SUMA organizations in their uniforms formed an honor guard at the site; the UYLNA (Ukrainian Youth League of North America), SUSTA (Federation of Ukrainian Student Association of America), ODUM (Union of Ukrainian Democratic Youth) just to mention a few, as well as the Ukrainian American War Veterans, were well represented either by their executive boards or a substantial number of their membership.

GALA CONCERT AND BANQUET

At 6 p.m., the Mayflower Hotel was the scene of a virtual invasion, as a crowd of over 1,000 people rushed to the doors of the Grand Ball Room to take their places at the tables.

The concert began with the rendition of the American national anthem by the Ukrainian "Kobzar" Chorus of Philadelphia under the direction of Prof. Anthony Rudnytsky. The chorus also sang "Rejoice, Ye Fields" by Mykola Lysenko, and the cantata, "The Kerchief" by Lev Revutsky, with soloists Maria Murowana, Eugenia Wasylenko, Omelan Tatunchak and Volodymyr Polishchuk. Martha Kobyrn-Kokolsky, soprano of the New York City Center Opera, sang "Days Are Passing, and Nights Are Passing" by Mykola Lysenko, and "Rejoice, Ye Fields," by Anthony Rudnytsky. Pianist Roman Rudnytsky, the son of Anthony Rudnytsky, played the Shevchenko Suite, op. 38 composed by Borys Latoshynsky, "The Ukrainian Dance" composed by Anthony Rudnytsky, and a selection by Liszt.

Mr. Joseph Hirniak recited "Should We Not Leave, My Poor One," in Ukrainian and William Shust recited "Hamaliya" in English, both poems of Taras Shevchenko. The concert concluded with the singing of the Ukrainian national anthem by the "Kobzar" chorus and the audience.

The banquet began with the invocation by the Reverend Theodore Danusiar, pastor of the Holy Family Ukrainian Catholic Church in Washington, whereupon Prof. Roman Smal-Stocki opened the program and called upon Stephen J. Jarema, executive director of the UCCA, to serve as master of ceremonies. Speakers at the banquet were Dr. Lev E. Dobriansky, president of the UCCA, Congressmen Thaddeus J. Dulski of New York and Michael A. Feighan of Ohio, the Honorable Quentin N. Burdick, U.S. Senator from North Dakota, Senator Paul Yuzyk of Canada and Col. William Rybak, chairman of the Washington branch of the UCCA, who spoke in English, and Valentin Simianciv, chairman of the Shevchenko Memorial Committee in Washington, D.C., and Dr. Jaroslaw Padoch, supreme secretary of the UNA, and secretary of the Shevchenko Memorial Committee, who addressed the guests in Ukrainian.

Among the honored guests at the head table, in addition to the speakers were many Congressmen and U.S. Government officials and their wives: Rev. Bernard Braskamp, Chaplain in the House of Representatives; the Honorable Michel Cieplinski, the State Department; the Honorable Raymond L. Freeman, the Interior Department; Rev. Frederick Brown Harris, Chaplain, U.S. Senate; the Honorable J. Kajeckas, Minister of Lithuania; Harry Lielnors and John Lund, "The Voice of America"; the Honorable Albert H. Quie; the Honorable Don L. Short; the Honorable A. Spekke, Minister of Latvia; the Honorable K. W. Stinson; Walter Zachariasiewicz, National Democratic Committee; the Honorable Leonard C. Staisey, State senator from Pennsylvania; Leo Mol, sculptor of the Shevchenko monument and Radoslav Zuk, architect.

SHEVCHENKO FREEDOM AWARDS

Subsequently, Professor Smal-Stocki and Professor Dobriansky presented special Shevchenko Freedom Award plaques to three outstanding American legislators in recognition of their efforts on behalf of the Shevchenko memorial movement and the captive nations in general: the Honorable Michael A. Feighan of Ohio, the Honorable Thaddeus J. Dulski of New York and the Honorable Alvin A. Bentley of Michigan.

The banquet concluded with a prayer-benediction by the Reverend Yuriy Huley, pastor of the Ukranian Orthodox Parish in Washington, D.C.

EXTENSIVE COVERAGE IN THE PRESS

The dedication observance of the Shevchenko site was extensively covered both in the capital press, and throughout the country. Several reports appeared in the Washington Post, the Washington Star, on the Washington TV and radio stations, and in the New York Times, the Buffalo Courier-Express, the Cleveland Plain Dealer, and others which carried UPI articles on the dedication of the Shevchenko site.

The Washington Post of September 23, 1963, had an editorial regarding the Shevchenko statue. A special press conference was held at the Mayflower Hotel on Wednesday, September 18, at which Prof. Lev E. Dobriansky and Walter Dushnyck were the spokesmen for the Shevchenko Memorial Committee.

Julian Revay, director of the Shevchenko Memorial Committee, and Walter Dushnyck, member of the executive committee, worked in close cooperation with the Washington committee, helping in the preparation of this outstanding event of the Ukrainian American community.

The entire observance at the Shevchenko site, the concert and banquet were filmed by George Tamarsky and Yaroslav Kulynych, professional Ukrainian film makers.

WASHINGTON COMMITTEE WORKED HARD

It should be stressed that the local committee worked very hard to make the dedication as successful as possible not only in selling tickets for the concert and banquet, but also making arrangements, setting up stands, together with the police department of the District of Columbia, selling commemorative buttons, Shevchenko kits, and the like. The committee members are: Valentin Simianciv, Yaroslav Shaviak, Walter Zadoretsky, Dr. George Starosolsky, Theodore Caryk, Miss Vera A. Dowhan, Col. William Rybak, Nicholas Mendrych, Bohdan Maksymchuk, Serhiy Zapolenko and Mykola Stawnychy; Stephen S. Skubik, Volodymyr Mayevsky, Victor Cooley, Ivan Korzh, Yurij Kapustiansky, Lubomyr Dzulynsky, Tamara Vitkovitsky, Ihor Vitkovitsky, Oleksa Povstenko, Bohdan Skaskiv, Mykhailo Kushnir, D. M. Corbett and Miss Nadia O'Shea.

SHEVCHENKO AND SHAKESPEARE

Mr. Speaker, lately there have been some unwholesome editorials concerning the Shevchenko statue, which surpass anything most of us have read for their ignorance and intolerance. These inconsistent editorials scarcely do credit to a newspaper that prides itself for its liberal thought. Jefferson once said, "When the press is free and every man able to read, all is safe." In this sole case we wonder how free this press is when most of the letters replying to the vicious and intolerant attacks of its editorials are suppressed and not published. On November 14, my colleague, the gentleman from Illinois, the Honorable EDWARD J. DERWINSKI, included these intemperate editorials in the RECORD. With reference to the first one on "Poetic Injustice," I wish to introduce here a typical, well-written, but unpublished letter to the editor of the Washington Post, titled "Shevchenko and Shakespeare."

SHEVCHENKO AND SHAKESPEARE

(By Vera A. Dowhan)

An editorial appeared in your paper entitled "Poetic Injustice" in which the writer expressed dismay over the act of erecting a statue in honor of Taras Shevchenko, while no such monument, in his opinion, exists for Shakespeare. It is also his opinion that Shevchenko is not known to the majority of Americans, and we therefore assume, not worthy of the honor of having a statue in the Nation's Capital. I should consequently like to offer some information about this great humanitarian and to make some pertinent comments.

Taras Shevchenko (1814–61) occupies undisputed first place in the pantheon of Ukrainian cultural creators as an unsurpassed poetic genius, gifted painter, thinker, and freedom fighter, which cannot be too often or too strongly emphasized. Of his 47 years, he lived 24 in serfdom, 10 in exile, 3½ under Russian police supervision, and only 9 as a free man. He was neither bloodthirsty nor was he a military man, gaining the title of freedom fighter through his pen. Endowed with a stupendous power in his use of words, he wrote sincerely from experience and knowledge, his words reflecting his never-ending opposition to tyranny in all its forms. Throughout his works he championed the rights and liberties of all men. Shevchenko's contribution in writing reaches far beyond the Ukrainian ethnic and cultural boundaries. In opposing Russian tyranny he fought for the freedom, justice, and equality of not only the Ukrainian people but for all oppressed non-Russian peoples struggling for their God-given rights. He fought for Jews, Moslems, and other persecuted minorities under the power of the czarist regime of his time. Shevchenko was one of a whole group who signed a protest in defense of opposed Jewry. By signing his name, Shevchenko risked immediate retaliation by the police. His action was undeniably an act of moral courage.

Shevchenko's works have been translated into more than 40 languages, including Russian, Polish, Bulgarian, Serbian, Czech, German, French, Italian, and Swedish, besides English. "The Kobzar," a volume of poems, marked an epoch in modern Ukrainian literature and preserved for posterity the memory of the heroic deeds of the Ukrainian past. "Haydamaky" is his longest and greatest poem, a masterpiece of Ukrainian epic poetry. In this work he symbolized the struggle of the Ukrainian people against foreign oppression. In "The Caucasus" he sympathizes with the continuing sufferings of the human race in its struggle for liberty. "A Dream" is a satire in which he sees himself transplanted in a dream from Ukraine to St. Petersburg, witnessing the Ukrainian people's struggle for their rights and liberties. In "God's Fool" he expresses his yearning for Ukrainian independence and for a republican form of government patterned after that of the United States, in these lines:

"Ah, you miserable
And cursed crew, when will you
breathe your last?
When shall we get ourselves
a Washington
To promulgate his new and
righteous law?
But some day we shall surely
find the man!"

"Testament" and "Neophytes" demonstrate Shevchenko's idea of love and mercy—the highest level of human sentiment. These are but a few of his works.

When Ira Aldridge, an American Negro, who was one of the most prominent Shakespearean actors of the time, appeared in the leading part of "Othello" in St. Petersburg, Shevchenko was present at the performance. He was overwhelmed by the great tragedian and, upon meeting, a deep friendship was cultivated between the two artists. They were often found together at the home of Count and Countess Feodor Tolstoy, a gathering place of cultured writers who appreciated the real value of art, literature, and freedom. The friendship of Shevchenko and Aldridge has been immortalized by Taras Shevchenko's noted pastel portrait of Ira Aldridge.

It may be true that, until the ceremonies of this past weekend, Shevchenko may not have been familiar to many American people, though he was indeed well known in literary circles. However, I feel that, as a result of the significance and prominence of this entire movement, Taras Shevchenko will at last take his rightful place in the literary world, and that Americans, too, will thirst for knowledge of this Ukrainian genius.

In providing the site for the Shevchenko statue in our Nation's Capital, the U.S. Congress and the Government have demonstrated their farsighted understanding and wisdom, and captive Ukrainian people with Ukrainians the world over will be ever thankful for this outstanding recognition. It seems only appropriate that a statue be erected in this city to Taras Shevchenko, who looked toward Washington in his struggle for freedom and independence for his people to be built on the same foundation as ours fortunately was. Over 1 million Americans of Ukrainian heritage have contributed in every conceivable manner toward this preservation of his memory.

I cannot agree that we do not yet have a comparable token to Shakespeare. We are fortunate to have here in Washington the Folger Shakespeare Library. This privately endowed library, opened in 1932, has the largest collection of Shakespeareana, being particularly proud of its Tudor and Stuart collections. Also, for the past 2 years, Washington has presented the summer Shakespeare Theater on the Washington Monument Grounds under the auspices of the District of Columbia Recreation Department, featuring both professional and local theater groups. The author of the previously mentioned article seems, therefore, to be unaware of the tributes which have already been made, and continue to be made, to William Shakespeare. No doubt more could be done. Yet, Shakespeare is primarily a literary figure. The statue of Taras Shevchenko will immortalize the struggle of the whole of mankind for freedom and will, I hope, provide inspiration to all people.

A LIVING SPIRIT OF THE CAPTIVE NATIONS

Despite Shevchenko's universal poetry and humanism, we must never lose sight of his paramount importance for us today. And that is his powerful symbolism of freedom. He is a living spirit not only for the 40 and more million Ukrainian people but also for all the captive nations in Europe and Asia. This chief point was well expounded in the address delivered by Dr. Lev E. Dobriansky at the ground-breaking ceremony held on the Shevchenko Memorial site on September 21. Dr. Dobriansky, who is a professor of Soviet economics at Georgetown University and also president of the Ukrainian Congress Committee of America, titled his address "Shevchenko, a Living Spirit of the Captive Nations." I wish to append this address to my remarks:

SHEVCHENKO, A LIVING SPIRIT OF THE CAPTIVE NATIONS

(An address by Dr. Lev E. Dobriansky, professor, Georgetown University, president, Ukrainian Congress Committee of America)

Reverend clergy, distinguished guests, and fellow Americans, as we today break this ground for the memorial honoring Taras Shevchenko, many of our fellow citizens throughout the land will doubtless crave to know more about this historic occasion in the order of who? when? what? and why?

Before our Representatives in the 86th Congress passed the Shevchenko memorial resolution—which is now Public Law 86–749—they, too, quite properly asked who? when? what? and why? The fact that we are solemnly assembled here today to make this indelible imprint in the annals of our Nation's history, suggests in itself the satisfaction with which the elected representatives of our people received the answers to these questions. Indeed, in its wisdom Congress determined that the 150th anniversary of the birth of Shevchenko—Europe's freedom fighter and champion of liberty—could nowhere be more appropriately observed than in the free environment of our Nation's Capital, the capital of the free world.

Who was Shevchenko? He was a Ukrainian, a serf, a poet, a painter, a patriot, a nationalist, a humanist. He was a contemporary of Lincoln the Emancipator and Marx the humanist, and like them despised slavery, oppression, Russian and other forms of imperialism and colonialism. He was the earliest of the freedom fighters in the czarist Russian empire—fighting for the freedom and independence of his Ukrainian nation, for the freedom of all other captive non-Russian nations in that empire, yes, even for the freedom and independence of the Russian nation from centuries of barbaric native rule, in substance the same as found in the Soviet Union today.

When did all this transpire? Living in the period of 1814–61, Shevchenko lived during the reigns of Alexander I, Nicholas I, and Alexander II—all of them able predecessors of this century's Soviet Russian imperiocolonialists, from Lenin to Khrushchev. Then, as now, historic non-Russian nations were under the heel of traditional Russian imperialism. Then, as now, Western Europe was under the threat of Russian expansion and domination. Then, as now, imperialist Russian penetration of our hemisphere was attempted, but perhaps with less success. Aside from the trappings of "The Third Rome," Pan-Slavism, and communism, the continuum of imperialist Russia's policy of conquest and colonial exploitation affected Shevchenko as it affects us today. His contemporary, Marx, the humanist, saw Russia as did he: "Its methods, its tactics, its maneuvers may change, but the polar star of its policy—world domination—is a fixed star."

Now what does Shevchenko mean to us Americans who have received him as our own? His poems and his prose, which stand as classics in world literature, have made him the poet laureate and national leader of Ukraine, the largest captive non-Russian nation behind the Iron Curtain today. Few nations of the world possess their own single poet laureate who has captured the soul and the heart of a complete nation.

His literature of freedom has three dimensions that reflect his own background as a serf, a patriotic nationalist, and a humanist; and each must not be confused with the other. As a serf, he knew oppression, poverty, and exploitation, and his pen labored in the defense of the rights of Jews, women, and the downtrodden, regardless of color, creed, or origin. As a patriotic Ukrainian, he saw his people under the foreign Russian yoke, and his pen labored in the defense of a nation to be free and independent. As a humanist, he had deep compassion for all mankind, and his pen labored in behalf of all the enslaved nations and peoples in Eastern Europe and central Asia.

Ponder well, my friends, these three dimensions: civil liberties and the detestation of exploitation and poverty; national self-determination and independence; and a humanistic interdependence of peoples. Despite much uncritical talk about liberalization in the Soviet Union today—in reality the primary Soviet Russian empire—on each of these levels the negation of freedom persists as it did in Shevchenko's time. The oppression of Jews, discrimination against dark-skinned central Asiatics, the continuous genocide of the Ukrainian Catholic and Orthodox churches, russification in the Baltic States and in the Caucasus, the absence of free press and free speech, Moscow's complete domination over the captive non-Russian republics and its colonial economic exploitation of their resources for global pursuits that have nothing to do with the basic aspirations and hopes of the non-Russian captives—these and many other negations of freedom scarcely add up to any substantive liberalization.

Why, then, do we honor Shevchenko in this capital of the free world? The answer to this should be obvious now. Shevchenko is not only of the past; he is very much steeped in the present and projected into the future. The memorial to be erected here will not only honor this early East European freedom fighter, upon whom our own American tradition rubbed off, but it will also be a tangible and everlasting expression of him as a living spirit of the captive nations today. It will be a monument to truth and freedom—to the truths about the captivity of the 45-million-Ukrainian nation, about the captivity of the many other captive non-Russian nations both within and outside the Soviet Union, about the truths of Soviet Russian imperiocolonialism, about the freedom and independence drives of all these captive peoples, who truly are our natural allies in this titanic struggle between a communism-masked imperialist system and the free forces of the world.

In his American University address last June the President said: "Let us reexamine our attitude toward the Soviet Union." In the spirit of Shevchenko we agree. Let's begin to see it for what it is—not a nation, not a normal and conventional state, but a basic colonial empire of over a dozen captive non-Russian nations. Before the U.N. General Assembly in September 1961, the President stressed: "Let us debate colonialism in full—and apply the principle of free choice and the practice of free plebiscites in every part of the globe." Again, in the spirit of Shevchenko, we agree. Let us as free and courageous men do it. For, as so often in the past, only disaster will befall those who would accommodate, by the approval of silence, the Soviet Russian imperiocolonial system that extends from the Danube to the Pacific and into Cuba. Shevchenko, like his contemporary, Abraham Lincoln, also knew that mankind cannot remain half slave and half free. His monument here will thus be a memorial not of past deeds or even of present inspiration as much as of the future and its liberation and independence of the Ukraine and all the captive nations.

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. MCDOWELL, for 20 minutes, today.

Mr. SAYLOR, for 45 minutes, today, to revise and extend his remarks and include extraneous matter.

Mr. PUCINSKI, for 30 minutes, today, and to revise and extend his remarks and include extraneous matter.

Mr. MORRIS (at the request of Mr. HALEY), for 60 minutes, on Monday, November 25, 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. DENT.

Mr. TAFT.

Mr. PELLY.

SENATE JOINT RESOLUTION REFERRED

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

S.J. Res. 103. Joint resolution to increase the amount authorized to be appropriated for the work of the President's Committee on Employment of the Physically Handicapped; to the Committee on Education and Labor.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 1 o'clock and 36 minutes p.m.), under its previous order, the House adjourned until Monday, November 25, 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:

1383. A communication from the President of the United States, transmitting proposed supplemental appropriations for the fiscal year 1964 in the amount of $3,014,235 for the legislative branch and $92,687,000 for the executive branch (H. Doc. No. 174); to the Committee on Appropriations and ordered to be printed.

1384. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of the orders entered in the cases of certain aliens who have been found admissible to the United States, pursuant to the Immigration and Nationality Act; to the Committee on the Judiciary.

1385. A letter from the Commissioner, Immigration and Naturalization Service, U.S. Department of Justice, transmitting copies of orders entered in cases in which the authority was exercised in behalf of such aliens, pursuant to the Immigration and Nationality Act; to the Committee on the Judiciary.

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. POOL: Committee on Post Office and Civil Service. H.R. 5128. A bill to extend the benefits of the civil service retirement and group life and health insurance programs to certain legislative employees, and for other purposes; without amendment (Rept. No. 915). Referred to the Committee of the Whole House on the State of the Union.

Mr. DAWSON: Committee on Government Operations. Twelfth report of the Committee on Government Operations on military

construction projects (Rept. No. 916). Referred to the Committee of the Whole House on the State of the Union.

PUBLIC BILLS

Under clause 4 of rule XXII, public bills were introduced and severally referred as follows:

By Mr. AUCHINCLOSS:

H.R. 9210. A bill to authorize modification of the existing project for the Manasquan River and Inlet, N.J., in the interest of navigation; to the Committee on Public Works.

By Mr. CAREY:

H.R. 9211. A bill to incorporate the Jewish War Veterans of the United States of America; to the Committee on the Judiciary.

By Mr. CELLER:

H.R. 9212. A bill to amend the Foreign Agents Registration Act of 1938, as amended; to the Committee on the Judiciary.

By Mr. HARSHA:

H.R. 9213. A bill to promote ethical standards of conduct among Members of Congress and officers and employees of the United States, and for other purposes; to the Committee on Post Office and Civil Service.

By Mr. HARVEY of Michigan:

H.R. 9214. A bill to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries; to the Committee on Banking and Currency.

By Mr. McINTIRE:

H.R. 9215. A bill to prohibit any guarantee by the Export-Import Bank or any other agency of the Government of payment of obligations of Communist countries; to the Committee on Banking and Currency.

By Mr. MORTON:

H.R. 9216. A bill to amend the Tariff Act of 1930 to impose additional duties on cattle, beef, and veal imported each year in excess of annual quotas; to the Committee on Ways and Means.

By Mr. WELTNER:

H.R. 9217. A bill to amend section 7701 of the Internal Revenue Code of 1954 to clarify the tax status of certain professional associations and corporations formed under State law; to the Committee on Ways and Means.

By Mr. WHARTON:

H.R. 9218. A bill to amend the Agricultural Marketing Agreement Act of 1937 with respect to voting rights of producer cooperatives; to the Committee on Agriculture.

PRIVATE BILLS

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

By Mr. FINO:

H.R. 9219. A bill for the relief of Szmul Icek Cynowicz, Frida Cynowicz and Ora Cynowicz; to the Committee on the Judiciary.

By Mr. FOGARTY:

H.R. 9220. A bill for the relief of Elisabete Maria Fonseca; to the Committee on the Judiciary.

By Mr. WHITTEN:

H.R. 9221. A bill for the relief of Constantine George Xindaris and his wife, Ismini Xindaris; to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

461. The SPEAKER presented a petition of John Kennedy, Cadiz, Spain, relative to a redress of grievance relating to action taken by the Veterans' Administration and legal guardian which forced him to lose a large sum of money, which was referred to the Committee on Veterans' Affairs.

EXTENSIONS OF REMARKS

A Cruel Hoax

EXTENSION OF REMARKS
OF
HON. ROBERT TAFT, JR.
OF OHIO
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1963

Mr. TAFT. Mr. Speaker, the Congress of the United States has great responsibilities to the unemployed millions of our Nation. The fulfillment of these responsibilities was placed in jeopardy by the recent disclosure of irregularities in the Cleveland, Ohio, office of the Ohio State Employment Service—OSES. The problem involves the Federal Government because Federal funds are used to pay the expenses of the operation of OSES.

Reports from Cleveland indicate that it was common knowledge that job placement records were being altered. Eight people signed affidavits admitting that they falsified records. One person admitted giving orders to alter the records. Nothing in the record suggests that the Cleveland incident is an isolated case. On the contrary, there is reason to suspect that the "Cleveland techniques" are being used in other local offices from coast to coast. The falsification of records existing in even one office is an intolerable situation and represents a cruel hoax upon the people who turn to Government service personnel and place their confidence in the U.S. Employment Service and affiliated State agencies.

The circumstances surrounding this specific case justify a congressional investigation to determine the degree such practices are common to the USES in all parts of the United States. In the House of Representatives, jurisdiction of Department of Labor matters rests with the Education and Labor Committee. Therefore, today I have sent a letter to the chairman, the Honorable ADAM CLAYTON POWELL, requesting the Special Subcommittee on Labor be authorized to conduct an extensive investigation into the operations of the USES offices. A comprehensive report by such a subcommittee would allow Congress to fulfill its responsibilities in this field.

Earlier this year I introduced a bill which would take USES off college campuses, where it does not belong. It is my firm belief that USES should stay in the field for which it was created—that of helping the unemployed in this country find jobs.

Hundreds of millions of dollars have been appropriated annually to aid the unemployed. Congress has tried to attack this problem through training programs, educational programs, and insurance programs, and there is no room for "featherbedding" on agency staff jobs when the stakes are so high. Every single dollar should be spent to aid those in need.

The citizens of Ohio are not proud of what has happened in our State, but they look to the Congress as well as the State to guarantee that such shenanigans will not be tolerated in Ohio or any other State. The employees of a governmental agency have deceived both the Congress and the people who pay the bill.

The letter to Representative POWELL follows:

NOVEMBER 21, 1963.

Hon. ADAM C. POWELL,
Chairman, House Committee on Education and Labor, Washington, D.C.

DEAR MR. CHAIRMAN: Recently there have been stories in the press about the Cleveland office of the U.S. Employment Service falsifying its records to maintain a larger staff.

With the unemployment problem in the United States today being of prime concern to all of us, it is vital that agencies such as USES concern themselves with fighting this important problem, not with the building up of their own bureaucracy. The situation in Cleveland should be explored and therefore I am asking you to authorize an investigation by the Special Subcommittee on Education and Labor. I would suggest that the subcommittee attempt to determine the degree to which such practices are common to the USES offices all over the country and then to submit a report to the full committee containing their findings and recommendations.

I know you share my views that it is the duty of the Congress to keep a watchful eye on all departments and agencies of the Government, and, therefore, I urge you to authorize the inauguration of such an investigation immediately.

Sincerely yours,

ROBERT TAFT, JR.

Law Is No Assurance of Prior Congressional Approval to Disarmament

EXTENSION OF REMARKS
OF
HON. THOMAS M. PELLY
OF WASHINGTON
IN THE HOUSE OF REPRESENTATIVES

Thursday, November 21, 1963

Mr. PELLY. Mr. Speaker, I want to discuss one aspect of the Arms Control and Disarmament Act.

During the debate on S. 777, the legislation to authorize funds for the Agency and amend the act, the distinguished chairman of the House Committee on Foreign Affairs [Mr. MORGAN] in his opening statement said that there is no way in which the Disarmament Agency or the President can obligate the United States to disarm or reduce its Armed Forces without congressional approval. He said this was clearly stated in section 33 of the act.

The ranking minority members of the House Committee on Foreign Affairs, the gentlewoman from Ohio [Mrs. FRANCES P. BOLTON] spoke in the same vein. She

told the House that the United States has not entered into any agreements obligating the United States to disarm. She said under section 33 of the Arms Control and Disarmament Act no such action could be taken without prior congressional approval and she quoted from the law which reads:

> That no action shall be taken under this or any other law that will obligate the United States to disarm or to reduce or to limit the Armed Forces or armaments of the United States, except pursuant to the treatymaking power of the President under the Constitution, or unless authorized by further affirmative legislation by the Congress of the United States.

Mr. Speaker, in the debate on the bill I indicated that I disagreed, spelling out the fact that this provision gave no assurance Congress would be consulted, because an international executive agreement, unlike a treaty, requires no advice or consent of the Senate. Whereupon Mrs. BOLTON agreed, saying that ever since 1933 we have had all too many agreements and not enough treaties.

Mr. Speaker, the existing Arms Control and Disarmament Act—and I repeat this—states that no action shall be taken under this or any other law that would obligate the United States to disarm or to reduce or to limit our Armed Forces or armaments except pursuant to the treatymaking power of the President under the Constitution, or unless authorized by further affirmative legislation by Congress.

What has concerned me, as I explained in my colloquy with Mrs. BOLTON is whether a Chief Executive would ever follow that provision of law but instead would execute an executive agreement which does not require congressional approval. I explained what has happened under section 205 of the National Aeronautics and Space Act which likewise provides that a program of international space cooperation must have advice and consent of the Senate. However, as I said, when President Eisenhower signed that act in 1958 he stated that he regarded this provision merely as recognizing that international treaties may be made in this field. He said this did not preclude less formal arrangements for cooperation.

In this connection, the Space Administration in answer to my inquiry has said that the legal determination would be up to the Department of State as to the form of an arrangement. It could be under section 205 with Senate approval or by executive agreement not requiring such approval.

As a matter of fact all NASA cooperative projects with other nations to date have been without Senate advice and consent.

Accordingly, Mr. Speaker, I very much doubt if section 3 of the Arms Control and Disarmament Act has or will have much influence on our Department of State.

I believe, of course, when Congress writes a law calling for a treaty or for congressional approval, a President should follow it, but Presidents are jealous of their prerogatives. However, Congress does have power to limit use of administrative funds so an appropriation bill can be effective unless it comes too late. That is why, when President Kennedy suggested a joint venture with the Soviet Union for a lunar landing, I introduced an amendment to the space appropriation bill limiting the use of funds for that purpose unless such a program first had been approved by Congress. I did not want to wake up some morning and find some arrangement for such an expensive and unwise venture was an accomplished fact under an executive agreement.

I wish there was some real safeguard in the Disarmament Act. Frankly, I am fearful many persons and Members of Congress erroneously may feel that section 33 contains such a safeguard.

The extension of the Arms Control Act as passed yesterday, in my opinion, contain some new limitations which meet with my approval but I want to restate what I said during debate with regard to the requirement of congressional approval of an international agreement. The fact is this provision could be meaningless. Let us not delude ourselves about that.

Tribute to Gen. David M. Shoup

EXTENSION OF REMARKS
OF
HON. JOHN H. DENT
OF PENNSYLVANIA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 21, 1963

Mr. DENT. Mr. Speaker, I would like to join in paying tribute to a great marine—Gen. David M. Shoup—who will soon retire after 38 years of duty.

General Shoup has been a Marine officer since 1926 and has a truly remarkable record of service culminating in his nomination and service as the 22d Commandant of the Marine Corps. He has taken on a bewildering variety of assignments and has superbly performed each one.

Less than a year after becoming a Marine officer and while attending a Marine Corps school, he was assigned to an expeditionary force in Tientsin, China. Later he served in the Marine detachment on the U.S.S. *Maryland* which, 12 years later, was to provide fire support for an assault which he himself commanded.

His assignments during the 1930's included further duty in China, at Shanghai and with the U.S. legation in Peiping, and a number of duties at home. He was a company officer at San Diego, an instructor at Quantico, and he served on temporary duty with the Civilian Conservation Corps.

With the coming of World War II it was inevitable that General Shoup would be in the thick of action. Even before the Pearl Harbor attack he was decorated for service with the 1st Marine Brigade in Iceland.

We all know of the great record of the Marine Corps in the Pacific theater, and General Shoup personally helped to make it one of the great military campaigns in history. General Shoup became operations and training officer, and then commander of the 2d Marine Division as it prepared for the assault on the Tarawa Atoll. During the period of training in New Zealand he was an observer of an Army assault in New Georgia, receiving the Purple Heart for wounds received.

On November 20, 1943, 20 years ago, General Shoup went into action with his own division. He had not recovered from his previous wound, and was wounded again going ashore at Tarawa. But for 2 days he led the attack, exposing himself to fire, against fanatic opposition. During this attack he showed tactical skill and daring, and what every fighting marine would like to be remembered for, the ability to lead men in offensive combat. The Congressional Medal of Honor that he earned was the 25th of the war for the Marines. Subsequently he saw action at Saipan and Tinian.

After the war and up to the time of his assignment in 1959 to the highest post in the Marine Corps, General Shoup again performed a wide variety of duties, at home and abroad, including such jobs as logistics officer, commanding officer of the Pacific force, division chief of staff, basic training school commander, Fiscal Director, and Inspector General of the Marine Corps. During his career, General Shoup has commanded the 1st, 2d, and 3d Marine Divisions.

Judging from this record we can assume that General Shoup's retirement will be active and productive. He deserves our lasting gratitude for a job well done.

President Kennedy in Tampa, Fla.

EXTENSION OF REMARKS
OF
HON. SAM GIBBONS
OF FLORIDA
IN THE HOUSE OF REPRESENTATIVES
Thursday, November 21, 1963

Mr. GIBBONS. Mr. Speaker, last Monday, November 18, 1963, President Kennedy visited my congressional district. He is the first President of the United States to appear in the Tampa Bay area of Florida while President.

President Kennedy's visit was enthusiastically received by a very large turnout, probably numbering into the hundreds of thousands.

While in Tampa, the President addressed four gatherings. One of these was the Florida State Chamber of Commerce, composed of leading businessmen from throughout the State. During his appearance before the chamber of commerce he delivered a speech saying that his administration is neither probusiness nor antibusiness, but pro-the-public interest. He called for the passage of a tax cut as has been previously passed by this House and discussed four questions that he said are frequently asked him by the business community. At the conclusion of his formal address he answered questions proposed from the floor, touching on such questions as the civil rights bill now pending in the House.

For those who were unable to hear his address, I wish to insert at this point in the RECORD a verbatim transcript of his speech and of the question and answer period that followed his speech.

PRESIDENT KENNEDY'S ADDRESS TO THE FLORIDA CHAMBER OF COMMERCE

Ladies and gentlemen, I'm delighted to be here at this distinguished gathering. I came at the suggestion of the senior Senator of Florida—Senator (GEORGE A.) SMATHERS who represents this State with distinction and also his—of course the majority whip in the Senate and therefore speaks for the United States.

So, I'm glad to come here as the son of two citizens of Florida—my mother and father—come here with your Governor, Farris Bryant, who has helped make the decisions which I think will make progress in Florida possible not only now but in the future.

And I'm glad particularly to be here with this group who played such a leading role—Tom Flemming and others—in securing the passage of the bonds which will make it possible for Florida to have the kind of educational system which is necessary for leadership in this State and country.

I said before and in the presence once of the Governor that I felt that the extraordinary progress which California had made in many technical and engineering fields was due to the emphasis which that State had put on higher education.

COMMENDS SCHOOL PLAN

And I think the effort which this State is making to make your schools and colleges and universities as good as they possibly can be, to make it possible for you to take care of the twice as many boys and girls who will be trying to get into our colleges in 1970 as were in 1960 because this group which ordinarily might not be regarded as free spenders supported this great State effort. I want to commend you.

A little more than 1 year ago, when our bill to grant a tax credit for business investment was before the Congress, Secretary of the Treasury Dillon was on a plane to this State, and he found himself talking to one of the leading Florida businessmen about the investment tax credit.

He spent some time, he later told me, explaining how the bill would help this man's corporate outlook and income, and the businessman was most impressed.

And, finally, as the plane landed at Miami, he turned to Secretary Dillon and said:

"I'm very grateful to you for explaining the bill. Now, tell me just once more, why is it I'm against it?"

That story is unfortunately not an exaggeration. Many businessmen who are prospering as never before during this administration are convinced, nevertheless, that we must be antibusiness.

With the new figures on corporate profits after taxes having reached an alltime high—running some 43 percent higher than they were just 3 years ago—they still suspect us of being opposed to private profit.

With the most stable price level of any comparable economic recovery in our history, they still fear that we're promoting inflation.

RECOUNTS PROGRAM

We have liberalized depreciation guidelines to grant more individual flexibility, reduced our farm surpluses, reduced transportation taxes, established a private corporation to manage our satellite communications system, increased the role of American business in the development of less developed countries, and proposed to the Congress a sharp reduction in corporate, as well as personal income taxes, and a major deregulation of transportation.

And yet many businessmen are convinced that a Democratic administration is out to soak the rich, increase controls for the sake of controls and extend at all costs the scope of the Federal bureaucracy.

The hard facts contradict these doubts. This administration is interested in the healthy expansion of our economy. We are interested in the steady progress of our society. And it is in this kind of program in my opinion in which American business has the largest stake.

Why is it that profits are at an alltime high in the Nation today? It is because the Nation as a whole is prospering.

It is because our gross national product is rising from $500 to $600 billion, a record rise of $100 billion in 3 years—36 months.

It is because industrial production in the last 3 years has increased 22 percent and personal income by 15 percent.

It is because, as the Wall Street Journal pointed out last week, the United States now leads most of Western Europe in the rate of business expansion for the first time in many years. In the last 18 months, our gross rate exceeded that of France or Germany.

It is because, as Fortune magazine recently pointed out, corporate profits in America are now rising much faster than corporate profits overseas.

It is because these profits have not been eaten up by an inflationary spiral and finally it is because we have reversed the dismal trend toward even more frequent recessions, which are the greatest enemy of profits.

By next April, with the indispensable help of the pending tax cut bill, the United States will be sailing with the winds of the longest and strongest peacetime economic expansion in our Nation's entire history.

I do not say that all this is due to the administration alone, but neither is it all accidental.

The fiscal and monetary policies which we have followed are the key element in whether the economy moves toward a path of expansion or restriction. In the last 3 years American business and industry have directly benefited from a host of our legislative and administrative actions which increased corporate cash flow, increased markets at home and abroad, increased consumer purchasing power and increased plant modernization and productivity.

And still other steps have been taken to curb the wage-price spiral—the first 6 months of 1963 there was less time lost in strikes than any time since the Second World War—to hold down the cost of credit and to bring more harmony into industrial relations.

I do not say that these actions were taken for the benefit of business alone; they were taken to benefit the country. Some of them were labeled probusiness, some of them were labeled antibusiness, some of them were labeled both by opposing groups. But that kind of label is meaningless. This administration is pro-the-public-interest.

Nor do I say that all these policies could please all American businessmen all of the time. So long as the interests and views of businessmen frequently clash with each other, no President could possibly please them all.

Most businessmen, though perhaps not most business spokesmen, are associated with small business. They ask the Government for assistance—to protect them against monopoly, to assure them of reasonable credit, to enable them to participate in defense contracts. And both large and small business work with the various arms of the administration every day on trade, transportation, procurement, balance of payments, and international business affairs.

They do not show the hostility which is so often described, or find that our policies and personnel are so incompatible with their own.

Businessmen are welcome at the White House. And I welcome the chance to address business meetings such as this. Not because I expect that it will necesasrily affect the results of elections, but I do think, I do think it can affect what this country does and how it moves ahead and whether we're going to be able to find jobs for all the people that need them, and whether we're going to build the kind of a country in which all of us can take pride and credit. And that's the kind of cooperative effort which I invite from businessmen and from other interested citizens.

QUESTIONS ANSWERED

If we can keep open the channels of communication this country can make progress ahead. To further that understanding I would like to answer four questions that I'm most frequently asked by businessmen or written about or written to.

The first and most frequently asked question is:

Is the Federal Government growing so large that our private economy is endangered?

My answer to that is no. The Federal Government has been growing for 175 years. Our population has grown even faster. Our territory and economy have grown and become more closely linked.

The size of our business, labor, farm, and other establishments and organizations has grown. Above all, our responsibilities around the world have grown, and our stake in the world peace has grown immeasurably.

Life itself is more complex. And the American people in the 20th century have come to expect more from governmental action. But there has been no sudden spurt in the growth of Government under this administration.

Leaving national security outlays aside, Federal civilian expenditures today, when measured, as they should be measured in a growing economy, as a percentage of our national output, are no higher than they were at the end of the Second World War. A mere 5 percent of our gross national product is not a threat to our economy.

The real growth, and this will not come as a surprise to your Governor, the real growth in government has been at the State and local levels. Between 1948 and 1962, while Federal civilian expenditures were rising by 65 percent, State spending, on the average across this country, rose by 227 percent, from less than $10 billion in 1948 to over $30 billion in 1962.

RISE BY STATES

Florida's State expenditures in that same period rose by 270 percent, or more than four times as fast percentagewise as the Federal budget; Georgia by 331 percent; Ohio by 300 percent; Kentucky by 431 percent.

The Federal Government has no desire to expand the size and scope of its activities merely for the sake of expansion. Many tasks could never have been taken on by the Congress had they been able to have been fulfilled at the State and local levels.

And this administration has made efforts to transfer to private ownership many of the financial assets held by the Government, to substitute private for public credit, to reduce farm surpluses, to dispose of excess commodities and to make our transportation system less restrictive. This is a far cry, I believe, from a government too big for the economy.

"NO" ON DEBT AS DISASTER

And secondly, I am asked, are not continuing deficits and the mounting national debt certain to drive us into bankruptcy? And my answer to that is "No."

Once again we must look at these facts in perspective. From 1948 to 1962 the total Federal debt increased less than 20 percent. We had the Korean war, all our obligations abroad, a tremendously growing country, tremendously growing population. The Federal debt grew by less than 20 percent while the average for all the States was 500 percent.

But taking only the 4 years from 1958 to 1962 the Federal debt rose only 8 percent while State debt as a whole went up 41 percent.

Obviously, neither the States nor the Nation are teetering on the edge of bankruptcy as the result of these debts. In 1945 our national debt was 120 percent of our gross national product. Today it's 53 percent. Next year it will be 52 percent.

At a time when our debt has gone up by the percentage I have described our gross national product is double, and therefore as this country moves to a trillion-dollar economy, which we're moving toward, quite obviously as long as we maintain these proportions, the fiscal credit of the United States will still be secure. While the Federal net debt was growing less than 20 percent in these years, total corporate debt, not my debt, your debt, was growing by nearly 200 percent and the total indebtedness of private individuals rose by 300 percent. So who is the most cautious fiscal manager?

You, gentlemen, or us?

CALLS FOR TAX CUT

It is true that the pending tax cut will add to this debt by temporarily reducing Federal revenues, but the purpose of the tax cut is not to produce a deficit but to boost the economy. A full employment economy is the only way to balance the budget. A recession-ridden economy—recessions occurring every 24 or 30 or 32 months, on the other hand, are a guarantee of chronic higher deficits and continually deeper debt.

We must remember that in 1958 President Eisenhower sent up a budget to the Hill which was balanced in surplus by a half a billion dollars. A a result of the deficit of the recession of 1958 that budget ended up that year unbalanced $12.5 billion.

The greatest enemy of the balanced budget is a recession and it is to prevent a recession and to provide for economic growth and provide for the jobs for the 10 million people who are coming into the labor market in the next 2½ years that I strongly believe in the tax cut very quickly, and not too far away.

And third, I am asked why can't this administration cut Federal expenditures. And my answer is that we have cut. I recommended an additional $620 million in reduction in this year's budget since first submitting it last January. Domestic civilian expenditures—excluding national defense, space, and interest on the debt—domestic civilian expenditures were budgeted below the level of last year, a feat rarely accomplished in the last 15 years.

CONTRACTS SPENDING

Once 16 percent larger than State and local expenditures, our Federal civilian expenditures are now 43 percent smaller. What all this suggests is not that the States have been less prudent than we've been but this country is growing and the needs are growing.

You here in Florida and this chamber know it very well, or you wouldn't have supported a $75 million debt obligation on the people of Florida. You can't tell the children of this State that they can't go to college in 1970 because you didn't take the decisions in 1963 and what we're trying to do in this State is what we're trying to do across the country.

What we have to do is be prudent, responsible, selective, make our judgments about what is really necessary and valuable and what can be put aside. That, it seems to me, is the essence of responsible management by the National Government, by the State government, by the local community, and by private business.

We reduced the number of Federal employees serving every 1,000 people in this country. There are no more people today working for the Federal Government than there were 10 years ago. Federal employment has not increased in the last 10 years. There are less people working today for the Federal Government than there were a year ago, but it will go up, because this country grows. The question is, in what proportion. But I can assure you that there will be less Federal employees serving every 1,000 people next year than there were this year.

PENTAGON SAVINGS

Secretary McNamara has instituted cost reductions, for example, in the Pentagon which will save a billion dollars a year, and finally save $4 billion a year. We are constantly reexamining these programs to determine what can be done.

But many of those who call for larger expenditures are forgetting the growth of our population and the complexities of our problems. And economy advocates from Florida are not opposed to the cross-Florida barge canal, which was so strongly supported by your Governor and by me, or the State's effort at Cape Canaveral or the Tampa Air Force Fuel Annex.

They talk instead about midwestern feed grain programs and far western reclamation projects. But out West the economizers talk about the Tampa Air Force Fuel Annex, and so the argument goes on across the country.

And fourth, and finally, the question arises, will the fiscal policies of the Government lead to inflation? And my answer to that is no. The danger of inflation arises when the level of total and private demand presses against our productive capacity. We are far from that today. Total output in this country would have to increase by $30 billion to reduce unemployment to 4 percent. Our productive plant, still, as all of you know, is still well below what you could produce operating at maximum capacity. Idle men and machines allow plenty of room for decreased taxes and increased demand without the risk of inflation.

The tax cut, moreover, can be expected to stimulate productivity and growth and thus add to our productive potential, lessening the danger of inflation. It's long been believed that a budget deficit automatically means inflation. The facts indicate otherwise.

INFLATION FEAR DISCOUNTED

The record peacetime deficit of 1959 produced no inflation then or subsequently, nor have the deficits of recent years. In fact, most of our post-war inflation occurred in the year of budget surpluses, 1947, 1948, 1951, 1956, and 1957. Recent scattered price increases have caused concern and stimulated fear that expanded demand would lead to inflation. But the wholesale price index so far shows little or no reflection of these increases.

Some prices have been reduced and most prices have not moved. Many of the increases have been in the price of raw materials, which have declined, and inasmuch as the trend of such prices have been stable or downward for a number of years, some recovery is not unexpected. But the abundance of the world's raw materials would indicate that even here we do not have to fear serious inflationary pressures.

QUOTES DICKENS

Moreover, the current remarkable stability of labor costs per unit of output clearly indicates that such price increases as have occurred do not reflect a general upward surge of costs.

I realize that there are some businessmen who feel only they want to be left alone—that Government and politics are none of their affairs—that the balance sheet and profit rate of their own corporations are of more importance than the worldwide balance of power or the nationwide rate of unemployment, but I hope it's not rushing the season to recall to you the passage from Dickens' Christmas Carol in which Ebenezer Scrooge is terrified by the ghost of his former partner, Jacob Marley. And Scrooge, appalled by Marley's story of ceaseless wandering, cries out, "But you were always a good man of business, Jacob." And the ghost of Marley, his legs bound by a chain of ledger books and cash boxes, replied:

"Business? Mankind was my business. The common welfare was my business. Charity, mercy, forbearance, and benevolence were all my business. The dealings of my trade were but a drop of water in the comprehensive ocean of my business."

Members and guests of the Florida State Chamber of Commerce, whether we work in the White House or the State House, or in a house of industry, or commerce, mankind is our business and if we work in harmony, if we understand the problems of each other and the responsibilities that each of us bears, then surely the business of mankind will prosper, and your children and mine will move ahead in a secure world, and one in which there is opportunity for them all.

Thank you.

QUESTION-AND-ANSWER PERIOD

Question. (By James H. Covey, Jr., president of Greater Tampa Chamber of Commerce.)

Answer. Mr. President, as you can see, we have an avalanche of questions.

[Question not heard because of interruption on air.]

We have, however, in association with other countries of this hemisphere joined together in an attempt to isolate the bias of communism and in that regard he have achieved some measure of success. Only five countries in this hemisphere now recognize Cuba. In 1959 the trade of the free world with Cuba was about $1.3 billion. Now, in 1963, there has been an 80 percent reduction in that trade. There has been, for example, in the first 10 months of 1963, a 60 percent reduction as compared to 1962 of the number of free registry, free-world-registered ships, and now with the recent order put out by the Greek Government, which, with British traders, were the great free world traders with Cuba, we're going to find a further sharp reduction.

In addition, while there is a good deal of discontent and turmoil and danger in Latin America, I do not think that there is any doubt that Fidel Castro as a symbol of revolt in this hemisphere has faded badly. Every survey, every report and I think every newspaperman, every publisher would agree, that because Mr. Castro has embraced the Soviet Union and become—and made Cuba its satellite, that the appeal he had in the late fifties and early sixties as a national revolutionary has been badly damaged and scarred.

THE WHEAT DEAL

Question. How will the recent wheat deal with Russia affect our economy and would it lessen the U.S. problem of surplus grain?

Answer. Yes, it would. Even though—even with the deal, if it goes and it amounts to 2.5 to 3 million tons, we would still have a surplus of 750 million bushels of wheat, which is still a substantial surplus. But it would affect—we now carry about a billion, and of course we pay the charges for the maintenance of that surplus. In addition, if the sale were consummated we would provide $200 million to our balance-of-payments account, which is important. It would make our carrying charges of our surplus less; it would provide a higher price for wheat, which otherwise would be depressed because of excess production next year. And therefore, if we can work the deal out—and that still is in question—I'm for it.

CIVIL RIGHTS BILL

Question. Thank you, Mr. President. What is the outlook for your civil rights program and, sir, why are you pushing it so vigorously?

Answer. I think that—first, I think that—while I know that this program has not gotten great support here in Florida, I think you gentlemen should recognize the responsibility of the President of the United States. His responsibility is different from what your responsibility may be. This country—I carry out and execute the laws of the United States; I also have the obligation of implementing the orders of the courts of the United States, and I can assure you that whoever is President of the United States, he will do the same, because if he did not, he would begin to unwind this most extraordinary constitutional system of ours. So I believe strongly in fulfilling my oath in that regard.

Now, we have proposed legislation, the most controversial section of which deals with so-called public accommodations. The bill which came out of the judiciary committee which is now before the—going to be before the House shortly, has the following provisions in it on public accommodations.

It provides that lunch counters shall be open to all citizens regardless of their race, their creed, or their color. And so shall hotels, motels, theaters except in the case of rooming houses where they are owner-occupied and with 6 rooms or less. Now, you gentlemen may not regard that—you may regard it as an intrusion on your property rights, but you should remember that over 33 States stretching back to 1875 had provisions like this. Many States have much stronger provisions.

In addition, some States have provisions making segregation compulsory, which is not new, and I really believe that after the events of the past 6 months that all of us regardless of our own personal views, must recognize that if we're going to have domestic tranquillity, if we're going to see that our citizens are treated as I would like to be treated and as you would like to be treated—that they have to meet a standard of conduct and behavior but they're not automatically excluded from the benefits which other citizens enjoy merely because of their race, their creed, or their color.

It is my view of what our responsibility is in 1963. The Congress, of course, must make the final judgment. What the Congress passes I will execute. We will know in the next 2 or 3 months what judgment the Congress will reach. But I believe that it's going to be with us long after I've disappeared from the scene. No country has ever faced a more difficult problem than attempting to bring 10 percent of the population of a different color, educate them, give them a chance for a job, give them a chance for a fair life. That's my objective, and I think it is the objective of the United States, as I have always understood it.

CANDIDACY IN 1964

Question. Thank you, Mr. President. Sir, I think about half of the people here would like to know when will you announce that you're a candidate for the presidential election of 1964.

Answer. Well, I don't know which half.

Question. You have nothing to say on this about that?

Answer. I was a candidate so early in 1959 I'd keep it and——

Question. Mr. President would you comment on the scope and role of the proposed Domestic Peace Corps?

Answer. Well, I'm not sure Congress is going to pass it. It only passed the Senate by a very close vote. What our hope was that—there are so many places in mental institutions, Indian reservations, parts of eastern Kentucky, for example, where there are high unemployment rates, where counties don't even have food distributed. There are some of our islands in the Pacific where we, for example, have had a bad epidemic of paralytic polio which could have been avoided—it seems to me—if perhaps the Government had been more alert.

But there are these areas that sort of—poverties—islands of poverty in the United States and it was our hope that we could enlist men and women of any age to serve perhaps a year or two at very limited compensation and that they would inspire others in the community working with the voluntary associations and with the local government and the State government and the National Government to try to serve as a catalyst to try to do here at home what the Peace Corps is doing abroad. It's new, we may not get it now, but we will sometime, because I don't think that there's any doubt that there's a strong streak of idealism in this country, a strong desire to serve and as long as we're going to serve in the far corners of the world, I think we also might give them a chance to serve here at home.

Question. Because, sir, that your schedule is a tight one and because you answered so many questions in your remarks, I would, this one is from a little girl who asks, simply, Why didn't you bring Caroline?

Answer. Well, she liked it as the White House, but, we're getting used to Florida. I want to express my thanks to all of you. You've been very generous and I hope that—I'm very grateful to you for your invitation. I hope that any time you have any thoughts about how we can improve our operations that you write and that if you don't write to me that you will write to Senator SMATHERS because I find that he disposes of the messages very quickly from Florida. Thank you.

SENATE

FRIDAY, NOVEMBER 22, 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:

Father of all men, in all our groping amid the mists of the valley of doubt, we turn to Thee as to the shadow of a great rock in a weary land. In this and every moment of sincere devotion, may there come to us, as alone we face Thee, the solemn realization that we cannot make ourselves one with other men until there is no happiness of others in which we are not glad, nor any wound of others in which we are not hurt, and that, whether we will or not, we are in very truth members one of another in this strange bundle of humanity.

In these changing days, when on the earth Thou art making all things new, *deliver* us, we pray, from the web of outgrown precedents and from the sophistries of mere party shibboleths. May those who within these walls grapple with the thorny problems of this generation, girded by Thy might, find the courage to fly, the urgency to run, and the patience to walk.

We ask it in the dear Redeemer's name. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Thursday, November 21, 1963, 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 minutes.

COMMITTEE MEETING DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Committee on Aeronautical and Space Sciences was authorized to meet during the session of the Senate today.

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I move that the Senate proceed to the consideration of executive business, to consider the nominations on the Executive Calendar, beginning with that of William P. Bundy, of Maryland, to be an Assistant Secretary of Defense.

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

The PRESIDENT pro tempore. If there be no reports of committees, the nominations on the Executive Calendar, beginning with that in the Department of Defense, will be stated.

DEPARTMENT OF DEFENSE

The Chief Clerk read the nomination of William P. Bundy, of Maryland, to be an Assistant Secretary of Defense.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

DEPARTMENT OF THE AIR FORCE

The Chief Clerk read the nomination of Robert H. Charles, of Missouri, to be an Assistant Secretary of the Air Force.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

U.S. ARMY

The Chief Clerk proceeded to read sundry nominations in the U.S. Army.

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

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

THE MARINE CORPS AND THE NAVY

The Chief Clerk proceeded to read sundry nominations in the Marine Corps and in the Navy, which had been placed on the Secretary's desk.

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

The PRESIDENT pro tempore. Without objection, the nominations will be