illustrates one of the problems of constant concern to the Congress, which I should add to the list I already have mentioned. Each of the agencies has its own mission or area of responsibility, but each is supporting similar basic research in the same field of liquid crystals. Who can say what such research will reveal? Should not the Congress be wary of funding what may be duplicative effort? Should all such basic research be confined to one agency? Or are we wise in doing as we are, assuming that such inquiry in a variety of channels is justified and will in the end pay greater dividends?

Personally, I assume that practically all new knowledge has ultimate value sufficient to warrant the research costs. What is basic research today becomes innovative technology tomorrow. I believe every Federal agency may require some authority to sponsor its own basic research, otherwise, we would seriously impair each agency's ability to perform its mission. Thus, the proposal sometimes heard, that all Government research should be confined to a new Executive Department of Science, makes very poor sense to me.

I have learned just enough about liquid crystals to be aware that it is a field of fascinating and important possibilities for increasing research effort. I wish you all good hunting in that effort.

And I hope I have tonight made the point with which I opened these remarks, that it is now imperative for you and all scientists to become much better informed than ever before concerning the processes of Government, and especially concerning the Congress. Scientists are citizens and voters. Exactly for the same reasons that other groups who have an important stake in Government decisions have become active participants in Government, and especially in the legislative process, just so should scientists now actively participate at all levels of the Government's decisionmaking process.

I'll be seeing you in Washington.

The Garden State

EXTENSION OF REMARKS

OF

HON. EDWARD J. PATTEN

OF NEW JERSEY

IN THE HOUSE OF REPRESENTATIVES

Monday, August 23, 1965

Mr. PATTEN. Mr. Speaker, last week the westerners and southerners talked about wheat and cotton.

Although I can understand the attention they received, I would like to cite some of the attributes of the Garden State. New Jersey is not called the Garden State without good reason. Our crops are great—in both quantity and quality.

Here are a few reasons New Jersey is called the Garden State, and when you read the figures, please remember that this is a year of drought for our area.

New Jersey in 1965 will produce 317,000 tons of delicious Jersey tomatoes; 3.8 million hundredweight of white potatoes; 1.1. million hundredweight of sweet potatoes; 4.38 million bushels of grain corn; and green vegetables amounting to over 6.9 million hundredweight.

That is not all. The yield of peaches is estimated at 2.6 million bushels and apples may reach 2.4 million bushels.

Besides these bountiful crops, New Jersey and New York have about 42,000 dairy farmers who do business with our metropolitan area. It also supplies millions of eggs and chickens for our section.

We are proud of the farm products of the Garden State and the millions of people who consume them are satisfied with their outstanding quality.

Veto of H.R. 8439

EXTENSION OF REMARKS

OF

HON. THOMAS M. PELLY

OF WASHINGTON

IN THE HOUSE OF REPRESENTATIVES

Monday, August 23, 1965

Mr. PELLY. Mr. Speaker, there is no issue more vital to the welfare of this Nation than that of separation of powers between the legislative and executive branches of Government.

Frankly, two or three times in the past on this score, I have felt impelled to disagree strongly with President Johnson in connection with his assertion as to the role of the Executive under provisions of various bills passed by the Congress.

Today, however, I must with equal vigor rise to support President Johnson's veto of H.R. 8439, which he rejected on the grounds, as he said, that the limitations placed by section 611 of the bill impinged on his constitutional powers.

I must agree with the President that the Constitution grants the Chief Executive sole authority over the operation of our Defense Establishment.

As such, I concur with him that the Congress went too far when it reserved to itself certain powers over the retention or closing of certain military bases.

In this regard, therefore, if occasion arises, I will be constrained to uphold the President's veto.

SENATE

TUESDAY, AUGUST 24, 1965

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

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

Our Father God, in the abundance of Thy mercy yet another day is added to the record of the lengthening years. Before we talk to one another about the vital concerns of the Nation and our troubled world, we would open our hearts to Thee.

This shrine at the threshold of the day constantly reminds us that there is a holy altar within the temple of our spirit where, even though forgotten and neglected, it ever speaks to us of our deepest needs and soaring aspirations, of the capacities and loyalties which lift us to our truest selves.

As lovers and servants of this dear land of freedom, make us worthy of the past and equal to the present. As we survey the problems which gird the earth, grant us never to forget that the first responsibility of every one of us is to contribute to the world's good our own life, strong, clean, honest, and trustworthy.

We pray for our individual selves that we fail not our generation—nor Thee.

"Spirit of purity and grace
Our weakness pitying see,
O make our hearts Thy dwelling place
And worthier Thee."

Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Monday, August 23, 1965, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF JOINT RESOLUTION

Messages in writing from the President of the United States were communicated to the Senate by Mr. Geisler, one of his secretaries, and he announced that on August 23, 1965, the President had approved and signed the joint resolution (S.J. Res. 100) to provide for the designation of the period from August 31 through September 6 in 1965, as "National American Legion Baseball Week."

TEMPORARY AUTHORITY FOR INCREASING THE NUMBER OF OFFICERS ON ACTIVE DUTY IN GRADES OF COLONEL OR LIEUTENANT COLONEL IN THE AIR FORCE

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate turn to the consideration of Calendar No. 617.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7596) to amend title 10, United States Code, to remove inequities in the active duty promotion opportunity of certain Air Force officers.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Armed Services with an amendment to strike out all after the enacting clause and insert:

That, for the period July 1, 1965, through June 30, 1966, the table in section 8202(a) of title 10, United States Code, as it relates to colonels and lieutenant colonels, is suspended. For this period the authorized strengths of the Air Force in officers on active

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duty in the grades of colonel and lieutenant colonel, exclusive of officers on active duty for training only and officers serving with other departments or agencies on a reimbursable basis, may not exceed 6,300 and 15,901, respectively.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 634), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of this temporary legislation is to increase the authorized number of officers who may serve on active duty in the grade of colonel and lieutenant colonel in the Air Force in order to provide a reasonable promotion opportunity to the grade of colonel, lieutenant colonel, and major during the current fiscal year.

BACKGROUND OF LEGISLATION

From 1959 to June 30, 1965, temporary legislation had been in effect authorizing the Air Force additional numbers of officers either in the grade of major or lieutenant colonel. This temporary authority providing for additional numbers in excess of the permanent law was necessary in order to meet the promotion needs of the Air Force to the grade of major and lieutenant colonel.

With the expiration on June 30, 1965, of the latest temporary authority which authorized the additional number of 4,000 officers in the grade of lieutenant colonel, all promotions for the senior grades in the Air Force would cease without further legislative action. Moreover, it would be necessary to either demote or involuntarily release from active duty over 1,500 lieutenant colonels during fiscal year 1966 in order to meet on June 30, 1966, the reduced strength limitations caused by the expiration of the authority on June 30, 1965.

EFFECT OF THE BILL

The effect of this temporary legislation will be to permit the Air Force during the 1-year period to provide the following promotion opportunity for the officers newly placed in the promotion zones: To the grade of colonel 45 percent; to the grade of lieutenant colonel, 75 percent; and to the grade of major, 85 percent. These percentages are comparable to the promotion opportunities now prevalent in the other military services.

During 1965 the promotion opportunity in the Air Force was as follows: To the grade of colonel, 35 percent; to the grade of lieutenant colonel, 70 percent; and to the grade of major, 75 percent.

The PRESIDENT pro tempore. Without objection, the committee amendment is agreed to.

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

The amendment was ordered to be engrossed, and the bill to be read the third time.

The bill was then read the third time, and passed.

MILOYE M. SOKITCH

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 618.

The PRESIDENT pro tempore. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (S. 356) for the relief of Miloye M. Sokitch.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

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

The 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, was read the third time, and passed, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, notwithstanding any provisions of title III of the International Claims Settlement Act of 1949, as amended, limiting the period within which claims may be filed thereunder, including section 316 of such Act (22 U.S.C. 1641o), the Foreign Claims Settlement Commission of the United States is authorized and directed (1) to receive, consider, and act upon any claims of Miloye M. Sokitch, of Washington, District of Columbia, or his legal representative, filed within six months after the date of enactment of this Act, against the Government of Italy, as if such claims had been filed within the time and manner provided in the International Claims Settlement Act of 1949, and (2) to certify to the Secretary of the Treasury for payment out of remaining balances in the Italian claims fund any award issued pursuant to such claims. The Secretary of the Treasury is authorized and directed to pay to the said Miloye M. Sokitch or his legal representative out of such fund, in accordance with the provisions of section 310 of such Act (22 U.S.C. 1641i), the amount of any such award so certified by the Commission. Nothing in this Act shall constitute an admission of liability on the part of the United States.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 636), explaining the purposes of the bill.

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

PURPOSE

This bill provides that, notwithstanding any provisions of title III of the International Claims Settlement Act of 1949, as amended, limiting the period within which claims may be filed thereunder, including section 316 of such act (22 U.S.C. 1641o) the Foreign Claims Settlement Commission of the United States is authorized and directed (1) to receive, consider, and act upon any claims of Miloye M. Sokitch, of Washington, D.C., filed against the Government of Italy, as if such claims had been filed within the time and manner provided in the International Claims Settlement Act of 1949, and (2) to certify to the Secretary of the Treasury for payment out of remaining balances in the Italian claims fund any award issued pursuant to such claims. The Secretary of the Treasury is authorized and directed to pay to the said Miloye M. Sokitch out of such fund, in accordance with the provisions of section 310 of such act (22 U.S.C. 1641i), the amount of any such award so certified by the Commission.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

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

COMMITTEE MEETINGS DURING SENATE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Special Subcommittee for the consideration of H.R. 7042, of the Committee on Labor and Public Welfare; the Committee on Aeronautical and Space Sciences; and the Subcommittee on Antitrust and Monopoly of the Committee on the Judiciary were authorized to meet during the session of the Senate today.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Committee on Agriculture and Forestry be authorized to meet during the session of the Senate today.

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

Mr. HARRIS. Mr. President, I ask unanimous consent that the Committee on Aeronautical and Space Sciences be authorized to meet during the session of the Senate today.

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

EXECUTIVE SESSION

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to consider executive business.

The PRESIDENT pro tempore. Is there objection to the request of the Senator from Montana?

There being no objection, the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

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

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

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. BYRD of Virginia, from the Committee on Finance:

Charles R. Simpson, of Illinois, to be a judge of the Tax Court of the United States.

By Mr. FULBRIGHT, from the Committee on Foreign Relations:

Joseph John Sisco, of Maryland, a Foreign Service officer of class 1, to be an Assistant Secretary of State;

Harlan Cleveland, of New York, to be the U.S. permanent representative on the Council of the North Atlantic Treaty Organization, with the rank and status of Ambassador Extraordinary and Plenipotentiary;

Wilson T. M. Beale, Jr., of Connecticut, a Foreign Service officer of the class of career minister, to be Ambassador Extraordinary and Plenipotentiary to Jamaica;

Raymond L. Thurston, of Missouri, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to the Somali Republic;

John Gordon Mein, of Maryland, a Foreign Service officer of class 1, to be Ambassador Extraordinary and Plenipotentiary to Guatemala; and

Phillips Talbot, of New York, to be Ambassador Extraordinary and Plenipotentiary to Greece.

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

DEPARTMENT OF THE INTERIOR

The Chief Clerk read the nomination of J. Cordell Moore, of Illinois, to be an Assistant Secretary of the Interior.

The PRESIDENT pro tempore. Without objection, the nomination is confirmed.

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

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

LEGISLATIVE SESSION

On request of Mr. MANSFIELD, and by unanimous consent, the Senate resumed the consideration of legislative business.

ENROLLED BILLS SIGNED

The PRESIDENT pro tempore announced that on yesterday, August 23, 1965, the Vice President signed the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 69. An act for the relief of Mrs. Genevieve Olsen;

S. 97. An act for the relief of Lt. Raymond E. Berube, Jr.;

S. 134. An act for the relief of Lloyd K. Hirota;

S. 572. An act for the relief of Robert L. Wolverton;

S. 1138. An act for the relief of Lt. Robert C. Gibson;

S. 1196. An act for the relief of Wright G. James;

S. 1267. An act for the relief of Jack C. Winn, Jr.;

H.R. 89. An act to authorize establishment of the Delaware Water Gap National Recreation Area, and for other purposes;

H.R. 881. An act to authorize the establishment of the Alibates Quarries and Texas Panhandle Pueblo Culture National Monument;

H.R. 5519. An act to amend title 10, United States Code, to authorize language training to be given to a dependent of a member of the Army, Navy, Air Force, or Marine Corps under certain circumstances;

H.R. 7765. An act making appropriations for the Departments of Labor, and Health, Education, and Welfare, and related agencies for the fiscal year ending June 30, 1966, and for other purposes; and

H.R. 10132. An act to authorize the Honorable JOSEPH W. MARTIN, JR., of Massachusetts, former Speaker of the House of Representatives, to accept the award of the Military Order of Christ with the rank of grand officer.

REPORT ON PROPOSED PRESIDENTIAL ARCHIVAL DEPOSITORY TO BE KNOWN AS THE LYNDON BAINES JOHNSON LIBRARY

The PRESIDENT pro tempore laid before the Senate a letter from the Administrator, General Services Administration, Washington, D.C., reporting, pursuant to law, on the proposed Presidential archival depository, to be known as the Lyndon Baines Johnson Library which, with the accompanying papers, was referred to the Committee on Government Operations.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. McNAMARA, from the Committee on Public Works, without amendment:

H.R. 496. An act to designate lock and dam No. 3 on the Cape Fear River, N.C., as the William O. Huske lock and dam (Rept. No. 642).

By Mr. YOUNG of Ohio, from the Committee on Public Works, with amendments:

S.J. Res. 69. Joint resolution to authorize the Architect of the Capitol to construct the third Library of Congress building in square 732 in the District of Columbia, to be named the James Madison Memorial Building and to contain a Madison Memorial Hall, and for other purposes (Rept. No. 641).

By Mr. CHURCH, from the Committee on Foreign Relations, with an amendment:

H.R. 8715. An act to authorize a contribution by the United States to the International Committee of the Red Cross (Rept. No. 643).

SLEEPING BEAR DUNES NATIONAL LAKESHORE, MICH.—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 644)

Mr. BIBLE. Mr. President, from the Committee on Interior and Insular Affairs, I report favorably, with amendments, the bill (S. 936) to establish in the State of Michigan the Sleeping Bear Dunes National Lakeshore, and for other purposes, and I submit a report thereon. I ask unanimous consent that the report be printed, together with the minority views of Senators SIMPSON, FANNIN, ALLOTT, and JORDAN of Idaho.

The PRESIDING OFFICER (Mr. MONTOYA in the chair). The report will be received, and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Nevada.

BILLS INTRODUCED

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

By Mr. BARTLETT:

S. 2444. A bill to authorize the disposal of the Government-owned long-lines communication facilities in the State of Alaska, and for other purposes; to the Committee on Armed Services.

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

By Mr. JAVITS:

S. 2445. A bill to amend the Water Resources Planning Act to accelerate and increase financial assistance to the States for such planning; to the Committee on Interior and Insular Affairs.

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

By Mr. HOLLAND:

S. 2446. A bill for the relief of Carlos J. Arboleya; and

S. 2447. A bill for the relief of Dr. Arturo Victor Fajardo-Carpio; to the Committee on the Judiciary.

By Mr. ANDERSON:

S. 2448. A bill to authorize the Secretary of the Interior to issue to the estate of C. Bland Jamison a new and correct patent to certain lands in the State of Colorado; to the Committee on Interior and Insular Affairs.

DISPOSAL OF GOVERNMENT-OWNED LONG-LINES COMMUNICATION FACILITIES IN ALASKA

Mr. BARTLETT. Mr. President, I introduce, for appropriate reference a bill which would grant to the Air Force authority to dispose of the commercial telephone and telegraph facilities of the defense communication network in Alaska, long known as the Alaska Communication System.

As such, it has had a long and interesting history. Starting in the early days of this century as the Washington and Alaska Military Cable and Telegraph System—WAMCATS—and continuing, after 1936, as the Alaska Communication System—ACS—first under Army Signal Corps jurisdiction and, since 1962, under the Air Force Communication Service, Alaska's long-distance communication system has always played a significant role in the development of the 49th State.

In the early days of the WAMCATS there was a very close association between the personnel and the citizens of the communities in which they served. Alaska was smaller then in terms of population; Signal Corps personnel might be shifted from point to point within Alaska but many served most or all of their Army careers in the territory. There were many stations in those days to handle messages sent by telegraph and by radio. So far as WAMCATS was concerned, there was no such thing as long-distance telephone service. This was an activity in which the Signal Corps did not engage. In those distant days there was not a single commissioned officer resident on the System. Sergeants and corporals were in charge of the stations.

Then and later Alaskans received superior service by telegraph and by radio through a system which required substantial subsidization by the Federal Government. Later the Army entered the long-distance telephone field, both with land lines and by radio; the latter was, of course, subject to atmospheric disturbance and might be satisfactory, or quite the contrary. After World War II modern systems were installed. It has become clear recently that the volume of business passing over the system is approaching the point at which revenues will equal expenses.

As this point has come closer, the Federal Government has demonstrated an increasing reluctance to continue to operate the State's commercial telephone and telegraph business. Since 1959 no capital improvements of any consequence have been added to the ACS plant in Alaska. Rather, the system has been operated on a just get by basis while Congress has been presented with legislation to permit its sale.

Proposals giving the Air Force sales authority have been presented to the last three Congresses. In some cases they have been introduced; in others they have lain dormant in the files of the two Armed Services Committees, the Air Force never having pressed for their passage with any sort of enthusiasm.

A further deterrent to their consideration by Congress has been a lack of information on the part of the members of the Alaska delegation concerning what sale would involve. Although advocating sale, the Air Force has, until recently, been reluctant to go into any detail about what sort of future awaits Alaska's long-distance telephone customers in the event of sale.

What will happen to the farflung communities now served by ACS if a profit motivated private corporation purchases the system? Will they continue to receive the high quality service they do at present over circuits of Alaska's defense communication network? What will happen to the many Alaska civilian employees of ACS who, over the years, have worked so loyally for the improvement of telephone service to the territory and then State of Alaska? What will be the relationship between the private operator of the long lines and local Alaska independent telephone companies? What controls will be placed on the new long-lines operator through regulation by the Federal Communications Commission and the Alaska Public Service Commission? Will sale of the system result in direct distance dialing, long a part of telephony in the south 48 States, being installed in Alaska? Will sale tend to improve the chances for bringing Alaska's long-distance rates, now so high, into line with those prevalent in the rest of the country? These questions have bothered those of us whom the Air Force has approached to support its biannual proposals for sale.

Since the first of this year, however, a new attitude has been evident across the Potomac. Those charged with the responsibility for the Alaska Communication System appear to have been giving more than cursory consideration to finding a long-term acceptable solution to its problems. Deputy Assistant Secretary of the Air Force John W. Perry and those working under him have spent many hours of their time assisting the Alaska delegation to understand the present State of Air Force thinking concerning the future of ACS. Through them and their tireless efforts we who represent Alaska in Congress have become convinced that Alaska would benefit from full-scale hearings before the House and Senate Armed Services committees on their most recently submitted proposal for sale of ACS.

Accordingly I introduce in the Senate the Air Force proposal. It has already been introduced in the other body as H.R. 9691.

Mr. President, I ask unanimous consent that the full text of the proposed bill be placed in the RECORD at this point in my remarks.

The PRESIDING OFFICER. The bill will be received and appropriately referred; and, without objection, the bill will be printed in the RECORD.

The bill (S. 2444) to authorize the disposal of the Government-owned long-lines communication facilities in the State of Alaska, and for other purposes, introduced by Mr. BARTLETT, was received, read twice by its title, referred to the Committee on Armed Services, and ordered to be printed in the RECORD, as follows:

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Alaska Communications Disposal Act".

TITLE I—DEFINITIONS

SEC. 101. In this Act—

(1) "Transfer" means the conveyance by the United States of any element of ownership, including but not restricted to any estate or interest in property and franchise rights, by sale, exchange, lease, easement, or permit, for cash, credit, or other property, with or without warranty.

(2) "Long-lines communication facilities" means the transmission systems connecting points inside the State with each other and with points outside the State by radio or wire, and includes all kinds of property and rights-of-way necessary to accomplish this interconnection.

(3) "Agency concerned" means any department, agency, wholly owned corporation, or instrumentality of the United States.

TITLE II—TRANSFER OF UNITED STATES GOVERNMENT-OWNED LONG-LINES COMMUNICATION FACILITIES IN AND TO ALASKA

SEC. 201. (1) Subject to the provisions of section 202, and notwithstanding provisions of any other law, the Secretary of Defense or his designee, with the advice, assistance, and, in the case of any agency not under the jurisdiction of the Secretary of Defense, the consent of the agency concerned, and after approval of the President, is authorized to and shall transfer for adequate consideration any or all long-lines communication facilities in or to Alaska under the jurisdiction of the Federal Government to any person qualifying under the provisions of section 202, and may take such action and exercise such powers as may be necessary or appropriate to effectuate the purposes of this Act.

(2) Transfers under this title shall be made in accordance with the procedures and methods required by sections 203(e) (1), (2), and (3) of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 484(e)), except that "the Secretary of Defense or his designee" shall be substituted for all references therein to "the Administrator".

(3) The requirements of section 207 of the Federal Property and Administrative Services Act of 1949, as amended (40 U.S.C. 488), shall apply to transfers under this title.

(4) The head of the agency concerned or his designee shall execute such documents for the transfer of title or other interest in property, except any mineral rights therein, and take such other action as the Secretary of Defense deems necessary or proper to transfer such property under the provisions of this title. A copy of any deed, lease, or other instrument executed by or on behalf of the head of the agency concerned purporting to transfer title or any other interest in public land shall be furnished to the Secretary of the Interior.

(5) No interest in public lands, withdrawn or otherwise appropriated, may be transferred under this title without the prior consent of the Secretary of the Interior, or, with respect to lands within a national forest, of the Secretary of Agriculture.

SEC. 202. No transfer under this title may be made unless the Secretary of Defense or his designee determines that—

(1) the United States does not need to retain the property involved in the transfer for national defense purposes;

(2) the transfer is in the public interest;

(3) the person to whom the transfer is made is prepared and qualified to provide, without interruption, the communication service involved in the transfer; and

(4) the long-lines communication facilities will not directly or indirectly be owned, operated, or controlled by a person who would legally be disqualified by the Federal Communications Commission from holding a radio station license under any of the terms of the Communications Act of 1934, as amended.

SEC. 203. The agreements by which a transfer is made under this title shall include a provision that—

(1) the person to whom the transfer is made shall, subject to the rules and regulations of any body or commission established by the State of Alaska to govern and regulate communication services to the public and of the Federal Communications Commission and all applicable statutes, treaties, and conventions, provide without interruption, the communication services involved in the transfer, except those services reserved by the United States in the transfer; and

(2) the rates and charges for such services applicable at the time of transfer shall not be changed for a period of one year from the date of such transfer unless approved by a governmental body or commission having jurisdiction.

SEC. 204. Transfers under this title do not require the approval of the Federal Communications Commission except to the extent that the approval of the Federal Communications Commission may be necessary under section 202(4).

SEC. 205. Notwithstanding the provisions of any other law, the gross proceeds of each transfer shall be covered into the Treasury of the United States as miscellaneous receipts.

SEC. 206. The Secretary of Defense or his designee shall report to the Congress and the President—

(1) in January of each year, the actions taken under this title during the preceding twelve months; and

(2) not later than ninety days after completion of each transfer under this title, a full account of that transfer.

TITLE III—MISCELLANEOUS PROVISIONS

SEC. 301. Except as provided in section 204, this Act does not modify in any manner the provisions of the Communications Act of 1934, as amended.

SEC. 302. There is authorized to be appropriated to the Secretary of Defense such sums as may be necessary to carry out the provisions of this Act.

Mr. BARTLETT. Mr. President, as an aid to myself, to the Alaska delegation and to others wishing to gain a better understanding of the Alaska communication system and present Air Force thinking concerning it, I assigned several members of my staff this past spring the task of preparing a comprehensive report on all that could be discovered about the subject.

This report was recently completed. It contains much that will interest Members of this body who over the years have, perhaps, wondered what the Alaska communication system was and why the Federal Government was supplying long-distance telephone service to Alaska. Because I feel that it will be of value to many of my colleagues, I ask unanimous consent to have its contents printed in the RECORD at this point.

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

A STUDY OF THE ALASKA COMMUNICATION SYSTEM—ITS PAST, PRESENT, AND FUTURE

(Prepared for Senator E. L. BARTLETT by a special staff team consisting of Robert C. Ely, special counsel; William S. Boesch, staff assistant; and John M. Cornman, staff assistant)

I. REASONS FOR THE STUDY AND PROCEDURES USED

The situation this spring

Reports originating both in Washington and in Alaska in early spring of 1965, suggested that important decisions were being made in the Pentagon concerning the future of the Alaska Communication System. Upon initial investigation it appeared that the Air Force was in the process of completing a study of what it had received when it took over the ACS from the Army Signal Corps in July of 1962. It further appeared that the Air Force was in the process of making some rather important decisions as to the future status of what to Alaskans had always been an essential of life, their link to the "outside."

Senator BARTLETT felt that it was important that Alaskans learn what was going on in the Pentagon to the end that they might participate to some extent in what were sure to be important decisions concerning their future. To wait until after these decisions had been made and to then try to change them appeared dangerous.

A special staff team is appointed

Three members of the Bartlett staff, Robert Ely, William Boesch, and John Cornman were constituted a special team to study all aspects of ACS. They were told to find out all that could be found out about ACS here in Washington, both through Government and private sources. The Senator indicated that at an appropriate time, a trip should be made to the Seattle headquarters of ACS, major ACS installations in Alaska, and U.S. Air Force Communications Service headquarters at Scott Air Force Base, Ill. Finally, a report was to be prepared and distributed to interested parties.

In March and April the special staff team gathered information in Washington through research among office files and Government records and through conversations with high level Air Force personnel. When all that could be done here had been done, team member Robert Ely went west.

The western field trip

Time was spent first at ACS headquarters in Seattle where some orientation concerning the organization of ACS in Alaska occurred. A tour was then made of ACS and private local telephone facilities at Annette Island, Ketchikan, Wrangell, Petersburg, Juneau, Sitka, Anchorage, and Fairbanks. At the ACS installations briefings were of the formal, and therefore pretty unproductive variety. However, efforts were made, wherever practicable, to talk privately with individual ACS civilian and military employees. In every case these conversations proved valuable. With some difficulty, the staff man broke down the initial reluctance to speek freely created by a directive which it was discovered had gone out from Headquarters, U.S. Air Force to the effect that "since ACS policy is the responsibility of Headquarters, U.S. Air Force, ACS personnel contacted * * * will avoid discussions involving policy matters and refer queries of this nature to this headquarters."

Conversations with local telephone people in the cities visited included: Fred Daigle, Ketchikan municipal utility; Jerry Ball, General Telephone Co. of Alaska (Wrangell, Petersburg, Haines, and Seward); Verna Carrigan, Juneau-Douglas Telephone Co.; Martha and John Cushing, Sitka Telephone Co.; Elmer Rasmuson, Anchorage mayor; Robert Oldland, Anchorage city manager; Jack Harris, manager, Anchorage municipal telephone utility; Charles Stanton, president, Trans-Alaska Telephone Co. (since replaced by William D. Smith); and Harry Reimer and Robert Wade, of Fairbanks municipal utility. These people, who deal with ACS daily and who have accumulated years of experience in the telephone business in Alaska, all had much to add to the team's understanding of the role of ACS in Alaska. Also while in Alaska, Fred Chiei, of RCA Service Co., was interviewed.

Returning to Seattle, a day was spent at ACS headquarters talking (again alone in a private room) with higher level ACS civilian administrators. Another day was spent in Vancouver, British Columbia, at the headquarters of British Columbia Telephone Co., a subsidiary of General Telephone & Electronics Corp. A day at Scott Air Force Base headquarters of Air Force Communications Service, and a day at American Telephone & Telegraph Co.'s Long Line Division in New York, completed the trip. Since returning more conversations have occurred with Air Force and Department of Defense officials.

A word of caution

The statements and findings contained in the pages which follow are essentially the result of the investigation and trip above described. The members of the Bartlett special staff team are not technically trained telephone men and the Government officials with whom they talked were not always ready to tell the whole story about ACS or their reactions to it. Government files on ACS were not available for examination. Thus, the conclusions reached are those one could reach by looking at the surface of things and conducting casual conversations.

Much more remains to be done before a complete understanding of ACS, its proud past, its tangled present, and its uncertain future can be had. What follows, then, is but a beginning.

II. WHAT? HOW? WHERE? WHO? HOW MANY?

Statutory authority and operation

Statutory authority for the multimillion-dollar, 900-man commercial telephone and telegraph system is found in the following language from title 48, the United States Code:

"§ 310. Commercial business over military, telegraph and cable lines; St. Michael, Alaska.

"Commercial business may be done over military telegraph and cable lines connecting St. Michael, Alaska, with other military stations in Alaska, under such conditions as may be deemed, by the Secretary of the Army, equitable and in the public interest, all receipts from such commercial business to be accounted for and paid into the Treasury of the United States." (May 26, 1900, ch. 586, Stat. 206.)

The only other language in the United States Code dealing with ACS is found at section 311, title 48, United States Code, and reads:

"Payment of charges for interconnection between Alaska Communication System's radio-telephone and commercial telephone facilities.

"Hereafter charges for interconnection between the radio-telephone facilities of the Alaska Communication System and commercial telephone facilities may be paid from the receipts of the Alaska Communication System." (May 23, 1941, ch. 130, sec. 1, 55 Stat. 191.)

The present operation of ACS is, therefore, pretty much ungoverned by statute. It was this lack of statutory command that permitted the Army Signal Corps to set up ACS in the special, "non-Army" fashion that it did. And it is this same factor that has resulted in the Air Force attempt to shape ACS into a standard USAF communication group.

These statutes, however, do affect the present operation of ACS in one significant manner. They require that the net revenues (after payment to connecting phone companies what is due them under interconnection contracts) of ACS be paid into the Treasury of the United States. These revenues therefore are not used for operation of the system. Rather, each year's operation must be provided for by a congressional appropriation initiated by the Air Force.

Organization

Under the Army Signal Corps the headquarters of ACS was located in the Federal building at Seattle. When, in 1962, the Air Force took over ACS it already had a communications region organized covering the whole State of Alaska. Headquarters for the region was at Elmendorf Air Force Base near Anchorage. Responsibility for the operation of ACS passed to that command. However, bookkeeping, engineering, and other day-to-day operational details of ACS continued to be supervised from Seattle. The operation was designated the 1929th Communications Group (ACS).

Chain of command runs from Seattle, through the Alaska Communications Region commander at Elmendorf, through Air Force Communications Service at Scott Air Force Base, Ill. (across the Mississippi from St. Louis) to Headquarters U.S. Air Force, at the Pentagon.

As of July 1, 1965, the Air Force officer responsible for ACS will be Maj. Gen. G. T. Gould. In the Office of the Secretary of the Air Force, ACS comes under Assistant Secretary of the Air Force for Installations and Logistics Robert Charles. His Deputy for Communications and Transportations is John W. Perry. In the Office of the Secretary of Defense, ACS is under Assistant Secretary of Defense for Installations and Logistics Robert Moot.

Personnel

Now on the ACS payroll at Seattle are some 210 persons, all but a very few being civilians. The team was informed that many of these are bookkeeping and clerical personnel. However, a substantial number are technical engineers, rate engineers, contract officers, and the like. Of the ACS employees in Alaska, 511 are civilians and approximately 198 military (19 officers and 179 airmen). Of the total of 921 employees of ACS, 200 are military and 721 are civilians. Many of the Alaska civilians are operators (e.g., over 60 employed at Fairbanks). Many of the rest are technicians.

Equipment

The major portions of what is traditionally thought of as ACS consist of the following:

(a) Contract with A.T. & T. covering the exclusive use of a submarine cable (with built in repeaters every 15 miles or so similar to the transatlantic voice cables) running from Port Angeles, Wash., to Ketchikan;

(b) The right by contract with A.T. & T. to "control" traffic from Port Angeles to Seattle;

(c) A toll center at Ketchikan handling calls from Annette Island, Ketchikan, and Wrangell;

(d) A submarine cable (rising to stations along the way for amplification purposes) running from Ketchikan to Skagway;

(e) A toll center at Juneau handling calls from Haines, Yakutat, Petersburg, Sitka, Juneau, Hoonah, Pelican, Skagway, and Gustavus;

(f) A so-called "open wire line" (i.e., a pole supported telephone cable) along the Whitehorse and Yukon Railway track to Whitehorse;

(g) A contract for circuits over the Alaska Railroad open wire and microwave system from Seward to Anchorage to Fairbanks;

(h) A toll center at Anchorage serving Dillingham, Kenai, King Salmon, Soldotna, Wildwood Station, Whittier, Cold Bay, Adak, McGrath, Anchorage, Fort Richardson, Portage, Seward, Cordova, Valdez, Tok, Glennallen, Yakataga, Ninilchik, Cooper Landing, Bird Creek, Girdwood, Palmer, Chugiak, Willow, Talkeetna, Bethel, Aniak, Kodiak, Homer, Seldovia, and Iliamna;

(i) An open wire line running up the Glenn Highway from Anchorage to Tok and along the Alaska Highway from Tok to Fairbanks;

(j) A toll center at Fairbanks serving Clear, Moses Point, Unalakleet, Nome, Barrow, Barter Island, Kotzebue, Galena, Tanana, Nenana, Fort Yukon, Delta Junction, Fort Greely, North Pole, Farewell, Healy, Eielson AFB, Fort Wainwright, and Fairbanks;

(k) Associated support equipment.

Many of the places which each toll center serves were not served prior to the construction of the White Alice microwave and tropospheric scatter systems in the 1950's and early 1960's. Calls from most distant points, points which were served in the old days by ACS radio operators, travel to the metropolitan toll centers over circuits provided by White Alice without cost to ACS.

In addition, with respect to messages traveling from Anchorage to Ketchikan and Seattle and beyond, a large percentage pass free over surplus channels in the tropospheric scatter system running along the coast from Neklason Lake near Palmer through "dish" installations at Boswell Bay, Ocean Cape, Hoonah, Duncan Canal, and Smugglers Cove (at the north end of Annette Island); thence across to Ketchikan by a microwave link and down the submarine cable to Seattle. This route is used rather than the old wire route up the highway to Tok, down to Whitehorse (via an old line built at the time the Alaska Highway was constructed and later replaced by a microwave system paralleling the highway), and down the Skagway-Ketchikan cable and thence to Seattle because of the surplus status of the "tropo" channels and their higher quality for voice transmission.

Also available to ACS for carrying messages south is the microwave system down the Alaska Highway from Fairbanks. This system was constructed as a backup system for the "tropo" system along the coast; having been built to support defense communication needs particularly with respect to the BMEWS site at Clear.

In addition to the staff of operators at each toll center, there are radio transmitters and receivers. These handle marine ship-to-shore communications and communications with small villages, isolated canneries, and the like.

Telegraphic communications are handled by ACS intra-Alaska and down its facilities to Port Angeles. From that point on a contract with Western Union permits transmission over a worldwide network. Telegraphic money orders are also handled in this manner.

ACS also provides leased teletype wires intra-Alaska and to the south 48, primarily Seattle.

III. PROFIT OR A LOSS OPERATION?

Some offhand opinions

William Lawrence (ACS top civilian in Seattle; long experience with ACS): Given present trends in revenues and expenses, ACS ought to be "in the black" with revenues exceeding expenditures (i.e., those assigned to ACS by the Middle West Service Co. report as increased by normal growth since fiscal year 1962 totaling $15.7 million) in from 3 to 5 years.

Cyrus H. McLean (chairman of British Columbia Telephone Co., subsidiary of General Telephone. A man with long experience in operating telephone exchanges in the farflung territory of British Columbia and in many Carribean, Asian and African countries): If ACS was sold it could be operated at a profit by private industry. Those high-cost operators should immediately be replaced by automatic dialing equipment. Also, the natural overstaffing which accompanies any military operation should be eliminated. A low, low "after 8" rate would encourage use by presently untapped revenue customers. Modern teletype equipment (called "TWX"), permitting the use of one wire by many commercial customers at about one-tenth the present ACS rate for a full-time leased wire would generate additional revenue. Renegotiation of connecting contracts with A.T. & T., for use of the submarine cable, and for "land-haul" from Port Angeles on, would result in further reduction in expenses. With these things accomplished ACS could operate at a profit today.

C. C. Duncan (head of cable division of long lines department of A.T. & T. The man who supervised the laying of the Port Angeles-Ketchikan submarine cable, the transpacific and transatlantic submarine cables and the initial DEW line communication facilities): When we have considered ACS in the past we have considered the whole defense communication system in the State. Obviously this cannot be operated profitably. We would have to study the system again to see what we thought about the profitable operation of just a portion. We are always somewhat sensitive about being accused of "cream skimming." Therefore, we have never been too interested in getting into anything except the interstate business with Alaska. (If the onus of cream skimming could be eliminated, however, A.T. & T. believes that the more economically attractive parts could be operated profitably so long as Alaska's economy continued to grow. About this latter prospect, Duncan appeared less than optimistic.)

What the figures show

Here follow some statistics gathered from a variety of sources:

The "official" ACS balance sheet, fiscal year 1964

Income:	
Adjusted gross this line	$12,425,276
Less interconnection charges	−968,594
Payment to A.T. & T. for cable allocation	−2,505,502
ACS income for deposit in treasury	8,951,180
Obligations:	
Civilian pay	5,443,758
Travel	132,894
Transportation	79,942
Rents, communications, and utilities	700,866
Printing and reproduction	19,034
Repair, alterations, maintenance real property	402,669
Supplies	401,495
Total direct cost	7,180,658

The "official" ACS balance sheet, fiscal year 1964—Continued

Equated costs:	
Estimated cost of military pay	$1,368,652
Estimated value of office space furnished free to ACS	158,107
Estimated value of circuits furnished free to ACS	5,471,542
Estimated depreciation of facilities and equipment	1,486,830
Estimated value of military family housing	74,747
Army operation and maintenance funds	101
Total costs absorbed by other Government agencies	8,559,979
Overall costs to Federal Government	15,740,637
Less ACS income deposited in Treasury	−8,951,180
Less estimated value of free service to Government agencies	−1,147,727
Equated net deficit	5,641,730

The Middle West Service Co. report based on fiscal year 1962 analysis of revenues received, as recorded under the Government sysem of accounts

Telephone revenue:	
Intrastate	$2,029,656
Interstate	3,131,096
Subtotal	5,160,752
Add settlement A.T. & T.	3,226,140
Add settlement BCT	1,791
Total	8,388,683
Telegraph review:	
Intrastate	57,859
Interstate	312,263
Subtotal	370,122
Add settlement WU	387,687
Add settlement CNT	48
Total	757,857
Receipts from leases	440,181
Receipts from Government agencies	157,896
Other services	48,043
Adjustments:	
Refunds, rate errors, etc	(37,912)
Uncollectable	(1,929)
Total	(39,841)
Adjusted gross revenue	9,752,819
Deductions:	
Net interconnections	687,730
A.T. & T. cable allocation	2,260,107
Net agent charges	20,464
Total deductions	2,968,301
Total revenue for deposit in Treasury	6,784,518

Analysis of operating costs as recorded under the Government systems of accounts

Operating expense by object classes:	
Personnel compensation and benefits	$2,976,977
Travel	104,809
Transportation	49,786
Rents and utilities	213,163
Commercial services	195,035

Analysis of operating costs as recorded under the Government systems of accounts—Con.

Operating expense, etc.—Con.	
Printing and reproduction	$933
Other services	2,370,982
Supplies and materials	346,692
Contract field printing	3,886
Equipment	108,156
Projects	----------
Total expenses by object classes	6,370,419
Cost of leased circuits (funds provided by various Government agencies and administered by ACS):	
American Telephone & Telegraph Co	----------
Canadian National Railroad Co	2,266,536
Alaska Railroad	----------
British Columbia Telephone Co	2,241
Total cost of leased circuits	2,268,777
Direct military costs and equated support costs:	
Direct military payroll	1,439,436
Administrative, financial, and support by—	
Alaska Air Command	88,356
Alaska Communication Region	78,383
5040th Engineers, real property accounting	1,634
Federal Aviation Agency (Alaska Headquarters)	6,078

Analysis of operating costs as recorded under the Government systems of accounts—Con.

Other equated support costs:	
Rents	$374,400
Government operated dining and dormitory facilities	47,106
Subsistence	3,188
Petroleum, oil and lubricants	8,054
Transportation of supplies and materials	81,270
Power	81,761
Water	8,771
Total direct military and equated costs	2,218,437
Total operating expenses	10,857,633
ACS deficit	(4,073,115)

Note that no account is taken of the equated cost of circuits provided free over the White Alice system. If the ACS figure of $5,471,542 is used here, the 1962 deficit is $15,266,065.

Comparing the above figures with the previous set, it can be seen that, since 1962 the payout to connecting carriers, especially A.T. & T. has substantially decreased while net revenues have increased. Thus the annual deficit of ACS has gone down from $15.2 million in 1962 to $5.6 million in 1964.

Each set, in the opinion of the staff team, demonstrates that ACS, with the application of the sorts of things suggested by Mr. McLean, could be operating at a profit at the present time. They also appear to document Mr. Lawrence's prediction that ACS's revenues will shortly exceed its expenditures, even if expenditures continue at the overinflated amounts they are at under military administration.

Schedule of ACS receipts and payouts from ACS receipts

	Actual, fiscal year 1963	Actual, fiscal year 1964	Estimate, fiscal year 1965	Estimate, fiscal year 1966	Estimate, fiscal year 1967	Estimate, fiscal year 1968	Estimate, fiscal year 1969
Total ACS receipts	$10,649,410	$12,453,207	$14,943,800	$16,737,000	$18,537,000	$20,137,000	$21,537,000
Percent increase over preceding year	----------	16.9	20.0	12.0	10.7	8.6	7.0
Payments to—							
A.T. & T. for messages toll (cable)	$2,191,515	$2,055,503	$2,931,400	$2,283,200	$3,644,000	$3,957,000	$4,230,000
Interconnections to local companies	833,731	961,653	1,085,000	1,204,400	1,336,800	1,457,000	1,559,000
Line haul	1,955	6,941	15,000	17,000	18,700	20,400	21,800
Agent stations	18,293	0	0	0	0	0	0
Total payouts	3,046,124	3,474,097	4,031,400	4,504,600	4,999,800	5,434,800	5,810,000
Summary:							
Total ACS receipts	10,649,410	12,453,207	14,943,800	16,737,000	18,537,000	20,137,000	21,537,000
Less payouts	3,046,124	3,474,097	4,031,400	4,504,600	4,999,800	5,434,800	5,810,000
Less adjustments	18,146	27,930	0	0	0	0	0
Net revenue	7,585,140	8,951,180	10,912,400	12,232,400	13,537,200	14,702,200	15,727,000
Increase over preceding year (percent)	0	18.0	21.9	12.1	10.7	8.6	7.0

Expenses and trends

The only data which could be obtained on "total expenses," including "equivalent cost" of material and services supplied by other Government bodies, appears above in the "official" 1964 balance sheet and the Middle West report:

Middle West report, 1962: $22,050,583.
ACS, 1964: $15,740,637.

However, there are available figures for the amount of appropriation requested each year by the Army and Air Force for operation of ACS. This amount does not include the "donated" circuits from White Alice nor the "equivalent cost" of military vehicles, personnel, supplies and the like supplied to ACS by the operating armed services. These figures are as follows (in million of dollars):

Year	Expenses	Net income
1959	5.5	4.2
1960	6.9	4.5
1961	7.1	5.5
1962	6.3	6.6
1963	6.9	6.8
1964	7.6	8.9
1965	7.6	[1] 10.9
1966	7.6	[1] 12.2

[1] Estimated.

Thus, from one point of view, that of the Appropriations Committees of the Congress, ACS has been making money for more than a year and will make more in years to come. That is to say, it has brought in to the Treasury more than has been requested to be appropriated to it.

Reliability of allocation of expenses to ACS

In the opinion of John Perry, Deputy Assistant Secretary for Communications and Transportation (Air Force), "a dozen firms could be hired to allocate Government expense to the commercial operation of ACS. Each would come up with slightly different figures. But I am convinced that all the figures would be close to those arrived at by the Middle West people."

In the opinion of an official of the United States Independent Telephone Association with whom some of the Middle West costs were discussed, traffic operating costs seemed "out of line" by as much as one-tenth to one-third of industry levels. To him also the allocation of general office expenses seemed at least 50 percent higher than what private industry requires. The allocation of "other expenses" seemed 600 percent higher than the industry's and the maintenance figures seemed 400 percent higher. The average number of messages handled by each operator seemed to indicate inefficient use.

Study of the whole ACS system by one large member of the industry in 1963 resulted in the conclusion that "prior to transfer of control from the Army to the Air Force, the trend was toward greater use of civilians. Under Air Force control, the trend appears to be toward both a greater proportion of military personnel and more liberal manning."

The staff team learned from ACS civilian personnel in the course of its study that, prior to the transfer to the Air Force, the Signal Corps had in operation a program of steady decrease in personnel. "No progress has been made," they said, "since the Air Force took over. The program has been scrapped." On the other hand, the team was told by Air Force officers that everything had been done that could be done to eliminate surplus personnel and that many unnecessary persons had been eliminated since the Air Force took over.

Team observations

Aside from civilian pay, the largest expense item in the fiscal year 1964 balance sheet is the sum of $5,471,542 for "estimated value of circuits furnished free to ACS." These presumably are circuits over the White Alice defense communication system. Air Force officials say that they calculate them at what a private carrier would have to pay for such circuits over the A.T. & T. system. There was no way the team could check these figures. However, the team concluded that the sending of these messages over these "surplus" channels does not "cost" the Government any substantial amount of money. The circuits are in operation for defense communication purposes anyway. Conceivably, were a private operator using this system, he would send many calls over the less expensive open wire and Southeastern Alaska cable rather than using as his first alternative route the tropospheric system along the coast. Also, were a private company operating the "tropo" with all those surplus channels going to waste and were another private operator to approach him and offer to purchase some channels, conceivably he would give the prospective user a cut rate in order to get him to use them, a rate far below that "customarily charged" by A.T. & T.

IV. ARMY VS. AIR FORCE OPERATIONAL POLICY

Army operational policy

ACS personnel under Army Signal Corps jurisdiction were true members of the communities in which they lived. The Army recognized the importance of keeping these men in their communities and made a special exception to Army regulations, permitting many military personnel to be permanently stationed in Alaska. Many of these men, after years of military service, retired in

Alaska and stayed on as members of the growing civilian staff of ACS installations throughout the State.

This policy in turn paid good dividends in the form of a telephone system staffed by highly trained men, devoted to Alaska and its citizens and determined to see to it that the Alaska Communication System was constructed and operated with maximum efficiency. Particular attention was paid over the years to technical improvements so as to ensure that the highest quality long distance telephone service was provided to Alaska.

The decision to sell

However, all this began to change beginning in 1960. The Federal budget for that year announced that it was contemplated that the administration would introduce legislation requesting authority to sell ACS. Subsequently legislation was, indeed, introduced. However, no hearings were ever held on it. Similar legislation has been introduced in each new Congress since. Again, no hearings have ever been held.

It appears that this decision to sell was made by the Department of Defense or the Bureau of the Budget rather than by the Army. One of the reasons now being given for the 1962 decision to transfer the ACS to Air Force jurisdiction, is the objection of the Signal Corps to proposals for sale. Even if true, Signal Corps objection to sale was only one justification for the transfer to the Air Force. More important reasons revolved around the need to integrate ACS lines into the DEW line and BMEWS defense communication system which was then under construction in Alaska.

Air Force operational policy

Air Force operation of ACS has brought many changes to Alaska's traditional long distance communication system. Some of these are obvious while others are more subtle, being more changes in attitude rather than in operational method. For a time the Air Force, operating more on instinct than from any study of the property to which it had succeeded after much effort and backstage maneuvering, tried to operate ACS as another Air Force communication group similar to those its communication regions operate throughout the world. This did not work, however. ACS just didn't fit neatly into an Air Force table of organization.

Experiments were conducted, but at every turn the Air Force was frustrated in its efforts to fit ACS into a standardized "slot." For one thing there was the matter of pay scales. Under the standard Air Force civilian personnel manual, civilians doing what many of the ACS civilians were doing should have been receiving less money. The result: There have been some 88 downgradings of civilian ACS employees and not one promotion since the Air Force took over. This in turn has caused many a longtime employee of ACS to decide to scout around for some other job. Even if he has not yet found the new job the fact that he is looking results in a certain lack of attention to his duties at ACS. Why should he work with traditional devotion to ACS when ACS was no longer run by those who respected his talents and his worth? And so it has gone.

Another aspect of the personnel problem: Every Air Force command is authorized a specified number of civilian employees. As so much of ACS was civilian operated, the Alaska Communications Region was, upon taking over ACS in 1962, immediately faced with the absolute necessity of getting rid of as many civilian employees as possible. No one told the team that this "de-civilianization" of ACS was accomplished in an especially ruthless manner. However, in subtle ways, since 1962 the attitude that ACS civilian employees were "not wanted" was communicated by military supervisory personnel. Reductions in pay grade, replacement by military personnel, and loss of trained, experienced, devoted employees resulted.

Other examples of ill-advised personnel policies, failure to modernized equipment, and elimination by higher echelons of requests for funds for capital improvements are rife throughout the short history of Air Force operation of ACS. Some of these examples appear elsewhere in this report.

The team concluded that the Air Force shortly became frustrated by the unfamiliar problems connected with the operation of a commercial long-distance telephone and telegraph system for Alaska. In April 1963 a study of ACS was contracted for with the Middle West Service Co. of Chicago, Ill. It was the intention of this study to tell the Air Force what it had gotten when it took over ACS, what expenses and revenues were properly ascribable to the commercial service operated over its lines, and what parts of the system could be disposed of economically to private parties. Until this survey was completed the Air Force continued to operate ACS on a standby basis.

The study, based on fiscal year 1962 revenues and expenses, was completed in the fall of 1963. Since that time it has been in the process of being digested at various levels of the Air Force and the Defense Department. The Middle West Service Co. report appears to be the document which, along with the more recent data, is providing the basis for the decisions presently being made at HQ USAF and Department of Defense concerning the future status of ACS.

V. TO OPERATE? TO LEASE? TO SELL?

The decision to dispose of ACS

Ever since 1960, when it was first decided to seek congressional authority for selling ACS, the determination to dispose of the commercial communication system in Alaska has been growing in the Pentagon. It is apparently a fact which Alaskans must accept that no capital improvements will be made in ACS so long as it remains in Government hands.

This decision is evident at every level. Talking with ACS civilians and military men in the field both in Alaska and at ACS headquarters in Seattle one learns that they are not unaware of the ways in which ACS service to Alaska can be improved and rates lowered. Year after year they have programed and requested money for direct distance dialing, sophisticated teletype equipment and experimental facilities. And year after year they have seen them rejected at Pentagon level. Precisely why this should be they are reluctant to say.

At Scott Air Force Base, headquarters of Air Force Communications Service, the attitude is that "we here just operate and maintain." Most of the local ACS requests for authority to go ahead with new programs have, over the years, been approved routinely at Scott Air Force Base. No one at Scott seemed particularly interested in new ideas for ACS. All seemed to have accepted the notion that at some higher level it has been decided that ACS should be disposed of. Most seemed to be of the opinion that the Air Force had no particular business operating a commercial telephone and telegraph system.

At Department of Air Force level, the first person with whom the staff team talked, within 3 minutes of the opening of the conversation, heaved a great sigh and asked whether we knew how the Air Force could get rid of ACS, how it could get out of the business of operating a commercial telephone and telegraph system. The Assistant Air Force Secretary, Robert Charles, says that the Air Force should be out of the business. The military side of Department of Air Force repeats that comment. (Considering how desperately the Air Force fought to get ACS away from the Army in the spring of 1962 it was wryly amusing to the team to see it now ruing the day it ever got into the commercial telephone business.)

Talking with Department of Defense officials produces similar opinions; except that it is at the Defense Department level (or perhaps at the Bureau of the Budget) that the decision to sell ACS has actually been made. Within the Department of Defense there has been created something called Defense Communications Agency (DCA) which supervises, at Defense Department level, all communications of all of the services which are not of a local nature. It is this agency which, from what the team has been able to discover, determines Department of Defense policy with respect to ACS. And it is this agency which, over the years since 1960 has rejected proposals for improvement of ACS from lower echelons. Justification for this action has consistently been based upon "the proposed sale of ACS commercial facilities." An official of DCA told the team that one of the reasons for taking ACS away from the Army was the Army's opposition to sale.

The Bureau of the Budget will not state that it is the initiator of proposals for sale. The team is convinced that the decision has been essentially a Pentagon one, although supported by the Bureau of the Budget. However, the Bureau of the Budget has supervised the preparation of appropriate sales authorization legislation each session.

The alternative proposals

The decision having been made to dispose of the system, the Air Force, with copies of the Middle West Service Co. report in hand, then set about consideration of the alternatives available.

(a) An industrial fund: Short of actual sale there is the possibility of establishing ACS more independently of the general Air Force budget, in much the same fashion as the Alaska Railroad and the Military Air Transportation Service are organized. Thus, instead of the net proceeds going into the Treasury and appropriations having to be sought, ordinary operation of the system would be paid for out of its revenues. Capital expenditures would be financed initially, by appropriations in the form of loans from the Treasury. Repayment of these "loans" would be made.

This idea is thought to be feasible by Deputy Assistant Air Force Secretary Perry, whose responsibilities also include operation of MATS. Its precedent for Alaska already exists in the Alaska Railroad.

The Air Force thinks that it could adopt this form of operation without additional statutory authority. However, it would no doubt first have to be cleared with the House and Senate Appropriations Committees.

This method of operation would probably be adopted if the Air Force were to recede from its position that ACS should be completely disposed of.

(b) Contract operation: Putting the operation of the commercial communication system out for bid by contractors in the same fashion as the White Alice system has also been considered. This would get the Air Force as such out of the operation of commercial service. However, it essentially is a decision to keep control of the commercial operation.

Conversations with some RCA personnel indicate that RCA desires to see this happen. Conversation with others indicates that RCA has no interest in operating the commercial phone and telegraph system.

There presently exists, at least in some areas of Alaska, considerable hostility among

ACS personnel toward RCA contract personnel stationed in the same installation or at nearby installations. The ACS personnel tend to be older Alaskans than the contract personnel and tend to be paid less. Should the Air Force decide to put the operation of ACS commercial facilities up for contract bid, it can be expected that considerable opposition from some civilian ACS employees will result.

(c) Leasing out the facilities: It has been proposed in some Air Force circles that, pending the passage by Congress of sale authorization legislation, ACS property be leased to a private company in consideration for a reasonable rental and a commitment to supply commercial service. It is the feeling of those who support this plan that a relatively short-term lease would give the Air Force an opportunity to determine the practicability of disposing of ACS, how well the Air Force and a private operator might work together in determining priorities for use of White Alice channels, and rates for Government calls. Also, such a lease would give the operator and prospective purchasers the opportunity to determine the feasibility of operating ACS on a profitable basis, the parts of it that private industry wanted, the parts it did not want, and the true costs of operation.

However, as any such lease would of necessity have to be of a relatively short duration, it is unlikely that such an arrangement would result in the private operator making the necessary investment in new equipment which the system so desperately needs to operate more efficiently.

The determination as to whether or not to go through with the lease idea will be made once it is learned what the prospects for passage of sales legislation are in the present session of Congress.

(d) Outright sale: It has been the determination of Air Force and Defense Department lawyers that legislation is necessary for the disposal of ACS. Their reasoning is that present statutes governing disposal of surplus Government property do not authorize disposal of property as "surplus" to the Government unless the Government has no further use for the property. In the case of ACS it is clear that the Government will continue to make use of various parts of the ACS system even after it is sold.

The proposals for sale of ACS, originally introduced in the early 1960's, proposed selling the whole communications complex in Alaska as one package. Interest in purchase proved meager. It was clear that only one or two of the largest long distance communications companies would be interested in such a purchase; and then only if they could get it at a substantial bargain. Among many Alaskans this proposal induced fears that any purchaser under such legislation would cut costs to the bone. Among the first thing to be cut, as they saw it, would be telephone service to the "bush" both over the toll center radios and through interconnects with the White Alice network.

On July 6 of this year the Air Force once again set up its proposed sales legislation. The proposed legislation has already been introduced in the House of Representatives as H.R. 9691. Probably it will also be introduced this year in the Senate. Similar to those sent up for introduction in the past, it permits total or partial dispositon of ACS property and provides adequate safeguards both to the Government and prospective purchasers.

As long as hearings can be scheduled, testimony from industry representatives and Air Force personnel ought to be most enlightening for Alaskans. For the first time we will have an accurate idea of how desirable ACS is from a long-distance telephone point of view. We will be able to determine what safeguards will be established to insure continued service to far-flung Alaskan communities which, without continued subsidization by either the Government or the larger Alaskan communities, would have no reliable way to contact the rest of Alaska and the south 48. And we will be able to determine what the attitude of prospective purchasers will be toward dealing with the local Alaska telephone companies; what prospects there are for reduced long-distance rates that would put Alaska on a par with the rest of the States of the Union; what sorts of things would be done, under private ownership, to improve the quality of telephone service to the 49th State; and what sorts of employment prospects existing ACS employees would have either under operators or through transferring to other Federal agencies.

It is clear that several members of the industry are actively interested in proposals to sell ACS. A.T. & T. told the team that they have had material ready for use in testifying on the proposal for 5 or 6 years but that the bill has never come up for hearings. General Telephone will testify. Presumbaly RCA, I.T. & T., Continental Telephone Co., and others would also testify.

(e) A Federal corporation: A number of civilian employees of ACS have proposed that ACS be established as a Federal corporation similar to the Commodity Credit Corporation, the Federal Prison Industries Corporation, the Panama Canal Company, and others. The corporation might operate under the supervision of the Secretary of Commerce and be completely staffed by civilians though maintaining a close operational relationship with the Air Force and its defense communication network. Again, as in the industrial fund proposal, all earnings of the system would be used for operational expenses and capital improvements.

There is considerable doubt about the feasibility of this idea because the attitude of both the Bureau of the Budget and the Congress is adamantly opposed to the establishment of such semiautonomous organizations unsupervised by either the executive or the Congress. In addition, the distinguishing characteristic of existing Federal corporations is essentially governmental rather than commercial in nature. The team regards this proposal as difficult to gain acceptance for in either the administration or the Congress.

(f) ACS directly under the Secretary of Defense: Another group of ACS employees suggests that there be considered the idea of keeping ACS within the Department of Defense but directly under the Secretary of Defense as a wholly civilian staffed organization rather than as a branch of the military. Presumably, such an organization could best be operated under an industrial fund concept.

The team believes that, for Congress to try to force the Secretary of Defense to so organize ACS, would be regarded by him as an interference with his operation of the Department of Defense. At the same time, there would be no harm in passing on the idea to him. In any event, in view of the Defense Department's determination to get out of the business of operating a commercial communication system in Alaska, the prospects for this proposal are dim.

(g) Sale of the toll centers to local phone companies: Considerable support exists in the Anchorage and Fairbanks phone systems for the Air Force, operating under sale authority, to sell the four long distance toll centers to the Anchorage, Fairbanks, Juneau-Douglas and Ketchikan phone companies. Also involved would be guarantees to the purchasers of the right to contract with the Air Force for circuits over the inter-toll center wire, microwave and "tropo" circuits. Under this plan, presumably, the four purchasers would, as a block, negotiate with A.T. & T. and Western Union and B. C. Telephone Co. (operator of a tropo and microwave system down the west coast of British Columbia paralleling the A.T. & T. cable and interconnecting with the A.T. & T. State-side system at Port Angeles) for carriage of messages from Ketchikan south.

The attractiveness of this proposal to the large local companies is increased by the fact that, in owning the toll centers, two of the problem areas that now plague them in dealing with ACS would be eliminated. These are the inability to agree how the loss for bad debts on toll calls should be shared (present policy is that the local company bears all the loss except in very special cases, ACS regarding the long distance customer as the local company's rather than its own) and the inability to agree on the sharing of toll revenues generated by local companies. (At present a choice is offered the local companies by ACS. Either they can accept what is called "the Bell-Independent split" with an additional amount of 30 percent to compensate for the higher cost of doing business in Alaska; or they can pay for having a "cost study" made by an independent cost accounting firm. The object of such a study is to establish what costs of the operating local company are attributable to the work done in placing and handling long distance calls. The findings of such a study, however, are subject to review and dispute by ACS so that, in effect, they serve only as a guide rather than as binding arbitration of the question. The city of Anchorage, particularly, over the years, has been unhappy with the "split" it has had from ACS.)

Objection to such a disposition of ACS property can be expected from many of the smaller phone companies which would feed into the four large-city-owned toll centers. "What would the Anchorage City Council worry about our little problems here for?" said one small phone company official in a communication to Senator BARTLETT on this idea several years ago. "We would most emphatically rather continue to deal with ACS or some general long lines operator with the whole system at heart than with the big city phone companies," he said.

An additional problem is raised by the fact that the Juneau-Douglas phone company is privately owned. Perhaps in part this lack of uniformity could be eliminated by selling the Juneau toll center to the city of Juneau for lease to the privately owned company. That way all government-owned systems would be disposed of to municipalities.

Finally, it is not at all clear just how enthusiastic the Juneau-Douglas and Ketchikan phone companies and the City Council of the City of Juneau are about this idea. To purchase the substantial toll center installations would require a considerable investment.

Discussions of the merits of this idea with lower echelon ACS military personnel resulted in the opinion that the Air Force would favorably consider it, if only because it would free so many civilian "slots" presently being filled by toll center personnel, particularly operators. It seems that each Air Force command is authorized a specific number of civilian slots and that the Alaska Air Command chafes under the unique ACS-caused need to fill so many of its command-wide authorized slots with ACS personnel. The team is of the opinion that, at Hq USAF level, much more in the way of complete disposal of ACS is desired. At the same time consideration of a proposal similar to this would not have been possible under previously submitted legislation but which will be possible for the Air Force to consider under the legislation to be introduced this session.

Discussion of this proposal with civilian ACS and telephone industry people indi-

cated that substantial technical problems of quality of service, standard of equipment, difficulty of tracing system failures and the like would be expected to occur to plague a long distance system which is not operated by a single long lines organization. "The separation of A.T. & T. into the Bell System and a long lines department was a natural one. Each operation is different with its own distinct problems. The A.T. & T. system as a whole works better that way," said both A.T. & T. and General Telephone representatives. (But, then, they would like to have the long lines rather than see them come into the hands of the local Alaskan companies.)

(h) Other possible purchasers: In addition to A.T. & T. ("we are mostly interested in the interstate operation"), General Telephone ("put it up for sale and we will submit our bid"), RCA ("the commercial operation ought to be sold separately. We would probably be more interested in buying the White Alice part of the system."), I.T. & T., and Continental Telephone Co., there are the possibilities of:

1. Purchase by a syndicate of Alaska owned local telephone companies (they might all own blocks of stock in a newly established corporation);

2. The State of Alaska purchasing the system;

3. The State forming a "baby-COMSAT" corporation with ownership of stock by the State, local Alaska telephone companies, interested Alaskan investors, and interested larger investors including A.T. & T., General Telephone, I.T. & T., and others.

This would require the interest of the State administration with, presumably, the Governor introducing appropriate legislation in the next session of the legislature.

4. A new corporation of Alaskans or statesiders or both purchasing the system.

Further possibilities and interested parties will no doubt emerge as the Air Force gets closer to actually putting the system up for bid.

VI. DIRECT DISTANCE DIALING (DDD)

"If ever there was a State where direct distance dialing is needed it is the high cost labor State of Alaska. If Mississippi and Alabama, where operators can be hired for less than $1 an hour, find automatic equipment beneficial, how much more profitable would be an investment in DDD in Alaska." So stated one experienced telephone man the team talked with.

What DDD is: Direct distance dialing (called DDD in the trade) is a system presently operating in the Bell and many of the independent telephone companies throughout the south 48 States. Once DDD equipment has been installed individual telephone customers can dial directly to any other telephone instrument or switchboard in the country. An area code prefix, when dialed initially by the customer, selects the State which he is calling. Within each State no two phone numbers are alike thereby permitting direct dialing within the area. Automatic equipment then makes a record of the call, including the area called, the calling number, the called number, the length of time each call takes, and whether it is a day, evening rate or "after 8" call. This information, in the form of punched tape, can then be fed into automatic bill printing machinery actuated by a computer system which gathers each customer's outstanding balance, adds that in, charges for the monthly phone cost and any additional charges and prints the final bill.

The entire DDD complex is expensive to install but saves considerable money in operator and billing clerk salaries. It is fully automatic only with respect to station-to-station calls. However, the savings produced by the equipment have allowed the companies which have installed it to lower station-to-station rates and to institute "$1 after 8 p.m." station-to-station calls thus inducing more persons to call station to station even at the risk of getting the wrong party at the other end of the line.

A less expensive variation of DDD requires that the operator cut in on the calling customer's line just after he dials the area code and the called number to ask for the calling customer's number. The rest of the operation is handled semiautomatically. Some persons with whom the team talked said that full DDD would not be practical for Alaska. Rather the operator-cut-in-for-number-of-calling-party system (called ONI) would be installed.

DDD for Alaska? In 1959 DDD from Seattle to the rest of the country was instituted. By the end of that year operator distance dialing had been installed at the four Alaska toll centers. A DDD group had been established by ACS headquarters at Seattle to develop plans for full DDD for Alaska. In early 1963 ACS called a meeting of Alaska telephone companies at Anchorage to discuss scheduling for DDD statewide. What was envisaged was the installation of automatic ticketing at each of the major toll centers with perhaps the Ketchikan toll center eliminated.

In April 1963, in response to an inquiry by a constituent, the office of the Secretary of the Air Force notified Senator BARTLETT that "at the present time ACS is working on the technical plan which will provide initial DDD service at Anchorage, Juneau, Fairbanks, and Ketchikan. We estimate that the equipment required for this project will cost approximately $800,000. The ACS currently plans to request funds for this project in its fiscal year 1965 budget."

And that was the last word that Senator BARTLETT's office heard about the progress of DDD until spring 1965 it initiated inquiries into the present plans of ACS for DDD and the whereabouts of the DDD equipment that was supposed to be included in the 1965 budget (the way the Air Force presents its budget to the Congress, unlike the old Army practice, it is impossible to tell how much money is being requested specifically for ACS. In the Air Force budget, ACS is referred to as one of the operations that is being provided for in the general amount requested for operations and maintenance).

Present Air Force DDD policy: One of the first subjects discussed with Air Force Deputy Assistant Secretary Perry when Senator BARTLETT and his staff team met with him in March was the prospect for DDD. His answer was a hopeful but rather vague acknowledgment that it certainly would be a good thing if ACS could install DDD.

Further contact with the Pentagon and the staff team's investigation in the field now confirm that the Air Force has abandoned all plans for installing DDD equipment in Alaska at the present time. Such evidence consists of candid statements to that effect by the highest placed Pentagon officials with whom members of the staff team have talked, including Assistant Air Force Secretary Charles, Assistant Secretary of Defense Moot, and Defense Communications Agency staffer Adm. Maurice Curts. Confirmation is found in a statement by Assistant Secretary Moot's predecessor, Mr. Paul H. Riley, to the effect that ACS capital improvement projects in fiscal year 1965 had been eliminated in the interest of operation of ACS on a "just get by" basis. Support is also found in the most recent report of an inspection team from Headquarters Alaska Communications Region which inspected ACS this spring. On page 12 of that report (marked "For Official Use Only" but not otherwise classified) it is stated that "With the removal of direct distance dialing from the 5-year plan by Headquarters USAF, action should be taken to eliminate the DDD function and realine space to a deficit area." (When the team visited ACS Headquarters at Seattle, officials there pointed with pride to their DDD group.)

The prospects for changing this decision appear bleak indeed.

Deputy Assistant Secretary Perry, who acknowledges this to be the present state of affairs, says that if he could have some hard evidence to show his superiors that DDD would enable ACS to increase its annual revenues and if he had evidence that would convince them that, by making the investment in DDD, the Government would increase the value of the system to the point that it would get back its investment (less depreciation perhaps) in the event of sale, he might be able to get support for an appropriation for DDD. The first of these ought to be easy enough for him to get through some statements from A.T. & T. and the United States Independent Telephone Association (it is said that he already has such data from ACS Seattle). The second Perry condition would seem to be harder to document, involving as it does speculation concerning what some unknown bidder may offer at some undetermined date. Yet, it would seem obvious that a more up to date system with modern DDD equipment installed would be a more desirable product for a prospective purchaser than one that had not been substantially improved since the late 1950's, a period in which the rest of the industry has been making substantial advances in the area of automation.

The curious Air Force attitude: A curious lack of candor on the part of the Air Force is apparent in much of its dealings with Alaskans on this subject. Witness the failure of the Air Force to inform the Alaska delegation of the decision to terminate further DDD work, and witness the letter which Mr. Harry Reimer, this year's president of the Alaska Telephone Association, recently received from Deputy Assistant Secretary Perry in response to a request for information about Air Force plans for DDD: "Although projected revenues of the ACS show an increase, they do not cover estimated future costs for providing commercial service. In view of the continuing deficit indicated above, it is not considered appropriate for the Air Force to recommend to the Department of Defense a major program for capital investment without a corresponding increase in total revenues which would offset this investment and also eradicate the present revenue deficit to the U.S. Treasury. On this basis we have not been able to justify programing DDD for Alaska."

Yet, members of the Bartlett team talking with ACS people in the field learned that the present operator-staffed toll centers are about filled to capacity, particularly at Anchorage. Some delays getting long-distance calls through may very well be experienced this summer on that account. Volumes of calls continue to increase each month above what prevailed last year. The only thing that will enable more calls to be handled efficiently and that will permit a many-call-generating "low, low after 8 p.m." rate is DDD. Thus, it is only through the installation of DDD that there can be any further substantial increase in the volume of ACS revenues paid into the Treasury.

In a letter dated March 25, the Alaska Telephone Association called upon the Secretary of the Air Force to send persons with appropriate authority to an Alaska-wide meeting on the Air Force's plans for DDD in Alaska. The first of May was suggested as an appropriate date. (Certainly the situation

facing telephone service to Alaska in the area of DDD is an emergency, "May Day" one.) The response of the Secretary was to suggest a meeting at a later and more convenient date after agenda, proposals and questions could be exchanged and prepared for in advance. It is contemplated that this meeting will take place August 18, 1965.

The Alaska Telephone Association alternative: As a result of Air Force inaction and lack of decisive action concerning DDD over the last 3 years there has grown up among the larger Alaska phone companies a proposal for purchase by them of three-quarters of the DDD equipment necessary to operate the State's long distance phone system. ACS would be called upon to come up with the rest of the money and equipment.

Although there is some disagreement among the members of the association concerning the wisdom of this policy, substantial thought has been given to it. It is fair to say that much of the support for it has come as a direct result of the inaction and lack of policy on the part of ACS. Rather than wait forever for DDD, the Alaska phone companies, particularly the larger ones, are willing to go ahead now despite the substantial costs involved.

Objections to this idea are many. They include the difficulty of getting municipal voters to approve bond issues for the purchase of equipment which the ACS could just as well install; the lack of enthusiasm for the idea among the smaller phone companies, many of which will be unable to make the necessary investment in expensive equipment; and the objection voiced by the long lines industry and ACS personnel to the effect that the operation of DDD by a number of separate and separately owned companies results in differing standards of operation and maintenance, noncompatible or partially compatible equipment, difficulty in tracing bad connections, poor coordination with interconnecting companies and the like. This waste of energy and capital and resulting poor quality service should be avoided by the installation of DDD by a single long line operator. "If the Air Force wants anyone to make any sort of an offer for ACS it better not let the local companies install their own separate DDD installations," one potential purchaser told the team.

The response of the Air Force to this idea can be expected to be that it cannot make any request for appropriation of money for DDD, even for only one-quarter of the probable cost, until ACS returns a profit to the Treasury. What is really meant is that the Air Force has no intention of making any further capital improvements in ACS.

VII. THE MIDDLE WEST SERVICE CO. REPORT

Initial expectations: From the time the Air Force contracted with the Middle West Service Co. of Chicago for a study of ACS, Alaskans have been anxious to learn what such a study would disclose. Press releases from ACS appearing in Alaska newspapers suggested the value of such a study to all interested in ACS. However, the study (hereafter referred to as MWSC), in the fall of 1963, never was made available to anyone outside the Air Force. Senator BARTLETT several times was promised a copy by various Air Force people with whom he and his staff dealt in the months between the time the study was completed and the spring of 1965. Yet requests were somehow never acknowledged or promises were forgotten.

Cold reality: Only after a specific request and a personal visit to the Pentagon, as the first step in the Bartlett special staff team study of ACS this spring, did the Air Force hand over a copy of the much talked about report. And then only with a covering letter bringing to his attention the fact that he should note that the report was marked "For Official Use Only."

The Middle West recommendations: Aside from the balance sheet data set out in part III of this study, the MWSC report is chiefly valuable for its recommendations of what should be done to improve ACS revenues. Four recommendations of general interest are made. A fifth (to raise sharply all rates so as to bring dollar volume up does not seem to take into account the substantial reduction in amount of traffic that such action would obviously induce) did not appear to have been the result of very intelligent thinking. The general course of action in the telephone industry in recent years has been that revenues have been increased through reducing rates and automation. The report contained no recommendations for replacement of operators with automatic dialing equipment or the introduction of Telex or TWX teletype equipment. No one has been able to tell the team anything about the qualifications of Middle West Service Co. to conduct the study that they did. From the emphasis of the study it appeared to the team that the company was competent in the area of telephone accounting but not especially familiar with the operating end of the telephone business. This perhaps accounts for the very few recommendations for improvement of revenues and decrease of expenses that appear in the study.

Four, however, are of interest:

1. Existing contracts with connecting telephone companies should be renegotiated to bring in more revenue per message to ACS and less to the connecting company.

The team is not aware whether or not contracts with British Columbia Telephone Co., Canadian National Telephone Co. (owned by the Canadian Government), Western Union, the Alaska Railroad, the Pacific & Arctic Railway & Navigation Co. (White Pass & Yukon Railroad), and Alberta Government Telephones have been substantially renegotiated since the report was issued. However, renegotiation with A.T. & T. is currently going on.

In these negotiations it is anticipated that some progress will be made in achieving the result recommended by the MWSC. A letter to Senator BARTLETT from Deputy Assistant Secretary Perry dated June 21, 1965, states that "if these negotiations, when completed, indicate that still lower rates are in order, or if our review of the traffic patterns and associated revenues that develop from the introduction of station-to-station and person-to-person services indicates that an adjustment in the announced rates is warranted, you may rest assured that such adjustments will be made in the interstate rates."

This assurance of Mr. Perry is not a categorical statement that any savings as a result of renegotiation with A.T. & T. will be passed on to Alaska telephone subscribers. However, from the research and interviews that the team members have conducted, it seems likely that any savings will, in fact, be passed on. At least this is the policy of those in charge of ACS within the Department of the Air Force.

2. ACS should enter upon a concerted promotional campaign through the medium of advertising.

A.T. & T. and its associated Bell System companies have spent considerable money for magazine, newspaper, and radio advertising in recent years. Particularly has this been so with respect to evening hours and weekend service. The encouragement of this service through advertising (and a coordinated program of lower rates and automatic equipment) has substantially increased A.T. & T.'s revenues from domestic telephone service. MWSC argues that ACS should do the same.

ACS and the Air Force claim that they are prevented by law from advertising for services offered by the Government. It has never been made clear to the special team just what provision of the United States Code so provides. But it is clear that no corrective legislation has been proposed by the Air Force to gain the authority which they claim they do not now have.

Yet conversation with ACS and Air Force officials produce fairly unanimous agreement with MWSC that advertising would substantially increase ACS revenues.

3. ACS headquarters should be moved from Seattle to Anchorage. Everyone agrees upon the practicality of this suggestion. However, the Air Force has done nothing to implement it in view of its intention to dispose of ACS.

Not without some significance, when this suggestion has been made in the past, has been the over 200 employees of ACS at Seattle who would be put out of work or transferred to Anchorage as a consequence of any transfer of ACS headquarters.

4. The development of a true cost accounting basis for ACS operation.

As indicated in part III, the actual costs ascribable to ACS are difficult to determine. MWSC suggests that ACS be put on a total reimbursable basis with all services provided by Government agencies paid for by ACS and all services provided by ACS to other agencies paid for by them. Presumably here too, there would be involved some sort of industrial fund concept with the revenues of ACS being kept in a revolving fund for use in meeting its expenses. Such an operation, in which income and expenses were true figures would perhaps encourage more careful watching of expenses and more aggressive pursuit of revenue on the part of ACS personnel.

VIII. CLASSIFIED SERVICE AND THE NEW "REDUCED" RATES

For some time prior to the announcement of the new person-to-person and station-to-station rates in mid-April of this year, there had been considerable pressure in Alaska and elsewhere for the institution of so-called classified service (separate station-to-station and person-to-person rates as opposed to the single class of service long offered by ACS) to Alaska. This pressure had come from A.T. & T.'s announced position that no reduction in the amount to ACS under its cable and land haul contracts with A.T. & T. could result until classified service was in effect.

Pressure also came from within ACS. The Seattle and Anchorage and Scott Air Force Base offices had been trying to convince Headquarters USAF for some time that an investment in DDD should be made without further delay. It was thought that, if classified service could be instituted, with substantially lower rates for station-to-station calls, the increase in revenue would demonstrate to Headquarters USAF (as nothing ACS had so far been able to come up with) the further substantial revenues that could be generated by ACS if it were permitted to install DDD equipment.

Then, too, Alaskans themselves had long requested station-to-station service at lower rates. A large number of calls which had been going out to the lower 48 States had been, in effect, station-to-station calls as the calling party had requested only the called number. Why could not these calls go out at a lower rate than those in which the callers asked for particular parties, asked many Alaskans in letters addressed to both the ACS and the members of the Alaska congressional delegation.

Indications and maneuvers: Early in March, members of the staff team met with

Mr. Perry to discuss this subject. At that meeting Mr. Perry indicated that the Air Force was working on a classified rate structure but that he did not know just when it would be approved. He did, however, indicate that, in order to introduce it, it might be necessary to set the new person-to-person rates at amounts higher (for the first 3 minutes) than those then prevailing for unclassified service.

Hoping to block such action, Senator BARTLETT invited Mr. Perry to lunch on April 9. At that time it was impressed on Mr. Perry that it would be most regrettable if, in announcing the long awaited lower station-to-station rates, the Air Force were to establish, for person-to-person service, even higher rates than those prevailing under the existing unclassified service. Mr. Perry seemed to understand the Senator's advice.

The new rates: However, on April 19, the new rate schedule was announced. Its relationship to the previous unclassified service rates can be seen from the following table:

Alaska-United States rate schedule

Rate zone	Mileage	Rate	Day: Initial 3 minutes S-S [1]	Day: Initial 3 minutes P-P [2]	Day: Each additional minute
1	500 to 999	Old	$5.25	$5.25	$1.75
		New	4.50	6.50	1.50
2	1,000 to 1,999	Old	6.75	6.75	2.25
		New	5.50	8.00	1.80
3	2,000 to 2,999	Old	8.25	8.25	2.75
		New	6.50	9.50	2.15
4	3,000 and over	Old	9.00	9.00	3.00
		New	7.50	10.50	2.50

Rate zone	Mileage	Rate	Night and Sunday: Initial 3 minutes S-S [1]	Night and Sunday: Initial 3 minutes P-P [2]	Night and Sunday: Each additional minute
1	500 to 999	Old	$4.50	$4.50	$1.50
		New	3.50	5.00	1.15
2	1,000 to 1,999	Old	5.25	5.25	1.75
		New	4.50	6.50	1.50
3	2,000 to 2,999	Old	6.75	6.75	2.25
		New	5.50	8.00	1.80
4	3,000 and over	Old	7.50	7.50	2.50
		New	6.00	8.50	2.00

Zone	Relationship of new station to station to old rates [3] (percent): Day	Relationship of new station to station to old rates [3] (percent): Night and Sunday	Relationship of new person to person to old rates [4] (percent): Day	Relationship of new person to person to old rates [4] (percent): Night and Sunday
1	−15	−22	+25	+11
2	−20	−15	+19	+19
3	−22	−20	+15	+15
4	−17	−20	+17	+13

[1] Station to station.
[2] Person to person.
[3] Overall average station-to-station reduction, −19 percent.
[4] Overall average person-to-person increase for basic 3 minutes is 18 percent.

Alaskans generally were unhappy about the new rates. What had been looked forward to with such anticipation was, instead, the subject of criticism throughout the State. The official announcement was pretty much in terms of the new, less expensive station-to-station service. The impact of the higher person-to-person rates was soft pedaled.

Air Force justification: The Air Force subsequently attempted to justify the new rates by stating that the average interstate call made over ACS long lines runs in excess of 7 minutes and that, under the new rates, calls in excess of 6 minutes benefited from the new rates. In a 2-day sampling of calls made over the system, they told the team, they had determined that 61.5 percent would have cost less under the new schedule; 6.7 percent would have cost the same; and 31.9 percent would have cost more. Substantially more people would benefit from the new rates than would suffer, they told the team.

Why person-to-person rates were increased: When the new lower rates were protested to Air Force officials in Washington, and were discussed by team investigators in the field, Senator BARTLETT received the following explanation of considerations which governed the establishment of the new rate structure: When the pressures for the establishment of classified service were explained to Headquarters USAF and the Department of Defense (and the Bureau of the Budget), ACS officials were told that they could do whatever they wished with the rate structure of the telephone system serving Alaska as long as that system continued to return to the Treasury the amount that it did in fiscal year 1954, that is, $8.9 million.

With that as their guide, ACS officials set about constructing several alternative schedules. To these they applied a variety of factors including estimates of revenue to be generated using the proposed rates, stimulation factors resulting from the introduction of the new, cheaper station-to-station service, growth factors (projections of past growth), and projected payments to A.T. & T. for land haul of the additionally generated traffic. The schedule which produced no loss to the Treasury and still would permit substantial station-to-station service reductions from the previous unclassified rates was selected and approved by Headquarters USAF. With no advance notice to the Governor, the congressional delegation, to Alaska local utilities or to chambers of commerce, the new rates were announced on April 19.

In the following table, the break-even points under the various rates are circled:

Comparison of toll charges for telephone messages, Alaska to United States, old and new rates

Rate zone	Mileage	Old or new	Toll charge: Day (minutes) 3	Day 4	Day 5	Day 6	Day 7	Day 8	Night and Sunday (minutes) 3	Night 4	Night 5	Night 6	Night 7	Night 8
1	From 500 to 1,000 (southeastern Alaska to Washington, Oregon, Idaho).	Old	$5.25	$7.00	$8.75	$10.50	$12.25	$14.00	$4.50	$6.00	$7.50	$9.00	$10.50	$12.00
		New person to person	6.50	8.00	9.50	11.00	12.50	14.00	5.00	6.15	7.30	8.45	9.60	10.75
		New station to station	4.50	6.00	7.50	9.00	10.50	12.00	3.50	4.65	5.80	6.95	8.10	9.25
2	From 1,000 to 2,000 (southeastern Alaska to Western United States) (Central Alaska to Washington, Oregon, Idaho).	Old	6.75	9.00	11.25	13.50	15.75	18.00	5.25	7.00	8.75	10.50	12.25	14.00
		New person to person	8.00	9.80	11.60	13.40	15.20	17.00	6.50	8.00	9.50	11.00	12.50	14.00
		New station to station	5.50	7.30	9.10	10.90	12.70	14.50	4.50	6.00	7.50	9.00	10.50	12.00
3	From 2,000 to 3,000 (southeastern Alaska to Midwestern and Eastern United States) (central Alaska to Western and Midwestern United States) (western Alaska to Washington, Oregon, Idaho).	Old	8.25	11.00	13.75	16.50	19.25	22.00	6.75	9.00	11.25	13.50	15.75	18.00
		New person to person	9.50	11.65	13.80	15.95	18.10	20.25	8.00	9.80	11.60	13.40	15.20	17.00
		New station to station	6.50	8.65	10.80	12.95	15.10	17.25	5.50	7.30	9.10	10.90	12.70	14.50
4	3,000 and over (central Alaska to Eastern United States) (western Alaska to Midwestern and Eastern United States)	Old	9.00	12.00	15.00	18.00	21.00	24.00	7.50	10.00	12.50	15.00	17.50	20.00
		New person to person	10.50	13.00	15.50	18.00	20.50	23.00	8.50	10.50	12.50	14.50	16.50	18.50
		New station to station	7.50	10.00	12.50	15.00	17.50	20.00	6.00	8.00	10.00	12.00	14.00	16.00

Team observations: Applying hindsight, in view of the intense Alaskan public reaction to the new rates, it would seem that someone in ACS would have suggested that the new station-to-station rates initially be established at just slightly lower than person-to-person rates. The ideal here would be a new station-to-station rate that would stimulate enough extra revenue to restore to the Treasury that lost through the lower station-to-station rate attracting away a certain proportion of person-to-person calls.

In defense of ACS, it can be said that the new rates come relatively close to approximating those prevailing for service to Hawaii. Yet it should be noted that Hawaii is considerably farther away from the U.S. mainland than is Alaska.

Regardless of the way it was done, at least the job of establishing classified service has been accomplished. In these days of little or no improvements in ACS, even this is an accomplishment for the lower echelon ACS personnel who have had to deal with the established Headquarters USAF—Department of Defense—Bureau of the Budget attitude that nothing should be done to improve ACS's pending sale.

Then, too, we are told that most persons, when sitting with timer in hand, are impressed with how quickly time passes in the course of a telephone conversation. In the opinion of the team the 61.4 to 6.7 to 31.9 percent figures and justification of ACS is probably an accurate one. At the same time it should be noted that, in all probability, most of the callers in the 61.1 percent group were probably businessmen and government agencies, and most of those calls were probably made during business hours. While of the 31.9 percent, it is reasonable to suppose that a substantial proportion were placed by individuals for personal reasons and that many of these persons were particular about how long they talked and how much it was going to cost. Unfortunately, the statistics were not broken down into business hour and after 6 p.m. categories.

Prospects for further rate reductions: In discussing the new rate structure and the policies governing it with Assistant Secretary of Defense Robert Moot, the team learned that, in approving the new rates and establishing the criteria which were to govern, the Department of Defense indicated to the Air Force that, should the new rates produce revenues in excess of those which were produced under the rate structure existing in fiscal year 1964, it would not object to any such savings being passed on to Alaskans in the form of lower phone rates. In a letter to the Secretary of the Air Force Senator BARTLETT has expressed his hope that the Secretary will take care to see that ACS revenues under the new rate structure are watched and that any substantial increase over those prevailing last year is passed on to Alaskans.

IX. PROBLEMS, ATTITUDES, CRITICISMS, AND MISCELLANY

The Comptroller General's report on the cable contract: In May 1965, the Comptroller General issued a report on the Ketchikan-Port Angeles submarine cable contract between ACS and A.T. & T. It criticized the Army negotiators of the contract during the period January 1959–June 1961 for having caused the Government a loss of some $445,000.

The report indicates that in early 1958, A.T. & T. notified ACS that the impending installation of direct dial equipment throughout its stateside system would produce considerable savings which it intended to share with ACS. A.T. & T. suggested that ACS and A.T. & T. begin a study of the contract and the traffic carried by the cable with the final agreement to be retroactive to January 1959. However, when the final renegotiated agreement was signed in 1961 there was no provision for retroactivity of its provisions. The Comptroller General concludes that "the loss of revenue to the Government is basically attributable to the failure of Army officials adequately to consider available information in conducting negotiations with the company." He recommends that the Secretary of Defense take steps to recover from A.T. & T. the lost $445,000.

Teletype rates and service: ACS has a good many teletype lines leased to customers throughout the State. The only terms for such service are lease of a complete line for a more or less continuous period of time. There is no sharing of lines nor is Telex or TWX service available. The latter two services (Telex is Western Union's version; TWX is the telephone industry's version) consist of small, attractive teletype keyboards with telephone dials on their sides, located in the customers' offices and connected to local telephone systems. Customers have directories listing the numbers of all others having similar systems. Through this system, a customer dials the station he wants to call and pays for the service only during the period of time a circuit is in use. Installation of such equipment in Alaska would, the team has been informed, reduce the cost of teletype service to customers who now have leased lines as much as 90 percent. In addition, it would generate a good many new customers.

From a variety of sources have come accounts of ACS policy with respect to teletype service offered Alaskan businessmen. One recently wrote from Kodiak of a series of discussions with ACS and Western Union about the possibility of putting in teletype service to Seattle. "It turns out," the writer states, "that we, in Alaska, are not allowed to share a line to Seattle. A one-party line is prohibitive in cost. The yearly rate, quoted for a comparable distance in the South 48 is equivalent to what we would pay for 1 month. It seems that the reason for not allowing a co-op line is that the demand would be so great that ACS lines would all be used up. To me this is rank discrimination against Alaska."

Another, an Anchorage business, with offices in other parts of the country, writes: "Recently the FCC required the telephone long-lines system to furnish teletype service on a 24-hour basis each day of the year. The increase in cost was modest. We now operate five stations in New York State with a through line to Seattle. This system cost less than $1,700 last month. The Alaska communication system's charge for one station in Anchorage with a pickup relay in Seattle is about $1,400 for 8 hours, 5 days a week. The difference in cost and extent of service seems quite marked in view of the fact that Seattle and Anchorage are only 1,450 miles apart."

From ACS personnel in Alaska team members learned that several requests for authority to institute Telex or TWX on an experimental, pilot project basis have been made. As in the case of DDD, they have been rejected at Pentagon level. In support of their request, lower level ACS personnel cited the experiment recently conducted at Whitehorse, Canada, a community of 2,000 to 3,000, in which Telex or TWX was installed with little or no publicity. In a very short time there were over 100 consoles installed. Presumably, the installation of such equipment in Alaska would produce similar results.

ACS personnel morale: As indicated earlier Air Force personnel policy, as applied to ACS civilian personnel inherited from the Army, has been the cause of considerable discord within the organization. That this is not the creation of overactive imaginations of the affected personnel is confirmed by part of the report of the Inspector General's inspection of ACS referred to earlier. That report stated that:

"Irreparable harm is being caused by the snipping away at the civilian grade structure by the USAF team. Because of the systematic piecemeal downgrading of positions, employees are resigning and/or retiring rather than live with the fear of not knowing from day to day just when their turn will come.

"A one-time review (and any resulting classification) of all positions would have much less effect than the present practice."

The team is of the opinion that the present state of personnel dissatisfaction will continue as long as the Air Force persists in its attempt to reshape ACS into just another Air Force communications group with the same grades, staff, and organization. From what the team could learn it appeared that present ACS policy was resulting in a continuous departure of qualified civilian personnel from the organization and replacement of them with military troops on 3-year assignments. The effect, over the long run, cannot but be a distressing deterioration of the entire civilian communication system serving Alaska. As indicated earlier, it is expected that that result will be foreseen by the Air Force and will be avoided through putting the operation of ACS up for bid among civilian contractors.

Projected Alaska-wide telephone DDD conference: Mr. Harry Reimer, president of the Alaska Telephone Association, the trade organization of Alaska's municipally and privately owned local telephone companies, this spring requested a meeting between members of the association and top level Air Force personnel to determine the future of DDD in Alaska. It was asked that the Air Force be prepared to discuss its plans for DDD, timing of the installation of equipment, financing, and the like. Such a meeting was determined to be necessary in order for local companies to program their own equipment financing.

It is now contemplated that this meeting will occur on August 19, 1965. Air Force officials have promised that the meeting will be as productive as they are capable of making it. Rather than standard briefings with prearranged tests and formal slides, there will be off-the-record informal discussions covering Air Force plans for ACS in as much detail as possible.

Air Force officials will disclose plans for sale of ACS in the event of congressional passage of sales legislation including prospective purchasers, the future role of local phone companies, and submission of the new purchaser to regulation by the Federal Communications Commission and the Alaska Public Service Commission. In addition the Air Force will discuss plans for interim leasing of the long distance communication system pending passage of sales legislation, for it now appears that Air Force thinking is leaning heavily toward leasing the system pending sale. Finally, Air Force officials have stated that they will try to answer as candidly as possible any questions presented by interested members of the Alaskan telephone industry. It is hoped that agenda covering most of the topics to be discussed can be exchanged ahead of time so that all parties to the conference will be adequately prepared.

Distribution of information to local companies: While investigating in Alaska, the team was given several copies of monthly and semiannual reports of ACS documenting in some detail the amount of revenue and traffic flowing over the ACS system. This material was not marked "Confidential" or even "For official use only." It was, therefore, discussed with some of the local telephone managers with whom the team talked. They were curious about the reports and interested in their contents. They claimed that these reports had always been kept confidential by ACS and denied to Alaska's local companies. ACS, when asked about this policy, stated that the reports contained information on volume of traffic and revenues which some companies would not want other companies to know. Yet there was no statement that the Alaska Telephone Association had ever been consulted on what the proper policy should be here.

ACS is a public agency; its reports are not marked confidential or private or secret. They are available to any Government official who asks to see them. It would seem that, if the membership of the A.T. & T. would like to have the figures contained in the regular reports made available to it, ASC should comply.

The team observed a distressing lack of understanding between ACS officials and officials of Alaska's local telephone companies. Neither seems to have made much effort to understand the problems of the other. The exchange of the sort of information that is contained in Headquaters ACS's regular reports might go far to improve this relationship.

Possible regulation by FCC: One of the unique features of ACS is the fact that it is not subject to the jurisdiction of the Federal Communications Commission. Over the years there have been repeated requests by Alaskans for the FCC to "do something" about getting lower phone rates. The FCC has invariably responded that its authority ends with jurisdiction over what A.T. & T. and General Telephone Co. charge for stateside and Canadian carriage of messages originating in Alaska.

A possible solution to some of the problems presently plaguing Alaskans in their relationship with ACS would be the passage by Congress of legislation extending FCC jurisdiction over the commercial communications service operated by the Air Force in Alaska. There is some support for the opinion of the team that the FCC would not object to such an addition to its jurisdiction. The MWSC report gave collateral support to this proposal by recommending that ACS begin keeping its accounts in the manner approved by the FCC for private communications organizations.

ACS competition: One relationship that has existed between the FCC and ACS has been the consistent practice of ACS over the years of intervening with the FCC to block every request ever made for the establishment of any communications network in competition with ACS. Thus, while not regulated itself by FCC, ACS has used its influence as a Government agency to create and develop a total monopoly of intra-Alaska and inter-Alaska long-distance communication. Any attempts by enterprising Alaskans to contruct a system that would provide service at lower rates than those charged by ACS have always been effectively blocked. So, also, all too often, have been requests by local companies to interconnect with ACS facilities. Any time that a local company might look as though it was in some way going to compete with ACS its application for interconnection to some part of the ACS operated or controlled system has been refused or unreasonably delayed.

In the meeting that team members had with Assistant Secretary of Defense Moot recently, this longtime ACS policy was discussed. The team was told that the Defense Communications Agency and the Department of Defense have recommended to the Air Force that it no longer object to or block applications for permits to construct or operate service in competition with ACS.

British Columbia Telephone Co.'s tropo route to Port Angeles and competition with A.T. & T.'s cable: From the south end of Annette Island a combination tropospheric scatter system and microwave system is operated by British Columbia Telephone Co. The Air Force uses this system to carry its Alaska tropo signals south from Annette Island.

For years British Columbia Telephone has been trying to get ACS to use its facilities to carry part of the commercial traffic going south from Annette: British Columbia Telephone tells the team that the Air Force has a three-priority system for sending messages south from Alaska. First, is the coastal tropo and A.T. & T. cable network, second is the Canadian National Telegraph microwave route down the Alaska Highway; and third is the coastal tropo or Tok-Whitehouse-Skagway-to-Ketchikan route to Ketchikan and thence via the British Columbia Telephone route south. The volume of traffic is such that relatively little travels through the British Columbia Telephone circuits. Over the circuits operated by British Columbia Telephone, however, do travel some leased line teletype traffic.

By the end of this summer British Columbia Telephone will have completed a linkup at Port Angeles, Wash., which, through a contract negotiated with A.T. & T., will permit carriage of messages from Ketchikan south to Port Angeles and thence to the rest of the United States. This service will be in direct competition with the A.T. & T. submarine cable. British Columbia Telephone claims that this new service, if utilized by ACS, will cost considerably less than what ACS is paying A.T. & T. for transmission of calls over the cable.

The fact of the existence of this competing service is presently being utilized by ACS negotiators in its discussions with A.T. & T. over a reduction in the cost to ACS of messages carried over the submarine cable. At present the contract between ACS and A.T. & T. provides that all messages to and from Alaska travel over the submarine cable whenever possible. It is anticipated that this clause will be deleted from the new agreement between ACS and A.T. & T.

As for reduction in cable carriage rates charged ACS, there is less hope that these will be reduced despite statements to the contrary made to Senator BARTLETT by an A.T. & T. representative at the time of the announcement of classified service to Alaska. At that time A.T. & T. stated that it was surprised by the sudden announcement by ACS of the new rates while negotiations covering the new cable contract were still going on. "We had planned to agree to rates which would bring the classified rates announced by ACS down some 20 to 30 percent," stated A.T. & T. at that time. "We don't understand why the Air Force went ahead in this one-sided way." Apparently this position has now been retreated from.

Restraining ACS negotiators in their discussions with A.T. & T. is a provision in the existing agreement that requires 1 year's notice prior to cancellation. Thus, ACS is prevented at this time from canceling the contract outright and dealing henceforth with British Columbia Telephone. However, the threat to do so next year may be of some help in the on-going negotiations.

A.T. & T.'s attitude toward Alaska: A.T. & T. officials, in talking with the team, made clear that they regard Alaska as essentially a military and Government supported economy that has potential "as long as the Government doesn't pull out." The State's high labor costs and high taxes were alluded to as not being particularly inviting prospects for A.T. & T. investment in Alaska. It seemed to the team that this sort of thinking, together with the treatment of Alaska within the organization of A.T. & T. as under the "foreign division," results in a rather pessimistic overall appraisal of Alaska by A.T. & T.

Air Force cooperation in leasing circuits to prospective purchaser: It is anticipated that the most marketable portions of the ACS system are the four toll centers, the open wire and cable lines connecting them and the contract rights with the various connecting carriers. Except for messages from the areas adjacent to these facilities (primarily the larger cities of the State) most messages travel to the toll centers over the "White Alice" network of microwave and tropospheric scatter installations. It is unlikely that many of these expensive-to-maintain installations will be desired for purchase by any prospective bidder.

As a result adequate arrangements will have to be made by the Air Force to continue to provide "the bush" with the high-quality service it presently is receiving from ACS. Whether this is done by ACS continuing in existence for the purpose of administering a subsidized service over White Alice channels from distance areas such as Nome, Dillingham, Kotzebue, Unalakleet, Barrow into the privately owned toll centers, or whether it is done by leasing some White Alice circuits at reasonable rates to the private long lines operator remains a subject to be explored at the forthcoming hearings and in subsequent sales negotiations between the Air Force and the successful bidder.

In exploring this subject with Air Force personnel at Scott Air Force Base the team learned that there are precedents existing for leasing to private individual channels over Government-owned communications facilities. In exploring this subject with Defense Communications Agency people at the Pentagon, it did not seem to them that there would be any problem about working out suitable leasing of channels over the White Alice network should a commercial long lines operator desire channels and should there be surplus channels available.

The long way round from British Columbia to Ketchikan: The growth of commercial traffic and communication between British Columbia and southeastern Alaska as a result of the inauguration of the Alaska Ferry System has resulted in a phone problem which is yet unsolved. At a recent joint meeting of the southeastern Alaska and British Columbia Chambers of Commerce, one subject of a resolution was the inferior quality of telephone communication between western British Columbia communities and the communities of southeastern Alaska. Although message traffic from Alaska to Canada pretty much travels over the shortest route available, traffic from Canada to southeastern Alaska travels by a quite round about route through Whitehorse, to Anchorage and back down the coastal tropo network to southeastern.

More recently this problem was the subject of communication between the Petersburg, Alaska, Chamber of Commerce and ACS headquarters in Seattle. In replying, ACS commander Lt. Col. Alexander Alvarado explained that "the method of routing Canadian originated telephone calls rests with the governing Canadian agency and, in practice, it usually results in using the originating country's carrier facilities to the fullest extent." However, he pointed out, "in conjunction with the Canadian carriers involved, improved direct dial trunks were placed in service May 28, 1964, between Edmonton and Anchorage, which eliminated manual switching required at Whitehorse on a majority of calls. This trunk group will probably be expanded during the month of July to handle increased offerings. I understand informally that the Canadian carriers plan to eliminate the Edmonton manual switchboard operations on July 18, and allow originating operators in Canada to dial calls directly through Edmonton to Alaska." Should Canadian carriers request further route changes that involve ACS, Colonel Alvarado promises the cooperation of ACS stating that he has long been interested in improving the routing of Canadian originated telephone traffic. As for the volume of calls which are presently involved in the specific compaint of the Petersburg Chamber of Commerce, he states that "a review of 6 months' traffic exchanged directly with Canada over the existing route indicates that only 25 out of over 3,000 calls were originated at Terrace and Kitimat (the towns specifically mentioned in the chamber of commerce's letter to ACS) to southeastern Alaska."

Further study of ACS by the General Accounting Office: In discussing its recent submarine cable report with appropriate officials of the General Accounting Office, team members learned that two additional studies of ACS are presently in progress.

The Alaska Highway Route B: One concerns the negotiation and operation of the

Canadian National Telegraph microwave system down the Alaska Highway. This network was constructed as an alternative to the coastal tropo route for transmission to data from dew line stations and the BMEWS station at Clear, Alaska. Its official designation is "route B," route A being the coastal tropo network.

Route B includes Air Force owned microwave stations to the Canadian border, Canadian National Telegraph (a subsidiary of Canada National Railroad, an instrumentality of the Canadian Government) owned microwave from the border to Grand Prairie, Alberta, and Alberta Telephone Co. microwave to A.T. & T. facilities at Sweetgrass, Mont. The Canadian portion of the system was constructed under a 1947 contract (AF-45(633)-100), revised in 1961, providing for payments over a 15-year period equal to one-fifteenth of the cost of construction annually plus interest charges of 9.4 percent and maintenance, operation and administrative costs of 11.5 percent. It is this contract, the situation surrounding its negotiation, its terms and their reasonableness that the GAO is in the process of studying. Also being considered is a comparison between the cost of message traffic over this system as opposed to the cost over the coastal network and the submarine cable.

Cost and use study of submarine cable: Another GAO study is being made of the volume of traffic and the cost per message passing over the A.T. & T.-owned submarine cable. These factors are, presumably, studied prior to each renegotation of the cable contract. However, the GAO study promises to apply some outside standards to the basic data. This report, should be of considerable value to whoever is the operator of the Alaska long lines system at such time as it is completed.

13. Autovon, Autodin, and bootlegged calls: There are presently under construction two worldwide Defense Department communication systems. Both are operated by the Air Force. One, for the transmission of voice communications, is called automatic voice network (Autovon); the other, for the exchange of computer data among machines, is designated automatic digital network (Autodin). Through these two integrated systems the Defense Department runs its far-flung operations.

In Alaska, Autovon includes a complete DDD installation at the Necklasen Lake troop station. This DDD equipment automatically switches all intra-Defense Department calls entering and leaving Alaska. Because most military base telephone systems are automatically linked with nearby civilian community systems, it appears that it is possible for anyone having access to Autovon to call anyone in a community whose phone system is integrated with that of a nearby military base.

That this is done with respect to calls to and from Alaska thereby circumventing A.T. & T. stateside independent telephone companies, ACS and local Alaskan phone companies is the source of some concern throughout the telephone industry. Every telephone company manager in Alaska can reel off a series of incidents which have come to his or her attention. Most frequently this occurs through someone with an unfamiliar accent and perhaps too much "cat that swallowed a canary" in his voice dialing local Alaska "information" for a number. One Alaska manager told the team exactly how a call could be placed from any Alaska phone to anyplace in the United States or abroad through dialing the right combination of numbers.

Another Alaska manager told the team that it is standard policy on the RCA-operated sites to allow the men stationed there two free calls a month each over the Autovon system. This practice, if true, reduces both local Alaska phone company and ACS revenues. If, as some people told the team, there is considerable use of Autovon by Federal Government agencies other than the Department of Defense and for Department of Defense employees for non-Defense Department purposes, it may very well be that the "equivalent value of government calls" figures used by ACS in computing its "revenues" should be increased appreciably. In the rest of the States the Federal Government leases circuits from A.T. & T. for full time control by its various agencies. In Alaska, telephone service is provided free to Government agencies. However, records of telephone volume are kept and an "equivalent value" is used by ACS in making up its annual balance sheets. Conceivably this procedure is being circumvented to the extent that ACS is a lot closer to "breaking even" than presently appears as a result of the failure of the Air Force to exercise proper control over access to Autovon.

ACS day-to-day operational policy: Although the technical quality of the communication service provided by ACS is generally (except in the case of Sitka) rated as good by the communities and local phone companies using it, a certain inflexibility of attitude on the part of the organization seems to influence many aspects of day-to-day operations.

In part, this inflexibility can perhaps be traced to the attempt by the Air Force to force ACS into an Air Force communications group mold. Thus, each ACS station must maintain a complete set of Air Force regulations—consisting of several fat looseleaf volumes—although most of the regulations have no relevance to ACS. Operations and organization must be as much like those of the usual Air Force communications group, with a minimal regard for how appropriate or inappropriate this may be. Noticeable in the system also is the lack of authority delegated by higher commands to local levels. It was reported to the team that, in at least one case, it was necessary to get headquarters, U.S. Air Force (Pentagon) approval prior to cutting off the service of a single delinquent rural subscriber who had been given every consideration prior to the decision to cut off his service. Perhaps this can be attributed to supersensitivity on the part of a once burned, twice careful Air Force. But the final effect is to make less effective and less responsive the operation of ACS at the local level.

In part, too, the attitude can be traced to the fact that headquarters ACS is located in Seattle rather than Alaska with policy shaping personnel making only occasional visits to the State. Thus, local telephone companies complain that ACS is unreasonable in negotiating individual cases of bad service or misbilled toll calls; that it accepts no responsibility for bad debts or customer complaints concerning errors in charging toll calls, that it refuses to acknowledge that its operators are capable of making errors in the hundreds of toll slips they fill in each month; that, in negotiating the "split" on toll charges with local companies there is a tendency on the part of ACS to play off one local company against another by not publicizing the size of the splits that it gives other companies; that there has been established no appeal procedures from decisions of local ACS personnel in these matters such as exists for companies regulated by the Federal Communications Commission, and that, in the case of new rate or service developments there is no attempt to brief local telephone companies prior to public announcement nor any attempt to help local telephone companies educate their customers concerning new developments. On this last criticism, the team was told that, in connection with the announcement last year of classified intrastate toll rates, literature explaining the bills was not received until some 3 months after the new rates went into effect.

Finally, there is levelled at ACS the criticism that there is no imagination applied to rate making. It was stated to the team that the highly publicized "new low rates" for station-to-station calls will do little to attract customers from the great untapped reservoir of Alaska telephone customers, those who would make great numbers of calls if they could call for short periods of time at extremely low rates. This approach has been tried by A.T. & T. and the stateside independents with their "$1 for the first minutes after 9 p.m.," rates, later amended to apply after 8 p.m. The team was told that, in the industry, telephone message volume is considered highly "volatile." That is, there is a direct correlation between the price charged and volume of phone calls. A dramatic reduction in rates results in a corresponding dramatic increase in telephone volume. It was suggested to the team that ACS should experiment with low, after 8 p.m. rates on a pilot basis just to see what might happen. Undoubtedly these ideas have occurred to ACS in Seattle. And most likely their implementation has been prevented by higher authority dictating that, under no circumstances, should anything be done to reduce the amount coming into the Treasury.

In discussing these considerations with ACS personnel in Seattle the team was told that it was thought that any further reduction in the amount charged for station-to-station rates would result in so much more traffic over ACS circuits that long distance operators would be unable to handle the volume. Only DDD could handle the load—or additional old-fashioned operator-manned switchboard sections—neither of which, presumably, the Air Force is prepared to finance "because of the anticipated sale."

The Sitka problem: The latest example of the unfortunate effect of present Air Force policy toward Alaska appears at Sitka. Rather than being connected by a line of sight microwave link or by a reliable tropo system, this Alaska community of 7,500 population is served by a high-frequency radio signal via Hoonah and Biorka.

High-frequency radio is subject to interference from a variety of electrical influences, most of which cannot be effectively controlled. Never on a par with the service available to the many Alaska communities served by more reliable equipment, Sitka's long distance service has been worse than ever during 1965.

Complaints registered with Seattle headquarters of ACS and by members of the Alaska congressional delegation with the Pentagon have resulted in a promise by the Air Force to initiate "an immediate upgrading of the service to Sitka by installing diversity-combining equipment and by realineing all communications equipment utilized on the Hoonah-Biorka-Sitka radio link." These actions, state the Air Force, "though they will not completely eliminate the basic transmission problem, should substantially improve the service to Sitka."

As for a long-range solution to the problem via microwave, tropo or a submarine cable, "these alternatives are being evaluated and a project for meeting this requirement is being included in our formulation of the fiscal year 1967 budget. The 1966 fiscal year budget, which is presently being considered by the Congress, does not include funds for this purpose." From what has been said about present Air Force policy against any capital improvements to ACS earlier in this report, it is easy to guess what will happen to this request before it reaches Congress next year.

Yet there have already been prepared feasibility studies by the ACS on a proposed Sitka submarine telephone and telegraph cable. Present message traffic and revenue figures, together with Sitka population growth trend statistics, more than justify the immediate construction of the cable. Were it not for the Budget Bureau-Department of Defense-

Department of the Air Force policy against new construction, the project would probably have been included in the budget for fiscal year 1966.

A member of the staff team suggested to an Air Force official that if ACS didn't build the cable and if it was thought to be feasible, perhaps a private firm would be willing to construct it. The Air Force official stated that ACS would have to oppose any application before the Federal Communications Commission for private construction of the much-needed facility because of Air Force policy of not fragmenting the ACS facility prior to the start of sales negotiations. (A similar attitude was expressed recently with respect to a request by the Fairbanks Telephone Utility to operate Telex service between Fairbanks and the south 48 and to lease teletype machines to customers.)

Meanwhile, Sitkans suffer bad connections, long waits for clear circuits, and failure of sophisticated equipment such as the automatic typesetter recently purchased by the Sitka Sentinel to print wire service stories directly off the wire from Seattle. Electrical interference has made it impossible to operate the new equipment on a good many days of the month.

X. CONCLUSION

Once again this year the Air Force budget contains no money for much needed capital improvements to ACS. This is just the latest evidence of a policy which the Department of Defense has been pursuing for many years, a policy productive of a yearly reduction in the quality of long-distance telephone service available to Alaskans. So long as this policy continues Alaskans will experience no improvement in their long-distance telephone system.

While the American Telephone & Telegraph Co. and the members of the U.S. Independent Telephone Association have been improving and automating their equipment and operating procedures in recent years, the Army and, more recently, the Air Force, have done nothing to update the Alaska Communication System. As a result, while constant plant expansions have occurred among the State's local telephone companies since 1955, Alaskans continue to be served by an increasingly antiquated long-distance communication system to which no substantial capital improvements have been made for 8 years.

The prospects for altering this policy and forcing a reluctant Bureau of the Budget, a reluctant Department of Defense and a reluctant Department of the Air Force to operate ACS in a progressive manner are dim indeed.

The Bureau of the Budget is in favor of sale of that part of the Air Force communication network in Alaska that is devoted to the supplying of commercial telephone and telegraph service. So also is the Department of Defense. So also is the Department of the Air Force.

In the past, when ACS sale legislation has come up to the Hill, the members of the Alaska delegation have been cool to it. This coolness has been at least in part due to a reluctance on the part of the Air Force liaison officers to provide any assurance to Alaskans that service to the bush areas of their State would continue on the same basis after sale as at present.

The time has now come for Alaskans seriously to consider the advisability of selling ACS's commercial facilities as long proposed by the Air Force. It may be that sale is the only solution to the problems presently plaguing Alaska's telephone subscribers. Little hope exists for any improvement in conditions under continuing operation by the Department of Defense.

Sale legislation has recently been introduced. Alaskans should urge early hearings at which all aspects of the long talked about "sale" can be explored.

Should Congress pass the pending legislation giving the Air Force authority to dispose of such parts of ACS as it deems suitable for sale and for which it can find potential purchasers, members of the Alaska delegation should insure that they are kept advised of the progress of negotiations with the final purchaser. This must be done in order to make certain that reasonable guarantees appear in the final agreement assuring (1) continuation of the present high quality service to bush areas; (2) job security for present ACS civilian employees; (3) prospects for reducing rates through modernization of equipment and reduction in operating costs; (4) improvement of relations with local Alaskan telephone companies; (5) submission of the new operator to the jurisdiction of appropriate Federal and State regulatory bodies.

INCOME TAX TREATMENT OF CERTAIN CASUALTY LOSSES ATTRIBUTABLE TO MAJOR DISASTERS—AMENDMENT

AMENDMENT NO. 418

Mr. DIRKSEN submitted an amendment, intended to be proposed by him, to the bill (H.R. 7502) relating to the income tax treatment of certain casualty losses attributable to major disasters, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENT NO. 419

Mr. NELSON submitted an amendment, intended to be proposed by him, to House bill 7502, supra, which was referred to the Committee on Finance, and ordered to be printed.

DEPARTMENT OF DEFENSE APPROPRIATION BILL, 1966—AMENDMENT

AMENDMENT NO. 420

Mr. BREWSTER submitted an amendment, intended to be proposed by him, to the bill (H.R. 9221) making appropriations for the Department of Defense for the fiscal year ending June 30, 1966, which was ordered to lie on the table and to be printed.

NOTICE OF MOTION TO SUSPEND THE RULE—AMENDMENT TO DEPARTMENT OF DEFENSE APPROPRIATION BILL

AMENDMENT NO. 421

Mr. STENNIS submitted the following notice in writing:

In accordance with rule XL of the Standing Rules of the Senate, I hereby give notice in writing that it is my intention to move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 9221) making appropriations for the Department of Defense for the fiscal year ending June 30, 1966, and for other purposes, the following amendment, namely:

On page 47, after line 2, insert: "SEC. 639. Of the funds made available in this Act for repair, alteration, and conversion of naval vessels, at least 35 per centum shall be available for such repair, alteration, and conversion in privately owned shipyards: *Provided*, That if determined by the Secretary of Defense to be inconsistent with the public interest based on urgency of requirement of the fleet to have such vessels repaired, altered, or converted as required above, such work may be done in Navy or private shipyards as he may direct."

Mr. STENNIS also submitted an amendment, intended to be proposed by him, to House bill 9221, making appropriations for the Department of Defense for the fiscal year ending June 30, 1966, and for other purposes, which was ordered to lie on the table and to be printed.

(For text of amendment referred to, see the foregoing notice.)

PRINTING OF REVIEW OF REPORTS ON SAVANNAH RIVER, GA. AND S.C., TROTTERS SHOALS RESERVOIR (S. DOC. NO. 52)

Mr. McNAMARA. Mr. President, I present a letter from the Secretary of the Army, transmitting a report dated May 20, 1965, from the Chief of Engineers, Department of the Army, together with accompanying papers and illustrations, on a review of the reports on the Savannah River, Ga. and S.C., Trotters Shoals Reservoir, requested by a resolution of the Committee on Public Works, U.S. Senate. I ask unanimous consent that the report be printed as a Senate document, with illustrations, and referred to the Committee on Public Works.

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

ADDITIONAL COSPONSORS OF BILL AND JOINT RESOLUTION

Mr. JAVITS. Mr. President, at its next printing, I ask unanimous consent that the name of Mr. HARTKE be added as a cosponsor of the bill (S. 2403) to authorize the President, in carrying out trade agreements with fully developed countries or areas, to reduce duties below the limitation set forth in section 201(b)(1) of the Trade Expansion Act of 1962, and for other purposes.

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

Mr. JACKSON. Mr. President, recently, Senator MAGNUSON and I introduced legislation to mark May 4 annually as a day of recognition for our Nation's firefighters. This measure, Senate Joint Resolution 86, is now pending before the Subcommittee on Federal Charters, Holidays and Celebrations and hearings are to be held in the near future. I am very pleased to advise the Senate today that the distinguished junior Senator from Pennsylvania [Mr. SCOTT] has advised me that he desires to be a cosponsor of this bill, and I request that on the next printing of this resolution that he be included as a cosponsor.

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

ADDITIONAL COSPONSORS OF BILL

Under authority of the order of the Senate of August 16, 1965, the names of Mr. BENNETT, Mr. BOGGS, Mr. CARLSON, Mr. COOPER, Mr. COTTON, Mr. DIRKSEN, Mr. DOMINICK, Mr. ERVIN, Mr. FANNIN, Mr. HARRIS, Mr. HARTKE, Mr. HRUSKA, Mr. JORDAN of Idaho, Mr. KUCHEL, Mr. McINTYRE, Mr. MILLER, Mr. MORTON, Mr. MUNDT, Mr. MURPHY, Mr. NELSON, Mr. PROUTY, Mr. RANDOLPH, Mr. SALTONSTALL,

Mr. SCOTT, Mr. SIMPSON, Mr. THURMOND, Mr. TOWER, and Mr. YOUNG of North Dakota were added as additional cosponsors of the bill (S. 2411) for the establishment of a commission to study and appraise the organization and operation of the executive branch of the Government, introduced by Mr. PEARSON on August 16, 1965.

NOTICE OF HEARING ON FEDERAL SALARY LEGISLATION

Mr. MONRONEY. Mr. President, as chairman of the Post Office and Civil Service Committee, I wish to announce that the committee will resume the hearings on Federal salary legislation on Thursday, August 26, and Friday, August 27, at 10 a.m. in room 6202 of the New Senate Office Building.

Further hearings will be announced at a later time.

NOTICE OF PUBLIC HEARING ON S. 2351

Mr. DODD. Mr. President, I wish to serve notice that on August 31, which is a week from tomorrow an open public hearing will be held by the Internal Security Subcommittee of the Committee on the Judiciary, at 9 a.m., in room 2226, New Senate Office Building, on bill S. 2351. All persons desiring to testify for or against this bill should notify the subcommittee counsel at least 24 hours in advance of the time fixed for the hearing.

HEARINGS ON NORTHEAST WATER CRISIS

Mr. JACKSON. Mr. President, as chairman of the Senate Interior Committee, the unit of the Senate that has initial responsibility for water resource development, I wish to announce that the committee will hold an informational and planning hearing September 9 on the critical problems brought on by the acute water shortages in the Northeast.

Secretary of the Interior Udall, in his capacity as chairman of the Water Resources Council, has been invited to meet with the committee to review the problems the Council is facing in remedying the situation and to assure the full cooperation of the legislative branch.

The Water Resources Council was established by the Water Resources Planning Act, which is Public Law 89-80, approved July 22 of this year, and President Johnson appointed Secretary Udall its first chairman. Other members of the Council are the Secretaries of Agriculture; Army; Health, Education, and Welfare; and the chairman of the Federal Power Commission.

The bill that became the law, S. 21, was sponsored by the distinguished senior Senator from New Mexico, Senator ANDERSON, for himself and Senators BARTLETT, BIBLE, EASTLAND, HART, KUCHEL, METCALF, MCGOVERN, TOWER, YARBOROUGH, HARTKE, and JORDAN. S. 21 was the subject of comprehensive public hearings and intensive study by the Interior Committees of the Senate and House, and was designed to prepare for solving the kinds of problems presented so acutely by the Northeast water crisis.

Hitherto, such water shortages have been primarily a problem for the arid West, except for the occasional, cyclical droughts such as created the "dust bowl" in the southern Midwest during the early 1930's.

In recent years, however, water shortages have become a truly national, rather than a regional, problem. The Water Resources Planning Act provides the machinery by which State, local, and Federal governments can cooperate in long-range planning to meet the ever-growing water shortage problem.

The September 9 meeting between the Council and the Interior Committee will be the first held under the new program established by the law, and on behalf of the committee I wish to invite any Member of the Senate to attend and participate in the discussion and review. The place will be the Interior Committee Room, 3110 New Senate Office Building, and the time 10:00 o'clock.

If any Senator wishes to make a statement or other presentation, I ask that he notify our committee and we will be happy to hear him. Otherwise we are limiting this informational hearing to departmental witnesses only.

NOTICE OF PUBLIC HEARING ON NOMINATION OF WILLIAM O. MEHRTENS, OF FLORIDA, TO BE U.S. DISTRICT JUDGE, SOUTHERN DISTRICT OF FLORIDA

Mr. SMATHERS. Mr. President, on behalf of the Committee on the Judiciary, I desire to give notice that a public hearing has been scheduled for Tuesday, August 31, 1965, at 10:30 a.m., in room 2228 New Senate Office Building, on the nomination of William O. Mehrtens, of Florida, to be U.S. District Judge for the Southern District of Florida, Vice Emett C. Choate, retired.

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

The subcommittee consists of the Senator from Florida [Mr. SMATHERS] chairman, the Senator from Mississippi [Mr. EASTLAND], and the Senator from Nebraska [Mr. HRUSKA].

NOTICE OF RECEIPT OF NOMINATIONS BY COMMITTEE ON FOREIGN RELATIONS

Mr. FULBRIGHT. Mr. President, as chairman of the Committee on Foreign Relations, I desire to announce that yesterday the Senate received the nominations of Barnard Zagorin, of Virginia, to be U.S. Alternate Executive Director of the International Bank for Reconstruction and Development, and Dr. Gustav Ranis, of Connecticut, to be Assistant Administrator for Program Coordination, Agency for International Development.

In accordance with the committee rule, these pending nominations may not be considered prior to the expiration of 6 days of their receipt in the Senate.

ENROLLED BILLS PRESENTED

The Secretary of the Senate reported that on today, August 24, 1965, he presented to the President of the United States the following enrolled bills:

S. 69. An act for the relief of Mrs. Genevieve Olsen;

S. 97. An act for the relief of Lt. Raymond E. Berube, Jr.;

S. 134. An act for the relief of Lloyd K. Hirota;

S. 572. An act for the relief of Robert L. Wolverton;

S. 1138. An act for the relief of Lt. Robert C. Gibson;

S. 1196. An act for the relief of Wright G. James; and

S. 1267. An act for the relief of Jack C. Winn, Jr.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House insisted upon its amendments to the bill (S. 618) for the relief of Nora Isabella Samuelli, disagreed to by the Senate; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ASHMORE, Mr. SENNER, and Mr. HUTCHINSON were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

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

H.R. 485. An act to authorize the Secretary of the Interior to construct, operate, and maintain the Auburn-Folsom unit, American River division, Central Valley project, California, under Federal reclamation laws;

H.R. 1481. An act for the relief of the estate of Donovan C. Moffett;

H.R. 1763. An act to amend section 1825 of title 28 of the United States Code to authorize the payment of witness fees in habeas corpus cases and in proceedings to vacate sentence under section 2255 of title 28 for persons who are authorized to proceed in forma pauperis;

H.R. 3750. An act for the relief of certain individuals;

H.R. 3990. An act to amend section 1871 of title 28, United States Code, to increase the per diem and subsistence, and limit mileage allowances of grand and petit jurors;

H.R. 3992. An act to amend section 753(f) of title 28, United States Code, relating to transcripts furnished by court reporters for the district courts;

H.R. 3997. An act to amend section 753(b) of title 28, United States Code, to provide for the recording of proceedings in the U.S. district courts by means of electronic sound recording as well as by shorthand or mechanical means;

H.R. 4719. An act for the relief of Josephine C. Rumley, administratrix of the estate of George S. Rumley;

H.R. 5401. An act to amend the Interstate Commerce Act so as to strengthen and improve the national transportation system, and for other purposes;

H.R. 5497. An act to amend paragraphs b and c of section 14 of the Bankruptcy Act; and

H.R. 9544. An act to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 620,000 long tons of natural rubber from the national stockpile.

VICE PRESIDENT HUMPHREY AT UNIVERSITY OF WISCONSIN: OBJECT LESSON IN HOW TO HANDLE PROTEST

Mr. PROXMIRE. Mr. President, the Vice President of the United States spoke at the University of Wisconsin yesterday and did a magnificent job of showing how to handle demonstrating protesters and do so in the American tradition of full and free discussion and in the Wisconsin tradition of sifting and winnowing to determine the truth.

The Vice President did not come to the University to discuss Vietnam, but the presence of 42 protesters—nearly a hundred before he was through—persuaded him to remark on it briefly.

The Vice President contributed to the protest that has stirred academic communities over Vietnam an idea that should be pondered long and thoughtfully. He recognized the right to speak out, but added:

> The right to be heard does not automatically include the right to be taken seriously. To be taken seriously depends entirely upon what is being said.

In answer to signs telling the Vice President that we should get out of Vietnam, he responded:

> If you can show us how to get out of Vietnam without the Communists taking over in Saigon, without South Vietnam losing what freedom it has left, we will put the placards that are around here in the hall of fame instead of the hall of shame. But the signs offer no alternative, just leave. I can promise you we do not intend to just leave.

I ask unanimous consent that an article from the New York Times by Donald Janson, reporting the Vice President's appearance be printed at this point in the RECORD.

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

HUMPHREY CHIDES ANTIWAR PICKETS—BIDS COLLEGE STUDENTS AVOID "DESTRUCTIVE" PROTESTS

(By Donald Janson)

MADISON, WIS., August 23.—While pickets chanted outside, Vice President HUMPHREY urged college students today to replace destructive demonstrations with constructive social action.

"The right to be heard does not automatically include the right to be taken seriously," he told the opening session of the annual congress of the National Student Association.

"To be taken seriously depends entirely upon what is being said," he declared.

What was being said outside the University of Wisconsin's theater in the Student Union Building was that the United States should sue for peace in Vietnam.

Forty-two marchers greeted the Vice President when he arrived with signs saying "Get Out of Vietnam." The number had doubled by the time he finished speaking.

The students and townspeople, largely members of the Committee To End the War in Vietnam and the Student Peace Center at the university, sang freedom songs and chanted "peace now."

DEPARTS FROM TEXT

A group of convention delegates responded, in the staccato unison shouts of a football cheer, "rip 'em up, tear 'em up, give 'em hell, HUBERT."

Inside, Mr. HUMPHREY departed from his text several times to comment on the demonstration.

"I saw some signs that said get out of Vietnam," he asserted. "I agree. But in our getting out we don't want to let somebody else take over.

"If you can show us how to get out of Vietnam without the Communists taking over in Saigon, without South Vietnam losing what freedom it has left, we'll put the placards that are around here in the Hall of Fame instead of the hall of shame.

"But the signs offer no alternative: just leave. I can promise you, we do not intend to just leave."

The audience of 1,000 responded with an ovation. The delegates are here from 300 colleges and universities affiliated with the student association. They frequently applauded the Vice President's explanation of administration policy on Vietnam.

There was no heckling inside the auditorium, where only delegates were permitted.

Mr. HUMPHREY praised the student union as one that knew how to "differentiate between constructive and destructive protest." He urged the students to direct their energies toward teaching and training and otherwise helping deprived people to profit by social and economic legislation recently enacted by Congress.

Outside the pickets were joined by W. M. Grengg, a physicist whose sign said "scientists, physicians, and engineers formerly for Johnson and HUMPHREY."

MOST VITAL U.S. WEAPON IN VIETNAM—AMERICAN DETERMINATION TO STICK IT OUT

Mr. PROXMIRE. Mr. President, the determination expressed by the Vice President in Madison, Wis., yesterday to stay in Vietnam until we can negotiate a settlement that protects the independence of South Vietnam is the kind of national determination that may be our most important weapon in this tough, perplexing contest.

Evans and Novak spell out the cautious optimism that realists are beginning to feel about our Vietnam prospects.

Not that the war will now be easy. The very opposite—the fact that it will be tough and long and hard—is true, and in spite of this our top officials are determined to see it through.

This idea seems to have permeated the understanding of leaders in Moscow. When it reaches the understanding of those in Hanoi and Peiping, the prospects for negotiation and settlement will be greatly enhanced.

I ask unanimous consent that the article by Evans and Novak be printed in the RECORD at this point.

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

CLIMBING BACK IN VIETNAM

(By Rowland Evans and Robert Novak)

Although it would be a dangerous error to overplay the importance of a single localized action, the bloody marine victory over the Vietcong on the Vantuong Peninsula symbolizes an improved overall situation in Vietnam.

"We're still going downhill," says one top administration policymaker, "but we're bottoming out. Then we start the long climb back up."

By no means is the improvement strictly military or even mainly military. In the first place, evidence is now available that the Soviet Union, partly as a result of Ambassador-at-Large Averell Harriman's "vacation" in Moscow last month, is now fully convinced of the total U.S. commitment in the war. Presumably Moscow is passing this along to Hanoi.

Although the official Moscow word to the United States is that "you can't win," the growing evidence of the U.S. commitment has deeply impressed the Russians.

Unlike Moscow, Hanoi has never been faced with a U.S. commitment of the kind that forced the Russians to turn their missile-loaded ships away from Cuba in October 1962. Hanoi's knowledge of the West, instead, derives from the French experience of a decade ago. Under the influence of Communist labor unions, French dockworkers refused to load supplies for French battalions in Indochina.

Remembering the French experience, the North Vietnamese mission in Moscow stockpiles a daily file of every incident in the United States—newspaper editorials, signed advertisements, peace demonstrations—as proof that the United States, like the French, will tire of the war and "bug out."

But the weight of evidence the other way, coupled with Harriman's stern message to Moscow, is now for the first time forcing Hanoi to confront the truth—that the United States just won't be pushed out.

Several other factors must be fed into this new psychological equation. For more than 6 weeks now, the number of Vietcong attacks (called the "incident rate" in Pentagonese) has been lower than normal.

In addition, the tough-minded G-2 (intelligence) estimates the ratio of captured weapons has been running about 2 to 1 against the Vietcong—a radical switch from several months ago. The parallel Vietcong recruitment problem has been much publicized, with 15-year-olds being forcibly drafted in southern hamlets and made to fight the United States and Saigon.

Finally, evidence accumulates in the form of captured orders and prisoner interrogation that this year's feared monsoon offensive of the Vietcong so far has been a severe disappointment, perhaps even a flop. And the dry season is not far off.

None of this rules out a major Communist offensive in the vulnerable highlands, where the Vietcong has been gaining local victories, to cut the nation in two. But with Vietcong supplies far lower than expected at this stage of monsoon operations, U.S. strategists now hope the highly touted offensive will end without the Vietcong having made a major breakthrough.

It is against that backdrop that the marine success on Vantuong must be viewed.

This was the first time a large U.S. force had located and engaged a large Vietcong force. Although U.S. strategists play it in low key, the fact is that the operation was conceived, planned, and executed by Uncle Sam. This prevented the leaks and fumbles that ruined similar efforts by the Vietnamese Army in the past.

With more and more U.S. ground troops available in widely scattered parts of the country, future operations on this relatively grand scale will increase.

This is important not just for military consequences as measured by dead Vietcong but even more so for morale: the morale boost for South Vietnam, the morale drop for the Vietcong (assured repeatedly that U.S. troops would cower in well-defended coastal positions, and never take the field).

Though far from comprising a bright picture, these improvements point the way toward eventual success and mock the gloom-and-doom critics of President Johnson on Capitol Hill.

BIG U.S. WEAKNESS IN VIETNAM: IGNORANCE

Mr. PROXMIRE. Mr. President, this morning's Wall Street Journal carries a

brilliant article spelling out a serious U.S. weakness in South Vietnam: the intelligence gap.

Philip Geyelin writes of how substantial and rich is the information available and developed by our low-level officials. Listen to this:

Ultimately the richest lode is found at the bottom of the bureaucratic pile among a small but growing band of youthful American political warriors. Some are military officers, others budding diplomats, or foreign aid operatives, or U.S. Information Agency officers. Their diverse official auspices are less important than the qualities they share. At least some fluency in Vietnamese for example; deep dedication and a scholar's approach to the new arts of counterinsurgency; a real zeal for hazardous frontline duty in remote hamlets; a remarkable grasp of all the interrelating military, political, economic, and psychological elements of the Vietnam conflict to an extent unmatched almost anywhere along the chain of command except perhaps at the very top.

But, as Geyelin says, something happens to this intelligence on the way to the top.

The tough problem in Vietnam is that it is complex. It is not simply a matter of winning a military victory. Yes, it is that, but that is only the beginning. It is also a matter of winning economic victories and educational and social victories, and convincing the Vietnamese that we are on their side, hamlet by hamlet, village by village; and that will take time and intelligence and sacrifice, perhaps more of it than most Americans begin to realize.

I ask unanimous consent that the Geyelin article from this morning's Wall Street Journal be printed at this point in the RECORD.

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

VOID IN VIETNAM: UNITED STATES KNOWS LITTLE ABOUT ITS FOE, NOT MUCH MORE ABOUT ALLY

(By Philip Geyelin)

WASHINGTON.—One of the more disquieting discoveries made on a tour of South Vietnam is the amount of sheer ignorance about friend as well as foe upon which the most portentous decisions back here must, of necessity, be based.

President Johnson constructs a case with fine precision for each new move he makes; Secretary of Defense McNamara builds in detailed and dazzling statistical support; Secretary of State Rusk adds sturdy logic to the policy underpinnings. Yet it becomes increasingly apparent, as you dig deeper in, that much of this rests on shifting sands of uncertainties, unknowns, even unknowables.

The President and his war counselors have no end of secret intelligence data. But the bulk of it comes from Vietnamese—who have no end of axes to grind. Much of it is also belated, just because everything has to be double-checked, and the best of it is, in the words of one authority, "simply not good enough."

The top men have pile upon pile of combat reports. But the recent confusion over results of the bomb raid against North Vietnamese missile sites is but one index to the unreliability of even eyewitness accounts—at jet speed. Enemy casualties, for another example, remain a mystery; to penetrate it often invites guesswork so wildly theoretical that U.S. military commanders in Saigon privately scoff at the results. Even the regular "progress" reports from the South Vietnamese on their own "pacification" efforts must be examined with a fishy eye; their contents, more often than not, are calculated largely to please.

American war-watchers in the field are richly endowed with rumor. But much of it is false, often maliciously so. What the Vietcong doesn't spread around, to confuse and mislead, the South Vietnamese will cheerfully circulate about each other. "I used to think Washington was rough on character assassination until I heard the South Vietnamese Buddhists talking about the Catholics and vice versa," says one old hand.

Such striking exceptions as last week's big marine victory on Vantuong peninsula only reinforce the rule. There, a massive Vietcong concentration, backed up against the seacoast, seemed almost to be inviting attack; skillfully it was trapped by an even more massive force of marines. Finding, encircling and crushing a comparable force inland is much more difficult; chasing down smaller, hit-and-run guerrilla units tougher still.

The decisionmakers can deduce, and estimate, and guess. In time they can usually catch up to the truth. Moreover, in their defense, it must be said that large aspects of the Vietnam war are unavoidably impenetrable: The true intentions of the leadership in Hanoi, for example, the identity of the Vietcong terrorist in the village or the Vietcong agent in the upper reaches of the government, the whereabouts at crucial moments of enemy forces, the designs upon each other of Saigon's coup-makers.

But the fact still is that in the main, and at the time that it matters most, the decisionmakers don't really know what they are talking about. They are largely in the dark about the enemy and not much more solidly informed about supposed friends. They have only a remote sense of the sentiment of the Vietnamese populace, a fleeting feel for the course the conflict is taking or may take.

"WE'RE BLIND"

Not that they seriously pretend, at least in private, to anything else. "We're blind," confessed one top military commander in Saigon, speaking of the U.S. combat intelligence capability. "With all this power, we're like a man fumbling around in a dark closet trying to catch a mouse."

And not that a visiting reporter is necessarily any better off. What he may, however, be able to define somewhat more exactly than a visting U.S. dignitary may be able to, on his formal, official rounds, is the dimension of the intelligence gap. In attempting to do so, what is also revealed are some of the bureaucratic idiosyncrasies and impediments that may be making the gap somewhat wider than it has to be.

What appears to have happened, in the course of escalating the American effort in this hideously complicated, many-faceted war, is that the United States has hastily jerry-built a hideously complicated, many-faceted behemoth of a bureaucracy. The men at the very top, who must make the big decisions, are removed not once or twice but many times from their lower-level minions whose firsthand, frontline contact with the shadowy, essentially local Vietnam struggle makes them uniquely sensitive to what's really going on.

To a degree, this can't be helped; intelligence is always a headache in guerrilla war; bureaucracy balloons whenever governmental activity grows rapidly. But it is hard to escape the conclusion that a real effort to streamline the multiple chains of command and channels of information might well make the policymakers a little less remote from the realities. Granted, the upshot then might sometimes be greater, not less, uncertainty at the top. But a greater willingness to concede uncertainty might be useful in itself, if it served to restrain those who would have the United States plunge into deeper involvement in the struggle.

As it is, a rough rule of thumb applies: The further you proceed from Washington's policymaking peaks, down through the bureaucratic jungle in Saigon, past the painstakingly prepared, richly documented "briefings" and on out into the countryside, the more you are likely to encounter candor, a questioning spirit, honest diversity of view. The more you also encounter genuine, close-up expertise.

Ultimately, the richest lode is found at the bottom of the bureaucratic pile, among a small but growing band of youthful American political warriors. Some are military officers, others budding diplomats, or foreign aid operatives, or U.S. Information Agency officers. Their diverse official auspices are less important than the qualities they share: At least some fluency in Vietnamese, for example; deep dedication and a scholar's approach to the new arts of counterinsurgency; a real zeal for hazardous frontline duty in remote hamlets; a remarkable grasp of all the interrelated military, political, economic and psychological elements of the Vietnam conflict, to an extent unmatched almost anywhere along the chain of command, except perhaps at the very top.

Thus, some of the keenest insights are the farthest removed, by rank or reach, from the men who need them most. Moreover, something funny happens to low-level expert counsel on its way up the bureaucratic heights. It gets tailored for political comfort, or to fit preconceptions. For example, last year U.S. officials built an impressive case against bombing North Vietnam on grounds that the war in South Vietnam was largely a homegrown affair, which probably would rage on even without Hanoi's outside help. This year, with the decision to "bomb north" already made, a new case was constructed, along the lines that everything would be quite manageable in the south were it not for Hanoi's outside help and guidance. The justification, however—stepped-up infiltration and other assistance from the north—was difficult to document and, at best, a difference only in degree.

CATCHWORDS AND CLICHES

As information makes its way inexorably toward the President's desk it also gets condensed for quick comprehension; it gets reduced to catchwords or cliches, or committed to computers for display in glib statistics or graphic charts. No matter how carefully qualified and unsusceptible to generalities the original judgment may have been, the end product may have the appearance of unquestioned truth.

Combat casualties are a case in point. According to military authorities, the Air Force estimates the effects of its bombing attacks by a highly involved computation based on the area hit, the number of people that must have been in it, the number of bombs that should have landed in it. "Then they put those two unknowns together, come up with an apparent 'known,' and ship the figure off weekly to Washington," says one Saigon officer despairingly.

The very nomenclature of the enemy tends to mislead. As the U.S. Government would have it, the Vietcong are all Red, all under Hanoi's thumb and not engaged in promoting anything remotely resembling revolutionary causes that might just have some measure of popular sympathy. Few people on the scene share that view; but their careful qualifications, which might someday become the basis for coming to terms with at least some elements of the enemy, are, even if accepted privately, certainly not conceded publicly by policymakers here.

Oversimplification, for the sake of making a political case, is no novelty. Nor does the high command privately pretend, as one of their number puts it, "not to know how little we know." A veteran Saigon hand is the first to admit that he is sometimes "appalled at the sort of information on

which I had to advise the President." But if this is frank, it's hardly reassuring, and a couple of caveats are suggested by a study of the Vietnam intelligence void.

First, the illusion of knowledge can be infectious. As the United States stakes more and more on the Vietnam struggle, it may be all too easy to forget the struggle remains a rather uncertain, unpredictable game of chance; the knowledge gap is not necessarily narrowed by the arrival of another division of U.S. troops. Advocates of caution, then, have every right to claim this as a compelling argument.

Second, the fundamental requirement for intelligence puts a very real and practical limit on any effort to Americanize the war. In Congress and elsewhere, there are increasing cries that the time has come for U.S. forces to elbow the South Vietnamese aside and take over. But even if this concept were practical on other grounds, it collapses when you consider the intelligence need. In the last analysis, a cooperative Vietnamese populace, and an army reasonably loyal to the Saigon government and committed to the conflict, together hold the key to "finding and fixing" the enemy; at that point, U.S. firepower can possibly be brought to bear. But language barriers, not to mention the simple fact of being foreign, make it quite impossible for the Americans by themselves to flush out the Vietcong, except by such indiscriminate force that popular support would be alienated irretrievably and the whole point of the exercise lost.

THE THREAT OF PASSIVITY

This, then, is the real key to turning the tide in this political war. In the opinion of almost every expert on the scene, one of the gravest threats to U.S. aims is passivity; most Vietnamese have no reason to care. They will bend with the wind, whether it be Vietcong terror or Vietcong blandishments. The only real hope is that they can somehow be persuaded to bend to Saigon, and this, in the judgment of most, will require some more tangible display of Government interest in their lot than destruction of their villages in quest of Vietcong.

It will take a long, patient, difficult Government program of social and political reform, skillfully promoted and stage managed by the United States—but from the wings. Done convincingly, as an adjunct to military security measures, the theory is, this can break the vicious circle that now makes physical security a prerequisite of collaboration with the Government in furnishing intelligence and makes timely intelligence a prerequisite to security. This wouldn't settle the war; but it might help set the stage for settlement.

For the United States, this means a greater effort to develop the particular blend of political, military, displomatic, and economic expertise required to work effectively with the Government—in Saigon, at province headquarters, at district and village level. And this, in turn, many U.S. authorities believe, can be done not only by pooling individual U.S. agency talents in cumbersome collective efforts but by encouraging expansion of that breed of American political warrior in whom all these special talents are combined.

How this is already happening, and why it may not be happening as fast as it could, will be the subject of another report on the question of how Washington's hard pressed policymakers might be brought into closer contact with the day-to-day complexities and realities of Vietnam's war.

GENERALS TAYLOR AND WHEELER: EXPLANATION OF U.S. MILITARY TACTICS IN VIETNAM

Mr. PROXMIRE. Mr. President, I have been asked repeatedly by Wisconsin constituents, when I have been in the State and in correspondence, why we have to make war on the Vietnamese, why do we burn villages, why do we use the terrible weapons of death—including liquid fire and bombing. These are sensitive, sincere people asking these questions. They deserve answers.

In the splendid CBS series on Vietnam, top correspondents Cronkite, Kalischer, and Reasoner interviewed two of the men most expert and responsible on these subjects: Ambassador Maxwell Taylor and Chairman of the Joint Chiefs of Staff, Gen. Earle Wheeler. The questions were tough and searching. They were based on firsthand knowledge of the CBS correspondents.

These television broadcasts are unfortunately transient. Their impact is more potent than any communication media had ever been but the message fades and disappears rapidly. To preserve the revealing replies of Taylor and Wheeler in this perplexing situation, I ask unanimous consent that the transcript of this broadcast be printed in the RECORD at this point.

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

CBS NEWS SPECIAL REPORT—VIETNAM PERSPECTIVE: "HOW WE CAN WIN"

(As broadcast over the CBS television network, Monday, Aug. 16, 1965, 10 to 11 p.m., e.d.t.; participants—former Ambassador Gen. Maxwell Taylor; Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff; reporters—CBS news correspondent Walter Cronkite, CBS news correspondent Peter Kalischer, CBS news correspondent Harry Reasoner)

Mr. REASONER. Across from me sit two men high on the councils of the Government and they have played major roles in directing our military and diplomatic efforts in Vietnam. Recently back from Saigon, this is our former Ambassador to South Vietnam, Maxwell Taylor, whose distinguished career includes leading parachutists into Normandy and heading our forces in Korea. He was also Chairman of the Joint Chiefs of Staff.

Next to him is Gen. Earle G. Wheeler, the present Chairman of the Joints Chiefs of Staff who was in charge of all U.S. military operations. And seated with me are two CBS news colleagues, Walter Cronkite, who is just back from Vietnam, where he reported on our forces in the field, and Peter Kalischer, who has covered Vietnam and Asia longer than any other correspondent.

We are talking today at the Pentagon and I'd like to begin by asking a basic question. How can our troops fight a jungle war against an unseen enemy on the Asian mainland and produce a traditional victory? Perhaps each general could comment briefly on this, before we go into detail on the current U.S. buildup. General Taylor?

General TAYLOR. I don't think you suggest by that question that our troops are taking over the jungle war in southeast Asia as their own war. We all know that our forces are going there to supplement and assist the Vietnamese forces who have been in this jungle battle for 10 to 11 years. There are 550,000 to 600,000 men under arms of the Vietnamese most of whom are thoroughly trained. They are accustomed to the environment. They know the problems of guerrilla warfare. They know how to get intelligence as well as intelligence can be procured in this difficult situation. So our people will go to assist in this guerrilla warfare according to their capabilities and according to the situation. Now I wouldn't suggest for a moment, also, that guerrilla warfare is contrary to the tradition of the American Armed Forces. Certainly our Army has been in guerrilla warfare in many situations; in the time of the Revolution, in the Civil War, in the Indian wars, so that the recognition of guerrilla warfare as an accepted form of combat for which we should be prepared is written into the—into the training of the American forces and has been for a century. Now I think your last point was how will we achieve a victory. I think we ought to hold that off until a later discussion, because what does one mean by victory in this very complex situation in South Vietnam. I think we could profit well by discussing that as a later topic. Now let me pass the rest of the question to General Wheeler.

General WHEELER. During World War II, the U.S. Army added some 45 battle and campaign streamers to the Army flag. Over half of those were won in the Pacific and some of them—a number of them—at such places as Guadalcanal, New Guinea, and in the Philippines. Admittedly, the guerrilla warfare during World War II was not a major portion of the war or a major aspect of the war. It was somewhat more formal. However, the enemy was busily engaged in being as difficult as he possibly could be and our troops operated, as you know, most successfully on those occasions.

Mr. CRONKITE. General Wheeler, having just been out there and having had my first look at South Vietnam, it strikes me that this is really a lot of little wars through this entire area south of the 17th parallel. The jungles, the highlands, the rice paddies to the south, a Japanese garden of little sections through the whole thing. How do we go about, in our grand strategy, meeting the enemy over this wide terrain of—I know you've got a map back there. Maybe you could show us the general picture before we get into detail?

General WHEELER. Well, perhaps we ought to take a moment and examine the country that we are talking about. This is South Vietnam. This banana-shaped piece of terrain. It's some 720 miles, I guess, sort of a big arc, from the 17th parallel down to the Gulf of Siam. Here at the demarcation zone, the 17th parallel, the country is about 40 miles wide. Down here, it runs up to such distances of perhaps 120 miles. The country is quite varied. You can see the mountain ranges through here. There are ridges and ranges up in this area which go over 5,000 feet. In this area, there's one peak reported, that's not verified, to rise to over 10,000 feet. Down in here, there are ridges that rise 7,000 feet. And you'll notice that in many places, the mountains march right down to, or close to the sea. The population of this country is about 14½ million people, divided ethnically by region and by religious sects, into many smaller groupings. You have the bulk of the population living along the coast in these green areas where the mountains do not exist, in the Saigon area and in the delta, in a broad belt across here. To the south down in here, you do have the low marshy lands cut by a great many waterways either natural or canals. As a matter of fact, I understand there are some 4,500 miles of navigable waterways for—some of them for quite sizable craft, in this area. Obviously then, you're going to have a different war in many areas. Up in here, you have a heavily wooded mountain area. In many places, you have a rain forest with two or three canopies rising 100, 120 feet into the air. Down here, it's relatively open and marshy, except over in the Plain of Reeds. You're going to have, I would say, Mr. Cronkite, a number of differences in how the troops on the ground will operate.

Mr. CRONKITE. What is different about what we are doing, or planning to do, than what has been attempted there before by the French and the Vietnamese themselves before

us? Why do we have any greater hope of success with our operations than they have had with theirs?

General WHEELER. I think that the French operation was somewhat different than ours in its basic concept. You had an expeditionary force which in effect was engaged in an attempt to hold or reconquer areas of the country to restore it as a part of colonial France.

General TAYLOR. In the case of the French, the French were the basic force trying to impose colonial rule upon South Vietnam. They had auxiliaries who were South Vietnamese. Just the reverse is true now. The main force—there were 500,000 South Vietnamese who are fighting this war and we are supplementing them.

Mr. KALISCHER. Would you say though that this was their war, or isn't this getting more and more to be our war?

General TAYLOR. Not in the slightest. This is their war. We want it to stay that way.

Mr. REASONER. It seemed to me, General Wheeler, that you were giving an almost classic description at the map of the kind of place you don't want to fight a war. Your predecessors, of both you gentlemen in your office, have said—well, General MacArthur said, "No sane man would get into a war like this" in general. Does this represent a change in policy that you're forced to live with, or do you—have you changed—is it possible you can win it?

General WHEELER. Mr. Reasoner, I would say this. I don't want to fight a war anywhere. Here, or elsewhere.

General TAYLOR. There are no good places for war.

General WHEELER. There are no good places, I agree, Mr. Ambassador. The fact of the matter is, the enemy is attempting—when I say this, the Vietcong, supported amply by the North Vietnamese and in the background by the Chinese Communists—he has decided to fight in South Vietnam and if we don't oppose him there, that is the South Vietnamese and ourselves, they're going to take over that area. Now—yes, if I didn't think that we could prevail in this war, I assure you that I would never have supported the increase in the American forces there—one man, or one weapon.

General TAYLOR. I think we ought to go back and find out really what we're trying to accomplish there, because I am always struck by the fact we're talking about the military aspect and that's only a small fraction of the overall problem.

Mr. REASONER. Nevertheless, the point is made again and again that before we can win the hearts and minds that we must give the people security. It's been mentioned already.

General WHEELER. Quite true.

Mr. REASONER. And if that's not possible, you can't—you can't proceed.

General TAYLOR. But related to this in the country program of so defeating the Vietcong that security can be restored is the question of how to stop the intervention from Hanoi and the flow of equipment, so that leads into the air aspect.

Mr. KALISCHER. How do you stop the flow of equipment? You've got 1,500 miles of coastline and you've got two bleeding borders with Laos and Cambodia. And as you know, General, Mr. Ambassador, in—in Korea, where you were in command, there was a three-quarters of a million-man army facing us on a conventional front of 130 miles, and we knew every road and every trail leading up to the Yalu River and we had complete domination of the air and we bombed it from hell to breakfast and that never stopped the supplies coming down to that army.

General TAYLOR. Well you're quite right. This is a very tough problem and we have not licked it yet. However, I am encouraged by the fact we are using different methods than what we did in Korea. There's no sanctuary north of the Yalu in this situation. That decision has been taken last February and the air campaign is having an effect, not a complete effect, of course, in suppressing infiltration, but it's certainly making it much tougher for that infiltration.

Mr. KALISCHER. How effective is that aerial war? And I understand that there's been a reevaluation of—been asked for on the bombing, north and south? I believe that's correct?

General WHEELER. Reevaluation by whom, Mr. Kalischer? This is news to me.

Mr. KALISCHER. Well, I had heard that and that——

Mr. CRONKITE. Well, we'll make news on this program even if Mr. Kalischer has to do it. [Laughter.]

General TAYLOR. Let me first—I'll answer the first part and perhaps he can have the other part.

Mr. KALISCHER. Yes——

General TAYLOR. Why are we having—why is the air campaign—what's the purpose of it? There are three purposes, duly announced, clearly thought through before embarking upon this program. The first was to give the South Vietnamese people the sense of being able to strike back for the first time against the source of all their evil, namely, North Vietnam. And I can assure you the psychological effect, the morale effect of this decision was most visible throughout all of South Vietnam—military and civilians alike. The second—the second purpose I've already alluded to—to reduce, not to eliminate infiltration. We know air can't eliminate infiltration any more than it could in—in Korea. On the third point, and perhaps the most important in the long pull, is to remind the leaders in Hanoi, the men who are making the decisions, who can stop the infiltration, that unless they do not cease their aggression, they're going to pay an increasing price to the point that the game is just not worth this kind of—this kind of loss.

Mr. CRONKITE. What does our intelligence indicate on that third point? What's happened in North Vietnam?

General TAYLOR. Not clear. Obviously Hanoi very determinedly is saying nothing and making brave sounds. I would expect that. I would not expect to see any visible signs, but anyone who looks at the map and sees the destruction caused certainly would be convinced that this is having a vast impact. You might be wanting to talk about impact.

Mr. KALISCHER. What about the SAM sites?

General WHEELER. I might talk about two points here if I may, as long as I'm up. First, the first being that we have, by our air strikes, broken the lines of communication where you see the X's on these roads and railroads. As you probably remember, the primary highway runs right up the coast and so does the—the railroad. The railroad, however, came only south from Hanoi as far as the town of Vinh, a little bit below. Now this doesn't represent all the disruption to the LOC's. Now the question—how successful has this been? Well I cite Soviet colleagues of yours, gentlemen, who apparently on a broadcast in Moscow the other night told of the disruption in the North and said, among other things, that the job of truckdriver in North Vietnam is regarded today as a heroic occupation. While I'm here, I might point out similar things that the Vietcong have done in South Vietnam, and one of the great problems out there which I'm sure the Ambassador would like to expound on a little further. These X's here also indicate where they have disrupted roads and railroads. The black dots mark provincial and district towns which are intermittently isolated from the rest of the country by ground line of communications. You can always get in by air. Sometimes you cannot get in by truck. The SAM sites are shown on this chart here, arranged in a sort of a ring around Hanoi——

Mr. REASONER. May I explain for laymen who might not remember, SAM stands for what, surface-to-air missile?

General WHEELER. Surface-to-air missiles.

Mr. REASONER. The Russian installed or Soviet built——

General WHEELER. They're Soviet built, they are the SA-2, which is a standard Soviet surface-to-air missile.

Mr. KALISCHER. How effective are they, and how effective could they be against our bombing in North Vietnam?

General WHEELER. Well, they're—they're a good weapon, as we know. As a matter of fact, we have lost a couple of aircraft to them. They are roughly comparable to our Nike-Hercules surface-to-air missile. Incidentally, you might be interested in seeing a picture here of one of the Soviet surface-to-air missile sites, taken fairly recently. Down here you can see a missile, here you can see the cable crossings which connect the missile itself to the radars, the control radars, sitting back in—in a very lightly rebedded area, with the vans camouflaged. This is a sort of a standard configuration for this type of—of surface-to-air missile.

Mr. REASONER. We have bombed two of those so far, is that correct?

General WHEELER. That's right.

Mr. REASONER. And not since the second downing of the plane.

General WHEELER. That's correct.

Mr. KALISCHER. Is that one of them that we have bombed?

General WHEELER. This one is a recent picture.

Mr. CRONKITE. General, do we have any evidence as to who is operating those sites?

General WHEELER. Not at all, not at all.

Mr. CRONKITE. Is it possible the North Vietnamese could have been trained to do this?

General WHEELER. I would think that in the period of time that's elapsed that certainly they could have been trained for this purpose, or substantially trained for this purpose. We know that there have been training programs both in China and in the Soviet Union for—for North Vietnamese personnel.

Mr. CRONKITE. What is the sum total of evidence today as to foreign aid, intervention, or what not in the war in Vietnam?

General WHEELER. Well, the evidence that we have indicates that the aid has been substantial. For example, the main force Vietcong units in South Vietnam, some 70,000 of them at least, in recent months have been completely equipped with a different family of weapons, Chinese made, incidentally from Russian models, and excellent weapons, automatic in many cases. They use a 7.62-millimeter ammunition, which is unobtainable in South Vietnam. It has to be imported, and is not made, as far as I know, in North Vietnam either and certainly the weapons aren't. Also, the surface-to-air missiles, which we were just discussing, came from out of country. And others—other items as well. I speak particularly of—of conventional triple A, antiaircraft artillery, tube artillery. None of this is made in—North Vietnam.

Mr. KALISCHER. Sir——

Mr. CRONKITE. Could I ask one more on that direct area? What about personnel in this form of advisers?

General WHEELER. We have—we have no evidence despite what you hear from time to time, that there are any advisers with the Vietcong in South Vietnam. The most frequent rumor that you hear, that there are Chinese there. Well, I forgot to say a moment ago, that of the about 1,800,000 people in Saigon, or in the Saigon area, about a third are of Chinese descent, and I would expect that you would find among the Vietcong, certain people of Chinese descent, who look Chi-

nese. We've never seen a Chinese adviser in South Vietnam. Now, I accept that—that in North Vietnam, you undoubtedly have Chinese advisers, and no doubt a number of Soviet advisers or technicians of one kind or another.

Mr. KALISCHER. I remember that Secretary Rusk made a statement during the Cuban crisis of a few years ago, that we were eyeball to eyeball with the Soviet Union, and the Russians blinked. Who would you say we are eyeball to eyeball with basically in this confrontation, the Chinese, the Russians, the South Vietnamese Vietcong, the North Vietnamese?

General TAYLOR. Well, of course, we are not eyeball to eyeball with anyone directly. It's really the question is, with whom is the South Vietnamese Government eyeball to eyeball with, and I would—my answer would be basically Hanoi, as Hanoi is the source of the Vietcong strength. The Vietcong provide the men on the battlefield, but the decisions, the basic strength comes out of North Vietnam, so it's the problem of convincing the leaders of Hanoi, rather than convincing leaders of the Vietcong of the impossibility of final success. Now, I recognize that behind Hanoi is Peiping, and to some degree Moscow, but their direct influence on the decisions in Hanoi are far from clear.

Mr. KALISCHER. Do you think that if we stepped up our military stake in this, that there—that the Chinese would come in?

General TAYLOR. I don't think so. Not as long as we do not actually attack Red China. I think what we're doing now is certainly within the ground rules of—of reasonable prudence insofar as inviting the intervention of either the Chinese or the Soviet Union.

General WHEELER. I share that view; I share his view.

Mr. CRONKITE. What is keeping, or will keep Peiping out of this war, if we seem to be winning it?

General TAYLOR. Self-interest. Self-interest. Fear of consequences. They're very great, they are very great.

Mr. REASONER. This recurrent theme, which came up in this last answer, about supporting the South Vietnamese, and really merely being there as allies to help them out, brings up the question that concerns a lot of Americans, that we seem to have picked a loser. That under, as far as the South Vietnamese are concerned, the situation has steadily deteriorated, there's some question about how many people in the country even know there is a government in Saigon. Is this going to prevent us from winning or from gaining our kind of unconventional victory?

General TAYLOR. Of course, I don't think there's much glory in running to a cause that really doesn't need much help. It's quite true, we are on the side that has very tough problems, but they're problems that can be resolved, and we have the resources in my judgment to reach a final resolution. The attitude of the South Vietnamese people, I know, creates concern among many of our citizens. Are they really—is their heart really in their work? Well, I have no doubt—I have no difficulty in answering positively "Yes," they do have their heart in their work and I think the record speaks for itself. The fact that for 11 years, the South Vietnamese have been fighting against the Vietcong, and refusing to accept any—any accommodation with the Vietcong; the fact that the first—in 1954, you recall, they had the choice of either coming under Communist rule or being under free rule, and by a vote of 10 to 1, a ratio of 10 to 1, the North came South, rather than go to Communist rule in the North. In other words, about a million refugees came out of North Vietnam to be in the South, only about 80,000 went out of the South to be in the North. Now we have other indicators, which show the depth of commitment of the Vietnamese people; the internal movement of population. Throughout this period, whenever they—whenever the Vietcong pressure has mounted in a new region, there's been a flow of refugees out of that area to avoid falling under their domination. The total number runs 600,000 to 700,000, perhaps who have actually moved. And we see absolutely no sign of a similar movement from Government-controlled territory into Vietcong-controlled territory.

Mr. KALISCHER. Might there not be an explanation in the fact that when an area becomes completely under Vietcong control, we exercise rather unlimited aerial warfare against that section of the country, and it's just commonsense for those people who don't—who are not particularly engaged in the fighting to get out and come over to our side, where the bombs aren't falling?

General TAYLOR. I wouldn't attribute this to the bombs. I would say that in any area where war goes on, and it's the ground war that is far more destructive than the air war, that any citizen is unhappy and for obvious reasons. And he intends to go some place, but he doesn't go deeper into Vietcong territory, he comes to the government side, which I think is a very important point.

Mr. CRONKITE. Now, last week we had this episode of the—of the burning of Cam Ne by the Marines up there. And, certainly, whether this was justified from a military standpoint or not, how are we going to win these people to our side, when this—this sort of thing goes on whether it's a military necessity or an unfortunate accident?

General TAYLOR. Well, first let me go back to a point you made at the outset, that bombing of villages. The bombing of villages almost never occurs. Villages are destroyed, yes, they suffer very severe losses, but it's generally from ground action. I can hardly think, I don't think offhand of any time we've deliberately taken a village as a bombardment target. Sometime, unfortunately, in the uncertainty of the—of the location, villages have been bombed, but it's ground action of both sides which creates most of the destruction. That is a very unhappy situation, a most regrettable one, but it's been true in every war in history. I can just look back at Europe and think of the devastated, completely leveled cities, friendly cities, friendly cities in France, for example, devastated by the conditions of World War II. So this is not something new; it's just an unhappy fact of warfare.

General WHEELER. I'd like to expand on that, because you spoke of Cam Ne. Actually, on July 12, when the Marines first moved in there, the district chief urged the Marines to raze the ground—the town to the ground, because he said it was a known totally Vietcong hamlet. They didn't do it. They lost three marines killed and four wounded, I think, as they moved through the village and cleared it out. Now, to bear out what Ambassador Taylor said, there were some 51 buildings destroyed in the town of Cam Ne. Fifty of them were destroyed by ground fire. The tracer bullets, grenades and what not, set fire to things and they burned. So, this was not an air strike that destroyed this village, this was actually the ground weapons that destroyed it.

Mr. KALISCHER. General, I hate to—to quote our own correspondent against your information, which I'm sure is good. But on—there's been considerable flap over the Cam Ne incident, and Morley Safer has cabled in what I consider, and what we all consider, a pretty factual account. There were more, he said, than 50 huts burned, and he personally saw at least 20 of them put to the match by a cigarette lighter.

General WHEELER. That doesn't agree with my information, Mr. Kalischer. I'll rest on that.

Mr. REASONER. Well, certainly, whether—whatever happened in this particular incident, you're going to have problems in relations between American soldiers and marines, and the Vietnamese. Doesn't that again decrease the odds on victory?

General TAYLOR. You're going back to the point that we're alienating the population. I don't think so in a broad sense. I think these people, they're hard realists. They have seen war for 10 to 20 years. They know whose side is fighting for their cause, and while they unhappily take these, the inevitable losses that go with being in a position of an area of combat, nonetheless, we have seen no indication that our military action is alienating the population. In contrast, what are we saving them from? The intolerable impositions of the Vietcong. Intolerable in the sense they impress their sons in the military service, often against their will. They kill the officials in the villages; they kidnap anyone who might be of any use; they impose prohibitively high taxes and end up by confiscating large—large parts of the rice crop. Now, this is a pretty tough life and when you contrast that kind of—of unhappy existence with the casualties of battle, I think you'll find most of the peasants will say, I'd rather run the chance of battle if I can be free, and if security will last.

Mr. CRONKITE. General, just to put a period to the Cam Ne thing. Have any orders gone out that specifically forbid this kind of an operation such as Cam Ne? I mean, putting the torch to a village?

General WHEELER. In the first place, I don't agree that the village was deliberately burned. In the second place, General Westmoreland, a long time ago, a month and a half ago, recognized the problems that could possibly arise in this type of operation, and enjoined all of his senior commanders to exercise the utmost of judgment and prudence in dealing with situations of this kind. I think we must recognize that there are two sides to this as there usually is to everything. And I happen to be very much concerned about what happens to our troops in a situation such as this. Remember, the Marines lost four men killed and a number wounded in this action; they were dealing with a hard-core enemy, determined again to stop them. They had several men wounded in the village. And I would say this: General Westmoreland, his senior commanders—I think you know General Walst, the Marine commander up there—these are not only fine, fine officers, they happen to be fine men. They're not arsonists at heart, but they are—they are fighting a very difficult war, and they're trying to do it the right way, protecting their—their own men, letting their men defend themselves, and at the same time, taking due account of the hazards and the risks to the civilian population who unfortunately get caught in any war.

Mr. REASONER. In two areas I would like to get your estimate of the Vietcong: first, as a military estimate, and, second, what—this must be pretty rough on him. He's been fighting 20 years now. They can't all be trained agents of Moscow. How does this happen that they go on fighting so well so long Mr. Ambassador?

General TAYLOR. Well, as you suggest, there is a hard core which has been trained for 10 years, and knows nothing but this. They're beyond redemption. They represent some 40,000 of the so-called firstline units. But as guerrillas, as assistants—sometimes part time, too—they have many—many young men now frequently impressed into the service—ages down as low as 15—who do have very, very spotty morale. We find this out in interrogation of prisoners. We see also that the heavy losses is making it more and more difficult for the Vietcong to recruit

locally. The evidence is that they're bringing more and more North Vietnamese, ethnic North Vietnamese—who have never set foot in South Vietnam. Now, their performance, both professional performance and their morale—reaction to the situation, is certainly going to be unfavorable to the Vietcong's cause.

We have a final indication of wavering morale. I wouldn't overstate it, but some deterioration in morale in the increased numbers of ralliers who come in in response to the open arms program. They desert, defect, and come to the Government's side. This is running something over a thousand a month.

Now, very few of those are hard core, the old, tough type, but certainly those who are on the fringes, so to speak, they are coming across more readily than in the past.

Mr. KALISCHER. I hate to seem to be the devil's advocate on these questions all the time, but it's been my experience that in a straight-out battle in South Vietnam between Government troops, with the possible exception of a few elite battalions, it takes two Government battalions to stand up to a good, hard-core Vietcong battalion, and that is with the full complement of aerial support, which the other side hasn't got. Also, since we've been killing them at about the rate of 25,000 a year for the last 3 years, according to statistics, where do they recruit them from?

General TAYLOR. Let's go back to the first point and I will turn the second one over to General Wheeler.

We do need more than one battalion to fight one battalion because we are trying to box in and destroy this—the enemy. Hence, we need three or four to close all the avenues of retreat. Hence, we should have a very high preponderance of strength in terms of battalions, or in terms of individuals, to cope adequately with the situation.

You can take over the question of casualties.

General WHEELER. Well, I would just say that military planning factors, if you are going to attack, you always want a preponderance of at least 2, and preferably 3 to 1 if you expect your attack to be successful; otherwise, you may get yourself a bloody nose. Where are these people coming from? We have evidence over the past several years of the infiltration of at least 40,000 from North Vietnam, and one element is—at least one regiment of about 1,200 to 1,400 men, I would think, of the 325th North Vietnamese Division.

You spoke of the casualty figures. The early casualty figures, going back to 1961–62, I, myself, discount very heavily. However, as the number of our own American advisers in the field with Vietnamese units has increased, our information is much better, and I believe that our latest figures are reasonably accurate. At least they show the trend. They give the difference in losses between the Vietcong and the Vietnamese. At the present time, these losses are running about 2 to 1 in favor of the Vietnamese forces.

Now, you can say that this is a function of mobility and a greater firepower, and I would agree with you. This is precisely what it is. There is a recruiting program going on in South Vietnam, as well as the infiltration from the north. Ambassador Taylor spoke of young men being impressed into service. As a matter of fact, this is one of the great dissatisfactions of the Vietnamese peasant with the Vietcong: the fact that he's hauled away from his family, from his village, and taken off into the boondocks someplace to fight for people that he doesn't like anyway; and many of them desert, and when they do desert, as the Ambassador said, they usually desert to the government.

Mr. KALISCHER. What is the desertion rate? What is the desertion rate between the Vietcong and the government forces? How does that stand up?

General WHEELER. Well, as of right now, as Ambassador Taylor said, the ralliers coming to the government's side average about 1,000 a month. We have no way of estimating the number of Vietcong impressees who instead of coming back to the government, wend their way back to their native villages and hide out to escape the Vietcong. At one time, the desertion rate within the Vietnamese forces was running as high as about 10,000 a month. This has been somewhat better recently, and hopefully, it will continue to go down as they improve their programs to take care of the soldiers and their families. Some reforms, as a matter of fact, which have been long overdue, I believe, including an increase in pay.

Mr. KALISCHER. 10,000 a month from the Vietnamese forces versus 1,000——

General TAYLOR. Oh, no. Hold everything.

General WHEELER. Hold everything.

General TAYLOR. There's a very important difference here. The desertions from the Vietnamese forces is to go back to the farm. We have very little indication of desertion—defection to the enemy. We don't know the factor which corresponds with that desertion rate in the North Vietnamese forces. We know the defector rate, so we have to distinguish those two sources.

Mr. REASONER. What's your military estimate of the Vietcong as a soldier? One of your generals, talking to Walter Cronkite in Vietnam, said, I think, that he thought he was a "bum" and a "coward." Is that the U.S. Army estimate?

General WHEELER. No. I don't know what gentleman said this. To give you a quote, the captured Vietcong field order—I believe the battle of Dongxoai—regimental field order—and General Westmoreland told me that when he saw the translation, it might have been written by a graduate of the Command and General Staff College at Fort Leavenworth.

General TAYLOR. I saw the order; I agree.

Gneeral WHEELER. And you agreed, I believe. We have found, I think this is generally true, that the main force units are well trained, well disciplined, and that they plan well, and they attack vigorously in an effort to carry out their mission. They seem to be brave, or as brave as most men are. I would say that the guerrilla forces, as you would expect—I'm talking now about the part-time types—you're not going to get this order of performance. You're going to get the spotty stuff of a group of men who will shoot at you from behind a wall and then disappear. You're not going to get the same type of planning, nor the same type of performance from them.

Mr. CRONKITE. General Wheeler, what is our grand strategy out there now as far as the employment of U.S. forces? General Cao Ky, the Premier, said a couple of weeks ago that he expected the Americans to get out and hold the perimeter while the mopping-up operations, the police operations, the pacification, will be carried on by the Vietnamese behind—I gather behind our perimeter defense. Is that the way you——

General WHEELER. Let me—let me turn to this map again, if I might because I think—as you know, and I know that Mr. Kalischer at least has visited several of these places, we are creating base areas here at Hue, Da Nang, Quang Ngai, Qui Nhon, Nha Trang, and oh, one or two other smaller places. We have also a base area over here at Bien Hoa. Now why are we establishing these bases? In the first place, the line of communication by road, as we know, is subject to disruption at any time. Secondly, we have to support our forces throughout the country and preferably not by air, which is an expensive way of furnishing sizable support over a period of time. So we need these small ports—Da Nang, Quang Ngai and so on, and one at Cam Ranh Bay, in order to establish logistic complexes to support the forces that we have in the country. In conjunction with each of these places which I mentioned, these base areas, we have constructed, or are constructing, airfields: These for both combat and logistic purposes. Now General Westmoreland has organized—and I think Da Nang is a fine example—has organized these in such a way that the forces as they come in are disposed to protect these bases. This is the first charge against them. Thereafter, they begin to extend their area of influence out from the base area. As the forces have increased, he has started to use certain of his battalions, not needed for the purpose I have just mentioned, to act in support of the Vietnamese forces who are actually out finding and fighting the enemy. I think you will recall reading in recent weeks of two or three actions of which the 173d Airborne Brigade have performed this function. So I would say this. That, one, we must have our bases; we must have airfields; we must defend them. Thereafter, we can undertake cooperative action with the Vietnamese to defeat the main force of Vietcong battalions.

Mr. KALISCHER. Don't we, sir, also sometimes airlift American troops to certain strategic areas far from these bases in order to shore up a situation that is getting out of hand?

General WHEELER. You are absolutely right, Mr. Kalischer, and I should have made that more clear. This is a part of the cooperative effort with the Vietnamese of which I spoke. But, you are quite correct; that we do airlift these people into where the combat area is—where the combat is either occurring or is expected to occur, so that they can furnish support at need.

General TAYLOR. I think that this is probably going to be the most important and most useful employment of our troops. Certainly, we don't contemplate what I gather some people are talking about—sitting on the coast and sitting out this war. General Westmoreland expects to use his troops in the most advantageous way, to bring this thing to a close.

Mr. REASONER. That—that brings up a question. When President Johnson announced the buildup a couple weeks ago, Walter Lippmann then read into what the President said a new choice or a choice of a new strategy; that we were not going to use a lot of troops; that we were going to sit in our enclaves and be a thorn in the side of the Communists and thus force them to a decision. Is that—is that a fair reading of what the President said?

General WHEELER. I didn't understand him to say that.

General TAYLOR. Quite the contrary.

General WHEELER. Quite the contrary.

General TAYLOR. Mobile use as Peter Kalischer just mentioned is one—probably the most important employment we are going to find for these forces.

Mr. CRONKITE. In addition to the mobile use, is this—from these bases we are establishing along there on the coast—is this the spreading-oil-spot theory that we are going to move out from those and continually press out in a search-and-clear-up operation?

General WHEELER. Well, you could liken it to that. Every time—for example, we were talking a while about about some marine actions in the vicinity of Da Nang. Now, what they were doing is they are going out really to protect their base because if the enemy is allowed to build up around your base and take you under fire at will you are in a very bad spot. So you could call this the oil spot theory, or the ink spot, I've heard it called that. In other words, you may actually occupy a certain area, but your military influence can be extended far beyond that by an active patrolling and by movement by helicopter and so on which Mr. Kalischer mentioned.

General TAYLOR. I will make one observation which I think you will agree to, that we are not going to try to hold terrain——

General WHEELER. No.

General TAYLOR (continuing). Per se. We are going to use our firepower and mobility to destroy, to assist in destroying the Vietcong units; but the clearing, the holding, the bringing in of the governmental agencies, to assure the continual protection and the growth, the reconstitution of a given area—that clearly is a Vietnamese function. We couldn't take it over and couldn't do it if we tried.

General WHEELER. I do agree; I do agree with that.

Mr. CRONKITE. What will constitute victory in this fight in South Vietnam?

General TAYLOR. Well, I unfortunately started this question, so I'd better answer it. It will not, in my judgment, as I visualize it, not be as in Malaysia, where in the last months of the war they had reduced the guerrillas to individuals. They knew their names. They had their pictures. I went into the commanding general's headquarters and there were the pictures. These are the guerrillas and we're going to catch them and eventually did. The kind of operation we're faced with, something like 140,000 guerrillas in South Vietnam—obviously is not going to yield to that kind of tailored technique—hand-tailored technique. I would visualize this as rather something that will come to an end and victory should be defined as getting Hanoi to lay off its neighbors. Once that is accomplished, then a great deal of the internal problems of South Vietnam will fall away and leave something that can perhaps be taken on as a reduced police kind of operation. I could well visualize another, a second partition of the population as took place in 1954, where under a general amnesty, those who still wanted to go north could be allowed to go north again, and those who remained south could come forward and be accepted back into the citizenship of South Vietnam. I am thinking more in those terms rather than the kind of termination—kind of victory that took place before——

Mr. CRONKITE. Is there any reason why Hanoi should negotiate that kind of a settlement? Isn't it conceivable that Hanoi would simply say, "Let's lay off the battalion-size operations. Let's take our formal troops back along the Ho Chi Minh trail just the way we put them in and return this to a guerrilla war that could go on for 20 years?"

General TAYLOR. I don't think so, because the guerrilla war could not be supportable without the outside aid from Hanoi. I think the blow to the Vietcong—the Vietcong in South Vietnam—if, indeed, the aid of Hanoi disappeared, would be critical to them. I think there would be a great defection almost at once. I'm not suggesting that this can end all with the ringing of a bell, let's say, or the termination of negotiations, but the negotiations can create conditions which certainly would permit the justified hope in a final, reasonable settlement.

Mr. KALISCHER. Isn't it——

Mr. CRONKITE. Just a minute, Pete. You've had the floor for a minute. If the United States is not eyeball to eyeball, as we're getting back to where we were a moment ago, with the enemy, then would a South Vietnamese capitulation, since they're eyeball to eyeball with Hanoi, be acceptable to the United States?

General TAYLOR. The South Vietnamese—there isn't going to be a South Vietnamese capitulation. That's just unthinkable. The army—bear in mind, the army is the power in South Vietnam. The generals are completely committed. They've burned all their bridges behind them. They would never tolerate a government that was caught surreptitiously or overtly negotiating with Hanoi or with the Vietcong.

Mr. CRONKITE. Pete, the floor's yours.

Mr. KALISCHER. Well, I've almost forgotten what it was I was going to say. But one of the things—one of the objections that I foresee on a renewed partition is that North Vietnam will be getting more people again, and they've already gotten more than they can support, which is one of the reasons that they're trying to get down in South Vietnam. So that wouldn't solve any of their problems. If some South Vietnamese decided to go north, they'd have more mouths to feed.

General TAYLOR. Well, that's quite true, Peter, but I would envisage a peaceful adjustment of all southeast Asia where North Vietnam continues as a Communist member of the community; South Vietnam as an independent nation determining its own form of government and society, free exchange of trade back and forth. There's no reason why there should be a food shortage in Hanoi if Hanoi would be a good neighbor to South Vietnam. Many things could happen which now are not taking place.

Mr. CRONKITE. Gentlemen, Vietnam is just one country in southeast Asia.

General TAYLOR. True.

Mr. CRONKITE. We're getting rather heavily committed there, and I don't think there are many people that really accept the fact that we may be stopping at 125,000 men, perhaps, there. Are we going to be able to move in and help other nations in southeast Asia if the Communists decide to expand the area of the conflict?

General TAYLOR. Well, I think in point of fact we are, of course, at the present time. We have been helping Thailand very substantially. We have in the past helped Laos very substantially. I agree this is a single problem. But, fortunately, I don't see any excess strength available in Hanoi and North Vietnam to apply elsewhere. It's quite notable that the campaign in Laos has not had its annual offensive which characterized the past. My feeling is that the resources of North Vietnam are being stretched very much by the situation in South Vietnam, and unless the Chinese come in—and that would create quite a different situation—I can't—would not anticipate any expansion at this time.

General WHEELER. I would like to make a point there, if I might. I would think—in fact, I do think, and not conditional at all—that if we blunt this Vietcong-Hanoi supported operation in South Vietnam, the chances of you having to go into other countries with the same type of aid are very, very remote. I think it demonstrable that this is the first of Mr. Khrushchev's wars of national liberation. It's been seized upon by the Chinese Communists and by the North Vietnamese, and they have started to use this tactic in South Vietnam. If it's defeated, the chances of having another one soon in the same area, I think, are quite small. But the reverse, I'm afraid, is also true.

General TAYLOR. Yes. The importance of defeating this war of liberation is indeed very great, and it is recognized by the other side. I just happen to have a quotation from General Giap, the commander in North Vietnam, who phrases it from his point of view. He says, "South Vietnam is the model of the national liberation movement of our time. If the special warfare that the U.S. imperialists are testing in South Vietnam (our resistance to wars of liberation—if that resistance on our part is overcome) then it (our resistance) can be defeated everywhere in the world." So he states it very clearly, his evaluation of the essentiality of victory in this situation. We have it on our side just as deeply.

Mr. REASONER. General Wheeler, to get back to what you might call the mechanics of the war or the problems you have now as your forces increase. There were a couple of incidents last week, I think one involving CBS, of information which you felt improper to be published. Is the voluntary censorship not working? Do you have cause for concern?

General WHEELER. No; I would say this, that obviously it didn't work on that particular occasion. I think it's too early for me to say that it cannot work under proper supervision and proper cooperation on all sides. I did express my concern yesterday and I expressed it to Mr. Kalischer the other day because to give information to the enemy, when your troops are in the face of the enemy, could really lead to a disaster. And I know this is something none of us want. So what I feel is that the situation certainly can and must be improved.

Mr. KALISCHER. Does that mean that you are going to impose some more concrete form of censorship than voluntary?

General WHEELER. Mr. Kalischer, I can't answer that at this time because obviously this is out of my purview. I can view with alarm and recommend. Others make governmental decisions and finally, but I think also most important, the Government of Vietnam must be brought into this. As you know better than I, the great number that are in the press corps out there from many nationalities, the numerous cable systems and what not, or means of communication that are available to them—all of these have got to be taken into consideration. I merely say this, that we have got to study the situation hard and I hope intelligently and arrive at something that is going to protect our troops.

Mr. REASONER. Gentlemen, the North Vietnamese have talked on occasion about a 20-year war. You have now had some experience with our new tactics and with the buildup. Speaking not about 20 years but just about the next year, what do you foresee if we did this same program a year from now? What would the change in the situation be?

General TAYLOR. First, let me sum up what I think our strategy is. I know what our strategy is. It is a four-prong strategy which is in effect at the present time. First, to strengthen our forces on the ground, by building up the Vietnamese forces and by adding whatever is required of U.S. forces so that we can—to use General Wheeler's term—blunt and bloody the Vietcong forces in South Vietnam; simultaneously to conduct the war—the air campaign against North Vietnam to convince the leaders of Hanoi that this is a losing operation and they must change their tactic; third, an area which we unfortunately have not talked about—the vast effort which is going on in the political and economic field, to strengthen the Government in South Vietnam, to bring some element of stability into a scene where turbulence has been the rule, and at the same time maintain the economy, avoid inflation in South Vietnam, so there can't be an internal collapse which I am sure still is on the hope list of the leaders of Hanoi.

And finally, throughout all this, to maintain the open, clear position, we are ready to sit down and talk with any sincere searcher after peace. Now, that is the four-pronged program—strategy, I call it, going on. I think it is a sound strategy. I think it has a reasonable chance of success. I am sure it will not take 20 years to convince Hanoi that, indeed, this is a losing operation when each month that picture should be clearer in the minds of the gentlemen that sit in that country.

Mr. REASONER. Are we reasonably well informed about Hanoi? I was thinking in particular—particularly in your case, Mr. Ambassador. You helped study our intelligence after the Bay of Pigs I believe, and you must have been well aware of how our intelligence is doing in North and South Vietnam. Is it doing a creditable job?

General TAYLOR. Well, I never like to speak in public about intelligence. It's always a sensitive subject but there is an easy answer. Intelligence is never good enough; it's never adequate, whether it's in Cuba or whether it

is in North Vietnam or elsewhere in the world. So the answer is we don't have a clear insight into what goes on in Hanoi but we see intimations which certainly convince us that the pressure of this war is being felt.

Mr. CRONKITE. General Wheeler, two questions on manpower; Are we going to have to extend the draft and call up Reserves in order to take care of this situation and, two, what do you anticipate in the way of aid from other nations?

General WHEELER. Insofar as the draft is concerned, of course, the callup by means of the draft is already being increased, as we all know. As to whether or not we will have to call up the Reserves, the future must speak for itself. We simply don't know. The—what was your third point?

Mr. CRONKITE. Do you anticipate any help in the nature of armed forces from other nations?

General WHEELER. We have gotten, of course, a contribution from the Austrialians, a contribution from the Koreans and a contribution from the New Zealanders.

General TAYLOR. It's interesting to note the numbers now, that there are some 34 nations who are making some contribution in South Vietnam, and 13 nations are actually represented by their nationals. I wouldn't overstate the magnitude of the individual effort. In many cases it's very, very small, but nonetheless, it is important as a token of the free world uniting to assist South Vietnam.

Mr. CRONKITE. General Ky is now in Taiwan. Do you anticipate his recruiting any Nationalist Chinese forces?

General TAYLOR. I would not anticipate that.

General WHEELER. I wouldn't either.

Mr. REASONER. Gentlemen, as kind of a final question, I have a—unlike my colleagues, I haven't been in Vietnam since 1954 when the Americans——

Mr. CRONKITE. That was a pretty good year. A vintage year.

Mr. REASONER. Yes, it was a good year. The American officers there were explaining that if they could only get the French out and take over, they would end it in 6 months. But in spite of what we've said, there do seem to be some frightening similarities between what the French did and what happened to them and what we're doing. Granted that they had an expeditionary force and we're there to assist the Vietnamese. Can you candidly say with what you know about it, that we have any reason for optimism, or are we just headed on the same downhill trail that led the French out?

General TAYLOR. I certainly don't feel there is any inevitability in defeat which seems to be a strange obsession in some quarters here in Washington. We are in a tough fight. In many a battle that I have been engaged in there are moments when you are hitting the other fellow and he is hitting back and you can't say when this is going to end or exactly how it is going to end except you can be sure of one thing. You are not going to allow yourself to be defeated. Now if we have that attitude toward the problem in South Vietnam, sooner or later—I can't predict a date—we do have the resources to restore—to reach the objectives, the very broad objectives of allowing this country to continue its life without the continued aggression from the north.

General WHEELER. I would add to that that we have been sitting here largely this morning discussing our problems and the scene as we view it. I wonder how it looks to the planners and the policymakers in Hanoi from their vantage point? And I must say that with all of the problems I see and the problems that I have to deal with, I think I would rather be sitting in Washington with my problems than sitting in Hanoi with General Giap's problems.

General TAYLOR. I would certainly echo that point. I would say that there must be at least three overriding problems facing Hanoi. First, how to offset this American commitment in the south which they now see is unlimited. It's perfectly clear we're there to stay. No. 2, how to limit the devastation of the homeland which is going on daily from our aircraft; and, finally, how to do those things without inviting in the Red Chinese who are the traditional hated enemies of every Vietnamese whether it's in the north or in the south.

Mr. REASONER. Gentlemen, I can see that one thing we should do is extend this series of programs and get General Giap here because I would like to hear those answered. I would like to thank both of you for coming here. I am sure that your answers have given the American people a clearer understanding of what we are against in Vietnam.

Tonight we have examined the question of how we can achieve a victory in South Vietnam, but beyond an immediate victory lies the wider issue of peace in southeast Asia.

Next week at this same time we shall bring you part 3 of Vietnam perspective: "Winning the Peace," and among our guests will be the new U.S. Ambassador to the United Nations, Arthur J. Goldberg. This is Harry Reasoner. Good night.

RESPONSIBLE CONSERVATISM

Mr. TOWER. Mr. President, Mr. William F. Buckley, Jr., in a series of recent newspaper columns, has touched a vital nerve—the John Birch Society.

In its thoughts about the John Birch Society, the American public tends to react in either black or white. Seldom are shades of gray permitted in the debate. Mr. Buckley has attempted to deal in the in-between gray area. He has raised a serious and responsible question about how many members of the John Birch Society adhere to the positions of some of the society's leaders and publications.

For his efforts to air a vital question, Mr. Buckley has reaped a whirlwind of unreasoned attack and vilification from some society members.

Mr. Buckley happens to be a conservative. So am I.

As a conservative, I welcome responsible inquiry. The essence of conservatism is support for individual rights and beliefs. Responsible conservatism welcomes questions and respects their value in getting to the root of problems.

Mr. Buckley's columns graphically illustrate the gulf between responsible conservatism and unreasoning radicalism. I hope the columns' message will be pondered by all Americans.

I ask unanimous consent that the columns to which I have referred be printed in the RECORD.

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

THE BIRCH SOCIETY, AUGUST 1965

(By William F. Buckley, Jr.)

The John Birch Society is engaged in a nationwide drive to convince the skeptics of its responsibility. Thousands of members of the John Birch Society, who joined it eagerly as a fighting organization devoted to antisocialism and anticommunism, have been saying for years that the unfortunate conclusions drawn by Mr. Robert Welch about Dwight Eisenhower in 1958 are altogether extraneous to the society's mandate, purposes, and mode of thought, and should therefore be ignored in assessing the society, A.D. 1965.

I regret to say that it is in my judgment impossible to defend the leadership of the John Birch Society if one reads closely even its contemporary utterances. I should like to know how those members of the society who believe that it long since departed from the mania of Mr. Welch's conclusions about Dwight Eisenhower can justify the current issue of American Opinion, the society's monthly magazine, with its featured article about the extent (60 to 80 percent) of Communist influence in the United States (and elsewhere).

It is an unsigned, staff written article, given especial prominence. And the editor calls attention to it on the masthead page: "If you want to know what is going on in the world, we strongly recommend the next 144 pages to help you find out."

Mental health? "The attention of the American people was first drawn to the real problem of mental health on October 1, 1962, when, in obedience to the specific demands of the Communist Party, a gang under the direction of Nicholas Katzenbach (now Attorney General of the United States), kidnaped Gen. Edwin A. Walker in Oxford, Miss."

Medicare? "The principal object of medicare is to destroy the independence and integrity of American physicians. It will inevitably create a 'pressing shortage' of physicians and nurses. Communist provinces are sure to have a surplus * * * they will be glad to export to the United States to relieve the shortage."

The death of Kennedy? "The Communists were able to exploit the assassination of Kennedy. (It is gossip in Washington that Earl Warren succeeded in destroying all copies of the pertinent part of a motion picture film which showed who escorted Jack Ruby through the police lines so that he could silence Oswald.)"

Civil rights? Selma: "A horde of termites from all over the country, led by half-crazed ministers and professors, swarmed over the small town of Selma, Ala., in a typical demonstration of Communist activism." The Civil Rights Act of 1964: "(It was a) part of the pattern for the Communist takeover of America." In general: "(It is) an obvious fact that the whole racial agitation was designed and is directed by the international Communist conspiracy."

The economic situation? "The conspiracy can now produce a total economic collapse any time that it decides to pull the chain."

The lower courts? "Do not overlook the fine contributions made by the criminals whom the conspiracy has slipped into lower courts."

The Supreme Court? "The theory that the Warren court is working for a domestic, as distinct from foreign, dictatorship becomes less tenable every day."

The Federal Government? "Communist domination of many of the departments of the Federal Government is too obvious to require much comment."

Foreign policy? "As for Vietnam, one thing is certain: no action really detrimental to the Communists is conceivable or even possible, so long as Rusk, McNamara, and Katzenbach remain in power."

The Dominican Republic? "The policy that began with the landing of marines in Santo Domingo (came) under the direction of what often seems to be Communist headquarters in Washington—officially called the State Department."

Summary? "The important point is that Americans can expect only defeat so long as they are commanded by their enemies."

One continues to wonder how it is that the membership of the John Birch Society tolerates such drivel. Until the members rise up and demand a leadership whose programs and analyses are based other than on the premise that practically every liberal politician, every confused professor, every civil rights demonstrator, every ideologized judge,

every bungling diplomat, every avid prosecutor; everyone who wants free medicine, and civil rights legislation, and Government control of the economy, is an agent of the Communist conspiracy—until then at least they ought not to go about the country complaining that the society is consistently misrepresented. Their own views are undoubtedly misrepresented. But their views aren't the voice of the John Birch Society. That voice you have just heard.

MORE ON THE BIRCH SOCIETY

(By William F. Buckley, Jr.)

One week ago I wrote a column expressing a dismay I felt sure was shared by the majority of the members of the John Birch Society at some of the positions being subtly advanced by the leadership of the JBS in its magazine, American Opinion, even while the society is spending tons of dough to appease public opinion and persuade the average American that the leadership is nonkooky. The response has been discouraging to those who (like myself) have steadfastly adhered to the position that between the opinions of Robert Welch and those of his votaries there is a great gulf: that the latter calmly disbelieve, or ignore, his enormities, remaining loyal to the society on the grounds that you need simply scrape off the barnacles of extremism and have left a trim seagoing hull bent on an upwind anti-Communist, anti-Socialist course.

I am troubled by the initial response to that column, and have decided to extend my inquiry into the nature of the support of the John Birch Society in an effort to answer several questions. One: Is there in fact substantial disagreement between the membership at large, and the leadership of the JBS? Two: Do the members of the JBS make any attempt to understand what it is that the leadership of the JBS believes; or do they simply ignore the zanier findings of the leadership, taking shelter in the argument that the society is anti-Communist, and that therefore all anti-Communists should support it?

Mr. Robert Welch, the founder of the John Birch Society, has often expressed his pride in the character and gentility of his members. I say it sincerely that I do not doubt that he is to a considerable extent correct. But I also doubt, to judge from the response to date, that he could easily explain away the manners of some of the more vociferous members of his society.

Mr. William Patten of St. Louis, Mo., for instance, suspects my motives. "So, the establishment has finally gotten to you. The word is comply—or else. Or else what? Your magazine will not be distributed by 'accepted' distributors. Cancel my subscription" (hereinafter, CMS). Mrs. Lenore McDonald of Los Angeles: "What Robert Welch wrote in the Politician (imputing procommunism to Dwight Eisenhower) is mild."

Mrs. W. D. Porter of Lexington: "Did you just have to do it? Couldn't you have left it to the Overstreets, Gus Hall, and perhaps Chet Huntley? CMS." Mr. William Gehrke of Denver, Colo.: "The same old smear method employed by the liberals is used; namely, condemn the man and what he stands for but don't dare try to refute his facts. (I.e., that the United States is 60 to 80 percent dominated by Communists, that being the conclusion of the article I quoted.) CMS."

Mrs. George Caldwell, of San Crescento, Calif.: "Since I have just so much hate in me I must parcel it out rather sparingly, and as I understand you I am now to love Russia and hate the John Birch Society." Mrs. Ruth S. Matthews of New York: "One more thing before you open your big mouth again, ask Congress to give a hearing to Colonel Golieswki." (Who will prove that Ike is a Communist?) Mrs. Monica Doeing of Santa Barbara, Calif.: "Do you mean that you don't think that the kidnapping of General Walker was a part of the Communist conspiracy? If so, you better get your head out of the sand."

Mr. and Mrs. John Dalziel of Brooklyn: "When you attack Robert Welch you attack every member in the society." Mr. Arthur Barksdale of San Mateo, Calif.: "I have always believed you to be a true conservative. However, since you seem categorically to accept most of the left wing programs I'm beginning to doubt your sincerity."

Mr. Robert Jonas of Oyster Bay, Long Island: "I am unable to understand whether in this latest attack, you are just being officious, or whether you periodically suffer from hot flashes, in some form of male menopause? CMS?" Mr. James Oviatt of Los Angeles and Beverly Hills: "I am just wondering what Zionist Jew wrote this article? Could it have been Lippmann, Goldberg, or even Abe—Johnson's attorney? * * * I have known Bob Welch for over 15 years; I think he told the truth about Eisenhower."

Miss Patricia Huster, of Baltimore, Md.: "I believe I heard that there was some $95,000 involved in your last smear of the John Birch Society. How much did you get paid this time? And by the way, whose side are you on, anyway? CMS." Mr. Lee Adamson of Bellingham, Wash., writes: "I have heard a rumor that John Kenneth Galbraith is a majority stockholder in National Review."

And Mr. J. T. Timothy, of Willimantic, Conn., sums it up in a single word, in large red crayon: "Judas."

AND FINALLY ON JOHN BIRCH

(By Wm. F. Buckley, Jr.)

I have labored to find the answer to the question: Does the typical member of the John Birch Society wince when the leadership makes spectacular remarks imputing procommunism to the highest officials of Government? I have received 200 (and they continue to pour in) letters since I quoted in this column from an article in the current issue of Mr. Welch's magazine, American Opinion. Of those 200 correspondents, only 2 joined me in deploring the article's excesses.

I quoted some typical reactions in an intermediate column. Today I quote from Mr. Frank Cullen Brophy, of Phoenix, Ariz., whose distinguished career as a gentleman, banker, rancher, and writer is well known in the Southwest. He is a member of the National Council of the John Birch Society. Let us see how his mind reacts on the questions at issue.

I quoted from the American Opinion article the following sentence: "The attention of the American people was first drawn to the real problem of mental health on October 1, 1962, when, in obedience to the specific demands of the Communist Party, a gang under the direction of Nicholas Katzenbach (now Attorney General of the United States) kidnapped Gen. Edwin A. Walker, in Oxford, Miss."

Whereupon Mr. Brophy writes me: "General Walker was kidnaped, or at least seized unlawfully, confined in a mental institution or prison without proper medical examination, and after some days released due to the patriotic pressures of thousands of outraged Americans. The oddest thing about this is that you think it odd that the John Birch Society takes a dim view of such totalitarian tactics and tries to arouse people before it is too late."

Here, preserved in formaldehyde, is a specimen of the utter hopelessness of communication with anyone suffering from advanced Birchitis. I happen to agree with every syllable of Mr. Brophy's dismay at what was done to General Walker, and am abundantly on record to that effect. But the operative words in the Birch article were that Walker was detained "in obedience to the specific demands of the Communist Party"—words to which Mr. Brophy does not even bother to allude.

Again, I had quoted American Opinion: "The theory that the Warren court is working for a domestic, as distinct from foreign dictatorship, becomes less tenable every day."

Mr. Brophy writes me, by way of justification: "The pro-Communist activities of the Court in recent years are so obvious that I find it hard to believe that you would find any comment to offer."

The vital difference between "pro-Communist in effect," and "pro-Communist in intention," it once again does not cross Mr. Brophy's mind to mention. When J. Edgar Hoover, by relaxing his vigilance, permitted several convicted members of the Communist Party to slip off to Mexico, the result was pro-Communist in effect; but hardly by design. When the Founding Fathers ratified the first amendment to the Constitution, they committed an act that was profoundly pro-Jacobin, and ultimately pro-Communist in effect; but was hardly such by design. When the Warren court interprets that first amendment in such a way as to grant license to the Communist Party, it is most certainly doing something that is pro-Communist in effect; but in the absence of evidence that the Justices are secret friends of the Communist conspiracy, hardly pro-Communist by design. One can deplore, as for instance Prof. Sidney Hook (and I) have done, the absolutization of the first amendment in such fashion as to help conspirators; without questioning the motives—as distinguished from the judgment—of the ideologies on the Court.

And besides, the Birch article suggests in plain English that the Warren Court is "working for," i.e., is hoping to bring into being, "a foreign dictatorship"; which is to suggest, pure and simple, that the majority of the Court are pro-Communist traitors.

Why are such elementary distinction lost on Mr. Brophy? And on other members of the National Council of the John Birch Society? Hasn't their position, to judge from Mr. Brophy's analysis, clearly come down to the following propositions: (1) Things are going poorly for the United States these days; (2) the reason why is because the people who are running things are Communists and Communist sympathizers; (3) anyone who believes in proposition (1) yet cavils at the derivative proposition (2) is either (a) naive, or (b) irrelevant; and in any event, (c) a clear and present nuisance.

In the absence of public disavowals of this reasoning from responsible members of the John Birch Society, one must henceforward conclude that the minority who object to imputing procommunism to such as Attorney General Katzenbach, and to Justices Warren, Black, Douglas, and Brennan, are overruled: that the majority of the members of the society sanction the imputation of treasonable motives to such men as these: not to mention Dean Rusk, Allen Dulles, Robert McNamara, etc., etc.

Mrs. Michael Vaccariello of Glendale, Calif., writes me: "I have often quoted your sentence (in 'Up From Liberalism' decrying the liberals' toleration of some of Mrs. Roosevelt's enormities during the forties and fifties): 'The intellectual probity of a person is measured not merely by what comes out of him, but by what he puts up with from others.' It seems to me, having written that and then having read that issue of American Opinion, you could only have written what you did—to have remained silent would not have been discreet, but debasing." Mrs. Vaccariello is a member of the John Birch Society. She appears, alas, to be hopelessly outnumbered.

SENATOR MARGARET CHASE SMITH PRAISED FOR 25TH ANNIVERSARY PARTY HONORING SENATOR AIKEN

Mr. DIRKSEN. Mr. President, in the Bangor, Maine, Daily News, of August

21, was published an interesting story entitled "Senator SMITH Gets Praise at Party." A part of the article reads as follows:

Senator MARGARET CHASE SMITH, Republican, of Maine, set the staid U.S. Senate on its ear Friday with a birthday party that attracted 110 notables, including almost two-thirds of the Senate and three-fourths of the Lyndon B. Johnson family.

The President, with his wife and daughter, Lynda, made a sentimental journey to the Capitol, at Senator SMITH's invitation, to join in a tribute to her longtime friend, Senator GEORGE AIKEN, Republican, of Vermont, on his 25th anniversary in the Senate.

Mr. President, I ask unanimous consent that the article be printed in the RECORD as a part of my remarks.

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

[From the Bangor (Maine) Daily News, Aug. 21-22, 1965]

SENATOR SMITH GETS PRAISE AT PARTY

WASHINGTON, D.C.—Sen. MARGARET CHASE SMITH, Republican, of Maine, set the staid U.S. Senate on its ear Friday with a birthday party that attracted 110 notables, including almost two-thirds of the Senate and three-fourths of the Lyndon B. Johnson family.

The President, with his wife and daughter, Lynda, made a sentimental journey to the Capitol, at Senator SMITH's invitation, to join in a tribute to her longtime friend, Senator GEORGE AIKEN, Republican, of Vermont, on his 25th anniversary in the Senate.

The President heaped as much praise on the Senator from Maine as he did on the Senator from Vermont. He was relaxed, jovial, and nostalgic in his old surroundings. He came bearing gifts for AIKEN—and surprised Senator SMITH with a new color portrait, inscribed: "To MARGARET CHASE SMITH, with the respect and affection of more than a quarter of a century, from her friend, Lyndon B. Johnson."

Accompanying the presidential photograph was a copy of a folksy book about the Texas hill country where Johnson grew up. It was autographed on the title page, "With Love, Lyndon B. Johnson."

Senator SMITH called AIKEN "one of the most beloved Senators in history." There was bipartisan agreement. In addition to a round of short speeches by Senate leaders, there were two impromptu choruses of "For He's a Jolly Good Fellow" and a singing of "Happy Birthday" in which the President joined.

Arriving late, Mr. Johnson ordered clam chowder and some ice cream. While waiting, he took a cue from Senator SMITH and made a speech that was both newsworthy and sentimental. He told several jokes that no one had heard and revealed how the late Speaker Sam Rayburn had changed his mind 9 hours after advising Johnson not to be John Kennedy's running mate in 1960.

"Mr. Sam called me at 2 a.m. and said it would be the most idiotic thing I could do," Johnson related. But by 11 or 12 o'clock that day, Rayburn was urging him to accept. Johnson asked, "Why?" "Because I'm a damn-site smarter now than I was last night," the President quoted Rayburn as saying.

Turning to Senator SMITH, the President recalled their service together on the old Naval Affairs Committee in the House during World War II.

"She was a devout Republican, a Yankee, and I was a reactionary Southern Conservative Democrat," he grinned. "We submerged our problems and never issued a divided report."

Later, as Senate leader, Johnson said he "never did know" in advance how either Senator SMITH or Senator AIKEN were going to vote. He recalled a time when another Vermonter, Calvin Coolidge, was asked whether it was grammatically correct to say that a hen "lays" an egg or "lies" an egg. He said Coolidge replied: "Out in my country, we always lift her up to see."

The President said he always hoped that Senators SMITH and AIKEN would vote on his side but he knew also that they were the kind of Senators who always wanted to lift a bill up to see what was in it.

Senator AIKEN was wearing a red tie given to him 5 years ago by Senator SMITH. He said he guessed he'd wear it forever. The President lingered, shook hands and chatted for an hour or more in the conference room while the business of the U.S. Senate, itself, came to a virtual standstill.

After all, there was more than a quorum at Senator SMITH's party.

CIVIL RIGHTS SPEECH BY VICE PRESIDENT HUMPHREY

Mr. JAVITS. Mr. President, the White House Conference on Equal Employment Opportunity, which met last week in this city, was privileged to hear an address by the Vice President of the United States.

As one who labored long and hard for the passage of landmark civil rights legislation, the Vice President was particularly qualified to outline, to the Conference, the unfulfilled tasks in this area which must be accomplished in the coming decades.

Equal justice in law—

He pointed out—

does not mean equal opportunity in a man's life. Although our laws are more just than before, we must still seek economic and social justice—we must transform the quality of existence for those who remain largely untouched by our American progress.

In citing, particularly, the disturbing unemployment figures with respect to American Negroes, the Vice President emphasized that State and Federal efforts thus far have not been sufficient. He summarized our goals for the sixties in these terms:

Civil r'ghts programs will have real meaning for the child in the inferior school, the family in the ghetto or the man in the relief line when these Americans have the chance to obtain a better education, a better home, a better job, better health care, and to live in a better community.

In view of the fact that both when the Vice President was a Senator and since then has been so active in this field, in view of the critically important unemployment figures with respect to American Negroes, which Vice President HUMPHREY emphasized in his speech, and since he now does not have the privilege of speaking in the Senate as he once did, I ask unanimous consent that his address be printed in the RECORD as a part of my remarks.

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

REMARKS BY VICE PRESIDENT HUBERT HUMPHREY, WHITE HOUSE CONFERENCE ON EQUAL EMPLOYMENT OPPORTUNITY, AUGUST 19, 1965

I am honored to address the opening session of this White House Conference on Equal Employment Opportunity.

The Civil Rights Act of 1964 specifically called for the convening of such a conference.

For the Congress recognized that the new responsibilities set forth in title VII required the most careful study, deliberation, and discussion.

Through title VII we can build a more just and productive society where a man can be judged on his merit alone.

In the 11 years since the Supreme Court's school desegregation decision, this Nation has truly sought to secure freedom for those who were, in theory, freed 100 years before. This Nation has sought to unshackle those who have been chained by other forms of slavery: the bonds of prejudice and discrimination.

Through a series of governmental actions, culminating in the 1964 Civil Rights Act and the 1965 Voting Rights Act, discrimination has been stricken from the statute books—and legal justice has replaced legalized discrimination.

But we must understand that equal justice, in law, does not mean equal opportunity in a man's life.

Although our laws are more just than before, we still must seek economic and social justice—we must transform the quality of existence for those who remain largely untouched by our American progress.

Today our job is not only to finish tearing down walls of prejudice but also to build a nation of hope and opportunity.

Civil rights programs will have real meaning for the child in the inferior school, the family in the ghetto, or the man in the relief line when these Americans have the chance to obtain a better education, a better home, a better job, and better health care, to live in a better community.

In his Howard University address, President Johnson set forth the stark dimensions of this national failure. He set forth the striking contrast between the Nation where most Americans live and flourish and the "other America" of despair inhabited by the forgotten and the impoverished. Today we witness the tragic result of this despair.

The unemployment rate among nonwhites is twice as high as among whites. Thirty-five years ago it was about equal. In fact nonwhites still experience the crisis conditions of the great depression.

The unemployment rate for nonwhite teenage boys is 23 percent as against 13 percent for unemployed whites. In 1948 it was actually lower for nonwhite youth.

Today, because of poor job opportunities, the median income of nonwhite families compared to whites is lower than it was a decade ago. It is, in fact, only half as large.

Moreover, the latest figures on unemployment give little cause for optimum. In July, one of the best months in the history of our Nation's economy, the unemployment rate fell to 4.5 percent. Less than 4 percent of the white working force was out of a job. But for adult nonwhites, the unemployment rate actually increased.

It is no exaggeration to say that nonwhites, principally Negroes, are on the verge of a major economic crisis. For the gap is widening between Negro education and training on the one hand, and the requirements of the labor market on the other.

Automation, management techniques, and changes in consumer spending are all reducing the demand for unskilled and semi-skilled labor. Jcbs requiring professional, managerial, clerical, and sales talent are on the rise.

These white-collar occupations account for no less than 97 percent of the total increase in employment since 1947. The professionalization of the labor force picked up momentum in the fifties and will continue to accelerate in the months and years ahead.

But many Negroes and other minorities are badly prepared for this change. Three Negro men in five are unskilled or semi-skilled. And more than half the Negro men

over 20 have less than a grammar school education.

In northern industrial centers one out of every three Negro workers has suffered unemployment in the past few years. In some neighborhoods the unemployment rate among Negroes is as high as 40 percent.

But these figures are only a reflection of two broad problems which must be confronted candidly and compassionately: problems of substance and spirit. And both categories of problems are bound, in large measure, to unemployment.

We know that the problems of substance are complex and interwoven. Like an underdeveloped society, the Negro community in many cities is caught in vicious circles of circumstances.

In solving the Negro's problems we cannot identify a single aspect of his life and try to deal with it alone. We cannot just emphasize the need for more jobs, or better housing, or improved education.

More jobs cannot come without better education.

Better education depends upon stable neighborhoods.

Stable neighborhoods require better housing and health facilities.

And better housing and health facilities require better jobs.

To solve these interrelated problems demands a coordinated, comprehensive attack. Just as one cannot isolate a single factor and try to solve that particular problem—so no single factor can be ignored.

Nothing is more important to the Negro in his struggle to free himself from this circle of frustration than the ability to hold a good job.

And problems of spirit are intimately tied to more and better job opportunities.

We must understand that generations of prejudice, deprivation, and subservience have produced profound despair, apathy and mistrust.

What can we expect when hope is resolutely crushed from the young, when there are no jobs even for the educated, and no homes in good neighborhoods even for the hard-working?

Our task is both delicate and vital. We must try to build the qualities of self-respect and self-confidence to replace attitudes of unimportance and inferiority.

We must create a climate of equal rights and equal respect which encourages the exercise of man's unique capacities: the potentiality for creativity and the motivation toward excellence.

Only then will the majority of Negroes and other minorities approach the goal that is critical in their struggle—the goal of self-sufficiency.

Employment gives purpose and meaning to men's lives—and nourishes hope and vision in their minds.

It is in the context of this dual challenge of substance and spirit that we must evaluate our efforts to insure equal employment opportunities for Negroes and other minorities.

In the past, certain employers, unions, States, and localities have actively sought to eradicate discrimination and help the Negro and other minorities share the benefits of the national economy.

Since 1947, many States and localities have carried forward equal employment opportunity programs. As mayor of Minneapolis, I was privileged to establish one of the first municipal FEPC ordinances in America.

Over 310 corporations have signed plans for progress agreements to initiate programs of affirmative action of recruitment and training. The U.S. Chamber of Commerce and the National Association of Manufacturers have conducted outstanding seminars on a nationwide basis to promote equal employment opportunity.

The AFL-CIO and the Labor Advisory Council to the President's Committee on Equal Employment Opportunity have spoken out and acted against discrimination and prejudice—while working hard for civil rights and FEPC legislation. The Civil Rights Department of the AFL-CIO has also organized a number of valuable training sessions to promote equal membership policies and hiring policies.

On the Federal level, the efforts of the President's Committee on Equal Employment Opportunity and its Executive Vice Chairman, Hobart Taylor, Jr., have helped end discriminatory practices by Government contractors, on federally assisted construction projects, and within the Government itself. We owe a debt of gratitude, too, to the Secretary of Commerce, Secretary of Labor, and other heads of Federal departments and agencies for the work they have done.

But we must frankly acknowledge that these and other efforts represent only the first step toward solving the national employment problem which plagues Negroes and other minority groups—a problem which, as I have indicated, is becoming more severe.

Many persons are still guilty of the sin of omission—they remain indifferent to the problem or justify their good will by token gestures. Some even pursue negative policies, refusing to hire Negroes or making the conditions of membership overly complex and difficult to achieve.

While we have made encouraging headway in many fields, I doubt whether anyone—and this includes the Federal Government, the business community and the labor movement can bring an unblemished record to this conference.

Let us, therefore, acknowledge the fact that we have often fallen short of our goals.

And let's get down to work without delay to improve this record.

First, we must see that title VII of the Civil Rights Act of 1964 is fully implemented. We must eradicate all vestiges of discriminatory employment practices.

I know I speak for Chairman Franklin D. Roosevelt, Jr. when I commit this Government to an extra effort to secure prompt and equitable compliance with this historic legislation.

I further pledge that the Federal Government will increase the effectiveness of its equal employment opportunity program dealing with Government contractors and on federally assisted construction projects.

We are deeply aware that uncoordinated and conflicting efforts in administration disrupt the compliance process and result in impositions upon employers, unions, and others who seek in good faith to act in accordance with the law.

And although the Federal Government will strive for voluntary compliance and cooperation, we will also enforce title VII and the Executive orders relating to employment when that is necessary.

But even when overt discrimination is ended, we will not have met our responsibilities fully. If we are to observe the spirit of the 1964 act—and we can do no less—we must act creatively to give Negroes and other minorities meaningful choices about their lives and about their life's work.

We must provide additional training and education. Those who are ignorant and unskilled today—because they were ignored yesterday—must be trained for the skills needed to fill all types of jobs tomorrow.

We can expect Negroes and other minorities to be vociferous in their demands for more jobs—for training programs—and even for on-the-job training. I do not look upon this as asking for preferential treatment. No, I see such efforts as recognizing a fundamental fact of life.

We have neglected the Negro and other minorities for too many years. Now we have the task of dealing with the natural results of this neglect.

If we are indeed dedicated to the proposition of equal employment opportunity, then Government, business, and labor must open more jobs to Negroes—must go out and affirmatively seek those persons who are qualified and begin to train those who are not.

We must not go halfway in this effort. To raise the hopes of a man by training him—and then to demolish these hopes by leaving him unemployed—is not an acceptable policy for anyone.

And cooperation must be the keynote—cooperation between public and private sectors; among Federal, State, and local governments; among all interested parties. Together there is little we cannot do, divided there is little that we can.

Many of you at this conference have been deeply involved in the civil rights movement since the postwar renaissance of conscience. Your dedication, determination, and concern have illuminated a new era of progress and reform.

But the quest upon which we embark today will demand that you not only sustain but increase your efforts * * * will demand that you actively seek to involve others in this quest for freedom, dignity and self-sufficiency. All of us who have been privileged to have education, positions of leadership and responsibility—all of us, Negro and white—must help the "other America" become an America that cherishes respect for law and order, rejects violence, and accepts citizenship, responsibility and duty.

Only when we have given our minds and our hearts to the quest for equal opportunity will the eloquence of law be translated into the elegance of action.

Only when the impoverished "other Americans" have full access to the common endowments of our society will they be citizens in the full meaning of the word.

And only then will the record of American shortcomings be transformed into a chronicle of hope for all citizens of the world.

FORTY-FIFTH ANNIVERSARY OF SERVICE OF MARK TRICE IN THE SENATE

Mr. FONG. Mr. President, I would like to pay tribute to Mark Trice, secretary to the minority, in celebration of his 45 years of service to the Senate.

I could not let this occasion pass by without adding my warm congratulations to Mark on this remarkable achievement.

It is remarkable in many ways.

It is remarkable in point of time for, with the exception of our distinguished President pro tempore of the Senate, the senior Senator from Arizona, no one has engaged in Senate business longer than Mark Trice.

It is remarkable in point of ability, for though the political tides have shifted and though many Senators of diverse views served in this body during the past 45 years, Mark Trice served all with the same diligence and the same selfless devotion to duty. We could not want a more faithful assistant.

It is remarkable in point of deportment, for Mark Trice has maintained an exceptionally high standard of conduct over 4½ decades. We all know him as a man of impeccable integrity.

It is remarkable in point of esteem, for regardless of party affiliation all who have come in contact with Mark have held him in highest regard. He is a gentleman and a scholar.

It is remarkable in point of disposition, for in spite of the pressures, in spite

of the rigors, in spite of the frustrations of his arduous position, Mark Trice has remained calm, cool, collected, and courteous. We could not ask for a more even-tempered aid.

Six years ago this month I took office as a freshman Senator. During those hectic end-of-the-session weeks, Mark Trice counseled and guided me. His assistance was invaluable, and I am happy on this occasion to acknowledge my debt to him. As we say in Hawaii, "Mahalo nui loa"—thank you very much.

As Mark begins another year of distinguished service, I want to extend my best wishes for continued health and happiness and for many more years of seniority in the Senate of the United States.

ORDER OF BUSINESS

Mr. JAVITS. Mr. President, may I address a question to the Senators from Arkansas and Colorado? I desire to deliver a 10-minute speech, but I shall defer to whatever the Senators desire. The majority leader has told me that the Senators from Arkansas and Colorado have time problems, too.

Mr. McCLELLAN. So far as I am concerned, I shall be glad to wait.

Mr. JAVITS. The speech will take 10 minutes.

Mr. McCLELLAN. If there is no other speech to be made, I should like to have the floor after the Senator from New York has concluded, so as to submit a conference report.

Mr. JAVITS. Mr. President, may I be recognized for 10 minutes?

The PRESIDING OFFICER (Mr. BARTLETT in the chair). Is there objection to the request of the Senator from New York?

Mr. MANSFIELD. Mr. President, will the Senator withhold his request?

Mr. JAVITS. I withhold my request, and I yield the floor.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1966—CONFERENCE REPORT

Mr. McCLELLAN. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8639) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes. I ask unanimous consent for the present consideration of the report.

The PRESIDING OFFICER. The report will be read for the information of the Senate.

The legislative clerk read the report.

(For conference report, see House proceedings of Aug. 19, 1965, pp. 21008–21009, CONGRESSIONAL RECORD.)

The PRESIDING OFFICER. Is there objection to the present consideration of the report?

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

Mr. McCLELLAN. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from New York [Mr. JAVITS] for 10 minutes without losing my right to the floor.

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

AMENDMENT OF WATER RESOURCES PLANNING ACT, TO INCREASE FINANCIAL ASSISTANCE TO STATES FOR SUCH PLANNING

Mr. JAVITS. I am grateful to the Senator from Arkansas. I will confine myself to 10 minutes.

I wish to speak about the responsibility of Congress. We have heard much about the responsibility of the executive department and local responsibility in respect to the drought in the Northeast. I propose to lay before Congress what it can do.

The recent mobilization of Federal forces, money and technology in an effort to rescue the Northeast from drought disaster is welcome. It is, of course, clear that the lack of farsighted planning on the part of local officials is an important contributing factor to this massive and expensive effort, brought on by the natural disaster of drought. But, it is encouraging that these municipal officials have, at last, been shaken out of their lethargy and indifference by the enormity of the disaster which impends. It is incredible that only a few months ago citizens of New York City were assured by their commissioner of water supply that there was no danger of a water crisis. Last week, they were told that the city may be completely out of water by February 1966. The New York metropolitan area is, as Secretary Udall grimly described it last week, "walking on the edge of disaster."

While it is reassuring that emergency measures announced by the President will probably see us through until the spring runoffs, weather experts predict a fifth year of drought in the Northeast which short-range solutions will not ease. We must begin to think not only of next year, but of the next 10 years. Indeed, we must take steps to protect ourselves against future droughts unprecedented in severity. For failure to do so may leave our children and their children—who will crowd the cities in increasing numbers—in the same predicament we face today.

On July 14, I spoke in this body urging the consideration of the construction of a large atomic-powered desalination plant in the New York City area. I was gratified when Mayor Wagner, a few days later, requested a Federal study of the proposal, and I understand that officials have already begun to explore sites for such a plant.

Other long-term suggestions include the construction of the Chelsea pumping station on the Hudson which was dismantled by city officials in an economy drive in the early 1950's. It certainly seems both reasonable and prudent to use purified Hudson River water as extensively as possible without causing salt water incursion to the detriment of smaller communities in the Hudson River Valley. Public Health experts estimate that this can be done, and have suggested that an even larger plant be constructed north of the Chelsea station. A plant processing 100 million gallons a day, for example, could be constructed for about $13 million. The newly enacted Housing Act of 1965 provides $275 million a year in grants for the construction of water facilities such as treatment plants, and New York City officials should expedite applications under this program with a view toward building a Hudson River plant.

As legislators, we have a responsibility in this crisis which is different from that of the scientists and engineers. One power which Congress cherishes can be put to good use in this emergency—and that is the power of the purse. Otherwise, we can prod and suggest, we can mediate and offer constructive criticism, but we must leave the technology and the detailed planning to the water experts. When so much is at stake for so many, our prime responsibility is to see to it that the scientists and planners have enough money to do not only the necessary, but the optimum. This is not the time for postponing the commitment of resources—in terms of money and personnel. This is not a time for partisan haggling or bureaucratic delay. This Northeast drought is a disaster of national importance in which each branch of the Government—indeed, each citizen—has pressing responsibilities. Before we exhort others to act, however, let us look to our own responsibilities and whether we have discharged them.

Here is what I believe to be the immediate responsibility of Congress:

First. To complete action now on the Water Quality Act of 1965. This measure, passed by the Senate last January and by the House in April, has been deadlocked in conference through the long months of this crisis—an amazing thing, if it is true. The annual $20 million in Federal assistance would provide for water pollution control programs is desperately needed, particularly in New York State, which has plans on the drawing boards for a $1.7 billion antipollution program. As soon as a bond issue is approved in November, years of careful planning will be over and action on the New York program can begin. But no work can be done without Federal help—financial help. If the waters of the Hudson are to be used for human consumption, if rampaging pollution of Lake Erie is to be halted, and if the other streams and tributaries of the Empire State are to be made potable, water purification work must begin without delay.

Sources of pollution have been indentified—63 of them were listed by the Commissioner of Health of New York last week—and now they must be eliminated. New York sorely needs its share of the Federal money which will become available once the conferees agree, and the President signs the Water Quality Act of 1965.

It is my understanding that substantial agreements have been reached by the House and Senate conferees on the

measure, and I implore my colleagues, with all the urgency at my command, to give us a conference report this very week.

Second. The Water Resources Planning Act of 1965, which was signed by the President on July 22, provides grants totaling $5 million a year to the States for water resources planning. This will be a great help when the grants program goes into effect in the 1967 fiscal year—but we may not have that time to spare. Extensive and complete planning must begin now, and that money must be made available now.

Accordingly, I am today introducing legislation to make the grants program effective immediately and to double the amount of funds authorized. It is, I know, highly unusual to try to amend a bill in this manner so shortly after enactment, but we are faced with a highly unusual situation. The Water Resources Council created by the act, which will administer the program, has already been constituted, has held meetings and issued a report. It is not impossible, therefore, to ask that they take on these new duties immediately. New York State is ready to use these planning funds, and could submit an application right away—so, I am sure, are other States. I urge congressional action before we adjourn on my amendment and would hope that the necessary funds could be provided in a supplemental appropriation during this session.

Third. Congress recently extended the life and increased the budget of the saline water program in the Department of the Interior. Our intent was clear: to encourage experiments and improve the technology of turning salt water into fresh. This is, of course, a long-term solution to the drought, but New York State is ready to submit an application to the Department and to the Atomic Energy Commission for funds for the construction of an atomic powered desalination plant at Riverhead, Long Island. Admittedly, the plant is small—it will process only 1 million gallons a day—but it will be the first such plant in this country to combine the desalination process with the production of atomic power. It has been estimated that this combination will considerably reduce the cost of producing fresh water—from approximately $1 per 1,000 gallons to 35 cents—and it is the factor of cost which has thus far made the process practically prohibitive. The entire New York congressional delegation, acting without regard to party through our New York Congressional Delegation Steering Committee, has urged the Federal agencies to give priority to this request.

The State of New York will contribute $3½ million to the project and the Department and the AEC have each been asked for $500,000. Without doubt, this plant "will contribute to the state of the art" since it will be the first of its kind in the country. A considerably larger plant, which would be needed for New York City, could be modeled after this one. Delay in granting this $1 million by the Federal Government could result in a postponement of the 1968 completion date and a resulting setback to any larger plant which, it is now estimated, will take 5 years to construct.

New York, only one of the 50 States, contributes $1 out of every $7 in taxes to the Federal Treasury—and we do so gladly in the spirit of unity and cooperation which has made our Nation great. But now we are in trouble—deep trouble, and I ask my colleagues to aid in expediting these matters which I have discussed, not so that we can have more than our share, but so that the desperately needed money, which would be made available to New York and other States in time, can be made available now, in our time of grave crisis.

Mr. President, we now have an opportunity in Congress to make a material contribution to the fight against drought in the New York area. Let us make it now when it is needed instead of waiting until later when the time of crisis has passed by and other measures may have been taken.

These are three concrete, affirmative things that Congress can do to help. I urge my colleagues to do them promptly.

Mr. President, I send to the desk a bill to amend the Water Resources Planning Act, to increase financial assistance to States for such planning, and ask that it be appropriately referred.

The PRESIDING OFFICER. The bill will be received and appropriately referred.

The bill (S. 2445) to amend the Water Resources Planning Act to accelerate and increase financial assistance to the States for such planning, introduced by Mr. JAVITS, was received, read twice by its title, and referred to the Committee on Interior and Insular Affairs.

Mr. JAVITS. Mr. President, I thank my colleague the Senator from Arkansas [Mr. McCLELLAN], for his customary and unfailing courtesy.

I yield the floor.

DEPARTMENTS OF STATE, JUSTICE, AND COMMERCE, THE JUDICIARY, AND RELATED AGENCIES APPROPRIATION BILL, 1966—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 8639) making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966, and for other purposes.

The PRESIDING OFFICER (Mr. MONTOYA in the chair). The Senator from Arkansas is recognized.

Mr. McCLELLAN. Mr. President, I have only a few remarks to make with respect to the bill as agreed to by the conferees. The total appropriation it provides is $2,057,597,150. This sum is $28,092,750 below the House allowance and $114,338,450 under the total budget estimates. It is $5,125,350 above the sum recommended by the Senate.

I believe the bill gives to the departments and agencies covered by it sufficient funds to carry out their various programs and duties in fiscal 1966.

All of the conferees agreed to the report and it was unanimously signed by conferees on the part of both Houses.

In addition to the total direct appropriations recommended, there is authorized the sum of $3,898,400,000 from the Trust Fund account to carry out the Federal-aid highway program.

For the benefit of the Members I shall mention some of the important items that had been approved in the Senate bill but were either denied or reduced in conference. Under the Department of State, the conferees approved $100,000 of the $275,000 Senate increase in funds for the International Fisheries Commissions. The increase by the Senate of $300,000 to allow additional grants for the East-West Cultural Center in Hawaii was approved. Also approved was the $1 million included by the Senate for construction of a new chancery in Saigon. The $348,000 increase granted by the Senate for expansion of the overseas commercial program was denied in conference.

For the Department of Justice the Senate provided $100,000 for expenses of the Office of Criminal Justice under the Deputy Attorney General. The confereees approved only $50,000 of this item.

For the Department of Commerce the conferees agreed to the Senate recommendation of $350,000 for some expansion of our international export promotion program. And for the Weather Bureau there was approved $286,250 for some expansion of its services in fiscal 1966. However, no funds were included for the additional weather services in six localities as had been proposed in the Senate bill. The Senate conferees were compelled to yield to the wishes of the House conferees on this issue. For the research and development programs planned by the Weather Bureau, the conferees agreed to the sum of $11,536,000. This amount includes $750,000 of the $1 million increase proposed by the Senate for weather research which will include the important project of drought research.

For the Office of Field Services the conferees agreed to the sum of $4,200,000, a reduction of $65,000 from the sum proposed by the Senate. Since the allowance is $69,000 above the 1965 appropriation this should be adequate to cover the necessary expenses of all present existing field offices.

For the Coast and Geodetic Survey the conferees approved the increase of $200,000 proposed by the Senate for expansion of earthquake surveys in California and Alaska.

For the Maritime Commission the conferees agreed to the Senate recommendation of $180,000 million for operating-differential subsidies and the House allowance of $132,150,000 for ship construction.

For the Bureau of Public Roads the conferees approved the Senate recommendation of $200 million for repayable advances to the Highway Trust Fund. However, the language amendment adopted by the Senate to restrict the use of the funds to close any regional field office of the Bureau of Public Roads was deleted.

For the judiciary branch the conferees agreed to the additional $82,000 for salaries and related expenses of 11 additional deputy clerks for the courts of appeal and the allowance of $3 million for fees and expenses of court-appointed counsel and other expenses necessary to carry out the Criminal Justice Act of 1964.

For the related agencies, approval was given to the Senate recommendation of $5 million for the civil rights educational activities under the Office of Education, Department of Health, Education, and Welfare; $2,750,000 for salaries and expenses of the Equal Employment Opportunity Commission; and $140 million for salaries and expenses for the U.S. Information Agency.

Mr. President, I ask unanimous consent to have printed in the RECORD a summary of the bill, H.R. 8639, making appropriations for the Departments of State, Justice, and Commerce, the Judiciary, and related agencies for the fiscal year ending June 30, 1966.

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

Comparative statement of appropriations for 1965 and estimates and amounts recommended in bill for 1966

PERMANENT AND INDEFINITE APPROPRIATIONS

Item	Appropriation estimate, 1965	Appropriation estimate, 1966	Increase (+) or decrease (−)
DEPARTMENT OF STATE			
Educational exchange fund	$396,000	$396,000	
Payment to the Republic of Panama	1,930,000	1,930,000	
Replacement of passenger motor vehicles sold abroad	335,000	350,000	+$15,000
Total, Department of State	2,661,000	2,676,000	+15,000

ADMINISTRATIVE EXPENSES OF GOVERNMENT CORPORATIONS

Corporation	Appropriations, 1965	Budget estimates, 1966	House bill, 1966	Senate bill, 1966	Conference action	Conference bill compared with— Budget estimates, 1966	House bill	Senate bill
DEPARTMENT OF JUSTICE								
Federal Prison Industries, Incorporated	$2,190,000	$2,315,000	$2,270,000	$2,270,000	$2,270,000			

TITLE I—DEPARTMENT OF STATE

ADMINISTRATION OF FOREIGN AFFAIRS								
Salaries and expenses	$171,145,000	$181,675,000	$176,400,000	$176,748,000	$176,400,000	−$5,275,000		−$348,000
Representation allowances	993,000	1,050,000	993,000	993,000	993,000	−57,000		
Acquisition, operation, and maintenance of buildings abroad	18,125,000	[1] 21,000,000	18,125,000	19,125,000	19,125,000	−1,875,000	+$1,000,000	
Acquisition, operation, and maintenance of buildings abroad (special foreign currency program)	5,000,000	6,500,000	6,500,000	6,500,000	6,500,000			
Emergencies in the diplomatic and consular service	2,000,000	1,600,000	1,600,000	1,600,000	1,600,000			
Total, administration of foreign affairs	197,263,000	211,825,000	203,618,000	204,966,000	204,618,000	−7,207,000	+1,000,000	−348,000
INTERNATIONAL ORGANIZATIONS AND CONFERENCES								
Contributions to international organizations	87,548,000	[2] 96,953,000	96,953,000	96,953,000	96,953,000			
Missions to international organizations	3,345,000	3,400,000	3,375,000	3,375,000	3,375,000	−25,000		
International conferences and contingencies	1,943,000	2,185,000	1,943,000	1,943,000	1,943,000	−242,000		
International tariff negotiations	850,000	1,000,000	850,000	850,000	850,000	−150,000		
Total, international organizations and conferences	93,686,000	103,538,000	103,121,000	103,121,000	103,121,000	−417,000		
INTERNATIONAL COMMISSIONS								
International Boundary and Water Commission, United States and Mexico:								
Salaries and expenses	815,000	815,000	815,000	815,000	815,000			
Operation and maintenance	1,987,000	2,029,000	2,025,000	2,025,000	2,025,000	−4,000		
Construction	8,300,000	13,883,000	10,883,000	10,883,000	10,883,000	−3,000,000		
Chamisal settlement	30,000,000	[3] 8,640,000	6,640,000	6,640,000	6,640,000	−2,000,000		
American sections, international commissions	472,000	530,000	475,000	475,000	475,000	−55,000		
International Fisheries Commissions	2,025,000	2,300,000	2,025,000	2,300,000	2,125,000	−175,000	+100,000	−175,000
Total, international commissions	43,599,000	28,197,000	22,863,000	23,138,000	22,963,000	−5,234,000	+100,000	−175,000
EDUCATIONAL EXCHANGE								
Mutual educational and cultural exchange activities	45,000,000	55,250,000	53,000,000	53,000,000	53,000,000	−2,250,000		
Center for cultural and technical interchange between East and West	5,300,000	6,250,000	5,500,000	5,800,000	5,800,000	−450,000	+300,000	
Total, educational exchange	50,300,000	61,500,000	58,500,000	58,800,000	58,800,000	−2,700,000	+300,000	
OTHER								
Presentation of a statue to Mexico		150,000	100,000	100,000	100,000	−50,000		
Total, title I, Department of State	384,848,000	405,210,000	388,202,000	390,125,000	389,602,000	−15,608,000	+1,400,000	−523,000

TITLE II—DEPARTMENT OF JUSTICE

LEGAL ACTIVITIES AND GENERAL ADMINISTRATION								
Salaries and expenses, general administration	$5,050,000	$5,525,000	$5,289,000	$5,389,000	$5,839,000	−$186,000	+$50,000	−$50,000
Salaries and expenses, general legal activities	20,593,000	21,565,000	21,350,000	21,350,000	21,350,000	−215,000		

See footnotes at **end of table.**

Comparative statement of appropriations for 1965 and estimates and amounts recommended in bill for 1966—Continued

TITLE II—DEPARTMENT OF JUSTICE—Continued

Corporation	Appropriations, 1965	Budget estimates, 1966	House bill, 1966	Senate bill, 1966	Conference action	Conference bill compared with— Budget estimates, 1966	House bill	Senate bill
LEGAL ACTIVITIES AND GENERAL ADMINISTRATION—continued								
Alien property activities, limitation on general administrative expenses	($690,000)	($369,000)	($369,000)	($369,000)	($369,000)			
Salaries and expenses, Antitrust Division	7,072,000	7,130,000	7,130,000	7,130,000	7,130,000			
Salaries and expenses, U.S. attorneys and marshals	31,885,000	32,475,000	32,150,000	32,150,000	32,150,000	−$325,000		
Fees and expenses of witnesses	2,800,000	2,800,000	2,800,000	2,800,000	2,800,000			
Total, legal activities and general administration	67,400,000	69,495,000	68,719,000	68,819,000	68,769,000	−726,000	+$50,000	−$50,000
FEDERAL BUREAU OF INVESTIGATION								
Salaries and expenses	161,080,000	165,365,000	165,365,000	165,365,000	165,365,000			
IMMIGRATION AND NATURALIZATION SERVICE								
Salaries and expenses	73,164,000	73,604,000	73,175,000	73,175,000	73,175,000	−429,000		
FEDERAL PRISON SYSTEM								
Salaries and expenses, Bureau of Prisons	56,000,000	57,210,000	56,560,000	56,560,000	56,560,000	−650,000		
Buildings and facilities	22,952,000	3,610,000	2,500,000	2,500,000	2,500,000	−1,110,000		
Support of U.S. prisoners	4,400,000	4,550,000	4,500,000	4,500,000	4,500,000	−50,000		
Total, Federal prison system	83,352,000	65,370,000	63,560,000	63,560,000	63,560,000	−1,810,000		
Total, title II, Department of Justice	384,996,000	373,834,000	370,819,000	370,919,000	370,869,000	−2,965,000	+50,000	−50,000

TITLE III—DEPARTMENT OF COMMERCE

Corporation	Appropriations, 1965	Budget estimates, 1966	House bill, 1966	Senate bill, 1966	Conference action	Conference bill compared with— Budget estimates, 1966	House bill	Senate bill
GENERAL ADMINISTRATION								
Salaries and expenses	$4,397,000	$4,300,000	$4,200,000	$4,200,000	$4,200,000	−$100,000		
AREA REDEVELOPMENT ADMINISTRATION								
Operations	13,700,000							
Area redevelopment fund	59,500,000							
Total, Area Redevelopment Administration	73,200,000							
COMMUNITY RELATIONS SERVICE								
Salaries and expenses	1,100,000	1,300,000	1,300,000	1,300,000	1,300,000			
U.S. TRAVEL SERVICE								
Salaries and expenses	3,000,000	3,500,000	3,000,000	3,200,000	3,000,000	−500,000		−$200,000
OFFICE OF BUSINESS ECONOMICS								
Salaries and expenses	2,351,000	2,755,000	2,500,000	2,500,000	2,500,000	−255,000		
BUREAU OF THE CENSUS								
Salaries and expenses	15,209,000	15,575,000	15,400,000	15,400,000	15,400,000	−175,000		
1963 Censuses of Business, Transportation, Manufactures, and Mineral Industries	7,000,000							
1964 Census of Agriculture	16,150,000	5,575,000	5,000,000	5,000,000	5,000,000	−575,000		
Preparation for 19th Decennial Census	1,113,000	2,400,000	2,200,000	2,200,000	2,200,000	−200,000		
1967 Economic Censuses		1,150,000	1,150,000	1,150,000	1,150,000			
1967 Census of Governments		200,000	200,000	200,000	200,000			
Total, Bureau of the Census	39,472,000	24,900,000	23,950,000	23,950,000	23,950,000	−950,000		
BUSINESS AND DEFENSE SERVICES ADMINISTRATION								
Salaries and expenses	4,924,000	5,340,000	5,200,000	5,200,000	5,200,000	−140,000		
INTERNATIONAL ACTIVITIES								
Salaries and expenses	9,672,000	12,850,000	10,400,000	10,750,000	10,750,000	−2,100,000	+$350,000	
Salaries and expenses (special foreign currency program)		200,000	200,000	200,000	200,000			
Export control	4,735,000	4,675,000	4,675,000	4,675,000	4,675,000			
Total, international activities	14,407,000	17,725,000	15,275,000	15,625,000	15,625,000	−2,100,000	+350,000	
OFFICE OF FIELD SERVICES								
Salaries and expenses	4,131,000	4,300,00	4,200,000	4,265,000	4,200,000	−100,000		−65,000
COAST AND GEODETIC SUREVY								
Salaries and expenses	27,205,000	30,200,000	29,000,000	29,200,000	29,200,000	−1,000,000	+200,000	
Construction of surveying ships	9,000,000							
Construction and equipment	575,000	970,000	770,000	770,000	770,000	−200,000		
Total, Coast and Geodetic Survey	36,780,000	31,170,000	29,770,000	29,970,000	29,970,000	−1,200,000	+200,000	
PATENT OFFICE								
Salaries and expenses	31,495,000	33,700,000	33,400,000	33,400,000	33,400,000	−300,000		
NATIONAL BUREAU OF STANDARDS								
Research and technical services	30,843,000	36,700,000	33,000,000	34,548,000	33,743,000	−2,957,000	+743,000	−805,000
Research and technical services (special foreign currency program)	500,000	500,000	500,000	500,000	500,000			

See footnotes at end of table.

Comparative statement of appropriations for 1965 and estimates and amounts recommended in bill for 1966—Continued

TITLE III—DEPARTMENT OF COMMERCE—Continued

Corporation	Appropriations, 1965	Budget estimates, 1966	House bill, 1966	Senate bill, 1966	Conference action	Conference bill compared with— Budget estimates, 1966	House bill	Senate bill
NATIONAL BUREAU OF STANDARDS—con.								
Plant and facilities	$3,770,000	$2,000,000	$880,000	$880,000	$880,000	−$1,120,000		
Construction of facilities	5,800,000							
Total, National Bureau of Standards	40,913,000	39,200,000	34,380,000	35,928,000	35,123,000	−4,077,000	+$743,000	−$805,000
OFFICE OF TECHNICAL SERVICES								
Salaries and expenses	1,167,000	(4)						
WEATHER BUREAU								
Salaries and expenses	66,941,000	69,980,000	68,750,000	69,287,900	69,036,250	−943,750	+286,250	−251,650
Research and development	10,400,000	13,510,000	10,786,000	11,786,000	11,536,000	−1,974,000	+750,000	−250,000
Research and development (special foreign currency program)	500,000	500,000	500,000	500,000	500,000			
Establishment of meteorological facilities	725,000	3,000,000	1,500,000	1,500,000	1,500,000	−1,500,000		
Meteorological satellite operations	10,000,000	30,100,000	25,000,000	25,000,000	25,000,000	−5,100,000		
Total, Weather Bureau	88,566,000	117,090,000	106,536,000	108,073,900	107,572,250	−9,517,750	+1,036,250	−501,650
MARITIME ADMINISTRATION								
Ship construction	124,900,000	124,850,000	132,150,000	124,850,000	132,150,000	+7,300,000		+7,300,000
Operating-differential subsidies (liquidation of contract authorization)	187,500,000	190,000,000	190,000,000	180,000,000	180,000,000	−10,000,000	−10,000,000	
Research and development	9,500,000	10,500,000	6,500,000	6,500,000	6,500,000	−4,000,000		
Salaries and expenses	15,611,000	15,650,000	15,611,000	15,611,000	15,611,000	−39,000		
Maritime training	4,517,000	3,950,000	3,950,000	3,950,000	3,950,000			
State marine schools	1,725,000	1,600,000	1,600,000	1,600,000	1,600,000			
Total, Maritime Administration	343,753,000	346,550,000	349,811,000	332,511,000	339,811,000	−6,739,000	−10,000,000	+7,300,000
BUREAU OF PUBLIC ROADS								
Limitation on general administrative expenses	(48,350,000)	(52,600,000)	(51,000,000)	(51,000,000)	(51,000,000)	(−1,600,000)		
Federal-aid highways (trust fund)	(3,898,250,000)	(3,900,000,000)	(3,898,400,000)	(3,898,400,000)	(3,898,400,000)	(−1,600,000)		
Forest highways (liquidation of contract authorization)	32,000,000	33,000,000	32,000,000	32,000,000	32,000,000	−1,000,000		
Public lands highways (liquidation of contract authorization)	7,000,000	9,000,000	8,000,000	8,000,000	8,000,000	−1,000,000		
Inter-American Highway	2,000,000	10,000,000	8,000,000	8,000,000	8,000,000	−2,000,000		
Repayable advances to the highway trust fund		250,000,000	225,000,000	200,000,000	200,000,000	−50,000,000	−25,000,000	
Total, Bureau of Public Roads	41,000,000	302,000,000	273,000,000	248,000,000	248,000,000	−54,000,000	−25,000,000	
TRANSPORTATION RESEARCH								
Salaries and expenses	2,000,000	3,200,000	3,000,000	3,000,000	3,000,000	−200,000		
APPALACHIAN REGIONAL DEVELOPMENT—DEPARTMENT OF COMMERCE								
Grants for local development districts and for research and demonstration	2,500,000							
Supplemental grants-in-aid	45,000,000							
BUREAU OF PUBLIC ROADS								
Appalachian development highway system	200,000,000							
Total, Appalachian regional development	247,500,000							
Total, title III, Department of Commerce	980,156,000	937,030,000	889,522,000	851,122,900	856,851,250	−80,178,750	−32,670,750	+5,728,350

TITLE IV—THE JUDICIARY

SUPREME COURT OF THE UNITED STATES								
Salaries	$1,894,000	$1,938,000	$1,925,000	$1,925,000	$1,925,000	−$13,000		
Printing and binding, Supreme Court reports	138,000	138,000	138,000	138,000	138,000			
Miscellaneous expenses	120,000	120,000	120,000	120,000	120,000			
Care of the building and grounds	304,600	314,000	314,000	314,000	314,000			
Automobile for the Chief Justice	8,500	8,500	8,500	8,500	8,500			
Books for the Supreme Court	35,000	38,000	38,000	38,000	38,000			
Total, Supreme Court	2,500,100	2,556,500	2,543,500	2,543,500	2,543,500	−13,000		
COURT OF CUSTOMS AND PATENT APPEALS								
Salaries and expenses	440,600	457,600	450,000	450,000	450,000	−7,600		
CUSTOMS COURT								
Salaries and expenses	1,119,000	1,159,400	1,159,400	1,159,400	1,159,400			
COURT OF CLAIMS								
Salaries and expenses	1,272,000	1,308,000	1,300,000	1,300,000	1,300,000	−8,000		
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES								
Salaries of judges	14,500,000	14,620,000	14,500,000	14,500,000	14,500,000	−120,000		
Salaries of supporting personnel	33,550,000	35,585,000	34,220,000	34,292,000	34,292,000	−1,293,000	+$72,000	
Fees and expenses of court-appointed counsel		7,040,000	3,500,000	3,000,000	3,000,000	−4,040,000	−500,000	
Fees of jurors and commissioners	5,750,000	6,500,000	6,000,000	6,000,000	6,000,000	−500,000		
Travel and miscellaneous expenses	4,710,000	5,160,000	4,900,000	4,910,000	4,910,000	−250,000	+10,000	
Administrative Office of the U.S. Courts	1,701,000	2,230,000	1,800,000	1,800,000	1,800,000	−430,000		

See footnotes at end of table.

Comparative statement of appropriations for 1965 and estimates and amounts recommended in bill for 1966—Continued

TABLE IV—THE JUDICIARY—Continued

Corporation	Appropriations, 1965	Budget estimates, 1966	House bill, 1966	Senate bill, 1966	Conference action	Conference bill compared with— Budget estimates, 1966	House bill	Senate bill
COURTS OF APPEALS, DISTRICT COURTS, AND OTHER JUDICIAL SERVICES—continued								
Referees, special accounts:								
Salaries of referees	($3,900,000)	($4,514,000)	($4,314,000)	($4,314,000)	($4,314,000)	(−$200,000)	(----------)	(----------)
Expenses of referees	(5,955,000)	(6,735,000)	(6,425,000)	(6,425,000)	(6,425,000)	(−310,000)	(----------)	(----------)
Total, courts of appeals, district courts, and other judicial services	60,211,000	71,135,000	64,920,000	64,502,000	64,502,000	−6,633,000	−$418,000	----------
Total, title IV, the judiciary, excluding special accounts	65,542,700	76,616,500	70,372,900	69,954,900	69,954,900	−6,661,600	−418,000	----------
Total, title IV, the judiciary, including special accounts	75,397,700	87,865,500	81,111,900	80,693,900	80,693,900	−7,171,600	−418,000	----------
TITLE V—RELATED AGENCIES								
AMERICAN BATTLE MONUMENTS COMMISSION								
Salaries and expenses	$1,816,000	[5] $2,148,000	[5] $2,148,000	$2,148,000	$2,148,000	----------	----------	----------
COMMISSION ON CIVIL RIGHTS								
Salaries and expenses	1,280,000	1,720,000	1,500,000	1,500,000	1,500,000	−$220,000	----------	----------
DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE								
Office of Education: Civil rights educational activities	8,000,000	8,000,000	4,000,000	5,000,000	5,000,000	−3,000,000	+$1,000,000	----------
DEPARTMENT OF LABOR								
Manpower Administration: Special study on discrimination in employment because of age	100,000	----------	----------	----------	----------	----------	----------	----------
EQUAL EMPLOYMENT OPPORTUNITY COMMISSION								
Salaries and expenses	2,250,000	3,200,000	----------	2,750,000	2,750,000	−450,000	+2,750,000	----------
COMMISSION ON INTERNATIONAL RULES OF JUDICIAL PROCEDURE								
Salaries and expenses	25,000	200,000	----------	----------	----------	−200,000	----------	----------
FEDERAL MARITIME COMMISSION								
Salaries and expenses	2,946,000	3,390,000	3,100,000	3,180,000	3,150,000	−240,000	+50,000	−$30,000
FOREIGN CLAIMS SETTLEMENT COMMISSION								
Salaries and expenses	1,714,000	1,950,000	1,915,000	1,915,000	1,915,000	−35,000	----------	----------
SMALL BUSINESS ADMINISTRATION								
Salaries and expenses, appropriation	7,486,000	7,315,000	7,065,000	7,065,000	7,065,000	−250,000	----------	----------
Transfer from revolving fund	(29,413,000)	(37,313,000)	(35,000,000)	(35,000,000)	(35,000,000)	(−2,313,000)	----------	----------
Transfer from trade adjustment loam assistance	(50,000)	(50,000)	(50,000)	(50,000)	(50,000)	----------	----------	----------
Revolving fund	145,000,000	150,000,000	150,000,000	150,000,000	150,000,000	----------	----------	----------
Total, Small Business Administration	152,486,000	157,315,000	157,065,000	157,065,000	157,065,000	−250,000	----------	----------
SPECIAL REPRESENTATIVE FOR TRADE NEGOTIATIONS								
Salaries and expenses	556,000	567,000	556,000	556,000	556,000	−11,000	----------	----------
SUBVERSIVE ACTIVITIES CONTROL BOARD								
Salaries and expenses	440,000	480,000	480,000	480,000	480,000	----------	----------	----------
TARIFF COMMISSION								
Salaries and expenses	3,345,000	3,505,000	3,400,000	3,400,000	3,400,000	−105,000	----------	----------
U.S. ARMS CONTROL AND DISARMAMENT AGENCY								
Arms control and disarmament activities	9,000,000	12,272,000	10,000,000	10,000,000	10,000,000	−2,272,000	----------	----------
U.S. INFORMATION AGENCY								
Salaries and expenses	140,254,000	141,111,000	140,254,000	140,000,000	140,000,000	−1,111,000	−254,000	----------
Salaries and expenses (special foreign currency program)	8,200,000	11,112,000	11,112,000	11,112,000	11,112,000	----------	----------	----------
Special international exhibitions	15,000,000	3,975,100	3,750,000	3,750,000	3,750,000	−225,100	----------	----------
Special international exhibitions (special foreign currency program)	400,000	154,000	154,000	154,000	154,000	----------	----------	----------
Acquisition and construction of radio facilities	2,000,000	16,601,000	16,601,000	16,601,000	16,601,000	----------	----------	----------
Informational media guarantee fund	----------	296,000	----------	----------	----------	−296,000	----------	----------
Total, U.S. Information Agency	165,854,000	173,249,100	171,871,000	171,617,000	171,617,000	−1,632,100	−254,000	----------
Total, title V, related agencies	349,812,000	367,996,100	356,035,000	359,611,000	359,581,000	−8,415,100	+3,546,000	−30,000
Grand total	2,175,209,700	2,171,935,600	2,085,689,900	2,052,471,800	2,057,597,150	−114,338,450	−28,092,750	+5,125,350
Consisting of—								
Special accounts	9,855,000	11,249,000	10,739,000	10,739,000	10,739,000	−510,000	----------	----------
Direct appropriations	2,165,354,700	2,160,686,600	2,074,950,900	2,041,732,800	2,046,858,150	−113,828,450	−28,092,750	+5,125,350

[1] Includes $1,000,000 in S. Doc. No. 33.
[2] Reflects reduction of $823,000 in H. Doc. No. 92.
[3] Contained in H. Doc. No. 92.
[4] Transferred to "Research and technical services," National Bureau of Standards.
[5] Plus language contained in H. Doc. No. 163.

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

Mr. McCLELLAN. I yield.

Mr. JAVITS. I did not hear the Senator refer specifically to the U.S. Travel Service, in which I have a very great interest, as does the Senator from Washington [Mr. MAGNUSON].

I noticed the amount was cut from $3,200,000, as proposed by the Senate, to $3 million. I realize it is fruitless to try to do something about it at this stage, but I rise to—protest would be the wrong word to use, but to call to the attention off my colleagues the fact that we are really missing a tremendous bet in this area and are engaging in what is a terribly wasted opportunity by these rather minor cuts.

American tourists abroad are spending about one billion and a half dollars more than foreign tourists spend in this country. When the Senator from Washington [Mr. MAGNUSON] sponsored the U.S. Travel Service—and it was the first real effort to do something to deal with that situation—we created an agency which everybody admits is being very well operated. It covers only half of the problem. I am trying to have it extended to include domestic travel.

Laying that factor aside, for fiscal year 1966 USTS requested an increase of $500,000 to increase the level of the U.S. effort to include foreigners to visit the United States, and thereby to reduce the deficit in our international balance of payments, which is accounted for by the so-called tourist "gap."

The House refused that request and left USTS appropriations at the fiscal year 1965 level, $3 million. To the Senate, USTS asked that we allow at least a $345,000 increase in its budget. The Senate approved a $200,000 increase for the next fiscal year. However, the conferees finally agreed with the House and provided only $3 million for this agency.

It seems to me we are being shortsighted to hold the appropriation down to the same appropriation for the fiscal year 1965.

I know the Senate provided more than is provided in the conference report for this item, and that is to the credit of the Senate.

I would appreciate any comment on the matter from the Senator from Arkansas.

Mr. McCLELLAN. There is not much comment I can make. The House cut the budget request by $500,000. In an effort, we thought, to restore a part of it, and to indicate that the Senate thought there should be more money provided for that purpose, as I recall we raised it $200,000 in committee. That amount was sustained in the Senate. We went to conference. We were not able to persuade the House conferees to agree to that increase.

I am in agreement, in a general way, with what the distinguished Senator from New York has said. There is an opportunity, if that office is administered properly, and a well-planned effort is made to induce tourists to come to this country, to profit by it. This expenditure would be in the interest of our country and one that would be well justified. But apparently we must approach this with some graduation. We shall have to fight to increase the appropriations.

I would hope that the agency would, by the next year, demonstrate results that would be persuasive.

Mr. JAVITS. As a result of the efforts of the agency there has been a material increase in tourism into the United States. I think the agency has more than adequate justification for its existence. On a budget that has reached $3 million only in fiscal year 1965, the USTS has been largely responsible for increasing for foreign travel to the United States by 17 percent in 1962, 22 percent in 1963, and by over 30 percent in 1964. I would say to the Senator from Arkansas, and through him to the executive department, that with the encouragement the chairman of the subcommittee has given, I would hope the agency concerned, the Department of Commerce, the President's Office, and the Bureau of the Budget would show a little fight on this expenditure. It is well worth fighting for. I agree with the Senator from Arkansas that we have to fight for it. Sufficient results have already been achieved to show that the agency requires a decent appropriation. I hope—and I am encouraged by what the chairman of the subcommittee has said—that the executive department will look into the matter. There is a $1½-billion imbalance in our payments due to the so-called travel gap. It is inconceivable to me, with the marvelous country we have, and the wonderful accommodations for tourists, that we cannot materially increase the progress we are making in attracting people to our country.

Mr. McCLELLAN. This is not one of the agencies that I regard as useless. I think it has a real potential. If that potential is pursued vigorously, aggressively, with tact and persuasion, we can really profit from that expenditure. I did not mean to imply that the agency had done no good. I am sure it has. What is apparently needed is for the agency to be able to demonstrate more convincingly that the country is benefiting and profiting from its operations, rather than letting it be taken for granted.

Mr. JAVITS. I thank the Senator.

I appreciate also what was done about appropriations in the civil rights field, for the Office of Education and the Equal Employment Opportunity Commission. It only shows my colleague's fidelity to duty in the financial side of our work, without regard to his own views on the substantive matter, and that Congress having spoken, the committee will provide what is needed to do the work required.

I ask unanimous consent that a table showing the staff of USTS and its budget from 1962 to date and a table comparing the travel provision expenditures of the United States with 19 other countries may be pointed at this point in the RECORD.

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

U.S. Travel Service budget and staff

Fiscal year	Budget	Size of staff in District of Columbia	Overseas	Number of offices
1962	$2,500,000	26	20	7
1963	3,350,000	28	44	9
1964	2,600,000	27	43	9
1965	3,000,000	31	42	9
1966:				
House allowlowance	3,000,000	30	50	11
Senate appeal	3,345,000	30	50	11

Source: U.S. Travel Service.

Travel promotion expenditures of 20 countries as compared to their gross national product and gross earnings from travel [1]

Country	Travel promotion expenditures	GNP	Gross earnings from travel
Austria	$892,000	$7,666,000,000	$503,000,000
Belgium	2,000,000	13,900,000,000	(2)
Canada	3,700,000	15,375,000,000	609,000,000
Denmark	600,000	7,970,000,000	164,000,000
Finland	700,000	5,810,000,000	(2)
France	4,500,000	79,360,000,000	808,000,000
Germany	1,500,000	94,200,000,000	688,000,000
Great Britain	7,000,000	84,170,000,000	619,000,000
Greece	[3] 12,400,000	4,367,000,000	91,000,000
Ireland	3,100,000	2,265,000,000	165,000,000
Italy	2,900,000	45,100,000,000	1,000,000,000
Luxembourg	92,000	525,000,000	(2)
Mexico	4,500,000	15,375,000,000	656,000,000
Netherlands	870,000	14,400,000,000	(2)
Norway	360,000	5,638,000,000	78,000,000
Spain	2,000,000	14,970,000,000	939,000,000
Sweden	481,000	15,560,000,000	(2)
Switzerland	2,000,000	11,630,000,000	560,000,000
Turkey	2,000,000	6,975,000,000	8,300,000
United States	3,400,000	583,900,000,000	1,005,000,000

[1] Information as pertains to the year 1963.
[2] Not available.
[3] Including hotel maintenance costs.

Source: OECD report, 1964, U.S. Travel Service.

Mr. McCLELLAN. I thank the Senator.

Mr. ALLOTT. Mr. President, will the Senator from Arkansas yield?

Mr. McCLELLAN. I am glad to yield to the Senator from Colorado.

Mr. ALLOTT. Mr. President, it is my understanding, in listening to the statement of the Senator from Arkansas a few moments ago, that amendment No. 13—which is my amendment—was dropped by the House. The amendment

provided that none of the funds made available to the Bureau of Public Roads should be used directly or indirectly for the closing, planning for closing, or for any activity in connection with the closing of any regional field office. I believe that is correct; is it not?

Mr. McCLELLAN. That is correct.

Mr. ALLOTT. I find myself in a position in which I do not often find myself, because usually I am one of those who are taken to task on Appropriation Committee conferences; but I understand from the Senator from Arkansas, in private conversation, that the House was absolutely adamant on this particular amendment.

Mr. McCLELLAN. Let me assure the Senator from Colorado that from my judgment, observation, and impression obtained at the time, he is eminently correct.

My purpose, as I indicated to the Senator and to the Senate, was to support the amendment—which I did.

As the Senator will recall, in committee, when it was suggested that the amendment be adopted by the committee, I suggested certain language in the report which would be adequate, and it was agreed to; with the suggestion, perhaps, that the language would not be respected, that the language would not get the results which the committee really desired. As the RECORD reflects, when the bill was under consideration, I stated on the floor of the Senate what I had done in trying to ascertain whether we could obtain assurance that the language would be respected in the report by the agency involved. Instead of getting such assurance, I received a letter—which I placed in the RECORD at that time, and which now appears on page 20189 of the CONGRESSIONAL RECORD of August 12—from Under Secretary Alan S. Boyd, of the Department of Commerce, which in effect said that he did not pay any attention to the language in the report.

In other words, they would not agree to observe it or respect it. In effect, although it was not said quite that crudely, but that is what the letter meant.

After the letter was reported to the Senate, the Senator offered his amendment, which was promptly adopted.

Subsequent to that time, as the Senator knows, a comparable amendment was placed in the military construction bill, which the President has vetoed, because of that particular language being in it.

Therefore, the issue is before us. We cannot do anything about it in this bill, but, as I see it, the issue is before Congress that hereafter any bill which undertakes to require that an agency of Government come back and consult with Congress before it takes action to undo something for which Congress has appropriated funds, should be done if the Congress believes that such bills may be vetoed.

I do not know how far the President has in mind to go with this, as to the constitutional issue. I am not prepared to say that. But, it has been my thought—and I still maintain that we are all serving the same people and the same Government—that we should all be interested in providing the very best services, assuming that full responsibility under the Constitution is placed in the executive branch of the Government, and that it does not have to pay any attention to such language.

I still maintain that it is far better to have a cooperative attitude with respect to the executive branch and the legislative branch than it is to have a defiant attitude on the part of either.

I had hoped that something could be worked out in the future so that these things would not occur. It may be said that if the policy is to be to defy the other branch of the Government in this instance, or in any other instance, or to reverse it and have the legislative branch take an attitude of defiance toward the executive branch, it will not make for harmony, it will not make for good relations, it will not be a contribution to good government. From time to time, Congress delegates powers to the executive branch, powers which are conferred upon Congress by the Constitution. I believe that there should be a reciprocal attitude of cooperation, more so than today exists.

I make this statement for the record, in no way being critical.

It may very well be that the power of the executive branch to close any agency it wishes, which Congress has authorized and appropriated for, may be legitimate. But it certainly would do no harm, and it seems to me it would only be common courtesy if Congress requested an agency of Government to discuss its plans and its purposes with the appropriate committees of Congress, before any action is taken in which Congress may have a vital interest, if it should make a request that it be advised or consulted before such action was taken.

If that is asking too much, my position is wrong.

However, I believe, irrespective of where the constitutional powers are vested, that it would make for better relations, better government, and the national interest would be better served by a cooperative attitude rather than a defiant attitude on the part of either branch of Government.

I am not criticizing the executive branch primarily as such. I am talking about the policy, and what the attitude on the part of both might be if each adopted that attitude. It could mean less effective government, less harmonious government, and I believe it could injure the national interest rather than serve it.

Mr. ALLOTT. Mr. President, I concur in the remarks of the distinguished chairman of the committee.

For my part, let me express my appreciation for what I know the Senator from Arkansas has done, as well as what the other members on the committee have done, to retain amendment 18 in the bill.

At this point, I believe that I should state what this is all about.

Quite by chance, I received information—I cannot disclose the source of the information because of the possible backlash upon the individuals involved—that the Region 9 office in Denver was about to be closed, or that its closing was under consideration.

I immediately sought to consult Mr. Boyd, who was then about to move from CAB to the Department of Commerce, and I was unable to get in touch with him, or to arrange a meeting with him, until after the hearings had closed on the bill.

It may be that the executive branch has a perfectly good case for closing all the regional offices. Mr. Boyd was quite frank to say that this was under consideration. However, he does not have a case for closing only one regional office. For example, if he closes Region 9 in Denver, it will mean that New Mexico will be shifted over to Fort Worth; Colorado and Utah will be shifted 1,500 miles west to San Francisco; and Wyoming will be shifted even a greater distance, up to Portland, Oreg.

No one can tell me that any money will be saved by such a move. Roughly, $600,000 in salaries and 59 employees are involved. We all know how Government operates, and we know that an equivalent number of jobs will be set up in San Francisco.

When this matter came up during the markup of the bill, I took it up with the chairman of the committee and offered an amendment which the House has now refused to accept.

I repeat, Mr. President, there may be a good case for closing regional offices. However, anyone can search the RECORD, and he will not find one word of testimony by the Commerce Department which even indicates that it had this proposal in mind. The committee was astounded when I gave it the information that I had received.

On the basic question that is involved, if the distinguished chairman of the committee does not object, I ask unanimous consent to have the letter from Mr. Boyd placed in the RECORD at this point in my remarks.

Mr. McCLELLAN. I have no objection. It is already in the RECORD. However, I have no objection to having it reinserted.

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

THE UNDER SECRETARY OF COMMERCE FOR TRANSPORTATION,
Washington, D.C.

Hon. JOHN L. McCLELLAN,
U.S. Senate,
Washington, D.C.

DEAR SENATOR McCLELLAN: This is in response to your oral request in connection with Senate Report No. 547, which accompanied H.R. 8639, a bill reported by the Appropriations Committee. Because of the statement in this report that the "committee directs the Bureau (of Public Roads) not to close any of the regional offices until coming before the committee to justify such action," you requested a letter on this matter prior to floor action on this bill.

In view of the constitutional separation of powers and division of responsibilities between Congress and the executive branch, we are unable to make any commitment to comply with the directive of the committee. Such commitment would be contrary to the constitutional responsibility of the executive branch "to implement all laws—a specific and exclusive responsibility which cannot properly be shared with a committee of Congress"

(see "Message from the President, Returning Without Approval, S. 327," dated June 5, 1965).

In view of the interest that your committee has shown in the matter of the Bureau's regional offices, I will be glad to inform you of any decision to close such offices prior to the Secretary's announcement of the decision.

We hope that this information meets your requirements in connection with floor action on the bill. If there is any other information that we can supply to the committee, in line with our respective responsibilities, we will be glad to do so.

Sincerely,

ALAN S. BOYD.

Mr. ALLOTT. The question which the Senator from Arkansas discussed so ably and well, as he always does, is the question of how we can limit or instruct the departments of Government on how the departments should be operated. In the Appropriations Committee we have found that it is almost useless to put any language in the report, because it is either partially or wholly ignored. Therefore, when the distinguished chairman received the letter from Mr. Boyd, which has been placed in the RECORD, we added an amendment to the bill, because it is obvious that Mr. Boyd believed that he was not required to pay any attention to language in the report.

What the chairman has said is correct. There is a very narrow line. I understood that the President had vetoed the military construction bill over the weekend because of similar language in that bill. Nevertheless, we cannot get away from the fact that it is the duty of Congress to legislate, and that it is up to the executive branch to implement and administer the laws. In this instance, when Congress has put this language in the report, it is up to the executive branch of the Government to respect it. After the amendment was added in committee, there was a great deal of telephoning to Members of the House. A great deal was said about the amendment not being permitted to remain in the bill under any circumstances. We have seen it implemented now in the veto of the military construction bill. It evidences the attitude of the administration. Laying aside the constitutional question, as the Senator from Arkansas has suggested, if we are to get into this kind of situation we shall have a government which will be running less smoothly, and even operating sometimes as though we were pulling on a rope in opposite directions.

I am appreciative of what the Senator has done. I appreciate his support. I am sorry that the House Members of the conference committee were influenced to the point where they were absolutely adamant about this matter and would not even consider it. This will not contribute to better relations. I do not believe they can justify their planned action.

In conclusion, I know no motion would prevail at this time. I know of the efforts that the chairman has made. I am appreciative of those efforts. I shall not make a motion with respect to the conference report. However, I hope that we shall be able to see some of the departments of Government paying attention to the language we put in reports and in bills, because that is a part of the duty we are sent here to perform.

Mr. McCLELLAN. I wish to make a further observation. During the course of the hearings on the bill Secretary Connor and a number of his subordinates appeared and testified before the committee. At no time did they suggest to the committee that they had in mind closing any of the regional offices. Instead, they asked for an increase of $1,600,000 for administrative purposes. If they had indicated it, testimony could have been developed on that point. It may very well be that some regional offices or all of them should be closed. I do not know. I am not opposing the closing of them. What I am not pleased about is that they should come in and ask for an increase in the appropriation and then, after they have gotten it, should have a plan—and had it all along, perhaps—to close some offices. I do not believe it would hurt the head of any agency or the head of any department, when he comes before the Appropriations Committees of Congress, to be frank and candid, and to lay his cards on the table. If they have a plan under which they can economize, or a plan to increase their efficiency, there is no reason why they cannot frankly and candidly confide in Congress on those plans. When an agency comes before us and asks for an increased appropriation for administrative purposes, it makes it a little difficult to grant the request with all the confidence that we could if there had been demonstrated an attitude of frankness and candor with Congress, and evidence that the agency was laying its cards face up on the table, so that we could be advised and informed and know better how to exercise our judgment with respect to the amount of the appropriations that we should grant.

We shall have to see what will happen in the future. For the present, the issue is lost. They are now free to close one or all regional offices, without consulting Congress in any way at all. If Congress wants to agree to it, or if we are compelled to submit to that policy, we shall have to submit to it. However, there are powers in Congress which Congress can exercise and can refuse to delegate to the executive department. It may be to their interest to be cooperative. This is a two-way street.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

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

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

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its disagreement to the amendment of the Senate to the bill (H.R. 6927) to establish a Department of Housing and Urban Development, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. RIBICOFF. I move that the Senate insist upon its amendment and agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. RIBICOFF, Mr. JACKSON, Mr. KENNEDY of New York, Mr. MUNDT and Mr. SIMPSON conferees on the part of the Senate.

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

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

CONSERVATION EXTREMISTS NOW ATTACK THE NATIONAL FOREST SERVICE

Mr. GRUENING. Mr. President, as a conservationist I have been somewhat troubled by the efforts of a group of extremists among my fellow conservationists to lose sight of human values and of the concern for man's welfare when conservation problems arise.

I have referred in the past to the highly organized campaign against the building of the Rampart Canyon Dam in Alaska. Articles which grossly misrepresent the facts are sprouting in various magazines and are accepted by the uninformed as gospel. I have had occasion to reply to them as have others who are no less concerned about conservation than I am but who appreciate the need to differentiate between wise utilization with assurance of perpetual supply in contrast with mere preservation and nonutilization.

In another form, this issue has cropped out again in southeastern Alaska in connection with a proposed timber sale by the U.S. Forest Service.

It should be pointed out that Alaska has done extremely well in the field of conservation and in related issues. Its national parks occupy approximately one-third of all the national park areas of the Nation and Alaskans rejoice in them. Its wildlife ranges and refuges cover twice the acreage of all the refuges and wildlife ranges in the other 49 States. Its national forests occupy a larger area than the national forests of any other State. Its territorial legislature, 20 years ago, banned billboards from our highways.

Only 11 years ago, our vast forest resources were not only not utilized but were going to pot; through nonuse, aging, decay, and insect ravages, they were rapidly deteriorating. For years, partly because of the relative inaccessibility of Alaska and high transportation costs, among other facts, except for a few small sawmills, these vast timber resources

were not utilized, although the Tongass and Chugach National Forests had been established in 1907.

In 1954 a pulpmill was established at Ketchikan and subsequently another pulpmill at Sitka—the first substantial utilization of this great resource. The logging to supply them of course follows the conservation procedures which the Forest Service insists upon and seeks to be vigilant in enforcing.

More recently it has advertised a large timber sale which will provide for the utilization of most of the remaining timber in the 16-millon-acre Tongass National Forest, which roughly coincides with the entire area of southeastern Alaska, known also as "The Panhandle." This proposed sale has been violently attacked in one of the magazines which caters to hunters, fishermen, and sportsmen, namely, "Field and Stream," which, in lurid tones, has described this as destructive and injurious to wildlife, which in this instance, are brown bear. This appears to be another example of extremism and emotional appeal with little foundation, and its allegations are emphatically denied by the Forest Service.

The Forest Service scarcely needs defenders on the score of its not being concerned about conservation. Its record has been good in this field. It is concerned about wise utilization on the principle of perpetual yield, and not mere preservation. Mere preservation, such as is sought by the article in Field and Stream, and its school of extremists, would mean the deterioration of this timber resource and its nonuse, the very antithesis of wise conservation.

A reply to the attack in Field and Stream appears in the September issue of National Forests. It is written by Vern Metcalfe, an experienced newspaperman and radio commentator of Juneau, Alaska. It is not written in the sensational, biased language of the article on which it comments; but it gives the facts.

I ask unanimous consent that the article by Vern Metcalfe, appearing in the September issue of National Forests, entitled "Tongass Timber Sale," be printed at this point in my remarks.

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

TONGASS TIMBER SALE

(By Vern Metcalfe)

It was not by accident that Alaska's Senator E. L. "BOB" BARTLETT took the floor of the Senate on the same day the largest timber sale in Forest Service history was announced in the new State. As announced by region 10 of the Forest Service, bids will be advertised on or about September 1, 1965, for 8,750 million board feet of timber near Juneau on the North Tongass National Forest; said timber to be harvested under the terms of a contract extending over a 50-year period. As the announcement was being made, Senator BARTLETT was telling his Senate colleagues the impact the sale would have on the struggling Alaskan economy but carefully noted the State is concerned about the conservation aspects of the deal as well.

And with considerable reason. Already some elements of conservation are protesting certain phases of the proposed sale particularly the inclusion of one portion of Admiralty Island in the deal. Opening gun of the opposition is believed to have been an article entitled, "Night Falls on Admiralty," by Richard Starnes in Field and Stream magazine. One Forest Service spokesman in Alaska has already labeled those in opposition as "extremist conservationists." In Washington, Forest Service headquarters took note of the incipient opposition in a carefully worded five-page release prefaced by a "Memorandum to Conservation Leaders," signed by Clint Davis, Director of Information and Education for the Service.

In the signed release, Mr. Davis noted that the sale has been in the planning and development stage for several years and has undergone careful analysis as to its possible long-range effects on the region and its resources. He noted there has been "strong opposition to any timber cutting in Alaska and we would like you to have our appraisal of the facts."

Continuing, Mr. Davis said, "We believe that many areas in the State should be harvested. This particular sale represents a direct return to the Government of about $25 million and a product value of over $750 million. As significant as this monetary contribution is to the economy of Alaska, the important thing is that this timber will be harvested with due regard for all values and at a rate of cutting that can be sustained indefinitely. The record of the Forest Service is assurance that all natural resources, including esthetics as well as fish and wildlife, will be given the fullest possible protection."

Thus the word from Washington as the biggest timber sale in National Forest history goes into the hopper.

The timber is in three large blocs, two on the mainland, and the third on Admiralty Island, which is one of the largest in the southeast Alaska archipelago. Admiralty is 100 miles long and 30 miles wide at its widest point and comprises some 1,064,960 acres of land including 11 lakes that are reserved for both present and future recreational development.

The sale would cause the harvesting of some 8,750 million board feet of spruce and hemlock timber which predominates in the panhandle of the 49th State. It also will be the last large sale of timber in the Tongass National Forest since once the harvest begins nearly seven-eighths of the allowable cut will have been achieved.

Timber cut during the calendar year of 1965 will amount to 500 million board feet and the maximum allowable cut in the forest is 824 million board feet under present timber technology. Howard Johnson, the regional forester for the Alaska region, noted, when announcing the sale, that "we feel that improvements in technology will cause a boost in this allowable cut by some 50 percent within the next 35 years." Johnson explained that only about one-third of the timber included in the three blocs was economically feasible to harvest under present logging techniques.

The sale, as proposed, was over 2 years in being put together in its present package and represents what the Forest Service hopes will become the keystone to an integrated forest products industry centered in the Juneau area. Although Johnson would not state that the Juneau area would be the ultimate beneficiary of the sale if it goes through, one look at the map of the areas indicates that this would be the logical place for future mills to be located.

When queried on the possible location of millsites, Johnson stated, "Obviously I cannot speak for the ultimate successful bidder but those interested in such an operation are also deeply concerned with community facilities and deep water harbors." The Juneau area offers two deep water harbors and has a population estimated at about 14,000 with nearly half of it living outside the corporate city limits. Douglas, located on an island directly across from Juneau, has a population of around 1,800 and the bulk of the other residents live in the rapidly expanding subdivisions north of Juneau.

Johnson also noted in a press conference on Friday, July 30, in Juneau that if the purchaser chose to expand his plant capacity beyond the 175 million board feet provided annually by this mill that he could compete in independent sales on the Tongass National Forest. Independent areas for sales are comprised of smaller plots of timber outside of the pulp sales area and can produce approximately 325 million board feet per year. This volume is offered in sales of various sizes and for terms varying from 1 to 10 years under competitive bids. Johnson also said that he felt the successful bidder would undoubtedly use the bulk of the timber in a pulp mill, but as much as 25 percent of the volume is of a quality which should justify higher valued manufactured production as Alaska's timber economy develops.

The Tongass National Forest is comprised of roughly two-thirds hemlock and one-third Sitka spruce and the harvest of the timber, much of it overmature, is conducted on a "clear-cut" basis. The hemlock is considered best for utilization in the present pulp mills, located in Sitka and Ketchikan, and the spruce is much favored by sawmill operations. It also has been found to make a high-quality plywood product which draws a premium price on the market.

One Forest Service official had indicated prior to the sale that the Forest Service felt that the sale could support not only a pulp mill but a plywood mill, a sawmill, and, perhaps, a chipping mill operation. A Juneau economist has predicted that the economic impact on the Greater Juneau area could amount to installations valued at over $200 million over a period of the next 10 years, providing, of course, that the industry is centered in the capital city area. The contract for the sale provides that the plant, or plants, will be installed and in operation prior to July 1, 1971. It is of interest that a Federal power project at Snettisham, some 40 miles south of Juneau, is due to have power on the line not later than 1970.

The availability of power nearby plus a more than adequate supply of water leads many observers to feel that the new mill or mills will be located near Juneau.

The sale is not without certain problems to all concerned. The inclusion of Admiralty Island has aroused certain elements of those concerned with conservation. This had long been anticipated by not only the U.S. Forest Service but also by Alaska's congressional delegation and Gov. William A. Egan. It is not considered accidental that the August issue of the magazine Field and Stream carried the article "Night Falls on Admiralty" authored by Starnes.

Reproductions of the article were provided to those in attendance at the announcement of the sale, although no mention was made of it during the press conference. The article is based on a "clear-cut" made on Admiralty Island and gives the impression that the land in question will never replenish itself. A Forest Service official in Juneau noted that, "Starnes was here and could have found out that our research has indicated that this, or any cut, will restock itself by 99 percent 2 years after such a cut." He added, "Starnes, however, did not walk the few blocks to see our research people nor did he view a nearby site where timber was 'clear-cut' some 40 years ago." The regrowth in that particular stand on Douglas Island is nearly twice as dense as nearby stands that remain unharvested.

The Starnes article is viewed as merely the first assault on the sale mainly based by those preservationists who would have Admiralty remain in its present near-primeval state. Actually the timber in question is located on the western side of the island while the bulk of the much-sought-after

trophy animal, the Alaska brown bear, is located on the eastern side of the island. The Forest Service, anticipating the onslaught of what one official terms "extremist conservationists," produced a fact sheet on the huge island for the announcement of the sale.

The sheet indicates that "although its (Admiralty's) most widely publicized resource is the brown bear (average kill—50 to 60 bears per year), the greatest resource values found are in its timber stands, salmon spawning streams, and general recreation potentials." The information also indicates that 5 of the 16 major salmon streams (producing 50,000 to 100,000 fish per year) "on this island are within the proposed cutting area * * * Two watersheds supporting salmon streams have been cut during the past 5 years. * * * Surveys indicate that there has been no noticeable effect upon the production of salmon from these streams, either during or after the logging operations."

Forest Service studies previously carried out in three heavily logged off areas have indicated that the brown bear population has not been adversely affected by the operation either in numbers or distribution. In addition, the Forest Service has reserved a huge section near the center of the island where a network of lakes are being developed into recreational areas. A road system which will be built from receipts from the utilization of the timber will ultimatly run along the western side of the island from one end to the other. In turn, recreational roads are projected which will make the lakes accessible by vehicle. Presently, most people use floatplanes to take advantage of the excellent trout fishing and the cabins and campsites provided by the Service.

It is also of interest that two areas of the island containing 52,000 acres which were set aside in the early 1930's as areas closed to bear hunting are being maintained as refuges and as control areas. Many officials of region 10 were exasperated with the article by Starnes because none of this information was included.

A memory of a previous offering in the late 1950's in which the Georgia-Pacific Co. was the successful, and only, bidder is still vivid in the minds of many Juneau residents. The company received a 5-year option on a sale of slightly less magnitude and then let it lapse. When queried about interest in the sale, Johnson replied, "We have had four or five formal inquiries from major companies who are interested in bidding * * * they all have the necessary financial resources to handle a project of this size."

Johnson went on to point out that large blocs of timber have been sold in neighboring British Columbia during the past 10 years and that "nearly all of the major timber stands on the entire Pacific coast are now all nearly obligated." He also indicated that the sale has received interest from both foreign and domestic companies but added, "to date there has been no more than casual interest indicated by any Japanese companies." The Japanese currently have investments in the Sitka pulp mill and yet another Japanese firm operates a sawmill in Wrangell. In addition, the recently opened Alaska-Pacific Lumber Co. in Wrangell is selling most of its output to Japan.

Regional Forester Johnson emphasized throughout the press conference that steps were taken by the Service to protect other resources involved and noted, "a prime consideration of the forest's multiple use plan is to increase the potential of all resources." He indicated that "volumes of timber from the second harvest, to be cut at approximately 100 years, should be nearly doubled through good management." He added, "spawning streams will be carefully protected and stream improvement techniques will be adapted to increase production * * * habitat for other wildlife will be managed to meet future needs."

In normal circumstances, the advertising for such a sale is 90 days which would make a bid award possible in early December. In the meantime, the Forest Service, the State administration, and local governmental units are all keeping their fingers crossed that nothing will prevent the climax of such an award and the ultimate economic benefits to this part of southeastern Alaska.

OFFICIAL VOTE FOR PRESIDENT AND GOVERNOR IN THE LAST GENERAL ELECTION IN TEXAS

Mr. TOWER. Mr. President, during debate on the poverty bill last week, with particular reference to the debate concerning the right of the Governors of our several States to veto poverty projects in their States if they were convinced such veto was needed in the public interest, the name of Gov. John Connally, of Texas, was brought into the discussion in what I regarded as a most unflattering manner. It was said, that the Governor of Texas owes his present position to the President of the United States. It was said, in effect, that the President of the United States made Mr. Connally Governor of Texas.

I have no desire to enter into a continuing dialog on this matter. But I regard this statement as reflecting not only upon Governor Connally, but upon the people of Texas, and even, for that matter, upon the President.

Mr. Connally is now in his second term as Governor of Texas. He was placed in that high position by the people of the State of Texas. In each of the elections to which I refer the people of Texas were given a choice between what I regard as two good men, one of which, in each instance, was a member of my own party. Insofar as I would not want it thought by others in this body, and by the people at large, that the people of Texas are not the real decisionmakers in this process I ask unanimous consent to have printed in the RECORD the official vote cast in Texas in the last general election for President and Governor.

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

The following is a county by county tabulation of the votes cast at the general election, November 3, 1964, for the offices of the President and Vice President, based upon the official tabulation on November 20, 1964:

Texas official vote for President, Vice President, and Governor, general election, Nov. 3, 1964

Counties	Democratic	
	Johnson and Humphrey	John Connally
Anderson	4,809	6,095
Andrews	2,133	2,642
Angelina	8,194	10,910
Aransas	1,492	1,627
Archer	1,766	1,874
Armstrong	544	667
Atascosa	3,224	3,628
Austin	2,365	2,751
Bailey	1,503	1,897
Bandera	876	1,095
Bastrop	3,912	4,247
Baylor	1,403	1,539
Bee	3,314	3,694
Bell	14,557	15,472
Bexar	108,658	110,427
Blanco	1,197	1,216
Borden	266	318

Texas official vote for President, Vice President, and Governor, general election, Nov. 3, 1964—Continued

Counties	Democratic	
	Johnson and Humphrey	John Connally
Bosque	2,690	3,027
Bowie	10,368	12,314
Brazoria	15,917	17,618
Brozos	7,998	9,395
Brewster	1,251	1,505
Briscoe	966	1,125
Brooks	2,299	2,454
Brown	5,214	5,980
Burleson	2,527	2,720
Burnet	2,585	2,794
Caldwell	3,580	3,850
Calhoun	3,398	3,689
Callahan	2,178	2,364
Cameron	16,056	17,032
Camp	1,841	2,042
Carson	1,574	1,847
Cass	3,603	4,287
Castro	1,865	2,081
Chambers	1,921	2,233
Cherokee	5,485	6,566
Childress	1,977	2,343
Clay	2,357	2,534
Cochran	1,260	1,466
Coke	900	997
Coleman	2,670	3,038
Collin	7,833	8,768
Collingsworth	1,145	1,365
Colorado	3,650	4,232
Comal	3,644	4,284
Comanche	2,851	3,150
Concho	948	1,158
Cooke	4,083	5,163
Coryell	3,679	3,940
Cottle	1,122	1,213
Crane	919	1,145
Crockett	799	960
Crosby	2,278	2,583
Culberson	473	591
Dallam	1,058	1,226
Dallas	166,472	191,704
Dawson	3,171	3,777
Deaf Smith	2,094	2,751
Delta	1,619	1,741
Denton	9,137	10,222
DeWitt	3,286	4,109
Dickens	1,324	1,446
Dimmit	1,184	1,431
Donley	1,068	1,339
Duval	4,432	4,504
Eastland	4,692	5,227
Ector	10,826	12,994
Edwards	337	456
Ellis	7,278	8,359
El Paso	35,050	35 114
Erath	3,851	4,247
Falls	3,933	4,283
Fannin	5,976	6,283
Fayette	3,630	4,393
Fisher	2,108	2,269
Floyd	2,383	2,820
Foard	833	870
Fort Bend	6,186	7,533
Franklin	1,520	1,682
Freestone	2,816	3,239
Frio	1,507	1,699
Gaines	2,045	2,458
Galveston	30,672	32,060
Garza	1,254	1,472
Gillespie	2,264	2,407
Glasscock	179	247
Goliad	990	1,150
Gonzales	3,348	3,850
Gray	3,633	5,010
Grayson	14,207	15,834
Gregg	8,751	11,097
Grimes	2,229	2,661
Guadalupe	4,568	5,394
Hale	5,910	7,206
Hall	1,785	2,022
Hamilton	2,048	2,313
Hansford	860	1,270
Hardeman	1,835	2,041
Hardin	5,143	5,847
Harris	227,819	253,992
Harrison	6,351	7,802
Hartley	565	690
Haskell	2,903	3,118
Hays	3,780	4,113
Hemphill	649	820
Henderson	4,697	5,488
Hidalgo	22,110	23,490
Hill	5,130	5,762
Hockley	4,049	4,751
Hood	1,661	1,660
Hopkins	4,133	4,707
Houston	3,681	4,201
Howard	6,083	7,243
Hudspeth	438	502
Hunt	6,567	7,706
Hutchinson	4,625	6,078
Irion	351	406
Jack	1,594	[illegible],790

Texas official vote for President, Vice President, and Governor, general election, Nov. 3, 1964—Continued

Counties	Democratic	
	Johnson and Humphrey	John Connally
Jackson	2,775	3,218
Jasper	3,600	4,330
Jeff Davis	304	347
Jefferson	44,584	51,599
Jim Hogg	1,375	1,419
Jim Wells	6,849	7,216
Johnson	6,381	7,261
Jones	3,622	4,088
Karnes	3,178	3,576
Kaufman	4,766	5,572
Kendall	970	1,143
Kenedy	115	138
Kent	563	600
Kerr	2,894	3,402
Kimble	862	1,032
King	180	197
Kinney	439	488
Kleberg	4,568	5,053
Knox	1,773	1,917
Lamar	6,303	7,369
Lamb	4,318	5,060
Lampasas	2,224	2,349
La Salle	988	1,071
Lavaca	4,031	4,487
Lee	1,884	2,129
Leon	2,373	2,571
Liberty	5,357	5,990
Limestone	3,777	4,247
Lipscomb	589	798
Live Oak	1,423	1,660
Llano	1,727	1,863
Loving	46	53
Lubbock	22,057	28,877
Lynn	2,281	2,663
Madison	1,298	1,579
Marion	1,372	1,478
Martin	892	1,026
Mason	941	1,029
Matagorda	4,143	5,084
Maverick	2,113	2,309
McCulloch	2,100	2,272
McLennan	28,429	32,075
McMullen	267	304
Medina	3,408	3,865
Menard	588	718
Midland	8,646	11,030
Milam	4,368	4,817
Mills	1,228	1,367
Mitchell	2,420	2,666
Montague	3,746	3,965
Montgomery	4,989	5,941
Moore	2,393	2,916
Morris	2,366	2,799
Motley	678	801
Nacogdoches	4,524	5,676
Navarro	6,811	7,359
Newton	2,211	2,439
Nolan	3,540	4,581
Nueces	40,426	41,375
Ochiltree	920	1,569
Oldham	397	507
Orange	9,390	11,121
Palo Pinto	3,791	4,307
Panola	2,608	3,390
Parker	5,270	5,853
Parmer	1,556	2,003
Pecos	2,068	2,532
Polk	2,492	2,880
Potter	12,850	16,134
Presidio	1,156	1,303
Rains	893	961
Randall	6,016	8,247
Reagan	614	777
Real	487	544
Red River	3,391	3,967
Reeves	2,340	2,791
Refugio	2,319	2,543
Roberts	198	285
Robertson	3,350	3,594
Rockwall	1,305	1,464
Runnels	2,645	3,096
Rusk	6,528	7,633
Sabine	1,801	1,885
San Augustine	1,173	1,313
San Jacinto	1,680	1,762
San Patricio	7,176	7,684
San Saba	1,859	2,012
Schleicher	514	639
Scurry	3,381	3,975
Shackelford	934	1,071
Shelby	3,487	4,016
Sherman	462	704
Smith	12,474	16,326
Somervell	641	695
Starr	4,056	3,970
Stephens	1,753	2,060
Sterling	243	299
Stonewall	978	1,062
Sutton	694	812
Swisher	2,410	2,759
Tarrant	97,092	106,790
Taylor	13,366	15,844

Texas official vote for President, Vice President, and Governor, general election, Nov. 3, 1964—Continued

Counties	Democratic	
	Johnson and Humphrey	John Connally
Terrell	364	444
Terry	3,034	3,741
Throckmorton	883	939
Titus	3,528	4,044
Tom Green	9,767	11,649
Travis	44,058	50,989
Trinity	1,654	1,873
Tyler	1,818	2,159
Upshur	4,027	4,650
Upton	958	1,215
Uvalde	2,358	2,961
Val Verde	3,555	3,936
Van Zandt	4,047	4,563
Victoria	8,141	9,368
Walker	2,877	3,577
Waller	2,167	2,458
Ward	2,221	2,663
Washington	2,938	3,671
Webb	10,073	9,854
Wharton	6,234	7,030
Wheeler	1,440	1,705
Wichita	19,131	21,558
Wilbarger	3,200	3,717
Willacy	2,152	2,590
Williamson	7,430	8,052
Wilson	3,472	3,786
Winkler	2,059	2,536
Wise	3,852	4,313
Wood	3,528	4,266
Yoakum	1,415	1,776
Young	3,395	3,802
Zapata	1,009	1,073
Zavala	1,784	2,074
Grand total	1,663,185	1,877,793

BIG BROTHER: INVASION OF PRIVACY

Mr. LONG of Missouri. Mr. President, the hearings before the Subcommittee on Administrative Practice and Procedure have stirred up considerable editorial comment throughout the country on the subject of Government snooping.

I ask unanimous consent to have printed at this point in the RECORD a number of the more interesting editorials on the subject.

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

[From the Troy Times Record, July 21, 1965]

WHY WIRETAPPING?

It seems strange that disobedience to a Presidential order banning wiretapping brings only a second warning to stop. Those who have permitted its violation say simply: "We won't let it happen again."

The President's press secretary reported the order banning use of wiretapping by Federal employees was given in a vigorous statement. If that be the case, stronger corrective action would be implied.

"Racket-busting agents on the firing line ignored the prohibitions," so the use of wiretapping by Internal Revenue agents was reported. This enthusiasm for the end result sets a dangerous precedent. It gives license for law violation where no license is permissible. It encourages invasion of legal privacy. If Internal Revenue or any other Government agents can decide when and against whom to use the weapon of wiretapping, they can use it against everyone. If they are to sit in judgment—as judge and jury—on the necessity of circumventing constitutional safeguards in one case they can do it in all cases.

A shortcoming, if it can be called such, of democratic privilege is that it is available to all, whether they are deserving of the protection or not. The guilty and the innocent, the criminal and the conscientious citizen are protected by the same law. The protection is ordered for all.

The President should take action as strong as his words to protect the privacy of the citizens against prying and the illegal searching of wiretapping.

[From the Madisonville (Ky.) Messenger, July 30, 1965]

INTOLERABLE SNOOPING

Do you picture the typical Internal Revenue Service agent as a dignified official with a head for figures or a suave lawyer with detailed knowledge of every loophole in the tax laws?

Facts brought out before the Senate Subcommittee on Administrative Practice and Procedure—which is making a comprehensive study of snooping, wiretapping, and other techniques of electronic surveillance—make him look more like one of those sinister characters in the James Bond movies.

The subcommittee has wrung from the Treasury Department the admission that it runs an operation called the "Technical Investigative Aids School" on Washington's 12th Street. Here, selected tax agents are trained in the use of all those scientific marvels for secret snooping on individual taxpayers.

Agents have admitted that they have picked locks, invaded homes, planted listening "bugs" in cars and conference rooms, tapped telephone lines, posed as Coast Guardsmen, and done a variety of other things which violate individual rights and are often against the law.

The advent of the electronic age has not only brought the beneficial marvels of our time—it has also created new instruments which can be used to the disadvantage of the individual.

Old-fashioned protections against invasion of privacy no longer work so well. New techniques make every part of the individual's life subject to surveillance by anyone equipped with the necesary instruments. As in so many cases where science and technology move ahead quickly, laws and regulations do not always apply to new developments.

It is always a temptation to the overzealous Government official to avail himself of their use. The eagerness of the Internal Revenue Service to collect Uncle Sam's revenue is commendable, but it ought not to be necessary to give Government agents powers which violate the concepts of our constitutional system.

Revelations of the Senate subcommittee provide a convincing case for action by Congress to govern the new conditions in the surveillance business. Otherwise, the days of "Big Brother" and thought control may not be as far away as they once seemed.

[From the Madisonville (Ky.) Messenger, July 29, 1965]

NO PRIVACY?

Government snooping has gotten so far out of hand in recent years that it's difficult to think about it without getting mad.

Now it is disclosed that Federal agents have used illegal wiretaps, snooperscopes, hidden microphones, and two-way mirrors in investigating suspected tax frauds. Further, it is apparent that such unwarranted invasions of privacy have been condoned by high Government officials in cases where the ends were felt to justify the means.

As long as ordinary citizens were not involved, this sort of sneaking was supposed to be allowable. But if wiretapping and electronic microphones can be used against undesirables, why should they one day soon not be used against everyone? Left unchecked, Government snooping could present a greater threat to that ordinary citizen than organized crime.

There is little enough left to him by the Government in these days of the ever-expanding welfare state. His private life, at least, must continue to be his own.

Since the disclosures by the Senate subcommittee investigating invasions of privacy by Government agencies, the administration has moved to correct abuses.

But the fact that unwarranted invasions of privacy have been condoned is not easily forgotten. And a continued watch on the activities of Government agents must be kept to see that they do not again exceed the limits of what is right and allowable.

[From the Danville (Ky.) Advocate-Messenger, July 26, 1965]

FEDERAL WIRETAPPING

President Johnson has done well to crack down hard on Federal wiretapping. He is entirely right in his expressed belief that the Senate probe of electronic eavesdropping by the Internal Revenue Service is "in the public interest."

The President's order banning wiretaps except in cases certified by the Attorney General to concern the national security should act as a brake on the trend toward more and more invasion of privacy by the Government. Other steps to this end also should be taken, and there ought to be stricter curbs on private use of various peeping and listening devices, too. The alternative is a society in which no man, under any circumstances, can be sure that he is speaking and acting in private.

Attorney General Katzenbach, like his predecessor, ROBERT F. KENNEDY, has stressed the urgency of using every available tool of law enforcement to bring the racketeers under control. As these successive heads of the Justice Department have noted, organized crime extorts billions of dollars from our economy each year and is in many ways an unconscionable blight on America.

Even so, Federal Government use of illegal methods is hard to stomach. The employment of such methods by the Internal Revenue Service in catching up ordinary citizens, not known racketeers, plainly cannot be tolerated.

Senator LONG's subcommittee has unearthed evidence that this has occurred, though Internal Revenue Commissioner Cohen said he knew of only four cases of illegal IRS wiretapping. It was brought out that several IRS offices have two-way mirrors and hidden microphones, and that an IRS truck in Pittsburgh was disguised as a telephone company truck and equipped for wiretaps. Other eavesdropping devices also are used. It appears that the President's crackdown was needed. Let us hope it will stick.

[From the Asbury Park (N.J.) Evening Press, July 16, 1965]

ILLEGAL WIRETAPPING

In its zeal to convict racketeers the Internal Revenue Service admits that it has resorted to illegal wiretapping. It is prepared to recommend pardons for any persons convicted on such evidence.

These admissions come to light as the result of Senate hearings on invasion of privacy by various Federal agencies. The Post Office Department has admitted opening first-class mail not consigned to the dead letter office. It has also placed mail watches on persons who subscribe to foreign periodicals. Now Internal Revenue concedes that when taxpayers and attorneys appeared for questioning about tax returns microphones were hidden in conference rooms to record conversations between attorneys and their clients. This is defended on the grounds such unsavory methods were employed only in an effort to thwart skillful criminals.

Government must have weapons to combat crime. The legalized wiretap in such cases ought to be employed but only when good cause is shown in an application to a court. Then the citizen has some protection against irresponsible use of police power vested in so many Federal agencies. The same holds true in matters under State jurisdiction. In the absence of this judicial restraint such methods as "bugging" a conference room constitute dirty business.

As for the search of first-class mail, this is clearly not the function of the Post Office Department. Chronic delay of the mails demands that the Department fulfill its primary responsibility and get out of the snooping business.

[From the Chicago (Ill.) Tribune, Aug. 1, 1965]

FEDERAL SNOOPING

Continuing indignation, mixed with occasional humor, marks the series of disclosures of Government snooping developed by the Senate subcommittee on administrative practices and procedure, headed by Senator EDWARD V. LONG of Missouri. Agents for the Boston office of the Internal Revenue Service have told, under questioning, of using lock picking tools, the "snooperscope" (built around giant binoculars), wiretaps, and electronic "bugs" in the course of their daily work. They denied that they concentrated on watching a suspect's wife sunbathing, but admitted that they make a practice of violating laws and regulations against wiretapping and electronic eavesdropping.

Extreme and persistent government invasion of privacy might be expected in Russia, but this is the United States. And Senator LONG's subcommittee has hit paydirt in one executive department after another. The Treasury Department is only the latest to acknowledge that its men sometimes get "overzealous"—and that men who have sworn under oath not to resort to wiretaps and bugging are then sent to snooping school to learn to break the law and their oath.

The dubious justification of all this wiretapping and bugging has been that the law prohibits "intercepting and divulging" private communications. The snoopers say they have been intercepting but not divulging. But, farther along, the Federal Communications Act of 1934 prohibits "use" of intercepted private communications, which leaves the snoopers little or nothing to stand on.

Numerous examples of deficient adroitness provide some rather grisly humor. One agent went on vacation without telling coworkers where he had put a key needed to remove a "bug" before the victim found it. Another solemnly reported that when he went to a suspect's funeral he found no one disposed to talk about the late-lamented's tax cheating.

But the disclosures are essentially serious. They show a shocking readiness on the part of Government to resort to illegal methods. President Johnson rightly, if belatedly, has issued instructions that Government use of wiretaps and such are to be limited to matters involving national security, and then subject to the direction of the Attorney General. The agent who worked for the Internal Revenue Service for 5 years before he realized that wiretapping is illegal will please note.

[From the Detroit (Mich.) Free Press, July 23, 1965]

A TEAR FOR SHELDON COHEN

It's heady stuff, working for Internal Revenue. A man who keeps making arbitrary rulings on a basis of "interpretations" and "estimates" is bound to become not only uppity with the public but hard for his own boss to handle.

This has been discovered by a succession of internal revenue commissioners. They take office full of ideas about what they're going to make of the Internal Revenue Service, and go away after a little while without offering any résumés of accomplishment.

Sheldon S. Cohen, the latest to accept the challenge, is beginning to discover what he's up against. All of a sudden, by virtue of a Senate inquiry, it has come to light that many of his agents are no more attentive to the law than a citizen who piles up $200,000 in a year and makes a return on $50,000.

They've been making illegal wiretaps, peeking at taxpayers through 2-way mirrors, dabbling in electronic eavesdropping and prowling in people's mail boxes.

This and similar tactics in other Federal agencies has caused President Johnson to forbid use of the various spying devices by all who are not concerned with national security.

Whether this gets him anywhere with IRS remains to be seen. For his part, Cohen doesn't seem to put much confidence in an order. He says he has had to decentralize his agency's organized crime section to prevent illegal wiretaps.

This would seem to be a fairly clear admission that merely issuing an order to an IRS man gets the Commissioner nowhere.

And right in the middle of all this, poor Cohen has another embarrassment on his hands.

Because last year's payroll deductions were too slight, many taxpayers found it impossible to pay the balance when April 15 came. In light of the deduction fumble, they were given a grace period.

Last June 18, IRS decided that September 1 would end the grace period and that everyone would have to be square with it as of that date. That could be reasonable enough, except that nobody bothered to tell the taxpayers a deadline had been set. It has only just now been disclosed.

An IRS spokesman said he didn't know why. Quite a few taxpayers will probably say that the "why" is simple enough—that it is simply standard IRS consideration for the public.

So now Cohen is going to have to find out how that one happened—if anyone in his agency's employ will consent to tell him.

No matter how mad you may get at IRS, don't include the Commissioner. Whoever he may be, he's more to be pitied than censured.

[From the Evening News, Newark, N.J., July 18, 1965]

LISTENING IN

A Senate investigation and a Presidential order have centered attention anew on the unresolved problem of wiretapping.

Evidence has been produced before a Senate subcommittee that Internal Revenue Service agents have tapped telephones to gather evidence in the Government's drive on organized crime. Supporting the committee's inquiry as a service to the country, President Johnson has banned all wiretapping by Federal employees except when related to national security and then only with the approval of the Attorney General.

The exception is an illustration of the difficulties that invest this question. It acknowledges that there are circumstances under which wiretapping is in the public interest. Besides national security, it is conceivable there are other instances in which it would be justified, for example, in tracking the kidnapers of a child.

The basic problem is how to prevent misuse of the device, how to make sure that it would be invoked only against kidnapers and such criminals and not against the law abiding.

Existing Federal laws is ambiguous. The conflict is between the public safety and the right of privacy. Where to draw the line is not easy to determine, as has been demonstrated over the years by numerous futile attempts by congressional committees.

Until the conflict is resolved, there is no alternative to the policy of official disapproval declared by President Johnson.

[From the Salt Lake City, Utah, Tribune, July 23, 1965]

ILLEGAL SNOOPING DAMAGES TAX AGENCY

President Johnson has issued a new order banning all wiretapping by Federal employees except that related to national security.

Presumably the order applies to other forms of electronic eavesdropping, revealed to be extensive among several U.S. agencies. Since rules against such outrageous invasion of privacy have been deliberately violated in the past, what assurance have we that the "dirty business" will not continue in secret and in defiance of cherished American rights? A Senate Judiciary Subcommittee has also uncovered shocking cases where harassment and bullying tactics were employed by Internal Revenue agents. How are plain citizens to be protected against such treatment?

Internal Revenue Commissioner Cohen and Attorney General Katzenbach acknowledged to the subcommittee recently that Federal agents have used illegal wiretaps, hidden microphones and two-way mirrors in tax cases. They excused the practice on the ground they were fighting organized crime. Yet some IRS officials acknowledged they used the snooping devices also against taxpayers who were not racketeers. An intelligence division agent reported that a miniature transmitter and recording set, concealed in a brief case, had been used to record conversations with ordinary taxpayers not connected with rackets.

EAVESDROP ON LAWYER, CLIENT

A counsel for the subcommittee said some IRS conference rooms were equipped with two-way mirrors and microphones. A client and his lawyer would be brought into the bugged room and interviewed. Then the revenue agents would leave and eavesdrop on the conversation between the lawyer and his client. This violates the traditional private relationship between lawyer and client. It was only one of many shocking cases of privacy invasion revealed in recent subcommittee hearings. IRS agents broke into a lawyer's office at night to hide a microphone. They set up a telephone tap receiver in the home of an IRS official. They tried to tap a public telephone booth. They kept a dial number recording device in the telephone office itself, and so on.

In response to a question of Chairman LONG, of Missouri, as to the invasion of a citizen's rights, an Internal Revenue spokesman answered: "I was overzealous."

The temptation to become overzealous is admittedly strong when snooping devices are made available by the Washington office with implication they be used. Overzealous officials anoint themselves with authority to decide when, where, and how to violate sound public principle to "protect" the public. Crime becomes what they decide or suspect it to be.

WORSE THAN SEARCHING PREMISES

Some officials argue it is necessary to "fight fire with fire" in law enforcement. Yet the fourth amendment prohibits unreasonable search and seizure. In line with this, a warrant cannot be issued except on probable cause and it must be specific as to the place to be searched and the thing to be seized. Electronic eavesdropping is wide open, monitoring all conversations over any line which may be connected with a "tapped" phone.

It is a grim irony that while law enforcement spokesmen have complained that the Supreme Court has, in effect, tied the hands of police with decisions protecting the rights of persons suspected of crimes (admissibility of voluntary confessions as evidence and so on), harassment of ordinary law-abiding people is increasing.

Commissioner Cohen has said wiretapping by his agency has ceased, but the damage to the image of the IRS—unpopular because of the nature of its duties—would be hard to measure.

Eternal vigilance is the price of liberty and it is time for Americans to become vigilant about their privacy, and to insist that Government officials be servants, not their persecutors.

[From the Rocky Mount (N.C.) Telegram, Aug. 20, 1965]

NOT IN THE BEST INTEREST

It is encouraging to note that the White House has displayed some concern over the growing problem of wiretapping by Government agencies. Some of these Government agencies may have what they consider good reason for these snooping tactics, and indeed such activities are often carried out under the guise of national security. Whether this is always really the case is something that may never be determined.

President Johnson has issued strict orders against any form of wiretap or electronic snooping except when directly related to national security. Even when it is justifiable, such means must have the approval of the Attorney General.

We go along with the President's views that wiretapping is not in the best interest of the country.

[From the San Antonio (Tex.), Express, July 16, 1965]

EAVESDROPPING BY IRS AGENTS EXCEEDS BOUNDS OF ENFORCEMENT

The revelation that agents of the Internal Revenue Service have been wantonly using illegal evidence gathered by spying and eavesdropping in IRS conference rooms is shocking.

The Attorney General of the United States and the Internal Revenue Commissioner have confirmed that their agents employed illegal wiretaps, two-way mirrors, and hidden microphones.

The special counsel for the Senate subcommittee on administrative practice and procedure revealed that the IRS has been using bugged conference rooms to eavesdrop on the conversations between taxpayers and their lawyers who have been ordered in to discuss their tax returns.

There are those who will argue that the Government is entitled to use any means to enforce its laws. That same argument has been used by every despot in history to justify assaults on individual liberties.

The means do not justify the end. There is no place in our system of government for chicanery, spying, and deviousness.

The authorities should act quickly to stamp out illegal practices that offend both the law and the taxpayers' sense of decency.

[From the Chicago (Ill.) Daily News, July 21, 1965]

BIG BROTHER IN THE IRS

President Johnson is insisting on a halt to wiretapping activities by the Internal Revenue Service, and judging by testimony before a Senate Judiciary Subcommittee it is high time.

It has now become quite clear that there can be no such thing as sparing or moderate or discreet employment of electronic snooping by a Government agency. If the IRS' bosses thought this was what they were getting by winking at the practice, they must now be feeling silly indeed.

For last week it developed that in the Pittsburgh IRS district, for example, electronic taps were being used systematically in spite of Washington's supposedly vigorous efforts to curb the practice.

And this week it turns out, according to testimony by agents, that a regular school of eavesdropping has been operated by the IRS in Washington, where young Federal men became expert at bugging, tapping and lockpicking, and then went out into the field to practice these arts. The image of Big Brother surely hovered over the hearing room as an agent told of breaking into the home of a taxpayer under suspicion (though never convicted on any tax charge) and using a long-range "snooperscope" to watch a taxpayer's wife sunbathing.

The plain fact—long apparent but made more obvious by current disclosures—is that eavesdropping trends inexorably toward harassment. An IRS commissioner may direct high-mindedly that it be employed only where solid evidence indicates evildoing, but the eager beavers in the field will presently be engaging in "fishing expeditions" prompted by back-fence gossip.

We do not doubt that wiretapping is of value in trapping big-time racketeers and gangsters. But it is also a typical and favorite police state device utterly foreign to the American concept of right to privacy.

President Johnson, who spoke out against Federal wiretapping shortly after he took office, has issued a more vigorous ban, outlawing the practice in all but cases directly involving the national security. We hope he makes it stick.

[From the Tennessean, Nashville, Tenn., July 17, 1965]

PRESIDENT ACTS WISELY IN BANNING MOST WIRETAPS

Wiretapping, official and unofficial, is getting to the point where no person is safe from the prying ears of others, no matter how innocent the person may be.

The use of "bugs" or electronic devices that act as microphones for conversations in a room and the use of the tapped telephone line are sometimes defended by State and National authorities as a means of making war on criminals or for tracking down tax violators.

Although evidence obtained through the use of wiretaps cannot be used as evidence in Federal and in most State courts, the practice persists.

And as hearings before a Senate Judiciary subcommittee have disclosed, it is more widespread than most Americans realize. Only this week, an aid of the Internal Revenue Service testified that the IRS conducted schools in Washington "where our agents were taught to wiretap, to plant microphones and so forth."

According to this testimony, Federal officials were knowing participants in at least two illegal wiretaps in the Pittsburgh area, and Washington even brought in electronic specialists to aid these practices.

Although the Pittsburgh cases were part of a drive against organized crime, Mr. C. O. Davis of the IRS intelligence division in Pittsburgh, related that they had a bizarre effect.

Before the U.S. Government moved in, local gamblers were pretty closely controlled and the national crime syndicate was kept out. But as a result of the IRS disclosures, local gambling was dried up and the big syndicates moved in.

Nobody wants to hamstring enforcement against organized crime, and nobody wants to see tax violators get away with defrauding the Government. But the question is, where does the wiretap practice stop? Any citizen may be fair game, with no privacy even in his own home, if he is suspected—or a vengeful neighbor reports a suspicion—of tax violation.

President Johnson has acted forthrightly and wisely in banning all wiretapping by Federal employees except in cases related to national security. Even then it would first have to be approved by the Attorney General. In matters affecting the national security, no one questions the need of using the wiretap. In the absence of Federal law spelling out authority the President is justified in banning all except security cases.

The great danger is the abuse of wiretapping in that Government agents may become so practiced in its use that familiarity breeds contempt for the rights of citizens—and one of those to the right to be secure in their own homes.

[From the Nashville (Tenn.) Banner, July 20, 1965]

A BAN TO ENFORCE: SNOOPERS CHIPPING AWAY AT RIGHT TO PRIVACY

Had those publicans of George III (circa 1776) engaged in snooperscope activities—prowling and prying beyond even the inquisitions charged to them—they probably would have been pitched into the Boston Harbor along with all that tea.

History now has turned a full page in its cycle; and it isn't the Redcoats accused of tax-gathering monkey business. They didn't know anything about electronics—which hadn't been invented yet. Their sin, offensive to rugged individuals in 1775, was that of confiscatory practices in the name of the Crown; and generic to it a political debauchery indicted by this fledgling free Government as "taxation without representation."

The Internal Revenue Service at Boston evidently has engaged in some queer practices in its law enforcement zeal; the charge being that it not only went beyond the letter of the law, but borrowed illegal devices to assure that no suspected delinquents escape the squeeze of its wringer.

That is the case, apropos of which President Johnson has properly ordered that wiretapping and kindred snooping be stopped.

Even more significantly—for its long-range bearing on the citizen's right to privacy—the U.S. Senate is continuing its investigation of these practices; the premise being that, apart from circumstances directly and positively involving national security, agencies of the Government have no more right to trespass that privacy than has any other intruder.

As clearly seen, once such a camel gets its nose into the tent—for officious invasion on any pretext—it inevitably goes the whole route. That is the charge in the Boston case.

Tax chiselers, engaging in fraud, are subject to prosecution; by the very nature of the case, they have to be—and the law is drawn that way.

The rank and file of taxpayers are honest; and any inference to the contrary offends the individual upon whose personal integrity the stigma of that contrary assumption would reflect.

The IRS has a difficult job to do. Its own rank and file are conscientious administrators—sensitive to duty within the guidelines of duly written law. The stigma is cast on them when eager beavers, for whatever motive, so far forget their role of public servants as to don the robes and employ the devices of freewheeling inquisition.

It is important that tax cheaters be caught; even more important is it in the long run that dangerous tools be kept out of reckless hands that would chisel away at an elementary right of privacy in a free society, protected by law from invasion by the minions of its own Government.

CROSSED WIRES IN INTERNAL REVENUE POLICY

Wiretapping, hidden microphones, and surveillance mirrors are exactly the type of big brotherism that the Internal Revenue Service ought to avoid like the plague. Yet these techniques have been used—even though the President, himself, has sternly prohibited them, except in cases of national security.

Apparently the abuses have been few. Where they have occurred, excessive zeal on the part of individuals in the IRS seems to be the cause. Even then, most of the cases involved criminal investigations. But this is one of those very sensitive areas in which it becomes almost impossible to draw a line and preserve principle. It may be easy to say that a little "bugging" is permissible, that it provides shortcuts and brings evil people to justice. But, as the Senate subcommittee hearings, chaired by Senator EDWARD LONG, of Missouri, have shown, this type of procedure seems to be developing into a habit in Washington. Spying on the citizens hardly is an ideal of democratic government.

For a busy President, the whole business is one more unhappy illustration of the fact that the distance between a Presidential directive and proper action sometimes can be very far. It should provide a lesson, too, for the IRS. As a people, Americans generally make an honest effort to pay taxes due. This is not always so in other countries, where tax evasion sometimes amounts to a national sport. The flap will not raise the IRS in the estimation of the average citizen, as he struggles with his income tax returns.

[From the San Antonio (Tex.) Express, July 20, 1965]

WIRETAP BANNED, THE DOUBT LINGERS

President Johnson acted swiftly to ban wiretapping, trick mirrors, and other spying devices when a Senate committee uncovered the practice in the Internal Revenue Service.

The Presidential order should be sufficient to correct the illegal procedure, if the order is properly circulated among those agents who have been engaged in the subterfuge.

We hope there is no misunderstanding—no error in translation to federalese that could be misinterpreted to mean that the crime is in getting caught.

We suppose the best way to check it out is to whisper to a lawyer in an IRS conference room—"Cohen is a fink"—and see what happens, but who would be that foolhardy?

[From the Chicago (Ill.) American, July 21, 1965]

THE IRS SUPER-SNOOPERS

Testimony being heard in the Senate about the tactics of revenue agents are making George Orwell's chilling fantasy, "1984," look considerably less like fantasy. Big Brother is not only watching you, it seems—he has been watching for some 10 years, using all the latest super-snooper equipment, and without finding it necessary to get any legal or constitutional clearance for doing so.

On Monday James O'Neill of Massachusetts, a special agent for the Internal Revenue Service, gave a Senate judiciary subcommittee a detailed picture of the spying techniques in which agents were trained, and presumably still are. The IRS, O'Neill said, operated a special school at which agents were taught how to use electronic bugging equipment, lockpicking tools, and "snooperscopes"—devices that enable the tax sleuths to see in the dark and with the aid of infrared or ultraviolet radiation. To judge from the testimony of O'Neill and other agents, burglary techniques were an accepted part of their jobs.

Other witnesses have told of being subjected to harassment and bullying by IRS agents which, if their stories are true, went far beyond the limits set for the law enforcement agencies. Such charges of course need careful weighing, but there appears to be no doubt about the existence of the IRS spy school; the Treasury Department itself confirmed that has existed since 1955.

The story makes it clear how perishable are some of the rights we take for granted—how quickly the privacy of private citizens can be eroded away by a Government agency acting, no doubt, with the best intentions. If the IRS has convinced itself that it's entitled to ignore laws or its own regulations when they get in its way, it is up to Congress to convince the Service otherwise, and we hope it makes the lesson exceptionally clear.

[From the Wall Street Journal, July 28, 1965]

THE CITIZEN AND HIS PRIVACY

Disclosure that eager beaver Internal Revenue Service agents have been illegally tapping private citizens' telephones has again focused attention on a muddled legal area. Surely it's time to clear up the confusion.

As things stands now, it is a Federal crime to wiretap and use the information for such purposes as providing evidence in court or aiding in crime detection. Yet several States permit wiretapping, under certain conditions, and allow the information to be used in court.

In such States local law enforcement officers regularly violate Federal law, though no one thinks of prosecuting them. As a matter of fact, even wiretappers who have nothing to do with law enforcement hardly need worry about Federal prosecution, since it's necessary not only to prove that they've done the tapping but also that they in some way have divulged the information so gathered.

The situation is especially chaotic in Washington, as the Senate Judiciary subcommittee's hearings have shown. IRS agents testified that the agency's Washington headquarters has been running a school to teach wiretap techniques. According to other testimony, IRS agents in Pennsylvania tapped the telephones of suspected racketeers, in this case violating not just Federal law but State law.

President Johnson pointed up the absurdity of the situation when he recently restated his ban on wiretaps by Federal agencies in other than national security cases. What he was saying again was, in effect, that Federal agencies should obey Federal law—except in security matters.

By now it should be clear that something more than a Presidential directive is called for. What is needed, it seems to us, is a careful rewriting of the 31-year-old Federal wiretapping law; no nation should put up with a statute that not only is unenforced but as a practical matter appears to be unenforceable.

Such a legal overhaul would, of course, take Congress into a controversial area which the lawmakers often have seemed anxious to avoid. Many law enforcement officials want wide leeway for wiretapping, while a number of civil liberties groups, legal authorities and others would like to outlaw telephone tapping altogether.

Proponents of a complete ban have well-founded reasons for concern. Government in this country has grown so large and so all-pervasive that it's possible to picture agents, equipped with the miraculous gadgets of modern electronics, prying into the innermost secrets of our private lives.

On the other hand, there's a good deal to be said for the stand of the enforcement agencies. When organized crime often uses electronics for its nefarious ends, should we deny the same equipment to the police? Should we, in any and all cases, allow criminals their telephones as privileged sanctuaries?

Nonetheless, if it were necessary to choose either a complete ban or wideopen wiretapping, prohibition would be preferable. However useful the electronic equipment may be in law enforcement, it easily could

become the tool of tyranny. But no such black-or-white choice is actually necessary.

It ought to be possible, for instance, to stipulate that wiretapping could be done only in sharply limited areas, such as investigations of national security matters and specified major crimes. Even in these areas, both the wiretapping and the use of the information obtained usually should be strictly controlled by the courts. In addition, practical procedures should be set up to firmly enforce the law.

As the Senate hearings have demonstrated once again, the Nation needs to be vigilant to protect the privacy of the private citizen. But in its vigilance it need not tie the hands of those who protect the citizen himself.

[From the Houston (Tex.) Post, July 19, 1965]

PRESIDENT BANS WIRETAPPING

President Johnson, in forbidding wiretapping in the Federal Government, except where the national security is at stake, has taken a long step in protecting the rights and privacy of all Americans.

We hope that his order will be obeyed.

From now on, the President has announced, exceptions in wiretap cases must be approved by the Attorney General. A message has been sent by the President to Cabinet officers and agency chiefs underscoring his determination to wipe out the widespread use of wiretap devices in Government.

In announcing the ban, Bill Moyers, the presidential secretary, said the President believes wiretapping may be needed to protect the national security in some cases, but "it must not be condoned or tolerated under any other circumstances and never, never without the approval of the Attorney General."

The order may already have had some effect.

In testimony before a Senate subcommittee, Internal Revenue Commissioner Sheldon Cohen said:

"I will not tolerate wiretapping or bugging by our people."

Cohen said all listening devices and two-way mirrors will be removed from rooms used by IRS agents for conferences with taxpayers.

The President's order is beyond value.

By so acting, Mr. Johnson has shown clearly that the right of each American to privacy in his home, his conversations, and his personal dealings should be inviolate.

His order is clearcut, and slashes through the haze that has cloaked this area for years.

He has said that wiretapping with one great exception, the national security is out.

The President has set a good example for America at all levels: Federal, State, local, private.

We hope it will prompt similar action in other areas.

This is not a nation of snoopers.

We congratulate the President on his stand—truly a victory for every American citizen.

[From the Philadelphia (Pa.) Inquirer, July 21, 1965]

INVASION OF PRIVACY BY TAX AGENTS

Many taxpayers will be no less shocked than were Members of Congress upon hearing that the Internal Revenue Service operates a school in Washington to train its agents in the not-so-fine art of wiretapping, installing electronic listening devices in buildings and motor vehicles, picking locks, and using portable infrared machines that enable a snooper to see what is going on in a darkened room. No operations of this kind have been reported in the Philadelphia area.

Details of the school and the activities of its graduates were told to a Senate subcommittee conducting hearings on charges that there is a trend toward unnecessary and unjustified invasions of privacy by Government agencies. Among earlier disclosures were alarming accounts of personal mail being placed under surveillance at post offices.

Enforcement of tax laws is a vital function of the Federal Government. No one is questioning the right of IRS agents to conduct thorough and effective investigations. What is open to serious question, however, is the employment of investigative methods that in many instances may be illegal and, in any event, go far beyond the bounds of propriety. Burglars, eavesdroppers, and peeping toms recognize no limits in their invasion of the privacy of persons and property but something better is expected of Federal personnel in the performance of official duties.

We urge strongly that the Senate subcommittee press further into this matter. The American people are entitled to know the full facts on violations of privacy committed by Federal officials under the pretense of carrying out legitimate enforcement responsibilities.

[From the San Francisco Examiner, July 21, 1965]

THE POLICE STATE TAX SNOOPERS

We are disturbed.

We are indignant.

We are shocked.

We speak as taxpayers who are outraged at the police state methods being used by agents of the Internal Revenue Service to snoop on suspected tax evaders.

But—too far is too far.

And, it is our guess that the snooper squad is the final straw.

If the citizens of the United States do not raise their voices in a roar of protest that will jar every bureaucrat in Washington we will be surprised and disappointed.

WATERSHED PROJECTS APPROVED BY THE COMMITTEE ON PUBLIC WORKS

Mr. McNAMARA. Mr. President, in order that the Members of the Senate and other interested parties may be advised of various projects approved by the Committee on Public Works, I submit for inclusion in the CONGRESSIONAL RECORD, information on this matter:

Projects approved by the Committee on Public Works on August 24, 1965, under the watershed protection and Flood Prevention Act, Public Law 566, 83d Congress, as amended

Project:	*Estimated Federal cost*
Choccolocco Creek, Ala	$4,978,162
Little Clear Creek, Ark	756,984
Grove River, Ga	1,949,585
South Fork—Broad River, Ga.	1,419,124
Supplement to Busseron, Ind.	4,960,418
Supplement to SuAsCo, Mass.	2,653,381
Total	16,717,654

REPRESENTATIVE RALPH J. RIVERS' PENETRATING ANALYSIS OF THE CIVIL SERVICE COMMISSION'S ATTEMPT TO GAIN EXECUTIVE CONTROL OF COST-OF-LIVING ALLOWANCES

Mr. GRUENING. Mr. President, the Civil Service Commission has again made an attempt to upset the long established patterns of the cost-of-living allowance paid classified Federal employees in the outlying areas of the United States. Unique conditions have made these additional allowances necessary to maintain minimum standards of living for Federal employees.

The Commission has sponsored legislation that would abolish the cost-of-living allowance now in effect in Alaska, which is not subject to Federal income taxes, and would substitute a taxable cost-of-living allowance. The Commissioner has even proposed that the allowance be increased by 2 percent. On the surface, it appears that the Commissioner is being generous.

This is not the case.

This plan, to make taxable the cost-of-living allowance, would substantially reduce the take-home pay of Federal employees because in every instance individual income tax increases would wipe out the Commissioner's proposed 2-percent increase.

The cost of living in Alaska is high. Even the Civil Service Commission admits this, for its own statistics show that Federal employees in Alaska are not being compensated in salary adjustments commensurate with the cost of living. Since the salaries now paid Federal employees in Alaska are not adequate, any reductions would vitally affect the employees' well-being and Alaska's economy. The high cost of living has its origin in discriminatory legislation fostered on Alaska when it was a territory—in effect a colony—the consequences of which still need to be liquidated.

The cost-of-living allowance now paid in Alaska is set by the Congress. The proposed legislation would hand this power to the Civil Service Commissioner. This must not be done, for the Commissioner has already demonstrated that he will begin by arbitrarily reducing take-home pay. We Alaskans hope that one day living costs in Alaska will be no higher than elsewhere. But until that day, the power to set cost-of-living allowances should reside in Congress where it rightfully belongs.

Last week the House Subcommittee on Compensation of the House Post Office and Civil Service Committee tabled the measure. I fervently hope that it remains tabled forever.

An excellent statement opposing the proposed legislation as far as Alaska is concerned but applicable to the other areas that would be affected if this ill-considered proposed legislation were enacted, was made recently by Alaska's able Representative, the Honorable RALPH J. RIVERS, before the House Post Office and Civil Service Committee subcommittee considering the legislation proposed in H.R. 8390.

I ask unanimous consent that Representative RIVERS' remarks be printed in the RECORD.

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

STATEMENT OF RALPH J. RIVERS, U.S. REPRESENTATIVE FROM ALASKA, BEFORE THE SUBCOMMITTEE ON COMPENSATION OF THE HOUSE POST OFFICE AND CIVIL SERVICE COMMITTEE, IN OPPOSITION TO H.R. 8390, ON AUGUST 12, 1965

Mr. Chairman, I appreciate very much this opportunity to testify today on H.R. 8390.

It is my purpose to show that this proposal of the Civil Service Commission to terminate cost-of-living allowances now paid to Federal classified employees in nonforeign, noncontiguous areas under the American flag should not be enacted.

Before I consider the Civil Service Commission proposal as it would affect Alaska specifically, I want to consider it in its entirety. In this frame of reference, this bill, if enacted, would be bad legislation because it is based on faulty premises, and because it would produce consequences that none of us want.

One premise upon which the bill is based, judging by the testimony of the chairman of the Civil Service Commission, is that Alaska, Hawaii, Puerto Rico, and the Virgin Islands should be brought into conformance with the 48 contiguous States. This is of no validity because the areas which would be affected by this bill are in fact, noncontiguous, or overseas, if you wish to use that expression, and as a consequence they do present different conditions and recruitment difficulties, and there can be no complete uniformity anyway so long as our Government continues to pay allowances and differentials now paid to Federal employees in foreign areas.

It seems to me that the geographic distance existing between these four areas and the 48 contiguous States is, in itself, adequate reason to think them different, particularly with reference to Alaska with its extremely high cost of living and long, cold winters.

The second premise underlying the bill is apparently that since people can presumably be hired without paying a cost-of-living allowance, the allowance ought to be ended. In other words, if people can be hired more cheaply, they ought to be hired more cheaply. This, in my view, is an unsound concept upon which to build a pay system or, more broadly, upon which to build a career service of efficient and able civil servants. It is also an unworthy philosophy for our Government to pursue.

The U.S. Government does not seek to hire as cheaply as it can those persons who will serve as foreign posts, and it should not seek to hire as cheaply as it can in any other place.

A second objection I have to the entire bill is that it would produce consequences that none of us want.

If H.R. 8390 was enacted, there would be widespread dissatisfaction among the civil servants affected. The Civil Service Commission agrees that this would be a consequence—explaining that no employee likes to have his pay cut—but the Commission suggests that this is only to be expected and indicates that its a matter of little importance. I disagree. It is a matter of real importance, as manifested by this stack of letters from Federal employees who are my constituents, and who are opposed to this bill. They believe it is a matter of real importance.

They also believe that, if the Commission's proposal is to be seriously considered, hearings ought to be held in Alaska.

If we look to the likely effect of dissatisfaction, it becomes plain that it is a matter of real importance. The likely effect would be the movement away from the nonforeign, noncontiguous areas by our present classified employees, especially those in Alaska. Some might leave in anger—not having been told upon their recruitment that the cost-of-living allowance was to be temporary, and they'll correctly conclude that they've been unfairly treated. Others will leave because the monthly commitments they have made on purchases of homes and cars and in other credit transactions were based upon contemplation of a tax free allowance that is no longer paid. And others will leave because they simply cannot afford to stay.

In Alaska we have been fortunate in attracting and keeping the highest caliber of Federal classified employees under the system in effect under law for 17 years. We don't want to lose them. And if we must lose them, we don't want them replaced by any who are less able. The Federal Government has succeeded, under the present system, in adequately staffing its multiplicity of departments and agencies operating in Alaska with competent, dedicated and loyal people of high morale. Let us not take action now which will seriously shake if not shatter this Federal establishment in Alaska, and cause our agencies in Alaska more headaches than they can count. A solution to what was a difficult recruitment problem has been found. We have a winning combination. Let's not change it.

Although I believe these to be adequate reasons to reject the bill, I want now to comment on two problems of this proposal of the Civil Service Commission as it relates specifically to Alaska.

The first of these problems is that associated with the principle of comparability—the principle that the Commission says should be the basis of the higher salary schedule that would replace the cost-of-living allowance if H.R. 8390 were enacted. Though I agree with the principle of comparability in establishing governmental pay systems, that principle cannot be effectively applied in Alaska. There are two reasons for this:

1. Since the population of Alaska is small, there are many government positions that have no counterpart in private industry that might be used for comparison. In the 1963 survey conducted by the Bureau of Labor Statistics, private industry counterpart salaries to three classification act grades were left blank in a chart of salaries with the footnote that there was "insufficient data to warrant presentation of an average."

2. Since the higher salary schedule that would be proposed by the Commission would be based upon an average of salary differentials between all grades found in private industry counterpart positions, comparability in salaries would be at best only a very rough approximation of true salary differences.

Let me explain. By the 1963 survey, the private enterprise counterpart to a classified grade 1 earned 39 percent more in Alaska than he earned in the contiguous 48 States; the private enterprise counterpart to a classified grade 11 earned 14 percent more in Alaska than he earned in the contiguous States. These specific salary differences would not be applied to these specific classified grades in Government under the Commission proposal. Instead, an average would be struck that would take into account all of the grades and the differences.

One final observation on this matter—since the population of Alaska is small, and the smallness of any sample reduces its reliability, I think the present system is more nearly based upon the comparability principle that what is proposed. What we have, of course, is a nationwide comparison of salaries between private industry and Government that is used as the basis of the salaries in Alaska and elsewhere. Then the cost-of-living allowance is added to this salary schedule—a schedule that is basically sound.

The second problem that I want to comment on specifically as it relates to Alaska is one I touched upon earlier—the reduction of take-home pay that the Civil Service Commission desires to effect for all Federal classified employees in Alaska and the other nonforeign areas. In my earlier remarks I offered several reasons why such reduction should not be brought about. Now I want to elaborate on one of them—that the cost of living is so high in Alaska that Federal employees will not be able to afford to stay in Alaska as Federal employees if their take-home pay is reduced. They will leave Federal employment for private jobs, or they will leave Alaska.

At this point, Mr. Chairman, I request that these letters from Federal employees in Alaska—all in opposition to this proposal, with emphasis upon the cost-of-living aspect—be made a part of the record at the conclusion of my statement.

According to the Civil Service Commission, once the 25-percent tax-free cost-of-living allowance is terminated a new basic schedule of salaries 27 percent over mainland salaries would be instituted. Since all of the salary under the new schedule would be taxed, the effect would be a substantial reduction of take-home pay.

Attached to this statement is a chart showing the scope of reductions that typical employees would suffer.

These are very substantial reductions to inflict upon any group of dedicated employees. They are very substantial reductions—especially in view of the fact that the 25-percent cost-of-living allowance presently paid in Alaska does not fully cover the higher cost of living in Alaska.

The most recent figures quoted by the Civil Service Commission itself show the cost of living in Alaska to be higher than the allowance now paid. According to these figures, compiled by the Bureau of Labor Statistics, living costs are higher than Washington, D.C., by 29.3 percent in Juneau, Alaska, 37.8 percent higher in Anchorage, Alaska, and 42.4 percent higher in Fairbanks, Alaska.

To reduce take-home pay by repealing COLA—as the Commission proposes—would work a severe hardship on Alaska's civil servants and be a grave injustice to them. As I have said, it would result in the loss of many competent and dedicated Federal civil servants from their Alaskan jobs. Such would be a tragic consequence for the Federal service and for Alaska.

The Civil Service Commission has failed in its advocacy of H.R. 8390 because of unavoidable contradictions within its case.

1. The Commission claims that it is seeking a uniform pay system for U.S. areas, but admits that a special schedule would be necessary for Alaska.

2. The Commission claims that comparisons of Government salaries with private salaries in Alaska ought to determine salary levels, but fails to show that there is an adequate number of comparable private positions in Alaska to enable reliable comparisons.

3. The Commission indicates that substantial savings would be realized with termination of the allowance to Alaska's Federal civil servants, but agrees to a special higher schedule in Alaska that would cancel out a large portion of the alleged savings.

Mr. Chairman, and members of the subcommittee, I urge you to reject H.R. 8390.

Effect on take-home pay of conversion of 25-percent cost-of-living allowance to salary

Grade	Base pay	Cost-of-living allowance	Total income	Taxes	Loss in take-home pay
GS-4 (S/1) single:					
Present	$4,480.00	$1,120.00	$5,600.00	$437.00	
Proposed	5,600.00	0	5,600.00	617.00	$180.00
GS-7 (S/1) 1 dependent:					
Present	6,050.00	1,512.50	7,562.50	430.00	
Proposed	7,562.50	0	7,562.50	1,001.25	571.25
GS-9 (S/1) 1 dependent:					
Present	7,220.00	1,805.00	9,025.00	939.60	
Proposed	9,025.00	0	9,025.00	1,264.50	324.90
GS-9 (S/1) 2 dependents:					
Present	7,220.00	1,805.00	9,025.00	501.00	
Proposed	9,025.00	0	9,025.00	1,144.50	643.50
GS-11 (S/1) 1 dependent:					
Present	8,650.00	2,162.50	10,812.50	1,197.00	
Proposed	10,812.50	0	10,812.50	1,623.94	426.94
GS-11 (S/1) 2 dependents:					
Present	8,650.00	2,162.50	10,812.50	1,077.00	
Proposed	10,812.50	0	10,812.50	1,482.94	405.94
GS-13 (S/1) 1 dependent:					
Present	12,075.00	3,018.75	15,093.75	1,920.63	
Proposed	15,093.75	0	15,093.75	2,660.31	739.68
GS-13 (S/1) 2 dependents:					
Present	12,075.00	3,018.75	15,093.75	1,779.83	
Proposed	15,093.75	0	15,093.75	2,499.31	719.68

SENATOR TYDINGS REPLIES TO EVENING STAR EDITORIAL

Mr. TYDINGS. Mr. President, yesterday the Senator from Kentucky [Mr. MORTON], asked to have an editorial from the Washington Evening Star printed in the RECORD. The editorial suggests that there is some inconsistency between my opposition to the Dirksen constitutional amendment and my advocacy of an equitable congressional districting plan for Maryland. This is not the case.

I ask unanimous consent that my letter to the editors of the Evening Star, in reply to their editorial be printed at this point in the RECORD.

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

AUGUST 23, 1965.

The EDITOR,
Washington Evening Star,
Washington, D.C.

DEAR SIR: Your Sunday editorial criticized suggestions I have made with respect to the establishment of eight congressional districts in Maryland. Since my position has been distorted and misrepresented, I should like to use this opportunity to make my views absolutely clear.

Maryland faces a redistricting crisis. Our seven congressional districts were established in 1952. Since then, we have become entitled to an additional seat, and the population of the seven existing districts have become drastically disproportionate. Three times the Maryland Legislature has tried and failed to establish eight congressional districts. The first plan was petitioned to referendum and rejected by the people. The second plan was declared unconstitutional by the court. The third plan has also been petitioned to referendum and will presumably be on the ballot in the November 1966 election. Meanwhile, the State is under court order to redistrict prior to 1966.

This crisis has been one of the problems discussed by the Maryland congressional delegation. At my request, and with the encouragement of Senator BREWSTER, weekly meetings of the entire delegation—Republicans and Democrats, House and Senate—have been initiated to work jointly on Maryland problems. This cooperative effort marks the first time in 15 years that the delegation has functioned effectively as a team.

It is well known that the Maryland Congressmen have been unable to agree among themselves upon a fair and practical redistricting plan. This is unfortunate. At a delegation meeting last month, it was decided that a committee of three would try to prepare a redistricting plan which could receive the enthusiastic support of all members of the delegation. I was appointed to the committee, primarily to act as a mediator.

From the beginning, I have insisted that we approach the problem with three basic considerations in mind:

1. The districts must be substantially equal in population.

2. The districts should be as homogeneous as possible in composition.

3. The districts should be drawn, if possible, so as not to require two incumbent Congressmen with substantial seniority to run against each other.

There is no truth in the charge that I have deviated from the fundamental concept of fair and equal representation. I advocate the principle of "one man, one vote" for both the State legislature and for the U.S. House of Representatives.

One of the primary reasons I agreed to help formulate a new districting proposal was my deep concern that the most recent plan enacted by the legislature did not create districts of substantially equal population. That plan allowed deviation of over 29 percent in population between the largest and the smallest district. While this is more satisfactory than our present districting, I think we can do better.

The major problem lies in the Baltimore area. If we can decide how to district Baltimore City and the surrounding suburbs, the rest of the pieces will fall into place. Baltimore City is entitled, on the basis of its 1960 population, to two and one-half Congressmen. It now has three Congressmen. The alternatives that face us, therefore, are: (1) To create two districts wholly within the city and one district half in and half out of the city; or (2) to create three districts each of which is substantially inside Baltimore City, but which extend into an adjoining suburb.

I have never advocated three districts wholly within the city of Baltimore. I have never advocated districts of unequal population.

I have advocated that we seriously consider establishing three districts that are anchored in Baltimore City, but take in part of the adjoining counties. Such a plan—in addition to providing districts of substantially equal population—would have the advantage of creating homogeneous districts and of preventing two incumbent senior Congressmen from running in the same district.

Although the districts created under such a plan would cross the city line, they could be homogeneous and include the same basic interests, backgrounds, and environments. There is no magic in city boundaries for congressional districting purposes. Forty years ago, my father represented a district that included Harford and Baltimore Counties and a substantial segment of East Baltimore. Today, thousands of residents of Baltimore City have crossed the city line and now reside in the suburbs of the Baltimore metropolitan area.

Finally, the districts created under the type of plan I suggest would enable our most senior Congressmen to run in separate districts. It would be foolish to force them to run against each other if we can avoid it. GEORGE FALLON has just become chairman of the House Committee on Public Works. Every Federal dredging and public works project, including those involving the Chesapeake Bay, comes under the jurisdiction of his committee. ED GARMATZ is the ranking member of the House Committee on Merchant Marine and Fisheries. He could soon become chairman. Every piece of legislation in these fields, which are so vital to tidewater Maryland, comes before his committee. SAM FRIEDEL, the second ranking member of the powerful Committee on Interstate and Foreign Commerce, is in a unique position to help every Maryland industry involved in shipping and transportation.

I did not create the seniority system, but since it is an important fact of congressional life, I think we would be remiss to ignore seniority in drawing boundaries of congressional districts. On the other hand, seniority is not the only factor to be considered. There is no effort on my part to create "safe seats" for the three Congressmen from Baltimore City, or for anyone else. Each incumbent Congressman will have to justify his renomination and reelection to the voters of his district, and I reserve the right to support the best qualified candidate in any future election.

Despite the suggestion of some critics, I would not support a plan that underrepresented any area of the State just as I would not support a plan to overrepresent Baltimore City. The suburban counties near Washington are entitled to equal representation, just as is Baltimore and its suburbs. Any acceptable redistricting plan must provide at least two districts for the Washington metropolitan area similar to those proposed in the legislature this year.

To summarize: I have never advocated three congressional districts entirely within Baltimore City, or any other deviation from the principles of one man, one vote. I have advised the Maryland delegation to try and agree on a redistricting plan which would contain eight districts of approximately equal population, which would, to the extent possible, contain citizens of like interests and background, and which would seek to avoid placing two senior incumbent Congressmen in th same district.

I appreciate the opportunity to restate my position.

Sincerely yours,

JOSEPH D. TYDINGS.

MIGRANTS—EDUCATION AND COOPERATION

Mr. BENNETT. Mr. President, all of us from Utah are proud of an excellent record of community cooperation and when local efforts are coordinated into highly successful programs I believe the accomplishments should be recognized.

Recently citizens of Cache County, a scenic, northern Utah county, provided

the formal classwork and supervised recreation for a group of children of migrant workers from three local camps. These fine Americans independently financed and carried out this worthwhile experiment in close cooperation.

The funds were obtained through donations and proceeds from benefits throughout the valley.

Mr. President, I feel this fine example of Utah cooperation and commendable community effort deserves widespread recognition and I ask unanimous consent that an editorial from the Salt Lake Tribune further explaining the project be printed in the RECORD as an example for others to follow.

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

EDUCATION FOR MIGRANTS

Over 150 citizens have been involved in the Cache Valley Migrant Council's project to provide 4 weeks of formal classwork for children of migrant farmworkers in the valley. The volunteers transported children from the three migrant camps in Logan, Amalga, and Lewistone, prepared lunches, supplied materials, and made donations.

The school, for 40 students in two classroom units, was financed entirely through local efforts. Its budget of less than $500 was obtained through donations by churches and individuals, proceeds of a rummage sale and a dessert bridge party. The Cache County Board of Education made possible use of the Hyde Park School and the Cache and Logan City boards supplied books and other materials.

A number of high school and college students helped the special teachers in the classrooms and in supervised recreation.

The project grew out of the United Church Women's efforts to provide some summer schooling for migrant children at Logan in recent years. It is a fine example of church and educational cooperation for which Cache County and its people are to be commended.

RECENT DEVELOPMENTS IN VIETNAM POLICY—PRESERVATION OF LIFE AND HEALTH—VOTING RIGHTS

Mr. LONG of Missouri. Mr. President, two leading Missouri newspapers have editorialized this month in three areas of great importance to our national interest.

The St. Louis Post-Dispatch carried a thoughtful and penetrating assessment of some of the more recent developments in our Vietnam policy. President Johnson's call for a settlement of the conflict there on the basis of the 1954 Geneva accords has reminded the world once again that the United States harbors no territorial ambitions in this strife-torn country. It has given notice to the peoples of all nations that we seek only a just peace for southeast Asia. The Post-Disptach editorial recognizes the great support of the American people for this peaceful administration objective.

In the field of national health, the Post-Dispatch has noted Federal determination to provide Americans with all possible protection against disease. It is gratifying that the President's goal of preserving life and health is given favorable attention by one of Missouri's nationally circulated papers.

In still another major area of concern, civil rights, the Springfield Leader-Press has voiced its strong support for the President's efforts to guarantee all Americans their most basic right in our democratic system. Mr. President, I am sure this outstanding south Missouri newspaper speaks for a very great majority of Missourians when it praises the administration's Voting Rights Rights Act, and urges all citizens to make a wise and responsible use of the constitutional privilege it assures for them.

Mr. President, so that all of my colleagues may read the opinions that these two newspapers hold in three vital areas, I ask unanimous consent that these three editorials be printed in the RECORD.

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

[From the St. Louis Post-Dispatch, Aug. 11, 1965]

A UNITY FOR PEACE IN VIETNAM

President Johnson has embarked on a new round of Vietnam discussions with Members of Congress designed to show, as he says, that "there is no substantial division" over American policy there. Evidently he feels a need to convince Hanoi that debate and differences of opinion in Washington do not signify a willingness to pull out of Vietnam.

It is right and proper that he should make this clear. There has never been any substantial body of American opinion in favor of abject, unconditional withdrawal. There is, however, a large body of opinion in favor of limited objectives rather than the unlimited ones of a major land war in Asia.

The unity which the President seeks to demonstrate is a unity behind limited objectives. It is a unity behind a negotiated settlement. It is a unity in favor of an honorable end to the fighting. If it is important to let Hanoi know that we will not be thrown out of Vietnam, it is also important to let everybody know that our purpose in maintaining a military presence is not conquest of the Vietcong but to bring about a peaceful settlement under which the people of South Vietnam can determine their own future.

This, we take it, is the meaning of the President's press conference statement of July 28, at which he announced a limited buildup of American ground forces rather than the all-out war which some had expected. He said then, as he had said before, that a military decision is not possible, and "a peaceful solution is inevitable." He called for unconditional discussions with North Vietnam, and indicated strongly that ways could be found to include the Vietcong itself in the talks. He urgently asked for the assistance of U.N. officials and all U.N. members in getting talks started for "an honorable peace."

Even more important, the President on July 28 gave some hint of the kind of settlement the United States would accept once negotiations are started. He advocated for the people of South Vietnam "the right of choice, the right to shape their own destiny in free elections in the south or throughout all Vietnam under international supervision." He declared that the purposes of the 1954 Geneva agreements "still guide our action"—and those purposes were military neutralization, ultimate unification through free elections, and the withdrawal in due time of all foreign troops.

This necessarily generalized statement of "peace aims" went considerably beyond the President's Baltimore speech of April 7, and we hope the difference has been noted in Hanoi. At Baltimore the President had not even mentioned the 1954 Geneva accords, and instead had called "an independent South Vietnam" one of the essentials of any final settlement.

Since an independent South Vietnam was not contemplated at Geneva, making it central to any settlement could be interpreted as demanding simply that the Vietcong movement lay down its arms and accept defeat. But now the President, as we understand him, is calling for something quite different. He is saying that the question of South Vietnam's independence should be left to the people of South Vietnam, as the 1954 accords contemplated. He is saying that we will not be driven out by force, but are willing to negotiate a settlement based on the 1954 principles, under which American troops would be ultimately withdrawn as part of an internationally sanctioned agreement.

North Vietnam and the Vietcong have repeatedly claimed that they seek the restoration of the 1954 accords. They are now on notice that they cannot achieve it by war, but only at the conference table. No doubt the negotiations would be long and strenuous, but in the meantime the fighting would have been stopped and some beginning could be made toward economic rehabilitation of a war-torn country. As Secretary Rusk has indicated, the bombing of North Vietnam would surely end the moment Hanoi gave "some clear sign of opening the road to peace."

The choice for Hanoi and the Vietcong is whether to continue the war in the hope of inflicting total defeat upon the United States, or to accept negotiations for a restoration of the principles of the 1954 agreements. The Communists would make a serious mistake to assume that the American people will accept total defeat. On the contrary, the longer the war goes on the more difficult it will be to satisfy the American people with limited objectives. Yet as of now limited objectives do unquestionably command overwhelming public support. It was when the President clearly adopted them that he gained in Congress and the country the high degree of unified backing he is now demonstrating.

Many mistakes have been made in Vietnam, on both sides, but the time has come to relegate them to the past and to turn a new page. The President with full popular consent has committed the United States to the purposes of the 1954 agreements, and the Communists proclaim those purposes as their own. Peaceful negotiation should be the next step.

[From the St. Louis Post-Dispatch, Aug. 14, 1965]

FIVE YEARS MORE

We hesitate to relate too many of President Johnson's programs to politics, but we can hardly think of a better way of persuading citizens to join the consensus than to promise them an extra 5 years of life. This should certainly appeal to the far right, the far left, and everyone in between.

In signing a bill extending for 3 years Federal grants for immunization from disease, Mr. Johnson stated a number of "very ambitious, but attainable" goals. One is the extension of life expectancy for the average American from 70 to 75 years in the next decade. This will be a great boon if it can be brought about, and it will create problems, too, in caring for an increasing proportion of older citizens.

That is partly what social security and medicare and various allied welfare programs are all about, and it is well that the administration is moving forward in those fields.

[From the Springfield (Mo.) Leader & Press, Aug. 9, 1965]

QUITE A SHOW

Lyndon Johnson was highly conscious of the fact that he was making history last

week when he signed the bill designed to insure voting rights of all Americans, regardless of color.

He went out of his way, as a matter of fact, to surround the entire ceremony with historical trappings—going to the rotunda of the Capitol for his speech and then moving into the historic President's Room for the actual signing. It was there more than a century ago that Abraham Lincoln signed a law freeing slaves who had been pressed into Civil War service for the Confederacy.

The President made of the signing a solemn occasion. In so doing, we consider that he was acting correctly. It should have been a solemn occasion—and we trust that the Negro population of the United States will regard it as such and will realize the great significance of the new law to members of their race.

Let them hear and take to heart the President's words—

"Today is a triumph for freedom as huge as any victory won on any battlefield."

This may have been a true statement of the importance of the measure Lyndon Johnson signed. It can be a true statement—but only if the principal beneficiaries of the voting rights bill accept the responsibilities as well as the privileges the bill grants them.

President Johnson went on to note that "through this act, and its enforcement, an important instrument of freedom passes into the hands of millions. But it must be used."

Presidents and Congresses and laws, he said, can open the doors of polling places to the wondrous rewards awaiting the wise use of the ballot. But only the individual Negro, and all others who have been denied the right to vote, can use that right and convert the vote into an instrument of justice.

Speaking directly to Negroes, the President said:

"You must register. You must vote. And you must learn, so that your choice advances your interest and the interest of the Nation.

To our way of thinking, this was the heart and soul of the President's speech. We would particularly emphasize these words: "And you must learn, so that your choice advances * * * the interest of the Nation."

These are truly words of wisdom. It would seem to us that what the President was saying, in effect, was that the signing of the voting rights bill represented an important victory in the Negroes' long battle for first-class citizens—but that that victory would be nullified unless the victors conducted themselves as first-class citizens should.

The victory, the President pointed out, is "also a victory for the freedom of the American Nation. And every family * * * will live stronger in liberty, more splendid in expectation, and prouder to be an American because of the act I sign today."

This, too, can be true—but only, as we said earlier, if the new rights now guaranteed to all citizens are accepted by all citizens—and used by them—in a spirit of sober and thoughtful responsibility.

A GROWING PROBLEM—THE POPULATION EXPLOSION

Mr. BYRD of West Virginia. Mr. President, on July 13, 1965, I submitted a report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill H.R. 6453, making appropriations for the government of the District of Columbia for the fiscal year ending June 30, 1966. In my statement, I included some comments concerning the need for family planning, not only in the District of Columbia, but also in the Nation and throughout the world. I have had so many requests for this statement as it pertained to the subject of family planning that I believe it worthy of again being brought to the attention of the readers of the CONGRESSIONAL RECORD.

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

Mr. BYRD of West Virginia. Mr. President, I call attention to the additional position that was allowed by the Senate and accepted by the House conferees in the Department of Health. This is the position of medical officer, which position was needed to round out a full-time birth control clinic team. Also, in the Senate committee report, there is language to authorize the Director of the Health Department to utilize up to $200,000 out of available funds for the establishment of three additional full-time birth control clinic teams, the Director having stated to the subcommittee during the hearings that four full-time teams were needed to meet the present needs in the District of Columbia. I believe that this is one of the most important features of the bill, the conference report, and the Senate committee report.

Mr. President, there are certain things that I think we would all like to have for America. Regardless of his political persuasion, I think everybody would like to see full employment, an end to slums, an end to the necessity for relief rolls, an end to the violent juvenile gangs in big cities, and an end to schools that are too crowded for real education. However, I submit that we will never achieve these goals until we learn to control our population growth.

Medical science has prolonged the average lifespan of man far beyond the wildest dreams of our pioneering grandfathers. Since 1900, we have cut the mortality rates of American children under age 1 from 16 out of every 100 to less than 3.

The plagues and famine which in former times brought their own form of cruel population control are mercifully a thing of the past in our country. It must be hoped that none of us wishes to rely, for a way out of our dilemma, on that final and most terrible of the four horsemen, war. Our own tremendous progress in subduing some of man's most fearsome historic enemies has forced upon us the necessity of curbing his birth rate.

By our last census, the United States was shown to have a population of approximately 180 million. At our present rate of reproduction we will have, by the year 2000, 340 million people. One hundred and sixty million more people in only 40 years' time. From where will the jobs come for these people?

One of the American philosophers of our day is Charles Hartshorne, now at the University of Texas. In his most recent book, "The Logic of Perfection," he makes this statement:

"Men judge a philosophy or a religion by its practical application, its 'fruits.' Whatever our religion or philosophy of life, its fruits can hardly be judged adequate unless it can be used to illuminate two momentous practical questions of our times. These are: How can we have liberty with peace, or at least with the avoidance of totally destructive warfare; and how can we bring the human birth rate into reasonable relation to the unprecedently low death rate achieved by scientific hygiene?"

I think the coupling of these two problems by Dr. Hartshorne is significant and warranted.

The President is aware of the seriousness of the situation. As we know, in his state of the Union message to Congress on January 4, he stated that he would "seek new ways to use our knowledge to help deal with the explosion in world population and the growing scarcity in world resources." That the President also understands this explosion is domestic as well as foreign has been well demonstrated within the past few months. The Office of Economic Opportunity has granted funds to Corpus Christi, Tex., for a birth-control clinic project; and applications from three other cities are reported to be pending. The President has appealed to Congress to double last year's appropriation to the District of Columbia for its clinic program, which in itself was a historic "first."

Indeed, there are many extremely hopeful signs that both public officials and the public themselves are becoming alive to the population problem and to the possibilities of solving it. But this has always been a delicate issue in the United States. Officials have been understandably reluctant, on all levels of government, to initiate a devisive controversy.

Despite the considerable change in climate surrounding the issue of birth control during the past few years, public officials are still hesitant to take the needed action. There are presently a number of Federal programs under which the States may obtain aid for family planning services. But in most cases a clarification of policy is needed. The President, as I have said, has taken the first steps. But I think—in view of the past history of this question—it is unfair to expect him to take all the political risk, if there in fact is a risk. The Members of Congress should speak out and give him the support he needs in effecting such a major change.

Certainly this is no time to maintain a golden silence. Children are being born every second. Often they are unwanted They, in turn, when the time comes, will produce more unwanted children. No war against poverty can ever be a victorious one if its wagers do not identify the real problems. And the problem is the spiraling birth rate among those who are incapable of adequately providing for their offspring.

Mr. President, my approach to the issue of birth control may be summed up by that one pivotal word in the official title of the Poverty Act: opportunity. The people in this country who, most of all, do not know how to space their children are those who are least able to adequately provide for children. They simply do not have access to the necessary information. And if they do, they cannot afford the cost of practicing it. A recent article in the Wall Street Journal points out:

"Public health and welfare authorities contend the lack of access to modern, effective child-spacing methods is an important reason why more than half of the 7,800,000 persons on relief in this country are mothers and their dependent children. The lack of birth-control information, it's argued, also helps explain why this aid to dependent children (ADC)) relief group has soared to more than 4 million persons from 2.2 million in 1955."

I do not believe that these people would be having all of these children if they knew how to prevent it. What we must do is give them a choice. Opportunities for the impoverished must include the opportunity to plan family growth. The hopelessness of the constant flow of children, often unwanted, to people already with little hope cannot be overestimated. And something can be done about it. The time to do it is now.

The subcommittee of the Appropriations Committee has responded to this responsibility, as has the Senate, and as did the House conferees.

Mr. President, that completes my statement on the conference report.

WEAK SPOT IN OUR DEFENSES

Mr. MAGNUSON. Mr. President, Jesuit Fathers of the United States and Canada publish weekly the national Catholic review, America, one of the notable magazines of comment and interpretation.

Indicative of the broad and growing concern over the tragic decline of our merchant marine is the leading article in the July 24 issue of America titled "Weak Spot in Our Defenses."

Written by Rear Adm. John D. Hayes, U.S. Navy, retired, it details the erosion of our merchant fleet since the Korean conflict, and pictures the effect that this may have in the event of enlarged future hostilities overseas.

Mr. President, the editors of America are to be commended for the prominence they have given to Admiral Hayes' warning. For the convenience of my distinguished colleagues who may not have ready access to this magazine, and with the knowledge that in reading it they will be impressed as I have been, I ask unanimous consent that the article "Weak Spot in Our Defenses," be printed in the RECORD.

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

WEAK SPOT IN OUR DEFENSES

(By Rear Adm. John D. Hayes)

At the opening of the Korean hostilities, the U.S. merchant marine, although its ebb had already set in, was still the greatest the world had known. Its quiet, effective service made that war appear logistically easy and gave rise to the dangerous assumption that the United States would have little trouble conducting limited wars overseas. Today, it is difficult to see how the residue of that once great fleet can properly support our present commitment in Vietnam—soon to be 100,000 troops, the South Vietnamese forces and an enlarged 7th Fleet.

If military operations in Vietnam are allowed to expand even to the extent of the Korean war, we must be ready to accept severe and lasting strains on our economy and foreign relations. For we do not have now, as we had in the similar situation in 1950, the merchant shipping under our own flag to carry on a major overseas campaign.

A few figures are sufficient to describe the changed situation. In 1950, the United States had 3,400 relatively new merchant ships. Half of these were then in active service, carrying our domestic and 40 percent of our foreign trade, plus Marshall plan aid and much needed coal for Europe. Today, American flag merchantmen are carrying only 9 percent of the country's seaborne trade. In 1950, U.S. tankers were bringing in 53 percent of our petroleum imports; they haul only 5 percent today.

The anomaly is that the United States still has the world's largest merchant marine. Of the ships that compose it, however, 85 percent are now 20 years old; they are slow and unfit for military operations. The only section of U.S.-flag shipping in any state of health is the subsidized liner fleet composed of about 300 ships built since World War II. But if these ships are withdrawn from their present established routes for military purposes, maritime countries will eagerly move in to capture this last vestige of our foreign trade still under the U.S. flag.

It was the Marshall plan, beginning in 1948, that revived the ancient craft of shipbuilding in Europe, and the Korean war proved to be another Marshall plan, in this regard, for Japan. Shipbuilding in the United States, however, was not correspondingly stimulated. The Suez crisis, too, stimulated shipbuilding but little in the United States. As a result, the average age of the fleets of the maritime nations is around 10 years. Today, only 5 percent of world shipbuilding is being done in the United States.

While the American people and the U.S. naval profession allowed the U.S. merchant marine to decay, world seaborne trade has been increasing. Since 1951 it has doubled; indeed, the movement by sea of petroleum—the lifeblood of modern industrial economy and of modern war—has tripled. Much is heard these days about air movement of troops, and this form of military transport is bound to increase. But the giant jet aircraft that will do this work are insatiable consumers of fuel, which must be transported overseas to their terminals. Airlift, instead of easing the shipping problem, will augment it in the area where we are most vulnerable, the tanker fleet.

How much shipping will be needed for support of our Vietnam commitment? I suspect that Pentagon planners do not know. In view of the successful support of the Korean war, the present demands appear easy to meet; but logistics for the affluent U.S. Armed Forces have a way of ballooning. The tonnage required for Korea in 1952 equaled that for the entire Pacific operations of the last year of World War II. It is not unrealistic to expect that the tonnage required for Vietnam will reach the Korean figure.

To support 500,000 men in Korea, half of them Americans, a daily supply of 20,000 tons of dry cargo and 125,000 barrels of petroleum products (full loads for two standard dry cargo ships and one tanker) had to be transported across 6,000 miles of ocean. For this, 350 ships were needed in the trans-Pacific supply line, as well as 250 more in the western Pacific for troop movements and support from Japan.

Where are ships in such numbers to come from, today? Neither our mothball nor subsidized fleets can provide them. They must therefore come from the same source that is carrying our normal seaborne trade, namely, foreign-flag ships of the traditional maritime nations and the American owned flag-of-convenience fleet.

To envision how grave this military predicament is, the lay reader may imagine the United States turning over responsibility for ground, naval, or air defense to a foreign country without even protection of treaties or compacts. Because we have to depend on chartered foreign shipping to support our military operations, we have lost our freedom of action to control and use the seas in the cold war. Without such control, we have no seapower, despite a Navy that includes a nuclear carrier and Polaris missile submarines.

Columnist Raymond Moley (Newsweek, May 17, p. 112) calls attention to the fact that while our military policy in southeast Asia is now more in tune with geography and reality, we are nevertheless still not using the most effective tool against North Vietnam—a blockade. Any small-scale map will reveal that the only way for sizable shipments of arms to reach that country is by sea, and Moley mentions 201 ships entering its ports in 1964. In my opinion, the reason we are not blockading is simply the likelihood of protests from our friends, who must make their living from the sea and who oppose restrictions of any sort on seaborne traffic. The open reluctance of the British to join in an economic blockade of Cuba should be fresh in American minds.

There remains to us, then, the American-owned flag-of-convenience fleet (whose bulk cargo types could possibly fill our petroleum needs for Vietnam, though not our dry cargo needs). A Panamanian or Liberian flag flying from the stern of a giant modern tanker or ore carrier is a common sight in U.S. ports. Chances are one in four that such a ship, manned by a foreign crew, is American-owned. Although she is a contribution to our economy that is not costing the American taxpayer one dollar, she is not legally a U.S. vessel.

In the case of a flag-of-convenience ship, a citizen of one state uses the nationality of another state for private purposes. The seas are free for all to use, but international law requires that a ship, like a person, have nationality. Some small states choose to use their rights to the sea to gain revenue by allowing shipowners of other countries to register under their flag. The shipowners thereby avoid their own country's restrictive maritime laws, high taxes, and labor costs. Prime users of the flag of convenience are American oil, steel, and aluminum companies. The legal expedient, however, is not popular with traditional maritime countries nor with U.S. seafaring unions.

The concern of Americans generally should be whether the availability of such ships under flags of convenience is certain in any national emergency. Agreements for their return to the U.S. flag have been made with the owners, though only tacitly with the countries of present registry. By virtue of these agreements, the Navy Department and Maritime Administration claim they have "effective control" over these ships, but there are some members of Congress who doubt this. The right of transfer of flag between belligerent and neutral has never been definitely settled in international law, and our relations are not good with one flag-of-convenience country, Panama. Our need for foreign shipping to support the Vietnam operation could give the European maritime countries a lever for checking this American practice.

Finally, the Soviet Union has both a large submarine force and a growing merchant marine, which in a decade may be among the world's largest. With its increased interest in maritime law, it may be expected to be heard from in the not too distant future on the touchy subject of the flag of convenience.

The threat to our commitment in Vietnam portends a far more ominous danger: a decline in U.S. seapower. Unless steps are soon taken to improve our alarming maritime position, the United States might well become a second-rate or third-rate power early in the 21st century. For a historical analogy, we need only remember Spain in the 17th century after her greatness in the previous one, and what has happened to Great Britain in little more than a generation.

The American economy now devours 50 percent of the world's raw material. Until World War II, most of what the Nation required was found within our own borders, but 60 years of accelerating economic progress and two world wars have levied a severe drain on our forests and minerals. By 1980, the United States may be one of the world's poorest nations in high-grade ores. Our country, which too many Americans still think of as a rich heartland, is in fact fast becoming an industrial island, depending increasingly on imports from overseas and forced to compete with other areas demanding a larger share of the earth's resources.

Our seaborne trade is made up of two separate and unlike segments: importing of raw materials and exporting of processed goods. The import segment is by far the more important, for it is part of our basic industries and essential to our economic life. The bulk-carrier ships that bring these vital necessities to our shores are almost all under foreign flags. The largest and most automated ships being built in foreign yards are of this type, but a bulk-ore carrier has not been built in a U.S. shipyard in 20 years. Our laws require that a ship, to fly the

American flag, must be built in the United States.

American sea communications are vulnerable in another area, or what is sometimes called noncontiguous shipping. The new State of Hawaii is overseas, and so is populous Puerto Rico. Alaska is virtually so. These outlying areas are just as much parts of the United States as Virginia and Iowa, but unlike the latter they must depend on overseas shipments for their necessities of life. The sea lines to them are exposed not only to the submarine but also to the perhaps more dangerous long-range, jet-powered, rocket-armed, land-based aircraft. Should the sea lines to the State of Hawaii be cut, those islands would be on short rations within a month.

Americans are not a sea-minded people, and these facts of life do not disturb them. When we think of our merchant marine at all, it is with a feeling of annoyance at its apparently insoluble troubles. Our national character has not been formed by the sea around us, and so we do not know what it offers, what it can deny, what must be forced from it. Even our statesmen give evidence of not comprehending seapower and the Nation's need for it, and the U.S. naval profession has not tried very hard to make it understandable.

A shipping crisis over Vietnam would be a blessing in disguise; for only a near disaster will expose and dramatize this Achilles' heel of American greatness, and awaken the American people to the imminent peril that want of a fourth arm of defense poses to their national security and way of life. A sensational disclosure of our inability to conduct military operations in southeast Asia without the aid of foreign ships may goad Congress into action.

NO SUBSTITUTE FOR OCEAN TRANSPORT

Mr. MAGNUSON. Mr. President, there is no substitute for ocean transport. These are not my words but are taken from a most significant article by Columnist Raymond Moley in the August 23 issue of Newsweek.

Titled "The Withered Arm—1," Mr. Moley's column calls attention to our weak and deteriorating merchant marine and in particular to our aging and obsolescent mothball fleet from which we must now draw ships to support our fighting forces in Vietnam.

Mr. Moley also cites factors responsible for or which have contributed to the neglect of what we have, in time past, proudly referred to as our "fourth arm of defense."

Committees of the Congress, including the Committee on Commerce, have frequently sounded warnings similar to that of Mr. Moley in Newsweek. But committee reports have limited circulation and all too frequently are quickly forgotten.

Newsweek, with its immense circulation, and Mr. Moley, with his perceptive analysis of strength and weaknesses on the high seas, are to be commended for bringing to wide public attention a situation that is not only a national disgrace but which may, unless soon corrected, result in tragic acceleration of losses both in lives and material vitally needed for the conflict overseas.

Mr. President, I ask unanimous consent that the column by Mr. Raymond Moley titled "The Withered Arm—1," as published in the August 23, 1965, issue of Newsweek, be printed in the RECORD.

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

THE WITHERED ARM—I

(By Raymond Moley)

"We've got the ships, we've got the men, we've got the money too." This jingle in the music halls touched off mad cheering and stomping from belligerent Britons in 1878. And the word "jingo" has condemned preparedness ever since.

We Americans have, as President Johnson told us, a war on our hands. What have we got?

Plenty of money. The stuff can be wheeled out of the banks in truckloads. We have a sizable Army and Marine Force and large reserves of men. We have an incomparable Air Force. We have an overabundance of missile strength and a most sophisticated weapon mix. Our Navy has nuclear energy, and its units are on station around the globe.

But when the British spoke of ships, they meant more than the Royal Navy. There were also the ships to supply their armies. Here we are deficient. This is our withered "fourth arm of defense."

The 1st Cavalry Division has been ordered to Vietnam. It must go by sea. Its thousands of trucks, its heavy guns, its shoes and socks and pots and pans, 400 helicopters and 15,000 men—all will be shipped by the hard-working Military Sea Transportation Service. But MSTS has only a small fleet, mainly of a specialized nature, and must rely for support on a civilian merchant marine. MSTS has an emergency role to play. After that, it must maintain the flow of supplies by sea, not only to Vietnam but to our military services all over the world. Those supplies must come in the holds and on the decks of those plodding beasts of burden, the cargo ships.

DECADES OF NEGLECT

Since World War II this country has built only a harborful of general cargo ships. No other industrialized nation can claim so little. And so the 1st Cavalry Division will go to Vietnam in a traveling exhibit of the desiccated result of decades of Cabinet-level ignorance and neglect.

There is no substitute for ocean transport. During the Dominican crisis the Military Air Transport Service carried out the biggest airlift in history. But this taxed it to the utmost. Even in the spectacular big lift of troops to Europe in 1963, the men went by air with light equipment; the heavier stuff, such as 12,000 vehicles, went ahead by sea.

Talk about "hawks" and "doves" is simply silly unless we consider shipping requirements. We cannot sustain power unless we have the means of supply. And we cannot negotiate away our nuclear strength unless we have the transport for nonnuclear wars.

THE VANISHING FLEET

In large part today's weakness is due to varying policies which our Government has followed since World War II. There was at first the nuclear hypnosis. The next war, we were told, would be over in days, even hours. Surely, no slow transport would be needed, for cities and nations would be blotted out overnight. Besides, we still had a vast merchant fleet built with great wartime efficiency and at incredible cost. Some of those ships were sold to domestic companies and some abroad. The rest were stashed away in quiet waters. All too soon, they were needed again in the Korean conflict, and 825 came out of the Government reserve. In the Suez crisis, more than 200, older and wearier, came out of the mothballs to serve again. The subsidized replacement program was neglected by defense planners bemused by the atom. Congresses festooned the industry with restrictions along with special privileges, dimly hopeful that obsolecence is another name for productivity. The unsubsidized dry-cargo services could not replace their ships.

When the concept of limited wars dawned on our planners, they made no move to halt the erosion of the "fourth arm of defense." So once more old Victory ships are moving from their anchorages.

By now, the reserve fleet, like the active merchant marine, is smaller. Hundreds of its units have been marked for scrap. Others are still seaworthy. But they are slow and they lack gear for rapid handling of cargo. MSTS has these ancient warhorses to count on, along with a few modern ships and the commercial leftovers of World War II. American know-how is shackled by have not.

INTERPRETATIONS OF NATIONAL LABOR RELATIONS ACT

Mr. FANNIN. Mr. President, as a member of the Labor Subcommittee I have been very concerned with the recent interpretations of the National Labor Relations Act by the National Labor Relations Board.

I wish to call attention to some of the recent rulings of the Board. Along with others I believe the effect of these decisions is to rewrite the laws enacted by the Congress and even to rewrite a part of this Nation's Constitution.

The Bernel Foam and later cases have overturned existing doctrine by imposing upon employers the duty to bargain with unions, despite the fact that the unions in question had won less than a majority of the ballots in a Board election. In each case, the rationale of the Board was that the union, prior to filing its representation position, had in its possession union membership application cards from a majority of the employees in the bargaining unit. More and more, the Board is disposed to accept "the card check" as sufficient basis to impose a bargaining obligation, despite the common knowledge by persons familiar with industrial relations that signatures on such cards frequently do not represent the true desires of the signer concerning belonging to a union.

The Fibreboard and Town & Country cases establish a new and revolutionary doctrine requiring employers to bargain about any management decision which will have an effect on employees, prior to the reaching of that decision. The Supreme Court upheld this decision, but in such a narrow way that the Board has since retreated part way on this broad doctrine.

The Board has nurtured a totalitarian concept of labor unions by allowing the UAW to impose discipline in the form of severe fines against union members who, in their efforts to be loyal and productive employees, contravened so-called union membership rules. In the Wisconsin Motors case, the UAW fined members for exceeding union-imposed production quotas on their jobs. In the Allis-Chalmers case, the UAW fined its members who crossed picket lines during strikes. The Board approved both actions despite their coercive effect on employees in exercising the rights granted to them in section 7 of the National Labor Relations Act.

In the Darlington Manufacturing case, the Board held that a company did not have the right to go out of business to avoid unionization. The Supreme Court in a unanimous decision overturned this ruling and held that an employer has the absolute right to terminate his entire business for any reason.

In the American Shipbuilding case, the Board ruled the company could not use a lockout as an economic weapon against the demands of a union. In overturning the NLRB decision, the Supreme Court said:

> We think that the Board construes its functions too expansively when it claims general authority to define national labor policy by balancing the competing interests of labor and management.

In the General Electric case, I find the most disturbing evidences of usurpation yet attempted by the Board. As you may know, the General Electric Co. is a major employer in my State, Arizona. But my interest here far transcends that fact.

The Board's split decision in this case grew out of the company's 1960 negotiations with the International Union of Electrical Workers—IUE. The Board ruled that GE bargained unfairly, despite the fact that a contract was reached between the parties which granted employees several millions of dollars in added pay and benefits. The Board based its decision on GE's "entire course of conduct." It determined that the "totality" of the company's actions before and during negotiations fell short of requirements. The ruling raises two main issues:

First, whether the General Electric approach to bargaining constitutes a failure to bargain in good faith.

Second, whether conscientious communication of a company viewpoint during negotiations also contributes to a failure to bargain in good faith.

Under the first issue, the Board undertakes to rule on the techniques of bargaining, despite the fact that the law leaves this to the parties involved to decide.

Under the second issue, the Board plays fast and loose with the first amendment to the Constitution. In effect it says that employers may communicate with their employees during negotiating periods at their own peril. The language of the decision does not prohibit an employer from speaking at all. It does not because it cannot. Outright prohibition of free speech by an employer would, of course, fly directly in the face of the Constitution and section 8(c) of the National Labor Relations Act. What this ruling does is to censor rather than prohibit.

The Board's decision censors employer communications which seek to persuade employees of the validity of company positions on bargaining issues; or which try to create a favorable image of the employer in the eyes of his employees; or which criticize union officials.

The Board's decision seems to be based in part on the assumption that General Electric, by virtue of its 1960 communications with employees, somehow locked itself into a position where it could not deviate significantly from its original offer. I believe that this concept is absurd: If what a man says he believes should be done at a given point in time locks him into a position where he cannot subsequently change, then all communication is pregnant with danger. Carried to its logical conclusion, a company's efforts to avoid the danger of such a charge would lead it to refrain from communicating to employees on its competitive situation, profits, productivity, automation, employee benefits, and other business-related information.

Yet there was never a time in American history when employees need to know more about the problems and progress of the business which provides them their livelihood, if they are to help their companies succeed and maintain employment in the face of intensifying foreign and domestic competition.

At a time when many of us in public life are seeking to improve the climate in which business can operate, we find one agency of the Government making rulings whose effects will be to hamper economic growth.

Many questions will be raised in the wake of the precedent-shattering NLRB decisions. For example:

How can management satisfactorily discharge its decisionmaking responsibilities in the light of the Board's new interpretations of the law?

Will some union officials increasingly use the license for totalitarian control over members granted them in the rulings?

Is the NLRB now seeking to inject itself into the decisions reached at the bargaining table, so seemingly contrary to the will of the Congress, as expressed in the National Labor Relations Act?

What might be the impact on the entire process of collective bargaining?

If management cannot communicate freely with employees in the area of employer-employee relations, what will be the next step?

The NLRB seems to be going through a phase in which it is reverting to the practices of the 1930's when, under the Wagner Act, Government policy was devoted to the nurturing of what was then a struggling union movement. But now unions have come of age, and the NLRB has fallen out of phase with the times in seeking to promote the special interests of union officials, regardless of the welfare of the union members and the needs of the Nation.

The effect of this trend seems to me to be toward trying to protect union officials from the consequences of their own tactics. The aim would seem to be more and more that of increasing the power of union officials over their members, making the union officials the masters rather than the servants of the employees they are supposed to represent. To attain this end, the rights of the union members to know what is going on would be limited to only what the union officials want to tell them.

If the trend in recent NLRB decisions continues, the impact would be on every employer in this land who might then find it necessary to walk through an uncharted mine field in union negotiations.

Even before the Board's GE ruling, the tenor of its recent decisions had generated understandable sounds of alarm. And now the far-reaching implications of the General Electric decision for the future of free collective bargaining and the rights of free speech have given rise to a chorus of dismay.

I ask unanimous consent to have printed in the RECORD two recent speeches—by General Electric Vice President Virgil B. Day and by Director of Industrial Relations Francis A. O'Connell, Jr., for Olin Mathieson Chemical Corp.—which attest to the concern caused by the decision.

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

(See Exhibit 1.)

Mr. FANNIN. The Washington Post, on December 26, 1964, summed up the alarm felt by most writers in the following editorial which says in part:

> There was a time when college professors would pridefully point to the independent regulatory commission as a great American contribution to the art of government. But for the past 25 years the faith that once resided in the efficiency of these quasi-judicial bodies has given way to disenchantment. A case in point is the (GE–IUE) decision of the NLRB.
>
> So long as the GE decision is permitted to stand, labor relations will be enveloped in a thickening cloud of uncertainty. Hopefully, the court of appeals, recognizing the violation of the Wagner Act and the threat to free speech, will strike it down as quickly as possible.

EXHIBIT 1

COLLECTIVE BARGAINING AND THE "SUFFOCATING BLANKET"

(By Virgil B. Day, vice president, General Electric Co., delivered before the 12th Annual Industrial Relations Conference of the Electronic Industries Association, Scottsdale, Ariz., April 14, 1965)

Gentlemen, I am delighted to have this chance to join the Electronic Industries Association here today. This occasion is a highly appropriate time to explore some major challenges before the industrial relations profession in general and those of us who are associated with electronic industries in particular. I am impressed with the urgency of this need for America in a newly competitive world.

Being here in Phoenix, I had occasion to visit some of my associates at General Electric's highly advanced computer manufacturing facilities here. Believe me, my associates in this field certainly understand the meaning of the phrase, "worldwide competitive explosion," and are working hard at making new jobs for many people by confronting competitive realities no matter how demanding they may be.

Intensified worldwide competition now imposes more exacting standards of productivity and job performance than ever before. To avoid the grim necessity of exporting jobs, we managers must help all our people to see the importance of productivity and of staying competitive. In this broader framework of today's increasingly competitive business arena, business' concern with people becomes all the more essential.

So it is no paradox that in an age of increasingly sophisticated technology the foremost problems confronting business are not the technological ones, but concern the basic human relationships of the business.

The challenge of industrial relations, or, more broadly, of manpower utilization, is not just business' problem. It is the central economic challenge before the Nation today, and underlies most of its political issues as well. Whether we speak of automation, of economic growth, of unemployment, even of

the economic aspect of civil rights, and even of such seemingly divergent issues as crime and juvenile delinquency—in all these issues, the underlying challenge is manpower utilization, the challenge of finding productive and fruitful roles for people in an expanding and changing economy, "the economics of people," if you will. We in the employee relations side of our companies thus have an unrivaled opportunity to make a contribution where it affects people most importantly. I am sure you will all agree that with this opportunity goes an unavoidable responsibility to take initiatives in finding fruitful answers to such people problems as jobs, pay, economic security, and the nonmaterial satisfactions they look for in their jobs.

However, what I am going to suggest today is that now, at a time when the challenges before industrial relations demand vigorous and innovative work from management, some recent policy trends of the National Labor Relations Board have raised serious obstacles in the path of progress. Before this knowledgeable group, I need only read off the titles of some well-known cases—Fibreboard, Fafnir Bearing, Wisconsin Motors, General Electric.

Cases like these have prompted one experienced labor relations lawyer to question whether true collective bargaining can survive what he calls "the suffocating blanket * * * the Board is throwing over the effective carrying out of managerial responsibility." This phrase is extremely well chosen, for while the significance of this trend in labor policy is to be found primarily in the abridging of management rights essential to competitive survival, a parallel significance is that these decisions would place a straitjacket on innovative efforts at a time when a changing world requires a maximum flexibility and freedom for all parties to the collective bargaining process.

I would not presume to cover the whole range of issues which the Board's decisions have raised in recent years, and I am sure others here would be more competent than I to comment on many of the cases. But your conference committee thought there might be some interest here in my comments on the case involving General Electric and, even more, the broad implications of that case for collective bargaining and industrial relations work in general.

First, let me sketch briefly how General Electric approaches the process of collective bargaining. This approach has evolved in the light of our particular circumstances which are perhaps unique, such as the fact that we are engaged in a highly diversified spectrum of businesses and are bargaining with over 100 unions representing many of our employees. Our approach may or may not be applicable elsewhere, but we have found it constructive in our situation.

To the extent that our approach is novel, it is that we disavow the common practice in which a union starts with demands for concessions far greater than it expects to receive, and a management starts with an offer much lower than that which it eventually expects to give. The result of the conventional dickering approach is that agreement is seldom based on facts. Instead, it is based on the skill of the negotiators or brute economic power. More important, employee opinion is aroused over falsely exaggerated demands and falsely negative counterproposals. With both sides taking artificial positions, they can easily trap themselves into an unwanted strike that is costly to all concerned.

In following our approach, General Electric exhaustively researches and studies on a continuing basis all the available facts of the issues involved. We try to listen, year-around, to union officials and to our employees. We pay careful attention to all the demands brought in by the union representatives with which we bargain and solicit their help in getting all the pertinent information that bears on our situation during contract negotiations. Finally, after weeks of discussion across the bargaining table, obtaining all of the thoughts we can from union representatives, and carefully considering their proposals, we make a fair and firm offer.

This lengthy procedure, incidentally, is in sharp contrast to the common misrepresentation which portrays us as starting negotiations with a proposal, which we then allegedly refuse to alter. We do modify and have made various concessions on our offers or have recast our offers in the light of discussion with the union or new information a union may provide—but not just to "prove" that we are bargaining. In our initial offers, there is nothing held back for dramatic last-minute concessions.

We believe that management should approach bargaining with an open mind—but that its mind need not be so open as to be vacant.

In 1963 negotiations, a constructive adaptation of our approach was the advance use of specialized committees of management and union negotiators to examine, in depth, particular aspects of the contract. (Although this technique was hailed as a useful bargaining tool and despite reaching a three-year contract, the IUE filed its customary unfair labor practices charges again in 1963—on which the Board has not as yet acted.)

Throughout negotiations, we also engage in full and open effort to keep employees truthfully informed. We believe that employees have the right to know where the company stands on controversial issues between their management and their union—and that they have the right to hear it from their company as well as from their union.

The National Labor Relations Board's split decision in the General Electric case grew out of our 1960 negotiations. The Board majority's finding against General Electric's approach raised two issues which I think may be of some general interest here today:

First, whether General Electric's presentation of a "fair and firm offer" and its associated techniques constitute a failure to bargain in good faith.

Second, whether conscientious communication of a company viewpoint during negotiations also contributes to a failure to bargain in good faith.

I would offer some comments on these two points, because I think they are of critical significance to collective bargaining as a whole—to each of you—not just one company, but the very process of collective bargaining.

On the first issue, the Board majority claims General Electric's bargaining approach "devitalizes negotiations and collective bargaining and robs them of their commonly accepted meaning." The Board has much to say about this approach and concludes that what we call a fair and firm offer was in fact an "intransigent" position, from which we had no intention of yielding.

Several points must be made here.

As I have emphasized, we do not enter negotiations with a firm and inflexible proposal which we then hold unyieldingly. We engage in weeks of discussion before we come up with our proposal. Then, at the bargaining table, we do make concessions. The dissenting Board member, Boyd Leedom, noted:

"The respondent's initial attitude with respect to its offer does not appear to have been appreciably, if any, more intransigent than that of a union representative presenting its proposed changes. It is clear that as negotiations proceeded the union backed down considerably and the company acquiesced in a number of changes from its original proposals."

So one point is that we are not as inflexible or intransigent as the Board majority implies.

But another point, and one with far wider significance, relates to the fact that, while we do modify proposals, we do so only if we are honestly persuaded that the facts merit such modifications.

Nothing is held back for the ritual of dramatic concessions later; or to react to strike threats; or just to "prove" that the union dragged this or that concession out of us, which we would not have given voluntarily.

This point is significant because the Board's majority seems to be questioning the right of an employer to put into its own offer everything which it believes should be there and which may in fact end up in the final agreement.

The Board does not say expressly that the employer should deliberately hold something back; or that he should modify an offer even if he is not covinced that such modification is merited. To state these explicitly as legal requirements of "good faith" bargaining would be absurd.

But clearly the Board is uncomfortable with an employer initiative of the type General Electric showed and believes that we should have given the union a somehow larger role in shaping and changing our proposal. But how much larger a role? And how "assign" it? The realities of collective bargaining are that each party defines its own role, rather than having that role assigned to it by the other party. We enter a very ambiguous area if we attempt to evaluate whether each party's role is large enough but not too large.

The Supreme Court, in a decision only 2 weeks ago, as it has before, warned the NLRB against injecting itself into the detailed evaluation of the relative strength of bargaining parties. The Court's exact language goes as follows:

"* * * We think that the Board construes its functions too expansively when it claims general authority to define national labor policy by balancing the competing interests of labor and management. * * *"

(The law's provisions) "do not give the Board a general authority to assess the relative economic power of the adversaries in the bargaining process and to deny weapons to one party or the other because of its assessment of that party's bargaining power" (*American Shipbuilding Company* v. *NLRB*).

After all, what is the objective here—to make one or the other party look good politically? Or to achieve good, sound contracts, beneficial to employees? We feel that the Supreme Court has given a clear answer in this recent case just cited.

But apparently, sound results for employees are not always the most important objective in the eyes of some. The IUE's lawyer has even stated, during the NLRB hearing:

"Now it isn't a question of what goes into the contract that determines whether the bargaining is in good faith. * * * A contract which gave benefits half the amount that GE gave might well have been a contract negotiated in good faith, if it followed the course, the structure of negotiations as I think the law requires."

Apparently, under this theory, it is not what you give, it's how you give it. This is surely an elevation of form over substance, of process over results, of play-acting over sound collective bargaining.

What is the purpose of collective bargaining supposed to be? Is it a great big poker game, played according to a traditional old-movie script in which the villain (management) is ultimately cleaned out by the hero (union) on behalf of the simple but helpless townfolk (employees) who would otherwise be under the villain's malignant control? Or is collective bargaining supposed to be a useful, mature process whereby improved contracts can be negotiated in a modern business world?

I submit that in the context of today's competitive realities, collective bargaining is too important to be conducted on a "haggling for haggling's sake" basis. That may have been a tolerable procedure in the early postwar years when excessively expensive agreements might be absorbed into the general wage-price spiral then rampant in the economy. But to keep America competitive today, we all must be prepared to bargain on a more realistic basis. This is demanded of us, I believe, not only by our own boards of directors, but by our Government, by public opinion, and by our own employees who understand that their jobs are at stake.

The second issue of broad significance in this NLRB ruling concerns the fundamental question of an employer's right and responsibility to communicate fully and frankly to all employees, including union members.

On this critical point, we have been deeply impressed with the editorial reaction from the Nation's press. This reaction was immediate, perceptive, and almost unanimous. It came not only from traditionally business-oriented papers, but cut across the entire political spectrum, among newspapers, magazines, columnists, and, in fact, all who are concerned with the communication of information to the public.

I understand that the NLRB majority spokesman for the IUE union, and much of the union official press have recently shown some sensitivity on the criticism of the ruling on this question of employer communication. The decision, they insist, does not "either," "anyway" prohibit free speech; employers can still communicate under this ruling, so long as they do not undermine the union or its position. In fact, the IUE's then president expressed the thought that the newspaper editorial writers had failed to read the NLRB's report, which, he said, does not prohibit employer communication per se.

Maybe the best way to reexamine this question is to go to the language of the decision *itself*. A key passage reads as follows:

"It is inconsistent with this obligation (of good faith bargaining) for an employer to mount a campaign, as respondent did, both before and during negotiations, for the purpose of disparaging and discrediting the statutory representative in the eyes of its employee constituents, to seek to persuade the employees to exert pressure on the representative to submit to the will of the employer and to create the impression that the employer rather than the union is the true protector of the employees' interests."

It is true that this language does not prohibit an employer from speaking at all. It does not because it cannot. Outright prohibition of free speech by an employer would, of course, fly directly in the face of the law and of everyone's sense of fairness.

What this ruling does is to censor rather than prohibit. In plain English, this language censors employer communications which criticize union officials; or which presuade employees of the validity of company positions on bargaining issues; or which seek to create a favorable image of the employer in the eyes of his own employees.

The one-sided impact of these groundrules is clear:

1. While the Board would censor employer communication which it construes as "disparaging or discrediting" the union, this union's communication during 1960 and all prior negotiations repeatedly characterized management as "greedy," "monolithic," "arrogant," "ruthless." In all honesty, who was trying to disparage or discredit here?

2. In our communications concerning negotiations, we reported the intemperate views of the top union official. NLRB did not find that General Electric falsely described his views or conduct. The meaning of the Board's ruling that a union must be protected against "disparagement," therefore, is that if a union official acts badly or intemperately or unwisely, the company must keep silent on this subject in communicating with its employees lest the union be illegally "discredited."

3. Although the employer may not seek to persuade employees as to the merits of his counterproposals, the union continuously trumpeted to employees the merits of its proposals. For example, when the union presented its "demands" to the company, its president staged an elaborate closed-circuit TV press conference to all major GE-IUE cities. The manager of employee communications in General Electric has since complained because he didn't have the budget to use this medium.

4. As to the vague interdiction against seeking to create the impression that the employer, rather than the union, is the "true protector of employee interests," little can or need be said. Every employer worth his salt thinks he is, and every sincere union thinks it is, sincerely and effectively attempting to promote the employees' interests. The debate is inevitable and proper—and inevitably and properly two sided. And the Board's attempt to make it merely one sided is censorship, pure and simple.

What we confront here is the age-old position of the censor. "I do not prohibit you from expressing your opinions as long as I do not find them objectionable according to my criteria." Or in the phrase which Art Buchwald once attributed to one of his targets: "We do not object to criticism as long as it is fair and not directed at us." Or, as the NLRB majority seems to say: "We do not object to you explaining your position to employees as long as you are not successful in persuading them that your position has more merit than the union's."

Because of the ambiguity in just what the Board would censor and what it would not, the implications of this case must not be regarded as confined to those employers who choose to exercise their rights to communicate as fully as perhaps we at General Electric have felt it necessary to do. Hence the significance of this point for all of you as well. The NLRB majority has so drawn its case that no matter what you communicate, you can never be sure it is permitted. No clear guide to management conduct can be drawn. As a result, any communication that your company may wish to undertake during a negotiation may be challenged by a union and may or may not then be condemned by the NLRB. Was this the intent of Congress? We think not, but the Board apparently disagrees. And the question will have to be decided in the courts.

I spell this out in order to emphasize for whom this bell tolls. Even if your company does not engage in full and frequent communication in the General Electric pattern, you may be exposed to an unfair labor practice charge as a result of the precedent set in this case.

These then are the two main points about this NLRB ruling which have serious implications for all of us:

1. An employer's right to make a fair and firm offer and bargain on that basis; and

2. An employer's right to communicate fully to employees concerning bargaining matters.

I should like to close with one basic observation which, it seems to me, this case should make us all pause to think about.

Underlying the question of employer communication is the basic issue of whether management's relationship to its employees should be carried on exclusively through the union; or whether management has an additional responsibility to present its views directly to employees, once presented to the union. This is no straw man—there is a viewpoint current that the union should handle everything for employees. During the trial of this case, the IUE's general counsel stated:

"The company was saying to employees * * * after all, who is the union, your master or your servant? They are not saying * * * your union is your master. That's the trouble."

Let me cite also the NLRB general counsel's words (in his reply brief):

"It takes merely a moment of analysis and reflection to realize that the average employee cannot be informed enough concerning economics, the prevailing wage and working hours in the electrical industry, and related industries, and on a multitude of other matters which a negotiator must consider in taking and changing positions during negotiations."

That viewpoint poses a fundamental question. In all democratic processes, these "average" employees are depended on to vote wisely after hearing facts and analysis on complex questions. In fact, in the collective bargaining situation, where jobs and wages are at stake, and where employees are being asked to go on strike, there is far more immediate and personal motivation for employees to think about and form judgments on difficult issues that there is for many voters whose ballots decide complex State and local referenda.

Three hundred years ago, in his classic defense of free speech, the Areopagitica, John Milton, rested his case ultimately on the basic intelligence and independent judgment of the people. His language may be out-of-date, but his thought, I submit, is more in tune with the times than the position of the modern-day censors, when he cries:

"Lords and Commons of England, consider what Nation it is whereof you are, and whereof you are the governours: a Nation not slow and dull, but of a quick, ingenious, and piercing spirit * * * not beneath the reach of any point the highest that human capacity can soar to."

It is this faith in the capacity of free men to exercise sound judgment * * * this "decent respect to the opinions of mankind" * * * this commitment to the "consent of the governed" * * * which underlies not only our political system (with which we normally associate the phrase) but forms the basis of all free institutions in a democratic society. Over the years, our judicial processes have breathed life into this principle, as it has arisen in specific forms—whether it be a newspaper's right to print its opinions, a political candidate's liberty to criticize his opponent, or whatever. The courts have been quick to recognize and jealous to guard this freedom of expression as one of the basic bulwarks of a free people. Justice Oliver Wendell Holmes stated this principle in these words, that:

"* * * The ultimate good desired is better reached by free trade in ideas—that the best test of truth is the power of the thought to get itself accepted in the competition of the market."

We cannot permit these basic concepts to stand as meaningless generalizations or assume that they are satisfied merely by holding free public elections every year, or two, or four. The "competition of ideas" must be allowed to enrich all free institutions, as in fact it can and does in the field of free collective bargaining when not suppressed by the kind of "suffocating blanket" which I have discussed today.

So, gentleman, I have taken this entire time—you may have noticed that the NLRB has not dampened my enthusiasm for communicating at great length—not to plead a special case for General Electric, nor even merely to suggest concern for industrial relations managements as a group, though our direct involvement is clear. What is at stake here is a fundamental question of whether we as a country hold true respect for the capacity of free people and the validity of free institutions.

THE INFLEXIBLE DUTY TO BARGAIN

(Remarks by Francis A. O'Connell, Jr., before Industrial Relations Society of New York)

(NOTE.—The following was prepared for delivery January 21, 1965. Mr. O'Connell is director of industrial relations at Olin Mathieson Chemical Corp.)

Within the space of 2 days in December, the U.S. Supreme Court and the National Labor Relations Board added, as the Bureau of National Affairs put it, "vast new dimensions to the law of collective bargaining." That description is no hyperbole. The combined impact on the duty to bargain of the Court's decision in the Fibreboard case and the Board's decision in the General Electric case is substantial and sweeping—and shocking.

In *Fibreboard Paper Products Corp.* v. *NLRB*, the Supreme Court upheld the Board's ruling that an employer violated section 8(a)(5) of the National Labor Relations Act by failing to bargain collectively with a union over his decision as to whether or not to contract out work theretofore performed by members of the union. As you know, the Board's doctrine requiring bargaining over basic management decisions has been widely criticized as impractical, as going far beyond the intent of Congress, and as putting unions in a codeterminational status with management. This endorsement by the Supreme Court of that doctrine as applied in the Fibreboard case only served to sharpen management's well founded apprehensions. Nor are those apprehensions diminished by the fact that the Supreme Court indicated that its decision in Fibreboard only applied to the facts of that case. In a sense, of course, that is true in every case. But, as Justice Stewart said in his concurring opinion, (joined in by Justices Douglas and Harlan):

"The Court purports to limit its decision to the facts of this case. But the Court's opinion radiates implications of such disturbing breadth that I am persuaded to file this separate statement of my own views."

Every one of the implications that disturbed Justice Stewart is a reflection of the position taken by the Board in argument before the Court. It seems quite clear that Justice Stewart did not regard the majority opinions as satisfactorily dispelling those implications, and so he proceeded in his concurring opinion expressly to disclaim them. There is, however, no such assurance in the majority opinion—no guarantee that the majority (perhaps augmented next time by Justice Goldberg, who did not participate in the Fibreboard decision) would not be willing in the next case to follow the Board further along the path it has charted.

And where does that path lead? Perhaps the most authoritative indication of that is to be found in the Government's brief to the Supreme Court in the Fibreboard case, in which it said, with respect to the scope of the words "terms and conditions of employment:".

"It may be objected that the literal reading would give labor unions a statutory right to bargain about a host of subjects heretofore regarded as 'management prerogatives,' including prices, types of product, volume of production, and even methods of financing."

Does the Board go on to say that those fears are unfounded? It does not. On the contrary, it quite candidly acknowledges that, in its view, "such is doubtless the logical, theoretical consequence of giving effect to the literal sweep of the words," and it simply adds that it has not yet gone so far. Not yet, but the Board has already come a long way along that road in its rulings requiring bargaining over a whole host of decisions heretofore regarded as part of the management prerogative (which the Government's brief contemptuously puts in quotation marks): contracting out, automation, shutdown of operations, sale of the business, plant removal, and so forth. And since the Board, when it originally propounded this doctrine, rested the bargaining obligation on the fact that unit jobs would be affected by the management action, then it is only necessary to find—pricing policies, product selection or abandonment, production schedules, or methods of financing—an impact on unit jobs, and the board has already clearly defined for us the path it would follow. The fact that three members of the Supreme Court have indicated that they would not endorse that course is not, I'm afraid, likely to give the board much pause, nor does it provide management with an assurance that these sweeping implications of the board's Fibreboard and Town & County decisions will not be carried out.

But we need not concern ourselves today with these ultimates—with this final consummation of the permanent and basic change in the character of our economic system that is so clearly prefigured. We need only concern ourselves with the fact that the Supreme Court in Fibreboard has upheld the Board's principles of decision bargaining.

Now let us lay this principle of decision bargaining alongside the Board's decision in the General Electric case. In that case, the Board condemns General Electric for what is described as its "take it or leave it" attitude in bargaining. The essence of the Board's holding was that General Electric failed to display the desirable degree of flexibility in negotiations. It placed on the table an offer which is regarded as fair, and which it did not propose to modify, unless—and then only to the extent that—the union could present facts which justified a modification. (In point of fact, General Electric thereafter made some 20-odd modifications in its offer as the result of negotiations.) At the same time, however, General Electric made it clear that it would not be moved by threat of a strike to make any modification in its offer which was not otherwise justifiable.

I need not spend any time today in defending General Electric's labor relations philosophy. Its own spokesmen are well able to do that. My concern is with those in management who may feel that, because they have a different or less articulated philosophy—because they bargain in a different manner and contest—the Board's General Electric decision has no application to their affairs, no lesson or meaning for them; nothing could be further from the truth, as I hope to demonstrate before I leave this platform today.

To return to the General Electric decision: Although the Board is explicitly barred by the statute from requiring either party to make any concession, the Board finds that General Electric's approach lacked the flexibility (what can this mean but willingness to concede?) which good faith bargaining requires.

Now applying both the Fibreboard and the General Electric decisions: If management's business judgment dictates—as it did in the Fibreboard situation—the contracting out of certain work and the consequent elimination of the employees who had been performing that work, management is required, as we have already noted, to bargain over its decision as to whether or not that action shall be taken. Statutory bargaining—mandatory bargaining—means bargaining to agreement or impasse. Unions have already given ample proof that there is little hope for agreement with them on a decision which will eliminate jobs. The railroad unions have been demonstrating that for over 4 years. So the end of the bargaining road in most cases is likely to be impasse. The Board emphasized (as it must) that the law does not require agreement and that, in the event that an impasse is reached, the employer may proceed unilaterally. But whether an impasse in that sense has been reached—whether the employer can proceed safely to move unilaterally (the penalty is pretty high, if you guess wrong)—depends on whether the Board decides that he has fully and properly discharged his bargaining obligation; that is, whether he has bargained in good faith as determined by the Board.

This is where the General Electric decision comes in. The Board's entire holding in that case rested on its concept of good faith and it found GE lacking in good faith because it failed to display flexibility in bargaining.

Now we can all agree that one way of demonstrating flexibility is by making concessions. And though the Board, as already noted, cannot command concessions, it repeatedly endorses the making of concessions as a demonstration of good faith bargaining; i.e., of bargaining with the required flexibility.

The employer who would play it safe, therefore, leaves room in the average negotiation for the making of concessions. I say the "average" negotiation, because I am talking about normal contract negotiation involving primarily wages and benefits. It is not difficult to be and to look flexible in such a negotiation. The subject matter is flexible. The union demands 50 cents, hoped for 15 cents, but knows it probably will have to settle for 10 cents. Management would like, perhaps, to get by for nothing, hopes to pay no more than 6 cents, but knows it will probably have to settle for 10 cents. In that context (with the result just about that preordained) the conventional haggling takes place and the preordained settlement is ultimately reached—with management looking as flexible as a rubberband.

But negotiation over a management decision is something else altogether. There the subject matter (automation, contracting out, plant removal, etc.) is peculiarly inflexible—peculiarly an all or nothing proposition.

Let us take an automation situation—that being one of the management decisions over which the Board has required bargaining. If I must automate my operations and I want to avoid trouble with the Board—if I want to be sure of displaying the flexibility commanded by the GE decision—hadn't I better make concessions? But what concessions can I make? Shall I settle for less than the automation I need? Shall I offer to install only two machines when three are what I actually need? And if I need three and I say three and I stick by my guns, and I not being inflexible—isn't this "take it or leave it" bargaining?

Or, to take another case, shall I contract out only part of the operations that my business judgement tells me must be contracted out in their entirety? Shall I move only part of my operations out of this obsolete plant or this unfavorable location, when what I badly need is a brand new plant in a wholly different location? Finally, shall I agree that I will close down only part of a totally unprofitable operation?

To ask these questions is to illustrate the frightening web which the Board with its doctrine of decision bargaining is steadily weaving around management—a web which constricts and limits its power to take effective action, makes a dangerous high-stakes gamble out of an ordinary operating decision—puts the union into a constructive codetermination status—and, perhaps most alarming of all, steadily blunts American management's technological edge in the duel for existence against increasingly effective foreign competition. And so, when you read the General Electric decision, read it with Fibreboard in mind—and "never send to know for whom the bell tolls."

URBAN RENEWAL AND PUBLIC HOUSING

Mr. ROBERTSON. Mr. President, action was recently completed on a new omnibus bill relating to housing, urban renewal, mass transportation, et cetera, which included $2.9 billion of contract authority funds for urban renewal, and an additional $188 million of contract authority funds for public housing—a total of $3.1 billion which can be committed by the Housing and Home Financing Agency with no further review or scrutiny by the Appropriations Committees or any other congressional body.

In view of the large sums involved, I feel that I should bring to the attention of the Senate an August 1965 report by the Comptroller General of the United States in which he charged that the Housing and Home Finance Agency awarded to five urban renewal projects, nearly double the amount to which they were properly entitled. Mr. President, I ask unanimous consent to have printed at this point in the RECORD the first page of that August 23, 1965, report by the Comptroller General on this subject with the hope, of course, that the Agency will operate more efficiently in the future.

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

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, August 23, 1965.

B-118754.

To the President of the Senate and the Speaker of the House of Representatives:

The San Francisco regional office of the Housing and Home Finance Agency approved overallocations of costs for public facilities to five urban renewal projects—two in Honolulu, Hawaii, and one each in Santa Cruz, Los Angeles, and San Francisco, Calif. The approvals were based on incomplete or inaccurate data, which resulted in the costs of the facilities not being properly allocated between the project areas and areas outside the project on the basis of relative benefits to be provided. From available data, we estimate that about $753,000 of the $1,580,000 cost allocated to the five projects was excessive.

The costs of the projects included in our review, like the costs of other federally assisted urban renewal projects, are shared by the Federal Government and the local community. Generally, the Federal Government's share is two-thirds of these costs. Local communities may contribute noncash grants-in-aid, such as public facilities and improvements, in payment of their share of the costs of urban renewal projects. The portion of the cost of such a facility or improvement which is approved for noncash grant-in-aid credit is included in the cost of the project.

Section 110(d) of the Housing Act of 1949, as amended, requires that the cost of a facility that provides substantial benefit to areas outside the project be allowed for grant-in-aid credit only to the extent that the facility benefits the project. Our review disclosed that excessive noncash grant-in-aid final credits were approved for a school in Honolulu and a flood control project in Santa Cruz and that excessive tentative credits were approved for a park in Honolulu, a storm drain in Los Angeles, and a sewer in San Francisco. Also, project costs were further increased in Honolulu because the excessive percentage of benefit of the park to the project was used in determining the net sales price of park land sold to the city for construction of the park. We believe that the excessive credits resulted because the San Francisco regional office made inadequate reviews and evaluations of the claims submitted by local public agencies for noncash grant-in-aid tentative and final credits.

THE NEED FOR EXEMPTION OF WAGES FROM TAX LEVY

Mr. HARTKE. Mr. President, on Wednesday of last week I introduced a bill, S. 2431, to exempt wages and employee fringe benefits from levy in cases where the Treasury seizes property to satisfy taxes due and unpaid.

At the time I introduced the bill, I referred to the need and made note of the fact that a great number of employers are in default to the Treasury on funds supposedly withheld from salaries for income tax and social security purposes. The extent of the default is so great as to make more clear than ever the need for the bill I have introduced.

For several years the publication of the International Association of Machinists has published annual figures on the numbers of deliquent employers illegally holding funds which belong to the Government. These figures over the past 10 years have never fallen below 217,000 at the end of the calendar year, and have been as high as 399,000. The sums involved have totaled up to $300 million.

In order to supplement my remarks upon introduction of the bill and to reveal the extent of the problem out of which the bill arises, I ask unanimous consent that an item may appear in the CONGRESSIONAL RECORD which was first printed in the Machinist of May 6, 1965, setting forth the story of these delinquencies as they stood at the end of the last calendar year.

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

[From the Machinist, May 6, 1965]

217,283 FIRMS OWE PAYROLL TAX

A Midwest building maintenance contractor has learned the hard way that it's costly to pocket income and social security taxes withheld from employees' paychecks.

The Internal Revenue Service reports the employer recently finished serving a 1-year prison sentence and still has to pay off $10,000 on each of 33 counts of his indictment. That's $330,000. The IRS is protecting his identity.

QUARTER MILLION DELINQUENT

The midwesterner is just one of nearly a quarter million employers at any given time whom the IRS finds delinquent in paying over taxes collected from employees' paychecks.

This one was extra foolish. He employed between 150 and 200 workers in his building maintenance firm. Although his accountant prepared employment tax forms, the employer never filed them. His total employment taxes and penalties owed added up to some $183,000.

When questioned by IRS agents, the contractor contended he couldn't pay. However, IRS has good accountants. They found that the money was there. The businessman pleaded guilty.

As of last December 31, a total of 217,283 employers were on the delinquent list. Despite repeated warnings by the IRS, they owed Uncle Sam $217,365,000 in employees' taxes withheld but not paid over.

On the average it amounts to about a thousand dollars per employer with, of course, some owing large amounts and others small sums. U.S. Senator JOHN J. WILLIAMS, of Delaware, put the facts on the record in the U.S. Senate last week.

Except for last year, WILLIAMS has been giving the Senate yearly reports compiled by IRS. Despite repeated requests by the Machinist he did not release the 1963 report. WILLIAMS' first report was for yearend 1954, when 390,000 employers were found to owe more than a quarter of a billion dollars.

Three years later in 1957, WILLIAMS reported that the total illegally held back by employers topped $300 million.

In 1958, as a result, Congress passed a law providing stiff penalties against employers who repeatedly ignore warnings and willfully refuse to pay up.

IMPROVEMENT IN 1964

This year WILLIAMS took comfort from the 1964 yearend report. As the table below shows, the number of employers delinquent was the lowest since he started counting. The total owed was lower than any year except 1959, immediately after the stiff law went into effect.

Nevertheless, WILLIAMS was stern with current offenders. He told the Senate:

"We must not overlook the fact that these employment taxes represent money which is withheld by the employer from the employee's paycheck. These withheld taxes do not belong to the employer but are held in escrow by him, and he has not right to divert this money to his own use."

On occasion, when a delinquent employer continued to stall payments and had no bank account to attach, IRS officers threatened to seize his property. A fistful of tags for labeling an employer's equipment as Government property was generally enough to spur him into finding the money to pay up.

The IRS says that most delinquent accounts are eventually cleaned up. However, some money is lost through bankruptcies, court settlements, and settlements out of court.

No matter what happens, employees can't lose as long as the IRS knows the money has been withheld. The IRS emphasizes that the Government credits income tax and social security accounts of the employees of delinquent employers with the proper amounts even though the firm never pays up.

BIG CITIES WORST

In his report, Senator WILLIAMS spotlighted the Internal Revenue districts accounting for the greatest number of delinquent employers. As might be expected these are the districts including big cities. Here they are:

Manhattan, N.Y., 18,650; Los Angeles, Calif., 13,852; Newark-Camden, N.J., 12,907; Jacksonville-Miami, Fla., 12,074; Brooklyn, N.Y., 10,704; San Francisco, Calif, 9,104; Chicago, Ill, 8,640; Detroit, Mich., 8,227; Philadelphia, Pa., 7,928; Boston, Mass., 7,448 Atlanta, Ga., 5,167; Dallas, Tex., 5,068; and Austin Tex., 5,027.

WILLIAMS took particular aim at the Jacksonville-Miami area. He told the Senate that the district had a 100-percent increase in delinquent employment taxes over the last 10 years.

Other districts where employer delinquencies have risen over the 10-year period include Des Moines, Iowa; Detroit, Mich.; Indianapolis, Ind.; Louisville, Ky.; Albuquerque, N. Mex.; Austin and Dallas, Tex.; Denver, Colo.; New Orleans, La.; Helena, Mont.; Los Angeles, Calif.; Phoenix, Ariz.; Reno, Nev.; and Puerto Rico.

HOW EMPLOYERS HAVE WITHHELD TAXES WITHHELD FROM EMPLOYEES

Here's a boxscore showing the number of tax delinquent employers and the amount

owed as of December 31, over the past 11 years:

	Amount delinquent
Number of delinquent employers:	
1954: 390,398	$254,062,000
1955: 399,269	284,803,000
1956: 356,748	279,183,000
1957: 377,253	300,678,000
1958: 329,457	263,186,000
1959: 256,287	216,439,000
1960: 268,396	236,843,000
1961: 316,612	268,465,000
1962: 257,421	242,375,000
1963: 246,297	225,613,000
1964: 217,283	217,365,000

GAPS IN MEDICARE

Mr. HARTKE. Mr. President, during the deliberations in the Finance Committee and in the Senate on the medicare bill, it was my view that we should give protection against catastrophic illness, not limited to a set number of maximum days. I also proposed legislation in S. 1788 to provide through a drug stamp plan modeled after the food stamp program, a means to aid with drugs for the elderly which are not covered by the medicare program.

We have not given a cost-free package to the elderly in this bill. There are still gaps in the program, and for some they will be expensive gaps which they can ill afford. Congress has earned acclaim for its action in passing the bill, but we must look forward to envisioning the improvements which it still needs in the future.

Sidney Margolius is a well-known writer on consumer affairs. In an article which appeared in the August 19 issue of the Machinist, he notes the gaps which exist and points out that even with medicare there will be expenditures for health needs running to $25 or $30 a month for an elderly couple.

I ask unanimous consent that a portion of that article, entitled "Gaps in Medicare," may appear in the CONGRESSIONAL RECORD.

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

[From the Machinist, Aug. 19, 1965]

GAPS IN MEDICARE

(By Sidney Margolius)

Older people are being warned not to drop their present hospital and medical insurance before the new medicare plan goes into effect, July 1, 1966. Otherwise they will be without protection meanwhile.

Even after medicare becomes effective, some supplementary insurance or budget allowance will be necessary. Figure as we can, we can't see how an elderly couple can get away with less than $25 to $30 a month for additional expenditures for ordinary health needs not covered by medicare, and possibly much more in event of catastrophic illness.

For one thing, even if a couple are both 65 and thus both eligible for plan A (the basic medicare hospital insurance) they still will have to pay $6 a month for plan B (the supplementary doctor bill insurance). The couple also will have to pay for the first $100 a year of doctor bills ($50 each), plus 20 percent of the remainder. This could mean an additional expense of $10 a month or more. Another $10–$15 a month would be a modest enough expectation for medicines (not covered outside the hospital), routine physical exams, optical and dental care, and other expenses not insured by medicare.

The realization of these gaps has prompted some unions to ask those employers who provide health insurance for retirees, not to drop it after July 1, 1966, but to renegotiate it to supplement medicare. Such group insurance would cost much less than individual supplementary policies now being prepared for sale by commercial insurance companies. Nonprofit organizations, such as H.I.P. of New York, Group Health Insurance, Inc., and regional Blue Cross-Blue Shield plans, also are preparing low-cost supplementary health insurance plans. These will seek to provide against catastrophic illness beyond the 90 hospital days medicare provides for, and for the ordinary expenses covered only in part or not at all.

THE INVISIBLE POWER OF COAL

Mr. BYRD of West Virginia. Mr. President, I was instrumental in arranging for members of the Senate Armed Services and Appropriations Committees to attend a luncheon showing today of the National Coal Association film, "The Invisible Power of Coal."

In addition to Senators BIBLE, BREWSTER, CASE, INOUYE, JACKSON, PASTORE, SYMINGTON, and YOUNG of Ohio, Vice President HUBERT H. HUMPHREY and Majority Leader MIKE MANSFIELD were present.

The Vice President, in comments addressed to the luncheon group at the conclusion of the filming, complimented the National Coal Association and its president, Mr. Stephen Dunn, on the effectiveness of the film, pointing out that it emphasized the present vitality of the coal industry. He stated his belief that the industry's progress resulted from self-help, through the close cooperation of management and mine workers, so that it was enabled to move out of its one-time classification as a sick industry to its present healthy state. He pointed out that one evidence of the industry's vitality lies in the advancement of the coal export program from a total of 40 million tons last year to an anticipated total of 50 million tons this year, at a value of $500 million. He expressed his admiration for the successful accomplishment of the men in the mines in coming to grasp with a means of survival as the industry moved forward technologically, and, he commended another luncheon guest, Mr. W. A. "Tony" Boyle, president of the United Mine Workers of America, and the members of his union.

Vice President HUMPHREY related having just attended a gathering at which President Lyndon B. Johnson spoke to a group of Peace Corps volunteers going to Brazil, expressing his deep faith in our Nation's future and saying he felt the same spirit of confidence in our American economy existed throughout the Nation. The Vice President stated his own belief that a similar faith existed among the Members of Congress.

Mr. President, I agree with our Nation's leaders in their optimism concerning the bright future of our country's economy. From personal knowledge, I am aware of the impressive technological advancement of our national coal industry. I feel that the film, "The Invisible Power of Coal," is, as described, "an amazing chronicle of a fast-growing industry, typical of many in the United States." Because of its message of confidence, its visual excitement, and its educational value, I urge that the Members of the Senate acquaint community leaders, school organizations, and civic groups within their States of the availability, without charge, of this color motion picture for presentation, so that others may see this testimony to the versatility and dynamism of American industry.

I request unanimous consent to place in the RECORD the comments by Mr. Rex Chaney, vice president, public relations, National Coal Association, on the making of this film.

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

"THE INVISIBLE POWER OF COAL": THE STORY OF COAL'S FORMATION, MINING, USE

Three miles inside an Ohio coal mine, the director of our camera crew wanted to move a pile of coal for the next shot. He called for a shovel.

Half an hour later, a panting miner rushed up and handed him an old-fashioned scoop.

"We had to send outside the mine for it," the miner explained. "We don't use 'em much any more."

Then the floodlights flared, the camera rolled, and a clanking yellow machine, controlled by a single man, nuzzled into the coal pile. Sweeping its steel arms inward like a voracious crab, it picked up the coal and dumped it into a shuttle car at the rate of 25 tons a minute.

The loading machine scene appears in the National Coal Association's new 16 mm color movie, "The Invisible Power of Coal." We didn't reenact and film the search for a hand shovel. It would have seemed too implausible.

But nothing better illustrates our story. Many people erroneously think of coal as an industry that went out of existence along with the railroad steam engine and the old hand-fired coal furnace. And they think of the coal miner—again erroneously—as an underpaid laborer with a hand shovel and pick, gouging out a little coal by muscle power, and tossing it into a dilapidated mine car.

In our new 28-minute movie we correct this misimpression. We show that a highly mechanized, lusty coal industry has fought its way back and today is a growing part of the national economy. Though the average American seldom sees coal, it is important to him—it generates most of his electricity, makes his steel, and serves thousands of industries as fuel and raw material.

At the National Coal Association we tell this story every way we can. We had a good movie, but coal industry progress made it obsolete. That's how we came to be holed up under an Ohio hill. In 6 weeks of location shooting, we ranged from the operator's cab of the world's largest land machine—a surface mining shovel in west Kentucky, 20 stories tall—to high-speed coal-loading piers in Toledo, Ohio, and Norfolk, Va., and many points in between.

We educated a Vienna-born director and a New York camera crew in the facts of coal. We not only learned of the scarcity of scoops and the prevalence of loading machines underground, but we filmed the pushbutton miner, which sends a mechanical badger burrowing 800 feet into a hillside by remote control.

We shot coal in transit by train, barge, ship, and conveyor belt. We filmed steel mills, powerplants, cement kilns, factories, stores, and (all to briefly) a pretty girl or two.

In the process we gave some quizzical coal miners a few lessons in the difficulties of moviemaking.

Like lighting. The chief cameraman inquired in advance if there would be enough electric power in the mines for his camera and lights. There was. When we got to our first underground location, the mine foreman pointed to a power cable the size of a well-fed boa constrictor and said, "There you are—4,400 volts."

It took us 2 days to get the equipment to tame this down to the 220 volts the cameraman had in mind.

Then we found that the dull black surfaces of a coal mine sop up light like the Sahara absorbs water. This called for more lights. When the light level was adequate, we called for the operator to turn on his machine. When the monster took a hearty drag on the power supply, the light level dropped again. More conferences, and more fussing with the light meter. It's a hard way to make a movie.

But management and men could not have been more cooperative, even on the few occasions when we interfered with coal production. Without management's help, and the enthusiastic aid of superintendents, foremen, and mineworkers, we couldn't have made the picture.

We think it was worth the trouble. We believe we have a good movie, and we invite you to see it. It's suitable for all kinds of showings—educational, television, theatrical, service club, adult groups—in fact, anywhere there is an interest in one of the Nation's oldest and most basic industries.

ADDRESS BY SENATOR YARBOROUGH AT AMVETS NATIONAL CONVENTION

Mr. METCALF. Mr. President, the National Convention of the AMVETS, the only congressionally chartered veterans' organization of World War II veterans, was held during the past week in Boston, Mass.

In its 18 years of existence, the AMVETS have compiled an outstanding record of accomplishment and support in the field of veterans and civic affairs.

On Saturday night, August 21, the principal speaker was the distinguished Senator from Texas, the Honorable RALPH W. YARBOROUGH. Senator YARBOROUGH has time after time demonstrated his interest and concern in veterans legislation. The senior Senator from Texas is chairman of the important Subcommittee on Veterans' Affairs of the Committee on Labor and Welfare and a member of the Education Subcommittee. His contribution to the Nation in both of these fields has been noteworthy. He has combined these interests in his dedicated and devoted sponsorship of the cold war GI bill (S. 9) which would provide educational opportunities for veterans of the cold war.

In his address last Saturday, Senator YARBOROUGH discussed his bill, and other veterans' problems. I commend this address to my colleagues and ask unanimous consent that Senator YARBOROUGH's speech be printed at this point in the CONGRESSIONAL RECORD.

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

THE COLD WAR VETERAN IN AMERICA

National Commander Tamraz, officers, guests, fellow veterans, fellow Americans, it is a great privilege for me to appear before the only congressionally chartered veterans organization of World War II. During the 18 years of existence under a congressional charter, you can be proud of your accomplishments in the field of veterans' affairs.

As chairman of the Senate Veterans' Affairs Subcommittee, I am well aware of the efforts and the successes of your organization on behalf of your membership and for all veterans.

It is nice to be here in historic Boston for this fine annual banquet of AMVETS. A brilliant Massachusetts Senator serves on the Veterans' Subcommittee with me—Senator EDWARD KENNEDY. He has ably, diligently, and effectively supported every measure for the veterans and their widows and orphans that has come before our Senate Veterans' Subcommittee since he has been in the Senate. And this year he was joined in the Senate subcommittee by a relative, Senator ROBERT KENNEDY of New York who likewise has a 100 percent-for-the-veterans voting record on our committee.

And while the late beloved martyred President John F. Kennedy was in the Senate, he was a member of the Veterans' Subcommittee until he went to the White House. As a member of the Veterans' Subcommittee, like his two brothers who have followed him on the Veterans' Subcommittee this year, he supported the GI bill.

One of the great privileges and inspirations that has come to me as chairman of this Senate Veterans' Subcommittee is to have these three brilliant brothers of this great American family serve on it—and each of them support the GI bill.

Today I would like to review two subjects with you—first, what is being done for the veterans of this country; and second, what is not being done for our veterans.

During the 88th Congress, the Veterans' Affairs Subcommittee of the Senate had 14 bills referred to it which were subsequently enacted into law.

This year, four laws have already been enacted which were originally referred to the Veterans' Affairs Subcommittee. Generally, these laws have affected educational and training benefits for veterans or their orphans and disabled veterans and their children. First, the subsistence allowances were raised for disabled veterans pursuing vocational rehabilitation. Second, the time limitations were liberalized for such vocational rehabilitation training. Third, the War Orphans Education Act was amended to provide extended coverage to a group of war orphans who were previously excluded from the educational benefits.

The rate of monthly allowances paid to war orphans for their education was raised substantially as a result of the work of Massachusetts' own Senator EDWARD KENNEDY. Senator KENNEDY, with clear and convincing proof, was responsible for the allowances being raised from $50, $80, or $110 per month respectively, depending upon whether part-time or full-time courses were taken, to $75, $110, or $150 per month. Senator KENNEDY clearly proved this need with increased costs of tuition, books, and college expenses.

The AMVETS can be proud of this legislation, because your organization has the reputation of being a leader in the fields of education and training, notably under the War Orphans Education Act.

Which brings me to the second topic of discussion—what we have not done for the veterans of this country. Again, the AMVETS have been in the forefront of a fight for justice and a fight for education. I am speaking of the cold war GI bill which your organization has unqualifiedly supported and been helpful in getting through the Senate by an overwhelming 4-to-1 vote this year.

There is no major national veterans group, lobby, organization, or spokesman for this group. By 1973 there will be 5 million young men who have placed their lives in jeopardy for the protection of their country, but who are forgotten when they return to civilian life. Already there are over 3 million forgotten veterans of the cold war. The Nation's treatment of them has been much colder than the name attached to the war in which they served.

In the field of education our cold war veterans are the most neglected single group in our society—and they have no one to speak for them. The only spokesman who could remotely help these veterans are the veterans organizations, the Department of Defense, an agency that has fought against a cold war GI education bill for 6 years.

The serviceman's spokesman, the Department of Defense, has maintained that they need to keep the soldier in a position of intellectual servitude in order to keep him in the armed service. An amazing argument in an age of educational advancement.

Consider all of the educational programs which we have and how the cold war veteran is neglected:

1. We have extensive manpower programs, and now through the Office of Economic Opportunity another program to readjust our civilian population to the advancement of automation and technology—but we have no program for the cold war veteran to readjust after being away from this advancement for 2 to 4 years.

2. We have educational programs to give assistance to the top members of education—those who have already had a chance and have proven themselves intellectually deserving—but the cold war veteran does not have the initial chance to prove himself.

3. We have many statutes dealing with education which are designed to help the culturally deprived, the retarded, and the low-income children—but neither does the cold war veteran fall in this class.

4. One of the most extensive education programs is the National Defense Education Act loan program for which veterans would be eligible to compete but 36 percent of the cold war veterans are ineligible because they lack high school training, and they are further handicapped by spending 2 to 4 years in the armed service which places them at a competitive disadvantage for such loans.

5. This year we have passed a $1.5 billion educational program with an emphasis upon improvement of elementary and secondary schools and college facilities—but improving facilities cannot help the cold war veteran who cannot even afford to enter school.

In the midst of all these programs, many of which are only indirectly related to education or are almost experimental, not one measure significantly extends benefits to the cold war veteran. Yet, even though we are using large sums to implement every new idea in education, we have passed up the most basic, successful and beneficial program of education ever adopted in this country—the GI bills of World War II and Korea.

Through these two bills we injected hundreds of thousands of trained professional people into our economy, we gave almost 11 million citizens the means to utilize their educational potential; and we gave education the most significant single boost that it has ever received from a single educational program.

All of this, at a cost to our Nation so low that it has already been paid back by additional taxes, these veterns pay by virtue of increased incomes.

The GI bills have proven themselves to be the most basic and successful of educational programs, the most beneficial and direct programs of readjustment for veterans, and the least costly of investments with an exceedingly high rate of return for our dollar.

And yet, this is the same program which we are withholding from the cold war veteran—the same veteran who is neglected by the Department of Defense, by the Nation's

veterans' organizations, by our Government, although we utilized his strength and ability to defend our freedom.

We value education enough to exempt students from military services, yet when the cold war veteran who does make sacrifices for his country seeks postservice education we betray our educational principles. Gentlemen, I suggest this is a most shortsighted, selfish, and unjust view—one which we will regret in the near future.

Where does our present policy leave the cold war veteran?

1. First, we find that his unemployment rate is much higher than that of his civilian counterpart; more than three times higher within some States.

2. Second, his general educational level falls much below that of the national level, although that of the World War II and Korean veteran was much above the national average.

3. This situation is almost impossible for the veteran to correct on his own initiative, as he has been placed at a 2- to 4-year disadvantage in competitive position. The cold war veteran is thrust into civilian life unskilled, uneducated, equipped only with nontransferable experience from military service.

This neglect of the cold war veteran is conclusive proof of the need for a cold war GI bill. The neglect of the cold war veteran has reached such proportions that every responsible American citizen, legislator, veteran, or organization should endorse this legislation. It is the most callous neglect in this Nation.

Four hundred years before the birth of Christ a very wise man[1] proclaimed that he who neglects learning loses the past and is dead for the future. Let us not forget the vast intellectual resource which lies within the cold war veteran. Let us pay heed to the past and indicate our regard for the future by demanding prompt enactment of the cold war GI education bill.

You AMVETS are a group of veterans which has distinguished itself not by big numbers but by big ideals. You have spent your time, not in narrating the past but in planning for the future.

As you plan for the future, let the cold war GI bill be the capstone of your bill of veterans' rights. In doing justice for them you do justice for your country.

[1] Euripides (484–406 B.C.).

DEATH OF JONATHAN M. DANIELS

Mr. McINTYRE. Mr. President, on Friday, August 20, Jonathan M. Daniels of Keene, N.H., one of my constituents and a student at the Episcopal Theological Seminary in Cambridge, Mass., was gunned down by a shotgun blast in Hayneville, Ala.

This promising young minister-to-be was carrying out what he believed was his Christian duty; he had been a longtime worker in the cause of civil rights.

Early in March of this year Jonathan Daniels was one of the first members of a large contingent of theological students and clergy of all faiths to join the civil rights protest demonstrations at Selma.

While in the South, young Daniels lived with Negro families; he was particularly concerned with the problem of young Negroes, and had been teaching them remedial reading.

In June, after taking his examinations at the Episcopal Theological Seminary, he was one of the speakers at the Diocesan Youth Conference of the Episcopal Church at Lake Winnipesaukee in New Hampshire, where he talked of civil rights problems. Through the spring he had studied by correspondence, in order to remain in the South, where he thought he could best help the civil rights cause.

He graduated at the head of his high school class in Keene, N.H. in 1957, and he was an honor graduate of Virginia Military Institute, where he was valedictorian of the 1961 graduating class.

His father, Dr. Phillip B. Daniels, was a beloved general practitioner and obstetrician in Keene from 1932 until shortly before his death in 1959. He also served in World War II with the Army Medical Corps, armored division in the European and African theaters, and was wounded in action in the spring of 1945 during the Battle of the Rhineland.

The city of Keene where this young man grew up, the State of New Hampshire, and all of America grieve for Jonathan M. Daniels.

I should like to quote a few remarks that Jonathan Daniels—this man with a Christian commitment—wrote about his experiences in civil rights work in Selma.

In an essay that appeared in the Episcopal Theological School Journal, he wrote of the people involved in the civil rights movement:

> We have activists who risk their lives to confront a people with the challenge of freedom and a Nation with its conscience. We have neutralists who cautiously seek to calm troubled waters. We have men of reconciliation who are willing to reflect upon the cost and pay for it.

Jonathan Daniels paid dearly—with his life.

Jonathan Daniels knew, when he chose to dedicate his energies and his time to the civil rights movement, that he was vulnerable to possible attack.

Commenting recently to a friend at the Southern Christian Leadership Conference at Birmingham, he spoke of the chance of being shot at. "I always keep my car windows up," he said, "which gives me a little protection."

Only last week he traded in his battered little foreign car for a new auto. "It probably won't do any good," he said, "but everybody knew my car."

Jonathan Daniels fought hard and died tragically as he worked to help fulfill the effort of American Negroes to secure for themselves the full blessings of American life—those blessings bestowed by the Constitution but denied by a powerful legacy of bigotry.

When President Johnson addressed a joint congressional session last spring and called for enactment of the voting rights bill, he spoke with eloquence of the immediate need to reshape the attitudes and structure of our society to provide full emancipation for all Americans.

Jonathan Daniels answered that call with positive action in Alabama—the scene of the most severe unrest in the civil rights movement.

The main course of the civil rights movement lies in the strong thread of the stream of nonviolence. Jonathan Daniels was a nonviolent worker in this movement.

Today, society cries out for justice and yes, even vengeance against his killer. The thought that comes to my mind is that Jonathan Daniels' cry for justice would not be in terms of himself but rather to the good men of both North and South—that they might help sweep away bigotry and promote instead the forward and upward lift to the Negroes' rights, privileges, and responsibilities.

Mr. President, I ask unanimous consent that the following articles from the Keene, N.H., Sentinel be printed in the RECORD.

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

[From the Keene (N.H.) Evening Sentinel, Aug. 21, 1965]

KEENE THEOLOGY STUDENT KILLED BY SHOTGUN BLAST—DEPUTY SHERIFF IS HELD IN ALABAMA

HAYNEVILLE, ALA.—A part-time deputy sheriff was jailed on a murder charge today for a shotgun attack on six civil rights workers which killed a young theology student and critically wounded a Roman Catholic priest.

Tom Coleman, 52, was charged with the murder of Jonathan M. Daniels, 26, an Episcopal seminary student from Keene, N.H. The Rev. Richard Morrisroe, 26, a Chicago priest, was critically wounded by the hail of buckshot fired outside a country grocery. He was rushed to a Montgomery hospital.

Morrisroe was taken from surgery early today after 9 hours on the operating table. A spokesman for Baptist Hospital said, "He is all right considering the operation he just had." He said the priest was still critical and "we can't determine right now" if he will live or die.

Both victims were white. Four Negroes, three of them women, escaped the gunfire. All six had been released earlier from the county jail here where they had been held since their arrest for civil rights work in nearby Fort Deposit a week ago. They said they were walking to Selma north of here.

DELIBERATES 5 HOURS

County solicitor Carlton L. Perdue deliberated 5 hours before announcing that Coleman, a highway department engineer who served Sheriff Charles F. Ryals as a "special deputy," had been charged.

The Alabama Highway Patrol and the Federal Bureau of Investigation are investigating the shooting.

The White House said President Johnson had instructed Attorney General Nicholas deB. Katzenbach to "take vigorous and immediate action to investigate" the shooting and ordered that he be kept informed "of those who are responsible for the heinous acts."

Perdue said Coleman admitted the slaying, but signed no formal confession. He refused to discuss the circumstances of the shooting.

"We're not going to pretry the man. We got our stomach full of that when the President tried to pretry those other men," Perdue said, referring to the arrest of three Ku Klux Klansmen accused of the night-rider slaying of Mrs. Viola Liuzzo, a civil rights worker from Detroit, a few miles from here on March 25.

Coleman comes from an influential local family. His son is a highway patrolman and his sister, the superintendent of schools. Perdue said they are "all good friends of ours."

Regarding Daniels and Morrisroe, Perdue said, "if they'd been tending to their own business, like I tend to mine, they'd be living and enjoying themselves today."

Coleman was held in the small jail in this town of 900 persons, and may have to wait until Monday for a bond hearing.

Perdue said the shooting occurred after the six went to the store "to do some picketing and singing and the man down there just let 'em have it, so to speak."

Survivors of the attack insisted they were not demonstrating but went to the store to buy food after being released from jail. They said Negroes patronized the store frequently.

[From the Keene (N.H.) Sentinel, Aug. 21, 1965]

YOUTH'S GOAL ORDINATION NEXT JUNE

Jonathan M. Daniels of Keene, civil rights worker who was killed by a shotgun blast in Hayneville, Ala., yesterday, would have been ordained into the Episcopal ministry next June.

Daniels, a student at the Episcopal Theological Seminary in Cambridge, Mass., had completed 2 years study toward his bachelor of divinity degree and was licensed to wear a clerical collar.

ONE OF FIRST

One of the first members of a large contingent of theological students and ministers of all faiths to join in the civil rights protest demonstrations in Selma, Ala., last March, he had remained there with permission of seminary authorities to continue his work for which he had received academic credit. He returned to Cambridge, Mass., in June to take final examinations.

While in the South, Daniels lived with Negro families and was particularly interested in the problems of young Negroes and had been teaching them remedial reading. He was regarded at the Cambridge seminary, according to one of the professors as "one of the most promising people we ever had."

Before returning to the South after taking his June examinations, Daniels attended the Diocesan Youth Conference of the Episcopal Church at Geneva Point on Lake Winnipesaukee from June 20–26.

HERE EARLIER

Earlier this year on January 24 he had come to Keene to preach the sermon at St. James Episcopal Church on the occasion of the observance of National Theological Education Sunday by the local parish and on June 1 had addressed the Women of St. James at their annual meeting, showing pictures and talking on his experiences and work in the South.

A documentary-type article authorized by Daniels and detailing his experiences in the South appeared in the June issue of the New Hampshire Churchman, official publication of the Episcopal Diocese of New Hampshire.

Confirmed in the Episcopal Church by the Right Reverend Charles F. Hall on May 12, 1957, when he was presented as a candidate by the Reverend J. Edison Pike, former rector. Daniels had been active in the church and was a member of the parish choir.

PARISH SPONSORS

After Daniels had decided to study for the ministry, the local parish became one of his sponsors and the Reverend Chandler McCarty assisted him in his application for enrollment as a student.

[From the Keene (N.H.) Sentinel, Aug. 21, 1965]

JONATHAN DANIELS CALLED: MAN WITH CHRISTIAN COMMITMENT

ATLANTA.—Jonathan Myrick Daniels, 26, a serious theology student from Keene, N.H., recently wrote of Alabama, "There are good men here, just as there are bad men."

Daniels, who had spent most of the past 6 months in Alabama as a civil rights worker, was shot to death on a Hayneville, Ala., street Friday.

He was in Alabama as a representative of the Atlanta office of the Episcopal Society for Cultural and Racial Unity. The society described him as "studious" and "a man with a Christian commitment."

Writing to the society, Daniels explained, "We are beginning to see as we never saw before that we are truly of the world, and yet ultimately not of it.

"We have activists who risk their lives to confront people with a challenge of freedom and a nation with its conscience. We have neutralists who cautiously seek to calm troubled waters. We have men of reconciliation who are willing to reflect upon the cost and pay for it."

A senior student at the Episcopal Theological Seminary in Cambridge, Mass., Daniels first came to Alabama in March. He became concerned over the civil rights work to be done and requested permission from Cambridge authorities to finish his school semester by correspondence. It was granted.

MOVING EXPERIENCE

Working with whites and Negroes in Alabama's black (soil) belt became a moving experience for the dark haired young man. He commented, "Sometimes we take to the streets, sometimes we yawn through interminable meetings. Sometimes we confront a posse, sometimes we hold a child."

Officials of the society said Daniels never expressed fear for his life, "but he was aware of the dangers, and he took those precautions he could take."

Daniels recently attended the National Conference of the Southern Christian Leadership Conference at Birmingham. While there, he commented to a friend about the possibility of being shot at by nightriders.

"I always keep my car windows up," Daniels said, "at least that would give a little protection."

TRADED CARS

Only last week he traded in his battered little foreign car for a new auto.

"It probably won't do any good but everybody knew my car," he said at the time, expressing his awareness of the danger.

An official said "he wore a seminary student's black and white collar. Everybody knew who he was."

[From the Keene (N.H.) Sentinel, Aug. 21, 1965]

DANIELS WAS RIGHTS WORKER IN SELMA, ALA.

As early as March of this year, Jonathan Daniels was in Selma, Ala., doing civil rights work.

As prayer vigils were being held throughout the Nation for the slain Rev. James Reeb, of Boston, Daniels was in Selma, and in a telephone conversation with his mother he said he and his companions "were unable to attend church" in that city of 28,000 as they were turned away.

It was March 14, Daniels told his mother the police had the city barricaded and "bottled up tight." He said he was living in the Negro section of the city, describing the people there as "wonderful." Daniels said he would not dare to enter the section of the city in which the white population lives.

All members of the seminary group from Boston except for Daniels and one other had returned to classes. The two had decided to wait for reinforcements reported to have left from Boston, although he said he doubted if the groups would get into Selma because of the police lines thrown up.

Daniels did come back to Boston that week, but only for 2 days. With blessings and contributions for expenses from fellow seminarians, he left again with plans to stay in Selma for 6 to 8 more weeks.

He hurried back in order to join other civil rights demonstrators who marched from Selma to Montgomery on March 21.

The former Keene student combined his project activities with educational work among students and adults in Selma under the supervision of the Southern Christian Leadership Conference, which is headed by Martin Luther King, Jr.

Daniels instructed Negro adults in classes intended to assist them in coping with voter registration problems or questions they might encounter and also to help them prepare for citizenship.

The classes followed instructional periods on "nonviolence and civics."

[From the Keene (N.H.) Evening Sentinel, Aug. 21, 1965]

MRS. LIUZZO SHOT NEAR HAYNEVILLE

HAYNEVILLE, ALA.—Jonathan M. Daniels, 26, died here, the victim of a shotgun blast yesterday.

Hayneville is a sleepy town about 20 miles west of Montgomery and is the seat of Lowndes County which is about 80 percent Negro. It was one of the first counties designated to receive Federal voting registrars under the Voting Rights Act of 1965.

Population there is 950.

On March 25, 10 miles down Highway 80 from Hayneville, Mrs. Viola Gregg Liuzzo was killed by nightriders as she returned from Selma to Montgomery to pick up participants in the Freedom March to Alabama's capital.

The trial of the first of three Ku Klux Klansmen accused in Mrs. Liuzzo's slaying ended in a hung jury in Hayneville last May.

[From the Keene (N.H.) Sentinel, Aug. 21, 1965]

"DOC" DANIELS WAS BELOVED OBSTETRICIAN

Dr. Philip B. Daniels, father of Jonathan M. Daniels who was killed yesterday in Alabama, died in Keene in December of 1959 at the age of 55.

Dr. Daniels was a general practitioner in Keene from 1932 until shortly before his death, but he was best known as an obstetrician.

No one ever dared to venture a guess on the number of babies "Doc" Daniels delivered.

He was a city physician in the mid-30's, and joined the Army Medical Corps during World War II. He was a major with the 14th Armored Division and saw action in the European-African Theater and the Middle East Theater.

He was wounded in action in the spring of 1945 in the Battle of the Rhineland, and was awarded the Purple Heart and the Bronze Star.

On "Doc" Daniel's 55th and last birthday, July 14, 1959, the Keene Evening Sentinel said in an editorial:

"Nothing we could say here about the quiet kindness of Doctor Daniels has not already been said at one time or another by his associates, friends, and the host of parents whose children he has brought into the world during his many years of faithful practice in Keene.

"Hundreds of years ago, however, a man by the name of Hippocrates made a profound statement which was in the form of advice to civilization's healers of men. The many friends of Doctor Daniels feel strongly that few physicians have adhered more closely than he has to those words:

" 'Sometimes give your services for nothing, calling to mind a previous benefaction or present satisfaction. And if there be an opportunity of serving one who is a stranger in financial straits, give full assistance to all such. For where there is love of man, there is also love of the art. For some patients, though conscious that their condition is perilous, recover their health simply through their contentment with the goodness of the physician. * * *' "

A QUIET EXPERIMENT IN RACIAL BROTHERHOOD

Mr. MONDALE. Mr. President, in the past year, while the eyes of the world

have been too often fixed on the problems of Selma, or Harlem, or Los Angeles, a quiet experiment in racial brotherhood has been taking place in Worthington, a community of 10,000 people in southwestern Minnesota. It has made few headlines, nor have Worthington's citizens sought them. But their achievement can bring inspiration and hope to thosands of communities throughout America, so I would like to pay tribute to it today.

Ten months ago, Armour & Co. opened a new meatpacking plant in Worthington. The company brought with it a number of workers transferred from other Armour plants, including 39 Negroes. They were the first Negroes ever to live and work in the city.

The people of Worthington were faced with a fundamental challenge—would they live up to the American ideal of fair and equal treatment of all their citizens, or would their new Negro neighbors, like so many elsewhere even today, be treated as people apart, compelled to carry the weight of unjust discrimination.

The leaders of Worthington recognized this challenge. And instead of waiting to see if trouble would develop, they took determined action to prevent it. Their newspaper, the Worthington Daily Globe, told its readers that the integration of their community was an opportunity for them to demonstrate their fundamental decency. Clergymen preached tolerance and equal opportunity from their pulpits. Community organizations let it be known that they would welcome Negro members.

An automation committee, including representatives of Armour & Co., the United Packinghouse Workers, and the Amalgamated Meat Cutters, prepared the way with careful advance planning. Home builders and real estate agents, overwhelmingly, joined in a policy of open occupancy, determined to prevent the creation of a Negro ghetto in their community. The Minnesota State Committee Against Discrimination offered repeated counsel.

But, most important of all, the citizens of Worthington, by their actions, showed they were willing to put aside their prejudices and judge their new neighbors on their own individual merits. As of last month four Negro families had bought homes—in four different neighborhoods. Six more have rented homes. More of the workers are planning to move their families to Worthington when the town's present housing shortage is alleviated.

Mr. President, 1 year is a short time. Ten families is a small number. We cannot pretend that Worthington has solved its problems for all time; continued good will and cooperation among the townspeople will be essential. Nor can we say that what Worthington has done can be accomplished as easily in Los Angeles, or Selma, or New York, or even Minneapolis.

But for thousands of American communities, Worthington's experiment in brotherhood can be a model of a city facing up to its responsibilities, welcoming its new residents whatever race they may be, living out in practice the best ideals of our American heritage.

Mr. President, I have read three articles in Minnesota newspapers which give particularly fine descriptions of the Worthington experience. Two are by Lew Hudson of the Worthington Daily Globe. One is a column by Robert King in the Minneapolis Tribune. I ask unanimous consent that these articles be printed at this point in the RECORD.

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

[From the Worthing Daily Globe, July 19, 1965]

CITY BECOMES MULTIRACIAL WITH NO "EXTRAORDINARY" DIFFICULTIES

(By Lew Hudson)

Few things are as difficult for a family as a move to a strange community.

It is particularly difficult if the move is a sudden one, if it is from a large city to a small one, and if the move is to another State where tax systems and governmental services are different.

Then, if you happen to be of a minority race moving into a community with little background of multiracial living, the problem may become still more difficult.

All Armour workers who have moved to Worthington since the plant opened here 9 months ago have faced these problems. The workers who are Negroes have faced additional problems that are unique to persons of their race. These are the first Negroes who have ever lived or worked in the community.

Armour lists 39 Negro employees on its payroll in Worthington. About 10 of these have moved their families to the city. More will make the move when housing becomes available.

Of the 10 families who have moved, 4 have purchased homes. There are Negro families living in most sections of the city.

Some admitted to uncertainty as to what they expected when moving here and also surprise as to what they found.

The curiosity of people has been disturbing to Mrs. Edward Jones. A former resident of Kansas City, she said, "I expected to be ignored in Worthington. What I didn't expect was to be stared at."

Mr. and Mrs. Jones are the parents of four children, two boys and two girls. Initially, like many Armour workers, Jones came to Worthington alone and took a room at one of the hotels.

After a couple of weeks, Jones decided he liked the community and started looking for a house. It took him until December to find a house for rent on Dover street. On December 4, he moved his family to town.

"The neighbors on Dover were very good to us," Mrs. Jones said. "People dropped over to get acquainted and several brought Christmas cookies."

As time went along, the Jones family started looking for a home which would better meet their needs. They report the real estate agent they contacted was willing to show them any house on his listings. They said they had no problems with owners.

In early spring, they decided to buy a home on Clary Street, just across from the high school. They now are settled and Mrs. Jones says she is beginning to get acquainted with some of the neighbors. She says some have brought over garden produce.

Jones says his children "get along all right" with other children in the neighborhood. Mrs. Jones says that other than the fact that the word "nigger" has been used occasionally, she has had no worry regarding how her children are accepted. She said she thinks use of this discredited name stems more from ignorance than from malice.

Both Mr. and Mrs. Jones say they are happy in Worthington, but Mrs. Jones cannot get over the uncomfortable feeling of being stared at. She finds it difficult to understand why people do so. "Haven't they ever seen a Negro?" she asked.

For many of the Armour workers, hotels were the first homes they had in Worthington. For some, they still are. Housing, and more particularly rental housing, remains scarce for everyone.

Sam Sheppard, a Negro from Kansas City, remembers well the first 3 weeks he was in Worthington. That was last fall when he came here alone and lived at a hotel.

After 3 weeks, he was able to find a small kitchenette apartment, rented from Mrs. Belle Gibbons at 1227 Third Avenue. As soon as he found the place Sheppard brought his wife to Worthington. An older couple, the Sheppards have no children at home.

Mrs. Sheppard immediately went to work to help other workers find homes. She put in several hours each day at the union hall downtown where she manned the telephone to help accumulate listings of available housing.

One day a call came in from a local resident wanting to sell a home at 907 Seventh Avenue. The Sheppards went out to look at it and quickly closed the deal to buy. They thus became the first Negro family to buy a home in Worthington.

Mrs. Sheppard said they had no difficulty in making a deal. "The man wanted to sell and we wanted to buy," she said with a smile.

They moved in November. It was a cold day but the warmth of their welcome was unmistakable. Mrs. Sheppard said some of the neighbors invited them to come over at noon for lunch on moving day. Since then, Mrs. Sheppard says most of the neighbors have dropped in to get acquainted and some brought Christmas food and cookies just before the holidays.

Now, she says, neighborhood visiting is commonplace. When the Sheppards leave town for the weekend, they leave the key to their home with neighbors who "look after things."

The Sheppards say they like smalltown living. The big cities are crowded and noisy, they point out, but Worthington is peaceful. "There aren't any bad people here," Mrs. Sheppard observed.

She expressed her philosophy of getting along with people by saying, "I figured when I came here that I was the kind of a person who could find friends anywhere."

R. T. Hamblin expresed a similar feeling. He said, "I don't care what a man thinks about me as long as he takes an honest position. I don't like people who say one thing and think another."

He went on to say, "I have found that if I can talk with a man and both of us can get acquainted, we generally get along all right."

Hamblin was faced with a somewhat different problem when he came to Worthington last fall. He had to find a place to live because his wife was expecting a baby soon.

He found a small basement apartment in the 1500 block of Okabena Street and the woman who owns it is one of the persons in the town for whom he has especially high regard. Another is the Reverend Lloyd Johnson of the First Baptist Church, the church which the Hamblins attend.

In midwinter Mrs. Hamblin gave birth to a girl. It was thought to be the first Negro child born at the Worthington hospital. The apartment then was too small, and Hamblin had to find another place.

After looking for several weeks he finally decided to buy a home in the 800 block of Grand Avenue. Hamblin said he has noticed many people driving slowly past his home. "I know," he said, "that they are more interested in seeing how a Negro lives than anything else, but it doesn't bother me."

He went on to say, "I just want to be accepted as a man. I like to pick and choose my friends on the basis of what kind of persons they are, not on the color of their skin. I want other people to do the same."

Hamblin reported the neighbors had not gone out of their way to get acquainted but that he had met some of them and was getting along satisfactorily.

A couple of other incidents have pointed up something of the community's feeling about its new Negro citizens. In early winter, Mr. and Mrs. Jerry Bailey lost all their possessions when the home they were renting at Org burned down. A community fund drive was immediately started and money donated helped to get the Baileys reestablished in another rented home on the west end of the lake.

The Bailey's daughter, Sheree, was the subject of a minor argument when girls in two different Brownie Scout troops "fought it out" to see which troop would get what they counted the honor of enrolling Sheree as a member.

After only 9 months it is impossible to measure accurately the community's acceptance of its Negro citizens. While some organizations have policies concerning Negro members, others have not. Negroes have not sought membership in many organizations.

Vin Brown, local American Legion membership chairman, says the Legion is open to any veteran qualified by his military service. "I posted a notice at the plant last fall inviting Armour men to join the Legion," Brown said, "but no Negro has responded as yet." He went on to say that if one does, he will be accepted.

John Anderson, Worthington VFW commander, says, "Any person, Negro or white, who is qualified by his military service can join our post and make full use of our clubrooms." He went on to say, "We also accept transfers of membership from other posts. We have invited Negroes known to be qualified to join but none have done so."

Newcomers' club President Mrs. Duane Sermon says all new residents of the city are invited to take part in club activities. "We always call three months in a row offering to pick folks up and bring them to meetings," she says. "So far only one Negro woman has become a member. Another has attended a couple of meetings. One of the ladies has been invited and has joined a card club which is an outgrowth of our club and which meets from time to time in private homes." She went on to say that all Negroes are welcome.

Churches in the community have opened their doors. The Reverend Mr. Johnson of the First Baptist Church said he has about 10 Negro families and individuals attending services at his church. This is the largest group of Negroes in any church in the city.

"So far," he reports, "none have actually joined our congregation." He went on to explain that Baptists normally have stronger congregational loyalties than they do denominational and that this is probably the reason none have transferred their memberships to Worthington.

Mr. Johnson says his church board has taken action to make it clear that any Negro will be welcome to join. He says his congregation has accepted Negroes readily. Some of the Negro women have been attending social functions of the church.

At the Mission Baptist Church, the Reverend A. W. Winkleman comments he has two Negro families that have visited, but neither has joined the church. His board has also taken a position that all persons will be accepted on the same basis. Those who have visited were invited by members of the congregation, Mr. Winkleman said, and he has noted "no adverse reaction" among his people.

The Reverend Wayne Ireland said he has had Negroes visit the Methodist church from time to time but none have joined as yet. He said they have not taken part in social activities, but that his people have expressed readiness to accept any person who may wish to share in the life of the church. "People have gone out of their way to make them feel at home," he said, "and I have performed one wedding of a Negro couple."

The Right Reverend Monsignor J. Stanley Hale, of St. Mary's Catholic Church said one family has transferred to his congregation. "I can't see that they have been treated any differently than any other new member," he said.

These are some (not all) of the organizations open to Negro members. There are some that are known to be closed. Among them are the Elks and the Odd Fellows lodges which are bound by their national charters to prohibit all persons not of the Caucasian race from membership.

There is no statute which requires private organizations to accept memberships from any person. The only way to find out whether a door is open or closed is to knock and seek admittance.

The law requires equal treatment only in what has been determined to be the public sector of our society. Discrimination is prohibited in housing, employment, schools and public accommodations.

Both Hamblin and Jones said they know of no incidents of discrimination among their fellow Negroes involving areas covered by State or Federal law.

[From the Worthington Daily Globe, July 19, 1965]

CAMPBELL, ARMOUR MAKE WORTHINGTON "24-HOUR CITY"

Pick any time of the day or night and you will find people abroad on the streets of Worthington.

Once, about the only persons out in the hours after midnight were the police and a few adventurous young people. Now, they have been joined by working people.

The city is a 24-hour-a-day community, one of the earmarks of an industrial town. While some of the all-night workers are busy at such places as the powerplant and all-night cafes, most are connected with the two major food processing plants, Campbell Soup and Armour & Co.

Campbell starts its first shift at 7 a.m. and runs it until 3:40 p.m. The second shift comes on at 5 p.m. and works until 2 a.m. The cleanup crew starts in at 10:30 p.m. and continues until 6:30 a.m.

At Armour's, the day shift comes on at 6 a.m. and works until 3:18 p.m. A few workmen start at 5:30 a.m. The cleanup crew is at it by 5:30 p.m. and stays on until 2 a.m.

The regular night shift at Armour's was temporarily discontinued this spring but will probably be reinstated later when hog supplies improve.

Even without it, Worthington remains a bustling place around the clock throughout the year.

[From the Minneapolis Tribune, Aug. 12, 1965]

WORTHINGTON SCORES A "BROTHERHOOD" COUP

(By Robert King)

Like a refreshing breeze, an experiment in brotherhood at Worthington, Minn., hit most of the State's front pages late in July. The story of Worthington's success in becoming at least a partially integrated community was welcome contrast to the daily stories of civil rights conflict elsewhere.

Occasion for the story was the first anniversary of Armour's packing plant, an event which brought the first Negro workers and families to the previously all-white city of 10,000.

During the year, the firm transferred 39 Negro workers to Worthington. Ten moved their families to the city, and four of them bought homes—each in a different part of the city.

All realtors and builders, except one, joined in declaring an open occupancy policy; churches and civic organizations have welcomed participation by Negroes and neighborhoods have been kind to their Negro neighbors.

"What it boils down to is that we have made a good adjustment," said one Worthington business leader, "even though there are only 10 families involved and even though we found we have prejudices just like every other town. We just faced up to it, that's all."

How did Worthington come to face up so well?

The story involves many people: the city's newspaper a company-union automation committee, a realistic and helpful approach by the State Committee Against Discrimination (SCAD), a sensible business community and the kind of townspeople who could bring this comment from one of their new neighbors: "There aren't any bad people here."

Initial groundwork for the move was laid by the company-union automation committee. The group, financed by the company, includes representatives of the company, the United Packinghouse Workers, Amalgamated Meat Cutters and a member from the public who acts as chairman.

Though it was formed to develop retraining and placement programs for workers displaced by automation, the committee tackles other social problems as well. "In this case, we met with the chamber of commerce, the newspaper and city officials," said one member, "and we got excellent cooperation."

His assessment of the program, and the first year of experience, is that it has worked surprisingly well.

SCAD, in the person of its director, James McDonald, who has since left for a position with the poverty program in North Carolina, was also a factor.

"McDonald gave us our best advice," said a business leader. "He talked frankly to a small group of us about the Negro point of view, and made us sensitive to their problems."

Mrs. Viola Kanatz, present SCAD director, says this case points to a very important function of the committee, that of acting to avoid problems rather than merely as a mediator of complaints.

An Armour official in the new plant agrees that the move—called an experiment in brotherhood by the Worthington Daily Globe—has been successful. "I haven't heard one complaint from the workers," he said.

Everyone interviewed gives credit to the newspaper for helping to pave the way. One year ago, the Globe challenged the community in an editorial, saying the move by Armour presented an opportunity for the city to prove its mettle.

Looking back over the year, the Globe recently said that the city's success in avoiding serious problems "has been due to the fact that we had a good community to start with, the newcomers we received were of the same goodwill * * * and just about everybody in town apparently decided that all we needed to do was to be good American citizens."

Being good citizens had many advantages for Worthington. The city's economy has been stimulated by the plant and its payroll, which will soon reach $2 million yearly. Four new businesses have been established to serve the plant, and, according to one businessman, "We've got plenty of people looking at us for plant location now * * * because we lived up to our responsibility."

[From the Worthington Daily Globe, July 20, 1965]

BUILDERS, REALTORS STAND FIRM AGAINST DISCRIMINATION

(By Lew Hudson)

It was just 1 year ago that Worthington got its first official word as to the approximate number of Negro workers to be included among the starting work force at the new Armour plant.

Company and union officials met last summer with local public officials, realtors, builders, clergymen, and other community leaders. At that meeting, it was concluded that Worthington must avoid creation of a Negro district, or ghetto. Such a development was considered not only morally indefensible but economically ill advised.

Instead, it was hoped Negro families would move into varying sections of the city on the basis of their financial ability to buy or rent and their personal desires as to location.

To date, this hope has been realized. Of the four families which have purchased homes, one is across from the high school, another is near Central Elementary school, a third is in the 700 block of Seventh Avenue near the lake and the fourth is in the 800 block of Omaha Avenue. Rental properties occupied by Negroes are equally dispersed through the city.

Only two types of housing remain solidly white. As yet, no Negro has purchased or rented a home in a new real estate subdivision. No Negro person lives in the residential districts of highest real estate value (homes of $25,000 or more).

Should a financially qualified Negro seek to buy property in either of these two types of districts he apparently will be able to do so.

When asked for their position on sale of new homes, local builders went on record for open occupancy. Orville Appel, Wilfred Eshelman, Don Johnson, Lampert Lumber Co., Joe Roos, Schuster Bros., Dale Eckerson, Bowyer Bros., Art Leistico, Pat Seifert, Eilert Peterson, Gramstad Lumber Co., and Wendell Becker issued a statement in which they said, "We building contractors agree that sales of property and construction of homes shall be without regard to race, creed, color, or national origin."

Other builders issued individual statements. Gary Roos said, "Business is business and a Negro's money is just as green as mine. If he's got the money, I've got the time."

Mel Stangeland said, "If a Negro buyer comes to me and he is financially qualified, then I'm building him a house."

Builder John Van De Brake declined to comment on his policy.

Financing institutions are drawing no color lines. H. Marvell Tripp, Sr., of the Worthington Federal Savings & Loan Association says, "We are absolutely colorblind." He said financing for housing is based strictly on financial qualification.

He went on to relate that he has had only one inquiry about financing from a Negro customer.

Harry Dirks, president of the First National Bank, said his institution has had several inquiries but no formal applications have yet been submitted. If one is made, Dirks said it would be handled without regard to the race of the applicant.

Duane Amundson, executive vice president of the State Bank of Worthington, said, "We have a policy of no difference in treatment of Negro and white applicants for housing loans. Financial qualification is our only guideline."

He went on to say that his bank, through its real estate division, has handled the sale of one house to a Negro buyer so far.

Realtors have done more rental business with Negro families than they have sales of property. To date, four properties have been bought by Negroes. Two were handled by realtors.

Staubus Realty, 1026 Fourth Avenue, and the State Agency, 229 10th Street, each completed one Negro purchase. Ralph Brunner of Worthington Realty, in the Hotel Thompson building, had a house sold to a Negro woman but reported the woman changed her mind about remaining in Worthington and canceled the deal. Brunner said the initial downpayment posted by the buyer was returned, though such a refund was not required by law.

Most of the realtors have had the opportunity to show property to Negro prospects. Barlow Thurber, 415 11th Street, said he has shown houses to three Negro families. Weppler's Realty, West Lakeshore Drive, has shown houses to five or six different Negro families according to owner Bill Weppler.

Brunner said he has shown property to more than six Negro families. Staubus Realty and the State Agency each have shown homes to about a half dozen Negro families, according to Harold Staubus and D. S. Amundson.

J. C. Hagge of Hagge Realty, 1002 Fourth Avenue, noted he has shown property, but none of the showings has resulted in a sale.

Those realtors who said they have not yet shown homes to Negro customers include W. H. Rohlk Land Agency, 1008 Fourth Avenue, and Gary Prins Real Estate, 1234 Oxford Street.

Rohlk said he has received a few inquiries, but that none of them led to actual showings. Prins said he had no inquiries into purchase of homes but had received some rental prospects.

The six realtors who have shown property to Negro prospects generally concurred that the reason for so few sales was due to the fact the prospects could not meet financial requirements to close the deals.

In some cases, it was noted, Negro prospects still had to dispose of their former dwellings before they could afford to buy here.

All eight local realtors reported they have no specific policies relative to selling homes to Negroes. The consensus was they would do business with anyone who met financial qualifications.

Half of the realtors, however, indicated they have encountered sellers who request their property be shown only to white prospects.

The number of white only requests on the part of sellers was estimated at 1 in 50, 1 in 100, just a few, and very few, according to the 4 realtors who said they had run into this situation.

One agent said, "I won't argue with them. It's their property. The way they want to sell it is their business."

Another said, "Just a few listings are subject to restrictions and those are not only against Negroes but against anyone who would change the basic environment or social structure of the neighborhood."

Still another observed that if he is told not to sell to a Negro, he doesn't list the house on the open market because he "doesn't want the door slammed in my face" when he brings prospects to see the house.

As a practical matter, the realtors pointed out that white only listings are infrequent. Far more often, the seller's attitude seems to be, "I don't care who you sell my house to as long as he has the money," they said.

All realtors said they were opposed to a Negro ghetto or a special Negro district. In addition to being socially unfavorable, the realtors agreed that the threat of damage to property values within and surrounding the district would be greater.

Realtors report only light public pressure brought to bear upon them relative to selling houses to Negroes. One who made such a sale said he had one white family criticize him for doing so. The family was not even an immediate neighbor of the Negro family.

There are indications that more pressure is placed upon realtors in the matter of renting houses or apartments than in selling. One realtor, who claimed he had no "white only" listings for sale, did note that some persons who wanted his help in locating renters had requested no Negroes.

A far bigger problem appears to be the availability of rentals in Worthington. Most realtors observed that they had no rentals, restricted or not.

Realtor Prins summed up the rental scarcity here with this comment, "If I had 10 rentals available, I could fill them all right now."

The consensus of city realtors is that there are ample houses on the market here for any and all prospects who can meet financial requirements. There are admittedly some sellers who do not wish to do business with Negroes, but those instances are rare.

Real estate sales among Negroes have not been as brisk as some had anticipated. The major factor does not revolve around prejudice, but rather on the desire of Negroes to rent, rather than to buy property at the present time.

Weppler put it this way, "The demand to buy houses just isn't as great as was anticipated."

Brunner said he had noted no real estate panic in neighborhoods in which Negroes have purchased homes. Fairly typical is the feeling expressed by Doug Christoffer, Worthington insurance man.

Christoffer will be moving into a new home being erected on Omaha Avenue, just across the street from a Negro family. Christoffer said the fact that there was a Negro living in the neighborhood was of no concern to him in his decision to move there.

ROBERT KENNEDY DISCUSSES THE WATTS RIOTS

Mr. TYDINGS. Mr. President, millions of words have been written about the riots in the Watts area of Los Angeles. Each writer, of course, tends to view the causes and cure of Negro discontent from his own perspective. Someone has said that the economist defines the problem in terms of inadequate economic opportunities, the sociologist in terms of a failure of communication between Negroes and whites, the psychiatrist in terms of Negro family and personality patterns and the police official as a breakdown of law and order.

Each of these disciplines can shed a useful light on the problems, but few men are able to weave the various streams of thought together and present a coherent and balanced picture of what happened at Watts.

The junior Senator from New York, ROBERT KENNEDY, has made a remarkable speech on the Watts riots. He speaks with the experience and authority of one who had the day-to-day responsibility for nearly 4 years of determining our Government's attitudes and policies toward the civil rights movement. He has presented an analysis of the problem of Negro discontent in our major metropolitan areas that skillfully combines the insights of the economist, the sociologist, the psychiatrist, and the law enforcement officer. I ask unanimous consent that his speech before the New York State Convention of the Independent Order of Odd Fellows be printed at this point in the RECORD.

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

ADDRESS BY SENATOR ROBERT F. KENNEDY, STATE CONVENTION OF INDEPENDENT ORDER OF ODD FELLOWS, SPRING VALLEY, N.Y., AUGUST 18, 1965

"To visit the sick, to relieve the distressed, to bury the dead and educate the orphan"—these have been the commands of your order for nearly 150 years. In those years, you have grown and prospered in New York and in the Nation—because your principles are true—and because you have been true to your principles.

So I think I can thank you not just for myself as a citizen, but for all New Yorkers, for the work you have done. Your old age homes—your summer camp programs for poor children—your scholarship funds and assistance to medical research—these things have enriched the whole community. And your work has gone beyond conventional charity; your youth pilgrimages to the United Nations help to build in thousands of young people an awareness of world affairs and the place of the United States in the world.

It is because the International Order of Odd Fellows is such a concerned, active, group that I want to speak to you tonight about some of the events of the last week: about the dead and the orphans of the rioting in Los Angeles; about the sick and the distressed of all our urban ghettoes; about the hatred and the fear and the brutality we saw in Los Angeles; and about what we can and must do if this cancer is not to spread beyond control.

For it is clear that the riots of the last weekend were no isolated phenomenon, no unlucky chance. They began with a random argument between a drunken driver and a policeman; they could as easily have begun with a fight in a dance hall—as did the riots in Rochester; or with a policeman shooting a boy armed with a knife—as did the riots in New York; or with a fire engine knocking over a lamp post and killing a pedestrian—as did the riots in Chicago.

All these places—Harlem, Watts, South Side—are riots waiting to happen. To look at them is to know the reason why.

First, these are places of poverty. We know that the rate of Negro unemployment is twice the white rate—that the rate of Negro unemployment since World War II has been about 10 percent, far higher than the white rate has ever been outside of the great depression. But do we realize also—can we comprehend—that in many census tracts in the core of our cities the unemployment rate may be 25 or 30 or even 40 percent? In the Watts area of Los Angeles, the rate was 34 percent. And in Watts—as in the other areas of this kind—unemployment of young Negros may go as high as 75 percent.

Our society—all our values—our view of each other and our own self-esteem—the contribution we can make to ourselves, our families, and the community around us—all these things are built on the work we do. But too many of the inhabitants of these areas are without the purpose, the satisfaction, or the dignity that we find in our work.

And lack of work, means lack of money—and living in overcrowded, rat-infested housing—or even renting cars for a night to have a place to sleep, as many people do in the Watts area.

More important, these are places of blighted hopes and disappointment. Their inhabitants came North, in the words of one of them, feeling "as the Pilgrims must have felt when they were coming to America." But someone had neglected to tell the folks down home about one of the most important aspects of the promised land; it was a slum ghetto. There was a tremendous difference in the way life was lived up North. There were too many people full of hate and bitterness crowded into a dirty, stinky, uncared-for closet-size section of a great city.

"The children of these disillusioned colored pioneers inherited the total lot of their parents—the disappointments, the anger. To add to their misery, they had little hope of deliverance. For where does one run to when he's already in the promised land?"

Their disappointment is all the keener because of the prosperity and the affluence all around them. We are in the midst of the longest sustained peacetime expansion in history: median income of white families reached a record high of $6,237 in 1964. But median Negro family income was only $3,330—which means that nearly half of all Negro families live on incomes under the poverty line.

Disappointment and disillusionment have come also from our actions and our promises. We say to the young, for example, "stay in school—learn and study and sacrifice—and you will be rewarded the rest of your life." But a Negro youth who finishes high school is more likely to be unemployed than a white youth who drops out of school—and is more likely to find only menial work at lower pay. Indeed, according to the United States Department of Labor, "figures from the 1960 census suggest that the average nonwhite man who has completed college can expect to earn less over a lifetime than the white man who did not go beyond the eighth grade." Time magazine reports this week that one leader of the Los Angeles riots was a biochemistry graduate. We should not be surprised.

After all, we are very proud of the fact that we had a revolution and overthrew a government because we were taxed without representation. I think there is no doubt that if Washington or Jefferson or Adams were Negroes in a northern city today, they would be in the forefront of the effort to change the condtions under which Negroes live in our society.

But we have been strangely insensitive to the problems of the northern Negro. During the Birmingham crisis in 1963, I met with many northern leaders—businessmen, newspaper publishers, civic officials. I told them then that they would soon face problems even more difficult in their own communities. To a man, they denied that any such problem could arise in the North.

And now—even after the crisis has come—we continue to be surprised by how difficult the problems are to solve. In the last 4 years, the Negro has made great progress; and the Civil Rights Act of 1964 and the Voting Rights Act of 1965 are rightfully regarded as achievements of which we can all be proud. But as we are learning now, it is one thing to assure a man the legal right to eat in a restaurant; it is another thing to assure that he can earn the money to eat there. You may remember that when the Civil Rights Act went into effect, Mississippi civil rights workers had to go to great lengths to insure that all Negroes who tested the law had enough money to pay for a single cup of coffee.

But the southern civil rights movement is different from northern problems in more serious ways. In the South, the movement has been strongly led and relatively disciplined. Many of the leaders—men like Dr. King, Dr. Abernathy, Reverend Shuttleworth—have been ministers. All have preached and practiced nonviolence.

But unfortunately—and dangerously—northern problems are the problems of everyday living, in jobs and housing and education. They affect too many people, too directly, for involvement to be restricted to those with the patience, the discipline, and the inclination to practice nonviolence. The army of the resentful and desperate is larger in the North than in the South—but it is an army without generals—without captains—almost without sergeants. Civil rights leaders cannot, with sit-ins, change the fact that adults are illiterate. Marches do not create jobs for their children. So demagogs have often usurped the positions of leadership—each striving to outdo the other in promise or threat, offering unreal hopes and dangerous hate. The result is that during and after every riot, city and police officials have pleaded for leaders, for representatives of the Negroes who could negotiate an end to the violence and establish a channel of communication to the rioters. Each time, Negro civil rights leaders have frankly acknowledged their inability to lead the mobs or the neighborhoods from which the mobs have come.

Partly, of course, the absence of leaders capable of stopping violence is due to the fact that many of the rioters are simply hoodlums, with nothing more in mind than booty and the thrill of defying the law. In New York last year and in Los Angeles this year, there is evidence that many of the rioters came from other neighborhoods with the express intention of rioting. There is no question that hoodlums should be treated as such.

The time to consider the causes of hoodlumism is before or after—not during—a riot. Poverty and education programs do not stop bullets from killing or fire from burning. Any riot should and must be put down with the use of sufficient force to stop it quickly, with a minimum of damage to lives and property.

At the same time, we must realize that force by itself is no solution. After all, only a small minority of the Negroes of Los Angeles or New York or any of the other cities affected actually took part in the riots. The damage and destruction caused by this minority should warn us that we must do everything we can to keep more Negroes from becoming so disaffected that they feel they have little to lose from violence.

And one harsh fact with which we must learn to live is that just saying "obey the law" is not going to work. The law to us is a friend, which preserves our property and our personal safety. But for the Negro, law means something different. Law for the Negro in the South has meant beatings and degradation and official discrimination; law has been his oppressor and his enemy. The Negro who has moved North with this heritage has not found in law the same oppression it meant in the South. But neither has he found a friend and protector. We have a long way to go before law means the same thing to Negroes as it does to us. The laws do not protect them from paying too much money for inferior goods, from having their furniture illegally repossessed. The law does not protect them from having to keep lights turned on the feet of children at night, to keep them from being gnawed by rats. The law does not fully protect their lives—their dignity—or encourage their hope and trust for the future.

The problems I have noted I think indicate the general direction in which we must go; as President Johnson said at Howard University last month, we must move beyond the granting of rights to their fullment.

The first step is to move beyond thinking about this as a "Negro problem." The difficulties these people face are far greater because of the color of their skin; but the problems themselves are as various as ours are. The problems of a Negro mother without a husband are not the same problems faced by an unemployed Negro teenager. The difficulties of a youth addicted to narcotics are related to, but are not the same as, the problems this youth creates for the Negro family trying to build a decent life in the slum. The Negro child starting school with inadequate preparation does not face the same challenge as do his parents whose education ended in the fifth grade.

All of these people are handicapped; all need our help if we are to right what President Johnson called "the American failure," "the one huge wrong of (our) Nation." But if our help is to be meaningful, it must be directed at them as people—not as a single class labeled "Negro."

The second broad step we must take is to bring these problems into the political process—to make them the subject of public action. It is only when these problems are being dealt with in the political process can we expect to channel people's frustration and resentment and insecurity into constructive action programs. The drive for Negro voting in the South has been peaceful in large part because peaceful protest found in the Federal Government an audience and an authority capable of taking action and willing to do so. High unemployment among Negroes in the North has resulted in more riots than peaceful protests in large part because Government has not had the tools to directly affect the wide margins between Negro and white unemployment rates.

We have begun, with the poverty program, to deal with the problem. But the present poverty program is only a first step: its small size alone prevents it from reaching more than a part of those without jobs, without decent homes, without hope for the future.

I believe that the poverty program—and other vital efforts, such as Aid to Education—must and will expand.

But we need to do far more—in a far more urgent fashion. A way must be found to stop this waste of human resources and the resulting financial drain on the rest of the community. We cannot afford to continue, year after year, the increases in welfare costs which result when a substantial segment of the population becomes permanently unemployable. We cannot afford the loss of the tax revenue we would receive if these people were jobholders. We cannot afford the extra police costs that slums bring. Our slums are too expensive—we cannot afford them.

There will be much to be done at the State and local level as well—especially in giving to the poor a voice in the decisions which affect their daily lives. It is only by affording them such a voice that we offer them an alternative to the streets. It is only by inviting their active participation that we can help them develop the leaders who make the difference between a political force—with which we can deal—and a headless mob—with which no one wants to deal.

And more leadership will have to come from the Negroes themselves. Admitting all the difficulties of dealing with Northern problems it is still disappointing and dangerous that Negro leaders of stature have devoted their major efforts to the South—which is important, but is only one part of a larger problem. And too many Negroes who have succeeded in climbing the ladder of education and well-being have failed to extend their hand and help to their fellows on the rungs below. We will demand much of ourselves, in the years ahead. We should demand as much from the many Negroes who already share our advantages.

There should be no illusions, however, that any of all of these steps will usher in the millennium. Poor people and Negro leaders will make mistakes; there will be graft and waste. We will be tempted to run these programs ourselves for their benefit—until we recall the wisdom of Winston Churchill, who said that democracy is the worst form of government ever invented—except for all the others that have ever been tried.

But what we need above all is what you of the Odd Fellows have always given: a commitment to meet our responsibilities to the old and the poor, the widow and the orphan. We will need the direct assistance of groups such as yours: as sponsors of private nonprofit housing project and community organizations and employment programs—as tutors in educational programs and leaders in the community at large.

Three hundred and thirty-four years ago, on a ship sailing to New England, John Wintrop gathered the Puritans on the deck and said, "We must consider that we shall be as a city, set upon a hill, and the eyes of all people will be upon us."

The Puritans were in the middle of the Atlantic when they shared that vision of the city upon the hill. We are still in the middle of our journey. As long as millions of Americans suffer indignity, and punishment, and deprivation because of their poverty and our inaction, we know that we are only halfway to our goal—only half way to the city upon the hill, a city in which we can all take pride, a city and a country in which the promises of our Constitution are at last fulfilled for all Americans.

FROM DEMONSTRATION TO RIOT

Mr. BYRD of West Virginia. Mr. President, I ask unanimous consent to insert in the RECORD at this point an editorial which appeared in the Monday, August 23, 1965, edition of the Martinsburg Journal, Martinsburg, W. Va., regarding the recent Los Angeles riots.

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

[From the Martinsburg Journal, Aug. 23, 1965]

VIETNAM AND LOS ANGELES

This editorial writer, returning from a vacation and checking back over news events of the past 2 weeks, is finding it difficult to discover many differences in published photographs from the war in Vietnam and the rioting in Los Angeles.

To say the least, this is a sad commentary of what is going on today in these great United States of America.

During our vacation absence we also found one of our readers had written a letter to the editor deploring our comments concerning ministers leading and participating in civil disobedience. We note this is happening on both sides of the civil rights imbroglio where we see these ministers as active participants on both the side of the radical Ku Klux Klan and the radical groups on the side of those demanding more rights.

This writer does not profess to have any great knowledge of psychology but it would certainly stand to reason that the example set by these ministers, who are supposed to be good examples to the rest of us, taking unto themselves the right to decide which law they should obey and which they should not obey.

If this is becoming the basis for operating our once-proud Republic, then God help us and we say this in all respect and full conviction.

If we are going to permit the people of the United States to obey only the laws they choose to obey and disregard laws to which they are personally opposed, then we are moving toward anarchy.

We have already reached the point where we find masses of demonstrators demonstrating against other demonstrators. In fact, the demonstration business has boomed to the point that demonstrators who one day are demonstrating together, may be demonstrating against each other the following day.

The American people in the past have permitted excesses up to a certain point but they have always reached the point where the great majority are fed up, with the result some drastic action is taken in the other direction and thus the original cause is penalized rather than helped.

In the past we have heard much about hurting the American image in foreign lands. We have never much gone along with this idea because what our citizens do at home is no foreign country's business, particularly in view of the fact that these other countries are less able to maintain law and order and stability of government than we are, but in our present excesses, as represented by the senseless Los Angeles rioting, a good case can be built up in regard to image abroad. Certainly there are few foreign demonstrations which bring about death to 33 people, injury to many hundreds of others, and property loss estimated at $175 million, and yet that is exactly what happened in Los Angeles, a city regarded throughout the world as a place of culture, progress, and affluence.

It is high time, if not too late, for President Johnson to bring this so-called civil disobedience under control.

HISTORY OF THE ALAMO FLAG

Mr. TOWER. Mr. President, Marion Travis of the Waco News-Tribune and Times-Herald has prepared a succinct and compelling history of the Alamo flag which we hope will one day be returned to Texas by the Republic of Mexico.

Since this flag has been the subject of a resolution in the Senate, I ask unanimous consent to have the article from the Waco Tribune-Herald of August 15, 1965, printed in the RECORD for the information of other Senators.

All of us are indeed indebted to Marion Travis for compiling this well-written and important historical feature.

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

[From the Waco (Tex.) Tribune-Herald, Aug. 15, 1965]

THE ALAMO FLAG QUESTION

(By Marion Travis)

The U.S. Department of State's informal negotiations for the return to Texas of a shredded blue banner often called the Alamo flag is the latest in a year-long series of news developments concerning the historic piece of silk.

New Orleans Grays carried the flag into the Alamo in early 1836; Santa Anna captured it March 6 of that year. He sent it by courier to Mexico City where it remains today.

The lengthening flag story involves historians throughout the State of Texas, students of Texas history, newspaper and magazine writers, Peter Hurd's son-in-law, legislators, Gov. John Connally, U.S. Senators, Mexico City newspapers, personnel in Mexico's National Museum in Chapultepec Castle, and the reading public.

Lt. Gov. Preston Smith highlighted the drama Wednesday when he named Senators Charles Herring of Austin and Jim Bates of Edinburg to an interim committee authorized by resolution to negotiate for the flag's return to Texas.

However, it appeared doubtful last week that the committee would meet. House Speaker Ben Barnes does not plan to appoint committee members from the house. Such a committee seems to defy Gov. John Connally who steadfastly maintains Texas as a State cannot negotiate with a foreign government.

The Waco Tribune-Herald broke the current blue silk news story 1 year ago when publisher-collector Bob Davis and his wife, Mary Ann, returned from a long vacation including Mexico City. Davis wanted to see

the blue silk flag he had read about. He secured what he termed proof of its existence, but did not actually view the flag.

At this time Davis was the center of a small tempest in the Texas State Library where Peter Hurd's son-in-law, Peter Rogers, was at work on a 13- by 45½-foot mural of Texas history. Upon instruction from the Texas Library and Historical Commission and the State building commission, Rogers first crested his Alamo drawing with a red-green-white 1824 Mexican tricolor flag. This was in early summer 1964. Davis saw the painting, objected privately, then convinced Library Director Dorman Winfrey the wrong flag flew.

So instructed, Rogers took steps to replace the 1824 Mexican tricolor with the New Orleans Volunteers' blue silk banner favored by Davis and a few others.

Meanwhile the historical commission in Austin and researchers of the University of Texas pored over the matter. They voted against putting the New Orleans Grays' flag atop the Alamo painting.

Up went the 1824 Mexican tricolor again. No one could disprove Davis' stand, but tradition and several historians of good repute nixed the blue silk. Weary of the controversy, Rogers smoked the Mexican tricolor. The casual observer may not notice the standard surrounded in black smoke, some wafting across the disputed flag. The mural today is complete.

The issue excited the interest of William H. Gardner of the Houston Post. He went to Chapultepec Castle where he saw Mexican museum employees restoring the New Orleans Grays' flag. Return to Texas called for a review of the "Battle of the Flags" in Gardner's newspaper.

Shortly Representative W. H. Miller, of Houston, introduced a resolution in the Texas Legislature seeking a seven-man team of Texans "to treat with the Republic of Mexico for the return to Texas of that proud banner of the Alamo." Gov. John Connally soon said no. Dealing with foreign governments is the business of the U.S. Department of State. Meanwhile sparks continued to fly in Texas history circles.

Days pass, but only a few until Senator JOHN TOWER in Washington, D.C., introduced U.S. Senate Resolution 112 urging negotiations toward return from Mexico of a flag flown during the Siege of the Alamo as a further symbol of present good neighbor relations between the Republic of Mexico, the United States and the State of Texas.

Six Senators joined TOWER in sponsoring the bill: Senator HARRY BYRD, Democrat of Virginia; Senator CLIFFORD CASE, Republican of New Jersey; Senator A. W. ROBERTSON, Democrat of Virginia; Senator SAMUEL J. ERVIN, Jr., Democrat of North Carolina; Senator LEVERETT SALTONSTALL, Republican of Massachusetts; and Senator J. STROM THURMOND, Democrat of South Carolina.

Committee on Foreign Relations got the resolution June 11. Last week the Department of State assured Senator TOWER it would enter into informal negotiations concerning the flag. The Texas Senator will not press for passage of his bill.

No public word is yet spoken by Mexican officials. Only reports come from Gardner in the Houston Post, and a story by Mario Huacuja in Novedades, a Mexico City daily newspaper. Both reporters saw the blue silk banner being painstakingly restored.

Jamie Plenn of UPI says Governor Connally's recent 4-day visit to Mexico and a visit of West Point cadets has revived exchanging flags talk in Mexico City. Mexican student and labor groups are reported to be asking the Mexican Government to recover a Mexican flag reported to be in the war trophy chamber of the U.S. Military Academy in West Point.

Mr. TOWER. Mr. President, I also ask unanimous consent to have printed in the RECORD a letter concerning the Alamo flag which I have received from Mr. José G. Estrada-Rivas of Mexico City.

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

THE LIBRARY OF CONGRESS,
LEGISLATIVE REFERENCE SERVICE,
Washington, D.C., August 3, 1965.

[Translation Spanish]

Mr. JOHN TOWER,
Republican Senator for the State of Texas, U.S. Senate, Washington, D.C.

DEAR SIR: The press of this country published the notice from the Department of State of [your] country, dated July 30 last, stating its willingness to discuss with Mexico the return of the American flag captured in the Battle of the Alamo, in Texas, by Mexican soldiers in one of the armed fights which occurred between 1846 and 1847.

I am the author of the movement for recovery of the Mexican flags captured in such armed actions. I initiated this action after my visit to Washington and to West Point in 1946, the occasion of the first centennial of those battles. I feel that the return of those banners would help to strengthen the friendship between our two nations, forgetting those differences that still exist even though many years have passed.

After much insistence before the American Embassy here, the White House, and lastly, before the American Legion in Indianapolis, the Mexican flags were returned, not in 1947, as had been hoped, but in 1950, with deserving honors.

Don't you agree, Mr. TOWER, that the reconstruction of the battle of the Alamo, with the return of the captured flag, would accent the closing chapter that was sought in the return of the Mexican flags?

[Following in English:]

P.S.—Excuse me that I can not write to you in your own language, because my english is not plenty [sic].

Mr. JOSÉ G. ESTRADA-RIVAS,
Ave. Oaxaca 116,
Mexico 7, D.F., Mex.

Translated by A. Lawrence Buchanan, August 17, 1965.

FARM LEGISLATION

Mr. MONDALE. Mr. President, on August 16 through 18, the Minnesota Farmers Union flew in some 80 businessmen, farmers, cooperative managers, merchants—all at their own expense—to talk to Senators and Representatives about the farm programs and farm legislation.

Mr. Edwin Christianson, president of the Minnesota Farmers Union, brought with him over 150 letters from Minnesotans interested in strong and vigorous farm programs, but who were unable to travel to Washington to meet with their Congressmen. These letters represent a broad cross-section of the community: farm machinery dealers, automobile dealers, truckers, food store managers, wives of farmers, farmers, bank presidents, school leaders, cooperatives, chambers of commerce, attorneys and newspapermen. They are unanimous in pointing out that their livelihood, and the vitality of rural America—both on the farm and off—depends upon adequate farm income. They bear testimony to the fact that 38 percent of our Nation's work force is intimately connected with the production, handling, processing, and retailing of food and fiber products. They bear testimony to the fact that further decline in farm income will seriously affect this segment of the work force, and that our economy cannot afford such a blow.

Mr. President, I ask unanimous consent that these letters, representative of all of them, be printed in the RECORD at this point. I wish that all of them could be read and printed, but I do not wish to delay the Senate unduly.

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

HADLAND & OSTERUD, INC.,
Ostrander, Minn., August 14, 1965.

To Whom It May Concern:

Our business being entirely dependent on the farm trade it is of grave concern to us that the American farmer get a fair price and profit for his product.

The expense of the farmer is raising all the time, including farm machinery, and at the present income of the farm family it is almost impossible for him to purchase new equipment to update his operation and put it on a more economical and profitable basis.

The trend is going to bigger farms with the small farm unit being forced to quit. The American way of life was started by the small farm or business and we think they should be able to continue if they so desire. Any legislation or group that will help this situation we will support 100 percent.

Yours truly,

HADLAND & OSTERUD, INC.,
OWEN HADLAND.

BUYSSE MOTORS, INC.,
Minneota, Minn., August 12, 1965.

To Whom It May Concern:

I am an automobile and truck dealer in Minneota, Minn. I have been in this business for 26 years, I am now 47 years of age, been married 24 years. We have a son who is just finishing 4 years in the U.S. Navy in September and he is going to come into the business with me. We have three daughters that have finished high school, two of them have finished their college career. My youngest daughter is 8 years old.

I have been deeply concerned of the plight of the farmers in this territory and of the diminishing farms, which means less people and less potential for businessmen in small towns.

In talking to some of the farmers in this territory they tell me it is costing them pretty close to $60 per acre to raise an acre of corn. At the present price that doesn't leave the farmer very much for depreciation of a $6,000 tractor and a $10,000 combine, and taxes that run from $2 to $5 per acre, in comparison to what the farmer is getting for his commodity, and to what he has to pay for his automobile and machinery, it is way out of proportion. One farmer told me this morning he paid $800 taxes on a quarter with buildings. Needless to say they are having a tough time.

We are about 85-percent dependent on the farmer in the territory. We have no manufacturing in our town or any of the surrounding towns where we do business.

As far as the farm practices in our territory I cannot think of one poor farmer. They are all doing a real good job of farming following the farm program and using soil conservation prices.

Farming has gotten to be a specialized operation. One thing that I have noticed is that if a farmer has chickens, he has 10,000 layers, if he has cattle he goes into that in a big way, therefore having a price on one farm commodity will be not good, it must be a good fair price on all farm commodities.

We have hybrid seed corn growers and also certified seed, grass and grain growers in this community.

The 10-year soil bank system has been a farce. I have seen whole counties put into the soil bank, think of the harm that does to the small businessman. I recommend the present farm program by taking a percentage of the farm each year.

I sincerely encourage your support of the dairy bill, which Senator McCarthy and Senator Walter Mondale have introduced. The extension of the present farm program with improvements that would bring farm commodity prices up to full parity.

I ask your support in stimulating the agricultural economy in the Midwest.

Sincerely,

Walter Buysse.

Jacobson Transport,
Wheaton, Minn., August 15, 1965.

Hon. Walter F. Mondale,
U.S. Senator,
Washington, D.C.

Dear Senator Mondale: Our community is facing a serious economic crisis in spite of the fact that the harvest indicates that the farm production should be good this year. We are entirely dependent on agriculture in this part of the State, and we are feeling its problems.

As you know, the prices received on the farm are woefully inadequate as compared to other sections of the economy. As the costs of production have soared, farm prices have sagged. All efforts aimed at increasing the economic benefits to other areas seem to further depress rural areas, since these efforts have a tendency to increase the cost of the things the farmers must buy.

When a farmer fails and leaves the farm, he moves to the metropolitan area, as part of the unskilled work force, often becoming a public charge, aggravating the housing problem, and all that goes with this type of social upheaval. Back in the rural area his business is missed, and successful businesses become marginal, and more of them fail.

We have heard that the minimum wage is to be raised, and that the provisions of the wage and hour laws are to be expanded so as to apply to small businesses and to farmers. While this might help in larger population centers, the result in our area would be the abandonment of more farms and the closing of small businesses on main street in our towns.

If something can be done to raise farm prices, we can cope with the rest of the problems. If not, we can expect our problems to increase. I know that you are familiar with most of this situation, and we hope that you can help with the solutions. Your efforts are appreciated.

With kind personal regards.

Very truly yours,

Lawrence Jacobson.

Wheaton, Minn.,
August 14, 1965.

To Whom It May Concern:

As a Farmers Union county and local youth officer and the mother of three children, I am very concerned about the rising percent of juvenile delinquency. Every day when I read the paper I shudder when I read what horrible things juvenile delinquents are doing. I think a lot of this can be prevented if we kept the family farms and small towns. The smaller the gang the easier our police can handle them. The smaller the gang the harder to talk them into trouble, as they can't get enough followers. In return the less juvenile delinquency the less our tax dollars for institutions, increased police forces, courts, etc. So why not do something to keep them down on the farm?

Another thing that gripes us farmers is the attitude of other occupations thinking they are above us. It makes our morale so low sometimes it gives us an "I don't care" feeling, which is bad for any country. The first man God created was a farmer so it shows you how important he is. Still the big city people have the idea the Government is feeding us from a gold platter and we do nothing. Why not let the country know the U.S. farmers are the most efficient people there are? Why not take money spent on food for school lunch programs out of agricultural expense and put it under educational expense where it belongs? Why not take food for charity or welfare and put that expense where it belongs? Why make the city people think the Government is spending more for the farmers than it is? Why not say, as Secretary Freeman says, that the farmers have been subsidizing the consumer, which is perfectly true.

I can't call it justice when a farmer has a poor grade of eggs, or grain, or beef, he gets a cut price or they are rejected entirely, but a doctor can do a very poor job; in fact, one made me deaf, ruining my whole life; a lawyer can be so crooked he can get the life savings away from people; a teacher can do a very poor job of teaching, but we still have to pay their prices, which are sky high compared to ours.

We are not asking for any handouts. We feel we deserve a fair share of every dollar, and we want to be treated with just as much respect as any other occupation.

Many young people would like to farm more than anything else. I have two boys that are interested in farming and I think both are intelligent and ambitious enough to make very good farmers. However, I'm trying to discourage them from farming as I never want them to have to put in the 18 or 19 hours of work a day, 7 days a week, 12 months out of the year like their father had to do until he was 45 years old, just to make a decent living, no luxuries. We have only had two vacations in 24 years of married life. Neither do I want their wives, if they marry, to do half of the work I've had to do just because I live on a farm. I have taught school, clerked in a store, and spent 4 months in the cities, so I know a little of what other workers have to do.

So if something isn't done soon to give the farmer an honest wage for his work we can't expect the youth to take our places, and I don't know who is going to feed the world when we people get older and can't farm any more.

Sincerely,

Mrs. Alvin Vollmers,
A Farmer's Wife.

Ostrander State Bank,
Ostrander, Minn., August 13, 1965.

To Whom It May Concern:

Ostrander, Minn., is located in a rich agricultural area in southeastern Minnesota. It is a small town with a population of about 225 people and has the usual number of business places, including a bank.

I have been managing officer of the Ostrander State Bank for more than 36 years and I feel a deep concern for the farmers in the area because of continually rising prices on everything they buy and depressed prices for what the farmers produce and sell. I am also concerned because of the advancing age of so many of today's farmers. The younger men and women leave the area because of high salaries and fringe benefits that can be obtained in the larger cities.

In this area more and more of the buildings on farms of 160 acres or less are vacant as a neighbor will rent the land and no one will occupy the buildings and they quickly fall into disrepair.

I believe if farmers received their fair share of income in line with his work and investment that nearly every farm will be occupied and the young people would remain on local farms instead of migrating to larger towns and cities.

Yours truly,

Elmer Anderson,
President.

First National Bank,
Moorhead, Minn., August 13, 1965.

Dear Congressmen: I would like to express my personal views on pending farm legislation and farm programs. My political views have a tendency to lean to the conservative side. However, being closely associated with agriculture all of my life, my views on this segment of our economy are more on the liberal side.

I feel our farm programs are definitely lacking in one aspect, and this at the present is our grain price supports. I would definitely be in favor of 100 percent of parity support. We as consumers have benefited for many years at the farmer's expense even if we figure in our cost of our farm programs.

There is no doubt in my mind that our money spent for farm programs is "money well spent." I wonder many times if we should not label our agricultural programs with the label "consumer programs" because we as consumers are definitely being subsidized. I do feel that we would not have the problems that face us today with this label.

I know the financial problems that confront our farmers in the Red River Valley, which I feel is one of the best farm areas in the United States. These problems become much more apparent in other areas that do not have the potential of our area.

I would like to ask these questions for your consideration:

1. When are we going to orientate our programs to and for the farmer?
2. Are we going to continue to support many of our foreign countries?
3. Can we get rid of our surplus grain in the "food for peace" program?
4. Is the cost of our farm programs excessive?

Maybe I have left too much to be read between the lines; however, I feel it is about time we give our farmers a break. I feel for what it would cost the taxpayer, including myself, it would be money well spent.

Very truly yours,

Curtis J. Johnson,
Assistant Vice President,
Agricultural Representative.

Independent School District No. 735,
Winthrop, Minn., August 13, 1965.

An Open Letter to the Legislators:

In recent years much has been said about the rural areas becoming the forgotten areas of America. It appears that the young people must leave the rural areas and farms, migrate to urban centers if they are to find the means of making a living and raising families. Many of these young people and young couples would prefer to reside in areas away from the congested urban centers.

Perhaps some thought should be given to offering some help to rural areas to provide job opportunities for young men and women. Encouraging small industries to settle in smaller communities would be one way of helping; enacting farm legislation that would bring more direct help to the small farmer would be another; encouraging the construction of junior colleges in rural areas would be still another way to encourage young people to stay in rural America. Any one of the items mentioned above, and these are but a few possibilities, would be of great value to the rural areas of this country.

It appears that the aid the Federal Government has offered to date has been geared to the large metropolitan areas, to big industry, and to the huge farms. I think it is time to give serious consideration to rural

communities, small industry, and the family farm by helping these areas of our economy grow. Assistance in these areas would benefit all facets of the national economy as well as the rural areas.

Yours truly,

ROBERT F. PARKER,
Superintendent of Schools.

WARROAD COOPERATIVE
CREAMERY ASSOCIATION,
Warroad, Minn.

To Whom It May Concern:

The Warroad Cooperative Creamery and the surrounding community are largely dependent on the dairy industry, but it seems that many of our farmers are not able to make a decent living on the farm are taking jobs on the outside or leaving the farm.

We understand that there is a possibility that some lands will be put back into soil bank in the near future. We hope this will not happen as we need the land as an incentive for farmers to stay on the farm.

We believe that a higher tariff on beef would be an aid to farmers as imports from the outside are causing hardships on beef cattle farmers.

We hear talk about Government subsidizing the farmers, but we believe it is very small compared to subsidies paid to some of our large industries in the United States.

We hope that the Government will soon realize the plight of the farmers and do something about it as we all know the farmer is the backbone of our national economy.

WARROAD COOPERATIVE CREAMERY.

WARROAD CHAMBER OF COMMERCE,
Warroad, Minn., August 13, 1965.

To Whom It May Concern:

It has come to our attention that Congress is dragging its feet when it comes to a new farm program. In this present day when we are spending billions to help other people, we are forgetting our own people. It is our opinion we should look after our own first.

The farming industry has been on the decline for years. This decline is hurting the economy of our small village as it is the rest of the Nation. We are dependent on the farmers business. The farmers are being driven off of the farms due to low prices.

Two things come to our mind for immediate help. No. 1 would be to raise the farm parity; No. 2 would be the rapid completion of the Warroad River Watershed Project, which would aid in the drainage problem of our area.

We hope that immediate action can be taken to help restore the economy of this depressed area by putting in a new and effective farm program.

Sincerely,

JOHN R. HENEMAN,
President.

STAHLER, GIBERSON & COLLINS,
Morris, Minn., August 12, 1965.

To Whom It May Concern:

The economic plight of agriculture is obvious to anyone who resides in West Central Minnesota. The exodus by the farmer and the business and professional man who are dependent upon him, the abandoned farm buildings, the empty buildings up and down the main streets of the villages and cities, the paucity of building activity, and the defeatistic attitude of the many inhabitants of the area, are mute testimony to this great problem.

As a lawyer, I am in daily contact with these problems and, in that I prepare a considerable number of tax returns for farmer clients, I well know that for many years the prices that the farmer has received for food and fiber have diminished while the cost of production has risen to a point where there is a very little difference between the two. Under the present farm program, I fear that this condition will not improve and in fact will worsen.

Unless this unfortunate situation is changed and with great rapidity, west central Minnesota will become a little Appalachia.

It would appear that this area's economic problem would be relieved to a great degree with the passage of the proposed omnibus farm bill—at least this would be a step in the right direction—and I would certainly urge that every effort be made so that this bill becomes law.

Yours truly,

DONALD R. GIBERSON.

LEWISVILLE, MINN.,
August 14, 1965.

To Whom It May Concern:

As businessmen in a small town, we are concerned with the loss of farm families in our area and the economy of those remaining. Since this is a farm community, our businesses depend on the welfare of the farmer. Our ability to remain in business depends on their trade.

The recent trend for the younger people to leave the farm for work in larger cities is due to the low income the farmer is receiving. We feel it is greatly important that an effective farm program be established to meet their needs.

Not only are the young people of the farm leaving, but, because the future of small-town businesses are uncertain, our young people in our small town are also leaving for employment in larger cities. This situation is also disastrous to our businesses. Therefore, the existence of small towns depends on such a farm program which will effectively help small towns, as well as the farmers.

Sincerely,

Glen A. Davis, Glen's Appliance & Hardware; Henry Johnson, Mayor of Lewisville-Produce Owner; John Haycraft, Livestock Buyer; M. C. Bachman, Bachman's Restaurant; Delbert C. Wiedakop, Gamble Store Operator; Bernice Haycraft, Lewisville Spotlight News-Agriculture Enumerator for 1964.

Warren Denn, Lewisville Motor Co.; Ronald Johnson, President of Commercial Club and Grocer; G. C. Westumann, Creamery Manager; Leonard Hedation, Lewisville Farmers Elevator Manager; Lowell Flitter, Flitter's Machine Shop; Dean Haycraft, Former Privately Owned Grocer, Now Food Processing Employees.

SAUK CENTRE HERALD,
Sauk Centre, Minn., August 12, 1965.

Senator EUGENE MCCARTHY,
Senator WALTER F. MONDALE,
Leaders of Agricultural Committees:

As editor of the Sauk Centre Herald, I come into close contact with farmers in this rural community, and with the businessmen in our city of approximately 4,000 population.

Farmer and city dweller alike are increasingly concerned over the price of farm products, and the inevitable unfavorable reflection on the businessman. The economy of areas like our own (and there must be hundreds of them much like the Sauk Centre community throughout the United States) is closely bound together between farmer and merchant. One cannot survive without the other.

We say honestly that we are very proud of our Main Street, as inhabitants of the rural areas almost always are.

That is why we are so distressed at the sight of vacant farm buildings that dot our pleasant fields, and at the blank store windows that face us in the small towns.

Rural America needs help. We are willing to help ourselves, and recognition of the problems we have is the first step toward solution.

I heartily endorse this fly-in, with the hope that progress will be made from these exchanges of information and ideas.

Sincerely,

ALLAN J. OGLE,
Editor, the Sauk Centre Herald.

WINTHROP HATCHERY,
Winthrop, Minn., August 15, 1965.

To Whom It May Concern:

For several years now, many farmers and business people in communities, such as ours, have written to our Senators and Congressmen in regard to the severe deterioration of the farm economy in our Midwestern States. Yet nothing of any value has been done.

It is a well-known fact that the strength of any nation lies in the productiveness of its lands—not only in mineral and timber, but also in the production of its farmlands. The mainstay of our economy has been the people who own and operate these lands. Large corporate farms will surely put our small farmers in the Midwest in a state of serfdom, a trend which seems to be condoned by not only many Senators, Congressmen, and agricultural experts, but also by our President. The thing that brought many a European nation to its knees was the fact that its government forgot the people that were the very backbone and strength of the nation; namely, the average-sized family farmers.

What would the large corporate farm operations do to the Midwest economy, or for that matter the national economy? They would—

(a) Deprive the Government of much needed taxation.

(b) Bankrupt thousands of small businesses.

(c) Take away the livelihood of many small farmers reducing them to virtual serfdom.

(d) Put many more on our overworked dole system.

(e) Cost millions of dollars to retrain these people for jobs in other fields, many of which are already overcrowded.

(f) Take away the very thing that has made this Nation strong—namely the independence and pride of a strong people.

Because of the fact that very little has been done to help the small farmer in the Midwest, the movement of corporate farming is coming closer and closer to reality.

Yes, it is high time something is done to help the economy of the small depressed Midwest farmer. A vigorous program to bring farm prices up to parity and to restrict imports of commodities which our farmers produce in any sizable abundance, such as beef, etc., is definitely needed. Also we should restrict making our knowledge available to other nations, who because of lower labor costs, can afford to export the products to this country in competition with the same product produced here by our own farmers.

Sincerely,

MAX E. WITT.

The PRESIDING OFFICER. Is there further morning business? If not, morning business is closed.

FOREIGN ASSISTANCE ACT OF 1965—CONFERENCE REPORT

Mr. MORSE. Mr. President, I ask unanimous consent that the conference report on the foreign aid bill be laid before the Senate.

Mr. FULBRIGHT. It was laid before the Senate yesterday.

Mr. MORSE. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Oregon will state it.

Mr. MORSE. Mr. President, is the conference report on the foreign aid bill the unfinished business?

The PRESIDING OFFICER. The Senator is correct, but it would not come before the Senate automatically until 2 o'clock.

Mr. MORSE. Mr. President, I ask unanimous consent that the conference report be laid before the Senate now.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 7750) to amend further the Foreign Assistance Act of 1961, as amended, and for other purposes.

Mr. FULBRIGHT. Mr. President, on the adoption of the conference report, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MORSE. Mr. President, in expressing my reasons for refusing to sign the conference report as a conferee, and in stating my urgings upon the Senate that the conference report be rejected, I wish to make a brief statement setting forth my appraisal of the parliamentary situation that confronts the Senate.

I believe it is well known in the Senate that I believe it is not in the interest of my country to continue foreign aid on the basis of its present format. I have taken that position for the past several years. I yield to no one in my support of the theory of foreign aid. I would yield to no one in trying to work out a foreign aid program that I would think would be in the best interests of my country.

Unfortunately, the conference report does not advance that cause but, in my judgment, sets it back, for reasons which I shall shortly explain.

I am also fully aware of the parliamentary situation that prevails in this debate. I do not care to participate in an exercise in futility.

There are some parliamentary proposals that I could make this afternoon, such as I made in committee. However, I am satisfied that the result would be the same in the Senate as they were in the committee.

I have tried in my 20 years in the Senate to cooperate with my colleagues in the Senate and face up to the parliamentary realities that confront me. Therefore, I shall make my major arguments in opposition to the conference report, but I do not intend to make any motions which are available to me to make. In making such motions, in my judgment, I would be engaged in an exercise of futility. I could make a motion to send the conference report back to conference with instructions, or a motion to send the conference report back to conference, urging that the Senate conferees give further consideration to a proposal I made in conference, that we urge the House to adopt a continuing resolution that would continue foreign aid on the basis of the authorization of last year.

Mr. President, we all know what the result of those motions would be. They would be overwhelmingly defeated in the Senate. I speak respectfully of my colleagues in the Senate. At the present time there is a combination of motivations in the Senate that assures the senior Senator from Oregon that due deliberation on such proposals would not be given in the Senate.

Most of my colleagues are anxious to adjourn sine die. I have already pointed out that I thoroughly oppose Congress adjourning sine die while American boys are dying in southeast Asia. I have pointed out many times in statements in the past 2 or 3 weeks in the Senate that I believe that Congress ought to stay on the job as long as the war continues in southeast Asia to carry out a basic protection of the American people set forth in the Constitution—the function of Congress to constantly maintain a checking power upon the executive branch of the Goverment.

I cannot understand the point of view that I am satisfied prevails in Congress, that we should close up parliamentary shop, so to speak, go home, and leave the prosecution of an undeclared war to the President of the United States, the Secretary of State, and the Secretary of Defense, with no 24-hour check by the Congress of the United States, until such time as the President might decide to call us back in special session.

I have been heard many times here in the Senate in the expression of my view that there is a rapid trend in this country toward the development of a country by executive supremacy, thereby weakening and undermining and undercutting our system of three coordinate and coequal branches of the Government, each branch constitutionally serving as a check on the other two.

That is the reality that confronts me. My voice will continue to be somewhat of a cry in a parliamentary wilderness, so far as Congress is concerned, but I never give up hoping that eventually the American people will come to a full realization of what such a procedure is doing to what I consider to be very precious constitutional rights of theirs in respect to the operation of our system of checks and balances.

Facing that reality, let this record be crystal clear that the senior Senator from Oregon is not going to offer any of the motions that he might offer—motions to send the conference report back to conference, or to urge the Senate to instruct its conferees to try to have a continuing resolution passed in conference.

I offered that resolution to the Senate conferees. It was defeated, 6 to 1, in conference. Therefore, nothing, it seems to me, could be gained by making a vote record here on the measure in the Senate. My statement makes the record. If I could get the slightest indication of any substantial support for such a motion, I would make it.

I do not propose to take up the time of the Senate in consideration of such a motion when each of us can take judicial notice as to what the result would be.

However, the American people are entitled to have Senators go on record by a rollcall vote of approval or disapproval of the conference report. I appreciate very much the cooperation of Senators and express my thanks to Senators who agreed to the rollcall vote for which I asked. In not so many minutes, that rollcall will result in every Senator standing up and being counted for history with respect to this conference report.

The conference report brought back by the Senate conferees is another retread on the same foreign aid program that has produced little or nothing for American foreign policy in the last 5 years except stonings, burnings, and assaults on American property in many parts of the world. It is a victory only for those, in both the Congress and the executive agencies, who prefer to wash congressional hands of control or responsibility over the program. It means another year of blank check to AID and the Departments of State and Defense to spend close to $3.5 billion for whatever purposes they see fit.

Let me point out to the American people that the foreign aid bill which has been referred to by this administration as a "bare bones" bill is not a "bare bones" bill at all—$3½ billion—in round numbers—is a great deal of money. When one talks to the senior Senator from Oregon about foreign aid, he must talk to him about all aspects of a foreign assistance program.

It is interesting how the AID people in the State Department like to departmentalize foreign assistance, and how they like to keep different programs of foreign assistance in watertight compartments. But they cannot do it. So let the record show that, in round numbers, our total foreign assistance is nearer $7 billion, because we must take into account all the other programs and all of the other agencies that spend the American taxpayers' money in the field of foreign assistance.

I shall have something to say before I finish about the alibi of the State Department and the AID people that a part of that program involves loans. They were hurt in the annual debate on foreign aid in recent years in connection with giveaway or grant programs. The State Department and the AID people are masters in the use of semantics, and they use language to deceive the American taxpayers.

One of the characteristics of our foreign aid program is spelled out by the letters of the word "deception." The American people are constantly being fooled by the propaganda of the State Department and the AID officials in respect of the nature and content of foreign aid, because foreign aid is not what those in the State Department call it. Foreign aid encompasses all of our foreign assistance program.

I urge the American people to insist upon an analysis of the total foreign assistance program, which is in the neighborhood of $7 billion, in spite of this administration's allegation about this bill being a "bare bones" bill.

In recent years, the Senate has reflected a deep discontent over the standards and objectives of the foreign aid

program. We have said a lot about it; and we have adopted some amendments that explored the fringes of the jungle. But in the end, we have invariably yielded to the House, which reflects a more pure and unadulterated view from the seventh floor of the State Department than does even the Senate.

What the Senate conferees brought back to the Senate was a capitulation to the other body, meaning a capitulation to downtown. There is not a word or a sentence that holds the hope of any future changes for the better in the management or the objectives of foreign aid. As Senators know, the key issue in conference was the package amendments placed in the bill by the Senate Foreign Relations Committee. They called for authorizing the program for 2 years, after which it would end in its present form and during which time a joint House-Senate committee would reconstruct new format for aid, including much of food for peace.

This arrangement provided the machinery for a congressional review, not another administrator review, of aid, but a congressional review of aid in all its manifestations.

Until this Congress assumes full responsibility for a review of aid, an adequate review of AID will never be accomplished.

If anyone believes that the State Department or the AID people are going to conduct a critical review of foreign aid, he could not be more mistaken. If people believe that, they are highly gullible, because we have had the oft repeated promise from the State Department and the AID personnel, year after year, that they intend to put their house in order.

As I said to the Secretary of State and Mr. Bell, the Director of AID, when they appeared before the Foreign Relations Committee not so many days ago, I remember an official spokesman for the administration coming to see me after my minority report last year—which I shall place in the record later this afternoon—telling me that he found it very difficult to quarrel with many criticisms in that minority report, and suggesting a series of meetings with me, to be participated in by the State Department and AID representatives, before the administration submitted a foreign aid bill the next year, to see if we could not reach an understanding on the necessary modifications that would remove some of my criticisms, which he admitted were sound.

As I said to the Secretary, Mr. Rusk, and Mr. Bell, the other day, I took the position that I was not going to meet with them alone, but I would be glad to meet with them if all members of the Foreign Relations Committee were invited to attend the meeting; that I highly approved of such an approach to the foreign aid program. It was satisfactory to them. No such sessions were ever called. I continue to stand willing and able to participate in such conferences. All I can say is that I hope between now and next year such conferences may be held. But such conferences do not replace the primary responsibility of the Congress to conduct a thorough investigation of foreign aid and come forward with a foreign aid bill that removes the great abuse and waste that exist in the present foreign aid program.

I point out that the purpose of the joint committee, which the Foreign Relations Committee approved of, which I proposed, and which the chairman of the committee [Mr. FULBRIGHT] endorsed, and to whom I am greatly indebted for cooperation with respect to this proposal, was to consider the whole field of financial and military assistance programs abroad, to judge of unity of purpose or lack of unity, to consider whether our assistance was aimed at sound and reasonable objectives, and to establish what new guidelines for future aid, including its administration, might seem desirable.

It became known in debate, covering a good many weeks' deliberation, as the Morse amendment. We coupled it with the Fulbright amendment. Although I do not believe in having an authorization bill beyond a year, I did admit, as a result of the discussions which we held in committee, that we could not very well have the program of analysis, study, and review which my amendment called for, in a year. It would take at least a year and a half, which would then put us in a position to put into proposed legislation the recommendations resulting from such a study.

The Morse amendment included a provision that all foreign aid, as we now call it, should come to an end at the beginning of fiscal year 1967, and that foreign aid would start anew, but on the basis of a different format. My amendment provided that instead of the large number of countries upon whose foreign aid programs we are throwing hundreds upon millions of dollars of American taxpayers' money, the number of countries would be reduced to 50.

Debate shows that I stated there was nothing magical about the number 50, that if the special committee which was to be set up under the Morse amendment found that the number should be less than 50, or more than 50, then whatever the number which could be supported would be substituted for the 50.

That was the program I offered. That was the program the Foreign Relations Committee unanimously accepted. That was the program adopted by the Senate and which went to conference. But we coupled with it the Fulbright proposal for a 2-year period for the study and drafting of a new foreign aid program. It was all thrown out the window, so to speak, in conference; and now we bring it back as a Foreign Relations Committee amendment to the Senate, with no aspect or element of the procedural reform features of the bill which went through the Senate. Not only that, but as I hope to show before I finish, we have worsened the situation.

The conference report entirely abandons the machinery of the Fulbright amendment and the Morse amendment, despite its unanimous approval this spring by the Senate Foreign Relations Committee.

In announcing the conference agreement, the Senator from Arkansas [Mr. FULBRIGHT] stated that the Senate conferees had abandoned the Senate's package amendments after placing reliance upon two factors. He said:

> With respect to the 2-year authorization the Senate conferees receded on the basis of (1) the willingness of the House Members of the committee of the conference to urge their House colleagues next year to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years; and (2) the statement of the Secretary of State when he met with the Foreign Relations Committee on August 12, 1965, that next year the administration expects to request that the multiyear principle adopted by the Congress in 1961 and 1962 for development lending be extended to include all other authorizations contained in the foreign aid bill to be proposed early in the next session of Congress.

I am hopeful—

The Senator from Arkansas continued—

> that next year with the support of the administration and with the agreement—

And I emphasize this—

> of the House conferees to examine a longer term authorization with the greatest care that some headway may be made so we may get away from the dreary cycle of 1-year aid programs.

Mr. President, I speak most respectfully. The Senate conferees did not get any agreement out of the House conferees. There is no agreement in that language. All Senators should have sat in on that conference and observed the wry smiles which crossed the faces of some of the House conferees. They gave us some language, but the language spells out no agreement whatsoever. There is no commitment from the House conferees in regard to any 2-year foreign aid program.

Let me say most kindly that it would have been better if the majority of the Senate conferees had not even used that language, because it misleads the American people.

I wish to spend a little time on it, Mr. President, because I wish to answer now the argument which will be made by many who will be misled by this language. I say to the American people that the Senate conferees brought back no agreement from the House conferees whatsoever in regard to any 2-year program for foreign aid beginning next year.

The language of the chairman of the Senate conferees shows that to be clear. I quote the Senator from Arkansas [Mr. FULBRIGHT]:

> The Senate conferees receded on the basis of, one, the willingness of the House Members of the committee of the conference to urge their House colleagues next year to examine with the greatest care such proposals as may be submitted authorizing foreign aid programs for 2 or more years;

Mr. President, what does that commit them to?

The language is completely meaningless so far as any binding effects upon any House conferees is concerned.

Point No. 1, there is not a Senator or Representative who knows who the House conferees are going to be next year.

Point No. 2, what the House conferees said to the Senate conferees in effect was, "All right, you recede and we will tell you that next year we will examine your proposals with the greatest care."

That is not even as valuable as an infertile goose egg so far as having any value in connection with an agreement is concerned. They committed themselves to nothing.

I am sorry to say that what they did do, in the use of that language, was to give the Senate conferees what they thought was a face saver, but the Senate conferees have brought back no face saver, because neither the chairman nor any of my colleagues on the conference can show the Senate or the taxpayers of America what they did. I am now more interested in the taxpayers of America than I am in Members of this body, because only the taxpayers of America can give the answer to our foreign aid. They must give that answer, starting in the elections of 1966.

As I said in conference, and as I say today, to the voters of America, "You will get foreign aid cleaned up only when you clean up Congress at the voting booths in 1966 and 1968."

Mr. President, we have come to the point where, if we are to change foreign aid in this country and stop the shocking waste and corruption which the Comptroller General's reports show we shall have to make the politicians of America understand their duty in the voting booths. That is the only way we can ever stop this waste.

The Senate conferees brought back no agreement binding on the House. They gave us some language in which they said to us, in effect, with smiles on their faces, "You recede, and we will give you the assurance that we will give most serious consideration to your proposals next year."

I never thought that I would ever see a conference group come back to the Senate and advance such language as justification for receding from what the Senate passed when it passed the foreign aid bill.

The chairman of our Foreign Relations Committee said:

> The second reason why the majority of the Senate conferees receded was the statement of the Secretary of State when he met with the Foreign Relations Committee on August 12, 1965, that next year the administration expects to request that the multiyear principle adopted by Congress in 1961 and 1962 for development lending be extended to include all other authorizations contained in the foreign aid bill to be proposed early in the next session of Congress.

Of what value is that? Up to the moment I speak we have had no assurance from the Secretary of State or from the Director of AID of any plan to correct abuses found in those files of critical reports on the administration of foreign aid around the world, compiled by the Comptroller General of the United States, who is an officer of Congress, and whose job it is to act as a watchdog the expenditure of taxpayers money appropriated by Congress.

Mr. President, the Senate conferees brought back no commitment from anyone—the House or the administration—that gives the American taxpayer any assurance that the maladministration of foreign aid around the world will be corrected.

Therefore, I say with deep regret that I am sorry that the conferees from the Senate receded and surrendered to meaningless semantics used by the House conferees and by the Secretary of State.

Clearly, the administration and the chairman of the Senate Foreign Relations Committee are agreed in their desire to see not only development lending, but all foreign aid, authorized on a long-term basis so that it will not come before Congress every year.

They want to get it away from us. They want to delegate to the executive branch of the Government more and more power for a longer period of time in connection with the expenditure of taxpayers' money. That is another concrete example of what the senior Senator from Oregon has been warning the Senate about for years; namely, the divestiture of more and more congressional checking power.

American taxpayers have a right to have us take a look at the expenditures of foreign aid funds every year.

While the Senator from Missouri [Mr. SYMINGTON] is in the Chamber, let me say that I have worked shoulder to shoulder with him on various aspects of the foreign aid program, particularly in respect to dealing with foreign bodies, or so-called international monetary bodies on which the United States has representation but no control over even the expenditure of American taxpayer dollars. The American taxpayers put up most of the money, and no other country belonging to any of those international monetary bodies are even beginning to put up the money that the U.S. taxpayers put up. However, we give to those bodies, once we vest them with the power, control over expenditures of American taxpayer money. There is very little we can do then about how the money is spent.

I do not intend to support that kind of foreign assistance program. That is why I have been found to urge a complete overhaul of our foreign assistance program, to see to it that we exercise a greater control and check over the expenditure of taxpayer dollars.

The understanding that the chairman thinks he has, but which he does not have, assumes that the direction and the nature of the long-term program will be an executive creation and not a legislative one.

I am adamantly opposed to future foreign aid that operates the way it does now. Putting the present loose, slipshod, aimless, and pointless aid program into a multiyear authorization will only compound all its existing evils. It is bad enough now; but the administration is somewhat deterred by the knowledge that Congress is going to look at what it is doing every year. Remove that minor check, and the abuses and futility of the aid program will multiply rapidly.

About the only check we have left which causes any concern at the White House or the State Department or the AID administration is the fact that they at least must come to Congress to make a case once a year. If Members of the Senate had exercised the power that has been available to them, to check the White House and the State Department and the AID representatives in respect to the shocking abuse which the Comptroller General has brought out year after year, we would have cleaned up foreign aid years ago.

Foreign aid, adequately and properly administered, is the greatest weapon we have against the spread of communism. Let me make clear what I have said many times in committee and sometimes on the floor, that foreign aid as it is now administered makes Communists around the world. Foreign aid as it is now managed is one of the greatest allies the Communist forces of the world have. When foreign aid is administered in such a manner as to support corruption in some of the underdeveloped areas of the world—and the Comptroller General has found that it does—when foreign aid is administered as it is in some parts of the world in support of fascist regimes, corrupt regimes, and military juntas, we join in building up communism.

I want a foreign aid program that is based upon the fundamental principle of exporting to underdeveloped areas of the world this unsurpassed system of ours, which we call economic freedom. When we make a people of a country economically free, they become politically free.

I shall always point with some satisfaction to the fact that my major effort in the field of foreign policy in the Senate has been in connection with the Alliance for Progress program, which originally came out of the Subcommittee on Latin American Affairs, of which I have the honor to be the chairman, at a time when the then Senator from Massachusetts, John Fitzgerald Kennedy, was a member of my subcommittee.

That is where the Alliance for Progress program was born. Those of us on the committee had nothing to do with the substance of it, but we made possible the procedure that resulted in the development of a series of studies which we authorized experts in Latin American universities and research foundations and recognized individuals who were authorities on Latin America to bring forth that series of research studies on the problems of Latin America that President Kennedy was able to take when he went to the White House as the format for the enunciation of the great program now attached to his name, known as the Alliance for Progress program.

What is the chief characteristic of the Alliance for Progress program? The exportation of economic freedom to the underdeveloped countries of Latin America. So long as we remain true to that objective, we shall make some progress against communism in the world.

But so long as we misuse foreign aid, so that we aid corrupt administrations, so that we support military juntas that use our military aid to stamp out freedom, we become causative, through foreign aid, of revolutions that play into the hands of communism. Mr. President, when we are long gone, and the history

of our time is written, we shall find historians dealing us devastating historical blows, because of our failure to live up to our professed ideals as a democratic nation. We talk a good "game" about freedom, but we frequently fail to practice it abroad—as we have failed for years, in South Vietnam, to practice our ideals of freedom. When history is through with us, it will not be pleasant reading for future generations of American boys, if there is a United States left for anyone to read about, in the generations ahead.

The senior Senator from Oregon is pleading that we return to our ideals, and start practicing them, in the field of foreign aid, instead of following the shoddy and shocking practice of thinking that American money can buy support in corrupt regimes.

Corrupt men will not stay bought. Corrupt regimes will not stay bought.

Therefore, I am asking for a foreign aid program that will be sound because it will be administered on the basis of exporting into the underdeveloped areas of the world economic freedom. No one can ponder the reports of the Comptroller General of the United States and not appreciate the fact that the criticisms I have been making of the existing program are unanswerable.

The statement on behalf of the Senate conferees, though not on my behalf, because I did not sign the conference report, continues in this vein:

On the subject of the Senate's proposal to create a planning committee to examine the basic principles of foreign aid, the Senate receded on the basis of the following factors:

1. The statement of the Conferees of both House urging the President to inaugurate a review of the aid program as presently constituted, seeking to direct it more effectively toward the solution of the problems of the developing countries.

Mr. President, the Foreign Relations Committee has for several years given the Senate of the United States that language. Each year, in its report to the Senate, it admits that the foreign aid program needs to be overhauled, and it says to the President, "You ought to do something about about it." It says to the Secretary of State, the Director of AID, and the Secretary of Defense, "You ought to do something about it."

Then it dries its hands on a towel of lethargy, after a handwash, and does nothing itself. In the first place, it is the responsibility of the Foreign Relations Committee of the United States Senate, so far as this body is concerned, and the responsibility of the Senate of the United States itself, to clean up foreign aid, instead of, once a year, sending down to the administration a report which states that foreign aid is in bad shape, something ought to be done about it, and we strongly recommend that it be done before the Administration sends a bill to Congress next year.

That is not even a figurative slap on the wrist. Why should the administration pay any attention to such an admonition from the Senate? From experience, they have every reason to know that the Congress apparently will not do anything about it. That is why I said earlier to the voters of this country, "You must do something about it, unless you want to underwrite the shocking waste of hundreds of millions of dollars that has been going on every year since 1946."

Our total foreign assistance program since 1946 now amounts to more than $111 billion. Not all of it is grant money. Some represents good, sound loans; and I am for more of them. But their totality is only a small fraction of the $111 billion. For many years even the so-called loans were at three-quarters of 1 percent interest, with 10 years of grace when they did not have to pay anything, and then 40 to 50 years to repay. In American dollars? Not at all. In the cheap, worthless, soft currency of the underdeveloped country.

Mr. President, that spelled deception to me. That course misled the American taxpayer into thinking that the Congress of the United States was protecting his interests by making a loan to some underdeveloped country, without even making clear to the American taxpayer that he had no more chance than a snowball in a hot oven of ever getting a dollar of it back in American money.

Billions of dollars in that category have been spent since 1946.

We have made a little progress—not much, but a little. We make dollar loans now instead of soft loans. We go the interest up a little. But even now, we are lending millions of dollars at interest rates less than the cost of the use of the money; which means that even from the standpoint of the interest rate, the American taxpayer is subsidizing foreign governments, and some of them are shocking governments.

Along with this concomitant, of course, are always the sleeper clauses, reserving to the President the authority to determine whether or not it is in the national interest to continue to give away millions of American taxpayers dollars, irrespective of whether or not we are dealing with a corruptionist in Egypt by the name of Nasser, or a corruptionist in Indonesia by the name of Sugarno, or a corruptionist in the Dominican Republic, or corruptionists in many other places in the world.

Mr. President, the present foreign aid program cannot be justified. Some people do not like to hear me talk about moral principles. There are even some who say that principles of morality have no place in foreign policy; that it is all right to justify anything desired to be done in foreign policy, irrespective of whether it is moral or immoral.

I have always repudiated that principle, and I shall always repudiate it. I believe that a government that is immoral, by the example set for its people will govern an immoral people.

There cannot be moral people in an immoral government. We ought to clean up the immoral aspect of foreign aid. We ought to clean up the immoral aspects of American foreign policy.

It is said that that is an argument of subjectivity, for each person has his code of morals. Of course, all of us have a common understanding of what is decent and right.

But no one can read these reports from the Comptroller General and conclude that a moral program is being followed in many phases of American foreign policy, including foreign aid.

So I shall continue to plead for a cleansing of American foreign aid so long as I sit in this body.

Continuing with the quotation from the report of the Senate conferees:

2. The statement of the Secretary of State on the occasion referred to above that, despite its opposition to the creation of the Foreign Aid Planning Committee and certain other related provisions, nevertheless, the administration recognizes the concern of this committee (the Senate Foreign Relations Committee) and the Senate about the future content and direction of the foreign aid program. The Secretary added: "We would be very pleased to assist in any way we could any studies undertaken by the two legislative committees. In addition, the executive branch, prompted by these congressional concerns, will conduct a special study of the program, giving particular attention to the issues raised by this committee: the number of countries receiving assistance; the requirements for assistance and the prospects for achieving our objectives and terminating assistance; the contribution of other deveoped countries; and the appropriate relationships between bilateral and multilateral assistance."

Those were assurances, to use the word loosely, upon which the Senate conferees relied.

They are not assurances at all. That mumbo-jumbo has been repeated by the Secretary of State year after year, and by Secretaries of State who preceded the present one. Anything is suggested to avoid the cries for an investigation of foreign aid, such as that which was included in the Morse amendment. The Morse amendment was adopted by the Senate but was dropped in conference. That was how the fear arose. There was not the slightest idea that the Morse amendment had a chance of being adopted by the Senate. Some persons were shocked when it was adopted by the Committee on Foreign Relations.

In my 20 years in the Senate, I have seen lobbies at work, but I have never seen such a lobby at work as the State Department, the foreign aid people, the Defense Department, and the White House carry on in opposition to the Morse amendment to the foreign aid bill.

They knew that if the kind of planning committee called for by the Morse amendment for an investigation and examination of foreign aid were established, the report of that committee would be negative so far as many aspects of existing foreign aid are concerned.

The lobbyists won, but the people lost. The taxpayers are in for another fleecing. The lobbyists won, but good government suffered. The lobbyists won, but once again the Congress receded from its constitutional obligation to maintain its checking functions over the executive branch of Government.

Battles have been lost before in Congress. Some of the great issues before Congress throughout its history suffered defeat; and after defeat for many years, they finally won.

One has to have my confidence that eventually right will prevail in connection with foreign aid. Foreign aid will be cleaned up. Although the White House, the State Department, the De-

fense Department, and the AID administration think that once more they have won a great victory, I warn them that, in my judgment, through their victory they will learn that they have suffered a great defeat.

Once the people of this country understand what the evidence is against the administration of foreign aid, continuation of which is so strenuously urged by the Johnson administration, they will repudiate the program.

I do not believe that foreign aid of the type we know is needed should suffer the setback it receives in this conference report.

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

Mr. MORSE. I yield to the Senator from Kentucky.

Mr. COOPER. Does the Senator remember that in 1948, at the time of the enactment of the Marshall plan legislation, upon the insistence of Senator Vandenberg, a watchdog committee was established to watch the way in which that legislation was administered, according to the intent of the Congress?

Also, in that same year, as I recall, the House of Representatives appointed a special committee under the chairmanship of Christian Herter to perform the same function.

So there is precedent for the type of overseeing of foreign aid which the Senator is advocating.

Mr. MORSE. I appreciate the comment of the Senator from Kentucky. There is much precedent. Not only was there the commission to which the Senator from Kentucky refers, but in one respect the Hoover Commission, in connection with other administrative problems of the Federal Government, performed a function similar to that which the Morse amendment sought to accomplish in connection with foreign aid.

Mr. COOPER. I should like to speak of a similar committee which I thought would be proper to oversee a foreign aid program. The Senator knows that I have supported the foreign program, but I want it to be an effective program.

But as early as 1961, I said in the Senate that the foreign aid program would come under increasing attack, and properly so, and possibly die unless some organization was established to make a searching inquiry into its operations to determine if it was being used effectively.

In 1962 I proposed an amendment which was adopted by the Senate, but rejected by the House, asking that the President establish an independent committee which would report to Congress, as well as to the President, concerning the actual operations of the foreign aid program in each country which received our aid.

In December 1963 Congress adopted the amendment which I proposed, asking the President to establish an independent committee to make an examination of the foreign aid program in each recipient country, starting with 13 which, at that time, received more than half of the total volume of aid which Congress had provided.

The President established such a committee, this year, with very able membership. I understand that this committee will make an investigation of the program in a number of countries. It is my judgment that, no matter how many investigations and surveys are made of the program as a whole, we shall actually never know the effectiveness of the program until we know how it works in each country.

I assume that the Senator from Oregon holds the same view, because he has on his desk reports of the Comptroller General relating to specific countries. I know that the proposal which I made and which was adopted by the Congress is not exactly in line with that made by the Senator. The Senator's proposal would establish a committee of the Congress. I support his suggestion, and hope that the Congress will adopt it. But I believe that the committee which has been established by the President ought to make a searching inquiry into the operation of foreign aid in each country receiving our aid.

Mr. MORSE. As the Senator from Kentucky knows, I supported his proposal. I would support it again. I was one of the cosponsors. However, I said then and repeat now that that would not relieve Congress from its basic responsibility to carry out its checking functions under our constitutional system.

The job of checking into the foreign aid administration is also a responsibility of Congress. That is why Congress ought to have an investigating or study committee to pursue what its own Comptroller General discovers. These reports are only spot-check surveys. They are not surveys in depth of all foreign aid. The Comptroller General merely warns us in these reports what to watch out for.

Congress has a duty to set up its own investigating committee with an adequate staff to oversee the expenditure of the taxpayers' money under the foreign aid program.

No personalities are involved. Under this system of government, as I used to teach my law students, "We are a government of laws and not of men. But law students should never forget that, although we are a government of laws and not of men, it is a government administered by mere men, with all their human frailties."

We cannot read the Comptroller General reports without seeing those human frailties come to the surface and defeat the objectives that Congress had in mind when it gave support to the various facets of foreign aid.

Mr. COOPER. Mr. President, for at least 11 years, perhaps 12, the United States has made available to the Government of South Vietnam a great volume of assistance and aid, not only military, but also economic aid.

I am commenting on past events, but I do so because my comments have application to the future. If there had been such an independent committee as that proposed by the Senator from Oregon, or the one which I have urged, and which, after 1954, and in succeeding years, had made a full examination of the AID program in South Vietnam, and had found that administrative and social reforms in South Vietnam were necessary—reforms which if the Government of South Vietnam had put them in force, might conceivably have been successful—the United States might have either avoided the situation in which we find ourselves today in Vietnam. We would have been in a position to insist that such reforms be undertaken; and if they were not undertaken and there were no hope of reform, we would have had grounds at that point to leave Vietnam.

This might have happened 4 or 5 years ago. This experience in the situation in Vietnam should lead us to avoid a similar situation in the future. We need continuing review, supplied by an independent group to supply information to the Congress, whether the foreign aid program in specific countries is effective.

Mr. MORSE. Mr. President, I could not agree with the Senator from Kentucky more. It happens to be my view, too. In my opinion, if Congress had fulfilled its responsibilities of carrying out its checking duties under the Constitution in respect to foreign aid in South Vietnam, American boys would not be dying there at this hour.

I have no intention of letting Members of Congress cleanse themselves of their responsibilities in connection with the development of the undesirable features of the war in South Vietnam.

We cannot pass the buck to the executive branch of the Government. Congress has a responsibility in connection with what has developed in South Vietnam. We have known for years that a great deal of corruption existed throughout South Vietnam, and that much of it was related to our AID program, which now totals more than $6.5 billion.

The House conferees throughout our meetings objected to the Morse amendment for a Joint Congressional Planning Committee on the ground that foreign aid has been studied to death. But the conferees on both sides were happy, in the end, to recommend another review of the program so long as it was done by the administration again and not by the Congress. It is interesting to note that in its report to the House, the House conferees state their objections to an overall limit on aid, as was adopted in the Senate. Said the House report:

> The committees of the Congress as a result of their hearings on the program should be sufficiently informed as to the merits of the various segments of the program to exercise judgment as to the places where cuts are justified. To impose a reduction in the overall ceiling on the total authorization, leaving discretion as to where the cuts will be made, is an abdication of responsibility by the Congress.

Yet when it comes to reviewing the entire purpose and direction of foreign aid, the House conferees are most anxious to abdicate the responsibilities of the Congress and dump the whole matter once again in the lap of the administration. The review called for can be written right now because we all know that it is going to do nothing more than justify and explain existing practices and conditions.

Mr. President, I do not propose to be fooled by the semantics of the report.

The Senator from Alaska [Mr. GRUENING] has just arrived in the Chamber. He and I could go into the anteroom and, in 3 hours, write the report that the Secretary of State and AID will give next year, and there would not be any significant difference between our report and what they will give us. It will be a whitewash job. It will be another exercise in rationalization, trying to cover up the type of mistakes that are piled up on my desk and set out between the covers of the Comptroller General's reports.

Whom do they think they are fooling, Mr. President? They have been fooling the American people, I regretfully admit. But they are not fooling Members of Congress. Congress knows better. It knows how bad the AID program is, but Congress will not assume its responsibility of cleaning up foreign aid. That is the sad fact, and that is why I had to say with great sadness in my heart that the only answer is at the voting booths of America. I say to the American people that the only answer is for them to write in little crosses on their ballots, because there is only one thing that most politicians understand, and that is ballot box votes. But if the taxpayers let them continue to waste their money by the hundreds of millions of dollars, I say to the voters that they have no one to blame but themselves.

All this conference language does is to go through another exercise of asking the administration to review itself. I say that that is the kind of review that is futile; and I submit it has been done to death. Nothing constructive will come out of a review by the AID administration, the Defense Department, the State Department, or the White House.

The one kind of review that is not futile, and that has not been done, is one wherein Congress not only makes the study but creates the guidelines it finds desirable as the framework for all future foreign aid.

The conference report is a classic example of what is wrong with foreign aid. The Congress is afraid of foreign aid. The Congress is afraid to exercise its legislative duties where foreign aid is concerned. It clutches at whatever straw is offered by any administration, and accepts any feeble language that will look like another review of the program, so long as it is done by somebody other than the Congress itself.

Nor did we hear anything from the Secretary of State that we have not heard before. Of course, State would be glad to cooperate with any study undertaken by the legislative branch, and they recognize the concern of the Foreign Relations Committee about the future content and direction of the foreign aid program. They have recognized our concern for a long time. They have told about it year after year, both in person and in our committee reports. But they are satisfied to have us "concerned" so long as we do not do anything about it.

The concern of the Department of State was with the provision of my amendment that announced that after July 1, 1967, all aid programs in their present form would terminate and would be renewed only under such terms as were fixed by our special planning committee. State, Defense, and AID do not care much what language we put into our committee reports and into our conference reports so long as the words are a substitute for action.

For another example of this, one need only look at what happened to the Senate amendment eliminating economic and military missions in countries where our aid program amounts to less than $1 million a year. This amendment met one of the continuing objections of the Senate Foreign Relations Committee, which is the proliferation of aid missions even where the programs are exceedingly small. The conferees agreed to language removing the criterion of a dollar amount and substitution of the old familiar words: "wherever practicable."

Mr. President, what administrative sins those two words cover up. How deceiving are those two words, "wherever practicable." They mean they can do anything they want to do. They mean the granting of unchecked power. They mean surrender to the arbitrary discretion of bureaucrats. They mean walking out on congressional responsibilities and duties.

It is catchy language. The person who does not take the time to study the details of foreign aid, the person who is completely unaware of the evidence that exists against the administration of foreign aid, can be fooled by the language "wherever practicable." It seems to be reasonable, commonsense language. But one must hitch that language to the power that it grants. It means that the officials do not have to follow any guidelines. It means that Congress gives to them discretionary authority. It means that Congress relinquishes its checking responsibility.

So, Mr. President, we say that a reduction of personnel overseas should be undertaken "wherever practicable, especially in the smaller programs."

Everyone is happy with that kind of compromise because it gives Congress some words and it leaves the decisions right where they were before—with the same executive officials who presumably thought it was practical to send those thousands of people into dozens and dozens of countries in the first place.

Mr. President, year after year for many years the Senate Foreign Relations Committee has pointed out to Mr. Bell, the Director of AID, that he is overstaffed in mission after mission abroad. Informant after informant comes back from abroad and advises those of us who serve on the Foreign Relations Committee that "we have so many people in AID missions abroad that they tumble over each other."

Here, we tried to eliminate missions. Note the guideline. We tried to eliminate missions where the aid programs amount to less than $1 million a year.

We do not need to maintain a mission in those countries. We can provide for limited aid programs through the Embassies, without that overhead. Of course, if we did that, it would not provide for some nice, plush jobs.

The AID representatives have not scratched the surface of the problem of overstaffing. We do not have to go abroad to see that problem. Let me say to Mr. Bell that he could eliminate some of his lobbyists in connection with his AID program and make better representations to Congress than he does with the present number he maintains for lobbying purposes in Washington, D.C.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield for a question?

The PRESIDING OFFICER (Mr. HARRIS in the chair). Does the Senator from Oregon yield to the Senator from Alaska?

Mr. MORSE. I yield.

Mr. GRUENING. Can the Senator inform me what happened to the Harris amendment, that excellent amendment which would deny aid to two of the most loathsome dictators who, for many years, have been receiving the benefit of our bounty, and whose every action has been contrary to every basic American principle? The amendment passed the Senate overwhelmingly.

Mr. MORSE. I will answer the Senator's question and then comment on it.

Some moments ago, I pointed out that the Senate conferees receded, surrendered, abdicated, threw in the sponge. They dropped the Harris amendment so far as its objectives were concerned.

Mr. GRUENING. That is a sad story.

Mr. MORSE. We are going ahead now with the presidential escape clause to leave it up to the President.

As every Senator knows, I do not believe in delegating to a President a congressional function. I do not believe in turning over to any President—and I am impersonal about it—a power and an authority which should be exercised by Congress.

The taxpayers of this country sent us to Washington to protect their funds. The Harris amendment sought to bring to an end the expenditure of taxpayers' money to support notorious international corruptionists in two countries. The amendment is entirely gone. The conference committee dropped it entirely.

Mr. GRUENING. It is a depressing spectacle to see the Senate—which, after all, has the constitutional duty to advise and consent on foreign affairs, despite the allegation that it is supposed to be solely a function of the Executive—year after year pointing out these flagrant abuses, but ladling out vast sums of money to dictators who oppose every decent policy which we aim to promote. They preach aggression shamelessly, and also practice it and wage war on their peaceful neighbors who are associated with us. Nevertheless, our aid money—which is taxpayers' money—goes to these dictators almost without limit.

The Harris amendment is a reasonable amendment. It was an improvement over the amendment which had been in the bill for 1 or 2 years, which I sponsored and would merely require the President to declare that when countries stopped their aggression, aid could then be resumed to them.

It is depressing. No wonder the public is beginning to resent the foreign aid

program. The American people are beginning to wonder how long these abuses are to continue, and how long in our foreign policy we shall continue to betray the principles we profess to proclaim as ours.

Mr. MORSE. The Senator from Alaska knows that I could not agree with him more. I wish the record to show, because the Senator from Alaska is on the floor and the Senator from Oklahoma [Mr. HARRIS] is now in the chair, that I pay high commendation to both Senators.

We remember, 2 years ago, and again last year, that the Senator from Alaska offered amendments, trying to bring to an end the expenditures, under the guise of foreign aid, of American taxpayers' dollars to support corruptionists.

His amendments suffered much the same fate as the amendment offered this year by the Senator from Oklahoma [Mr. HARRIS].

Interesting, is it not?

It is interesting that the Morse amendment was adopted in the Senate. The Senate also adopted the Harris amendment. There was general agreement as to the soundness of those amendments, but the Senate conferees surrendered in respect to those amendments.

I do not know how much harder we can fight to try to clean up the foreign aid bill, but I say to the Senator from Alaska, do not give up hope, and do not stop fighting. We shall have to take them on again next year, and if necessary every year, until finally the American people, in sufficient numbers, wake up to the fact that they are being fleeced and hoodwinked by the shocking and wasteful program of foreign aid as it is now administered, when it should be made into a good program which would strengthen the cause of freedom around the world.

Oh, what a weapon we are throwing away.

We could do more good to strengthen the cause of freedom around the world by the exportation of economic freedom than we can ever do by the exportation of jet bombers.

Mr. GRUENING. Mr. President, will the Senator from Oregon yield further?

The PRESIDING OFFICER (Mr. TYDINGS in the chair). Does the Senator from Oregon yield to the Senator from Alaska?

Mr. MORSE. I yield.

Mr. GRUENING. I should like to ask the Senator, as a member of the Foreign Relations Committee, whether he has received any information from the State Department, during the briefings which are carried on before that committee from time to time, as to any efforts being made to secure compensation to their families from the Nasser government for the lives of the two pilots who flew the unarmed plane which was shot down?

Mr. MORSE. It is perfectly obvious that it should be treated by a U.S. Senator as a taboo subject. A Senator must not disrupt the political waters of the administration. That would be throwing stones, if he were to raise such a question. However, some Senators have raised such question. But we get no satisfactory answers from the administration.

Mr. GRUENING. Has the Senator any information as to any compensation, or act of contrition, or indication of any change of policy which has been forthcoming from Nasser?

Mr. MORSE. None.

Mr. GRUENING. As a result of the burning of the Kennedy Library?

Mr. MORSE. None.

Mr. GRUENING. Is there any provision in the current AID program to rebuild that library and restock it, and make it ready for the next burning?

Mr. MORSE. That will be done.

Mr. GRUENING. Has the Senator any information as to how much longer the war of aggression in Yemen, a war to which the United States is opposed, is to continue? Of course, the United States is opposed to any aggression, we are told.

Mr. MORSE. In Yemen.

Mr. GRUENING. We are fighting a large war in southeast Asia allegedly because we oppose aggression. Is the Senator aware of any corresponding efforts we have made to stop aggression by Nasser in Yemen?

Mr. MORSE. No.

Mr. GRUENING. Nasser has 50,000 troops there, and they will have been there next month for a period of 3 years, at an estimated cost of half a million dollars a day. Meanwhile our dollars are continuing to support Nasser.

Mr. MORSE. Nothing effective has been done. Thousands of people have been killed in the Yemen war. Today the press, as the Senator knows, carries stories to the effect that Nasser is going over to talk to King Faisal, but he cannot wash his bloody hands clean by any belated attempt to arrive at some kind of deal in regard to Yemen.

That is another war which should have been taken to the United Nations a long time ago, just as the undeclared and therefore unconstitutional war of the United States in southeast Asia should have been taken to the United Nations a long time ago.

Our contribution in regard to the United Nations authority under the charter is to send our new Ambassador to the Secretary General of the United Nations with a letter, in which we state that we are perfectly willing to get any help we can from the United Nations.

That is fooling the American people.

I listened to Rusk and Bundy and Goldberg on the CBS television program last night. I was shocked by the misinformation those three gentlemen gave to the American people on that program. Why do they not read to the American people the Geneva accords? Why do they not read to the American people the controlling section of the United Nations Charter? It is because Goldberg and Rusk and Bundy cannot read those sections and support the alibis and rationalizations they set forth in the telecast last night.

Goldberg should have been sent by the President of the United States to the Security Council of the United Nations with a letter or a formal resolution, laying the threat to the peace to the world in Asia before the Security Council.

What have we done? We have undermined and undercut and damaged the United Nations by walking out on our responsibilities as Senators.

In the first part of next week I shall answer the Ambassador to the United Nations in regard to the proposal he made before the Security Council in connection with article 17 and article 19.

What is the United States afraid of? Is it afraid of a vote against us in the General Assembly? Shame on this administration. Instead of forcing that vote we welched before the United Nations.

We surrendered.

We should have put Russia and France on the spot in respect to article 19 and article 17 of the United Nations Charter.

As the Senator from Alaska knows, the senior Senator from Oregon led the fight against the first rumblings of this shocking proposal last year, on the floor of the Senate, and Senator after Senator in the Senate stood up and supported the senior Senator from Oregon. They are remarkably silent today.

Let the new Ambassador to the United Nations do what I have suggested. The other day in the Foreign Relations Committee I stood all alone in opposition to his proposal. Senator after Senator on the Foreign Relations Committee said that the senior Senator from Oregon was correct as a matter of principle, but that my great fallacy was that I was not pragmatic.

That is their "out," that is their escape hatch, when they cannot answer me on principle; they say, "You are not pragmatic." When my country surrenders on principle, as Ambassador Goldberg surrendered on principle before the Security Council the other day, my country walks out on its ideals and will have to assume the responsibility of striking a body blow against the Charter of the United Nations.

What would the senior Senator from Oregon do? That is the question that is asked of me, and that is the question that is supposed to floor me. My answer is: Take a vote; exercise the procedures of the charter. We ought to find out how many members of the United Nations want to reject the advisory opinion of the World Court.

We talk about supporting the rule of law. I say to the Senator from Alaska that we have had a determination of what the rule of law is in regard to article XVII and article XIX of the charter. The World Court gave the United Nations an advisory opinion. Of course, it is only an advisory opinion. However, let us not forget that at that time a majority of the members of the United Nations supported it. Now we are told by the new Ambassador to the United Nations that we do not have a majority vote available.

We do not have a two-thirds majority, at least, and probably not even a majority, we are told. Why do we not find out? Why adopt a course of expediency? Following the rule of law is the same responsibility the Ambassador of the United States to the United Nations has that was his responsibility when he sat on the Supreme Court. There he did a

magnificent job. I still think he was one of the greatest judges we have ever had. He is an Ambassador now, and feels that he must follow instructions. He does not sit as an independent judge. That is why I am so sad to find him in that position. We should have stood for our principles. We should have said we want to find out whether a majority of the United Nations, in respect to the operative facts of this particular issue, will follow the rule of law instead of adopting the course of expediency that the administration has adopted in regard to article XIX of the United Nations Charter.

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

Mr. MORSE. I yield.

Mr. HARRIS. I thank the distinguished Senator from Oregon for yielding to me. I intend to join him—and I hope there will be other Senators—in voting against the conference report on foreign aid. In doing so I am not rejecting the position of the Senate conferees and of the Senate. By voting against the conference report, I am voting to sustain the Senate.

By a vote of 73 to 13, as the distinguished Senator from Oregon knows, the Senate adopted my amendment prohibiting aid to Sukarno and Nasser "so long as they continue to commit aggression."

I appreciate the generous comments made by the distinguished Senator from Oregon and the distinguished Senator from Alaska [Mr. GRUENING] concerning my amendment. The conference report deletes the amendment.

I shall vote against the conference report because I am in favor of the Senate's position on it.

The Senate also had adopted a committee amendment to the bill which provided for a 2-year cutoff and a complete review and revamping of the entire foreign aid program. I was strongly in favor of this amendment. I still am. I shall vote against the conference report, which deletes that amendment from the bill.

There are portions of the bill I dislike opposing, but I cannot in good conscience vote for a bill in which virtually all the positions fo the Senate have been lost.

Under the Constitution, the Senate has especial responsibility in the field of foreign relations. We cannot shirk that responsibility. We cannot pass the buck, so to speak, to the House. We cannot delegate that power to the executive department. As the bill does not, in my judgment, represent the proper constitutional acceptance of responsibility by the Senate, my vote will not help enact it into law.

I thank the Senator.

Mr. MORSE. Mr. President, I say to the Senator from Oklahoma, as he knows, that I completely agree with his observations and conclusions. I am proud to associate myself with him. I believe that, as the years go by, he and his descendants will be proud of the voting record that he will leave when he votes against the conference report. I congratulate him.

Before the comments by the Senator from Alaska and the Senator from Oklahoma, I had stated, in speaking about the compromise that the conference report represents, that everyone is happy with that kind of compromise because it gives Congress some words and it leaves the decisions where they were before—with the same executive officials who presumably thought it was practical to send thousands of people into dozens and dozens of countries in the first place.

In my judgment there should be a great reduction in the personnel in foreign aid. It is a gross understatement to say that in my judgment the personnel in foreign aid could be cut by 25 percent, and we would still have a better aid program after the cut was made.

But Congress has abdicated its powers and its authority in this instance again. We have reduced ourselves, through language of the kind that runs through this report, to an advisory board on foreign aid. We tell the agencies what we would like them to do, if they find it convenient and practical. But we are afraid to lay down a guideline even to the extent of saying that if an aid program does not run over $1 million in a given country, then handle it through the regular Embassy staff and do not create additional economic or military missions.

The Congress is afraid to do even that. It is why we are going nowhere in the effort to curtail the waste and abuses in the program uncovered by the General Accounting Office and reported so frequently in the press.

Of the amendment that was attached to this bill by the Foreign Relations Committee and accepted by the Senate, Senator FULBRIGHT had this to say in his statement:

> I regret that the Senate conferees were not able to prevail upon their House counterparts to accept this year the provisions of the so-called Morse amendment. That amendment would immediately have inaugurated a much needed review of the program. It provided clear mandates as to the desirability of interrupting aid continuity in its present form. The series of basic principles set forth in that amendment went to the heart of the proliferation of country programs without tying these programs to principles by which we might have promoted a tightened definition of the national interest.

This amendment provided the opportunity for the Congress to establish a foreign aid program in which it and the country can have confidence. The loss of the Morse amendment means that the only kind of review the taxpayers can expect will be another executive review. They deserve more than that. They are entitled to have their elected representatives in Congress carry out the job we are here for, and that does not mean turning our duties and functions and responsibilities over to the executive branch.

By junking the Morse amendment, the conferees lost their opportunity to correct the conditions in the aid program which led the Comptroller General to call it the most wasteful civil program in the Federal Government. Senator CLARK engaged in a colloquy with Mr. Campbell, the Comptroller General, during the course of the hearings that brought out that startling testimony. Senator CLARK asked him:

> I am wondering if you could give us your view as to whether the administration of this AID agency is any worse than the others you audit in terms of waste or inadequate handling of the money which is appropriated to this agency?

And the answer was:

> As far as I know, let us put defense agencies aside, in the civil area, in which the economic assistance program would logically fall. I don't think that you can compare the problem of waste in other agencies with the problem in AID.
>
> Senator CLARK. I am not quite sure I know what you mean when you say "you can't compare." Do you mean AID is so much worse?
>
> Mr. CAMPBELL. I think the AID problem of waste is greater than it is in any other civil agency.

I repeat his answer. Mr. Campbell said:

> I think the AID problem of waste is greater than it is in any other civil agency.

Continuing to read——

> Senator CLARK. Do you mean any other civil agency that you audit?
>
> Mr. CAMPBELL. We see them all, with the exception of a very few which are exempt from our surveillance.
>
> Senator CLARK. How about USIA?
>
> Mr. CAMPBELL. That would generally be comparable to the State Department's problem, as contrasted with AID's problem.
>
> Senator CLARK. You would say, of course, there is an enormous State Department establishment overseas outside of AID. Would it be your opinion that the waste in AID would be substantially greater than the regular State Department activities?
>
> Mr. CAMPBELL. I am not so sure. I think that from where I sit, the reports coming to me would indicate that the percentage of saving of waste is greater than it is in the State Department proper.
>
> Senator CLARK. Well, they have more money to spend.
>
> Mr. CAMPBELL. There would be more money to spend.
>
> Senator CLARK. I am not trying to press you for an answer you are unwilling to give.
>
> Mr. CAMPBELL. No, but——
>
> Senator CLARK. This program has been in the doghouse of the Congress for goodness knows how long. It is awfully easy for individuals to whom the program is unpopular to talk in generalities about waste and inefficiency and ineffective personnel. I am asking for a specific answer to a question which may not be susceptible to a specific answer. In your opinion, is this an agency that is badly run and which Congress——
>
> Mr. CAMPBELL. I am glad you said it that way, Senator, because we are talking about waste. You might also be talking about an agency that is well run and in which there could be substantial waste.
>
> Senator CLARK. That is true.
>
> Mr. CAMPBELL. Because by the nature of its activity——
>
> Senator CLARK. And because of the individuals with whom they must deal; take the Philippine situation.
>
> Mr. CAMPBELL (continuing). Waste is a fundamental part of it. It may well be. But I say that the AID program is in a class by itself with respect to prospect waste.
>
> Senator CLARK. Is this not equally true of the defense program overseas?
>
> Mr. STOVALL. ——

Mr. Stovall, let the record show, is assistant to Mr. Campbell.

> Mr. STOVALL. Except the defense purposes seem to be a little more definable.

Senator CASE. You mean not military assistance?

Senator CLARK. I am not talking about defense support. I am talking about the actual deployment of American troops overseas with all the attendant problems which that raises and which are not so very different from the problems which affect AID. I am seeking an answer from you as to whether you think the Defense Department and the military do a better job in eliminating waste and running an efficient shop than AID does. That is a value judgment.

Mr. CAMPBELL. In my judgment I would say the military does a better job.

Mr. President, the record is full of such negative findings by the Comptroller General of the United States. And who is he? He is our agent. He is our officer. His office was created by an act of Congress to serve as the congressional watchdog of the expenditure of the taxpayers' funds.

According to our own Comptroller General, AID is not only the most wasteful civil program, but even more wasteful than our military programs. Yet Congress, in face of this testimony, still finds it possible to shove the whole subject under the rug for another year.

It is no wonder that Senator HICKENLOOPER was moved to point out the real reason behind the great public dissatisfaction with foreign aid. He commented to Mr. Campbell:

I see no reason whatsoever why administration, from the top of this Agency down, couldn't lay down very rigid specifications which require the holding to account of individual and local administrators of the program to see that they make sure—for instance, in this surplus property that is available that could be used rather than buying new property—that there is no surplus property in these depots or anything else that could be substituted already owned by the Government.

I have maintained for a long time that if people on the ground in a lot of these foreign countries have a Federal checkbook with any kind of leeway, or if they can get away with it, it is a lot easier to write a Federal check than it is to go out and do a little work and turn up substitutes or see that these countries do what they are supposed to do in return for the receipt of American aid and American property. It makes it very difficult for a great many of us, I am sure, who don't want to see the AID program completely eliminated, who believe it has a place and who believe there is a responsibility. But one has to be increasingly apologetic for this AID program because of these deficiencies that show up year after year and don't seem to be corrected. That is one of the reasons why on the floor of the Senate and over on the floor of the House the resistance to these aid programs is increasing. It is going to keep increasing if the administration of this program doesn't show more evidence of efficiency of results or a greater percentage of results for the money we put in. And it is going to have increasing difficulty.

I thoroughly agree with the Senator from Iowa. The Senator from Iowa has been making those comments for many years. A majority of the members of the Committee on Foreign Relations have been making similar comments, or at least issuing similar warnings, to the administration in the committee's annual report to the Senate on the foreign aid bill. My quarrel with my colleagues on the Committee on Foreign Relations is that they ought to stop passing the buck on this issue to the executive branch of the Government. They ought to conduct their own investigation through the committee, if they cannot have the type of commission that was contemplated in the Morse amendment included in the conference report.

AID is the worst of all Federal programs, including the military, and Congress has a responsibility to clean it up. I have on my desk reports from the Comptroller General setting forth many findings of inefficiency, waste, and causes of corruption around the world, resulting from our foreign aid program. The reports that are bordered in red have marked on them "Secret. Report to the Congress of the United States by the Comptroller General of the United States." I have previously referred to these reports in my speeches in the Senate each year in opposition to the foreign aid program as it is presently administered.

I have not found a single one of the so-called "secret" documents that should be concealed from the American people. The taxpayers pay the bill for the items that are covered by these reports. I believe that in a democracy it is safer to disclose the public business than to conceal it. Every foreign country or government that participates in the American aid program ought to be taught that lesson of democracy. It ought to understand that in a democracy the legislators and the executive branch of the Government conduct the public's business in the public's interest, or are supposed to do so, with full public disclosure of their transactions. When a foreign country gets money from this country, it subjects itself to certain of our procedures—that ought to be our policy. It does not have to have Comptroller General investigators making these reports if it declines to participate in the AID program. But if it does participate, the findings of the Comptroller General should be public.

Someone may ask, "Do you not believe there are things that should be kept from the American people?" My response is that nothing should be kept from the American people that it is safe to give them from the standpoint of the security of our Republic; and there is nothing in these reports, in my judgment, that it would not be perfectly safe, from the standpoint of the security of our Republic, to give to the American people.

Let me emphasize that the Comptroller General has not asked for the label of secrecy. To the contrary, he has stated to the Committee on Foreign Relations that he is not responsible for the label of secrecy on these reports. That label is attached to them by the executive branch of the Government.

I shall not dwell on this subject at length today, although I have in the past, as Senators know, given full, lengthy speeches on the subject of this one precious safeguard of freedom and liberty of the American people that is being weakened more and more, year by year, as our Government develops a greater and greater trend toward Government by executive supremacy.

In my judgment, we cannot read the Comptroller General's reports and his testimony that aid is the most wasteful program in the Federal Government, and not recognize that foreign aid must be cleaned up. Sweeping reforms must be adopted if the public interest is to be protected. These reports and this testimony were submitted to the Foreign Relations Committee. It proposed a remedy that was approved by the Senate. But in conference the proposal was sacrificed entirely.

In the past, I have read some of the titles; but I do not know of a more powerful argument that I could make against the conference report and the failure of the Senate conferees to insist, if they had to sit until doomsday, on a conference report that would put into effect the objectives of the Fulbright amendment and the Morse amendment, than merely to read the titles of the Comptroller General's reports. No rule is breached, and no security protection is violated, by reading the titles of the reports. I may not open them to read the contents, but one has only to listen to the titles to have some understanding of the implications of the contents between the pages. I shall read for the RECORD the titles of the reports from the Comptroller General:

Review of Payments Made by the United States for the Construction of Airfields in France.

One who reads the report learns of the shocking waste of taxpayers' money in connection with airfields in France. I can bear witness to some of the waste, because before I was placed on the Committee on Foreign Relations, I served on the Committee on Armed Services. When he was a Senator from Texas and chairman of a subcommittee of the Committee on Armed Services on which I had the privilege to serve with him, the present President of the United States said many times, both on the floor of the Senate and on public platforms, including some in my own State, that he and the Senator from Oregon never voted differently on a single issue before the famous Johnson subcommittee, which dealt with investigations of waste in connection with the military.

The President does not support waste. As chairman of that subcommittee, he made a notable record in trying to clean up waste in the military.

In my capacity as a member of that subcommittee, and at the request of the then Senator from Texas, now the President of the United States, I was sent by the subcommittee, together with the Senator from Louisiana [Mr. LONG], the present whip of the Senate, to inspect American military installations and the installations of other countries that had been largely financed by American taxpayer dollars in Europe, the Middle East, and Turkey.

When we returned, we filed two reports. We were allowed to file a public report, which, I am sorry to say, dealt with generalities; but even the implications indicated that we had found some shocking examples of waste.

Then we filed with the Committee on Armed Services a secret report, which the

chairman of the subcommittee, then a Senator from Texas, now the President of the United States, put to effective use, and about which I have heard him make favorable comment many times while he was serving in the Senate.

The first report that I happened to turn to refreshes my memory in regard to that trip to France. This report deals with a review of the payments made by the United States for the construction of airfields in France.

The French authorities wasted millions of dollars. They took us for an economic ride. The Senator from Louisiana [Mr. LONG] and the senior Senator from Oregon stood, for example, on one airbase in France on which an American fighter plane had never been landed because it was not safe to land an American fighter plane on that airfield. The airfield was poorly constructed, and the French Government insisted that the matter of construction should be left to their entire determination.

The Senator from Louisiana and the senior Senator from Oregon stood on that air base, and we walked great distances on that airbase, kicking out, with the toes of our shoes, stones as large as hen eggs. That is why American fighter planes could not be landed on that base. It was unusable as an airbase

What did we do? We provided them with more money to resurface it to a much greater depth so that the base could be used. There was inexcusable waste.

That is why I came back not very enthusiastic about the administration of NATO in 1950 and 1961. I made some speeches expressing my dissatisfaction with the administration of NATO. I became dissatisfied with the administration of NATO. Although it was not controlling, it contributed to a decision which I made in 1952 when I exercised an honest independence of judgment and left the Republican Party because I could not give support to what I was satisfied had become a very unsound administration. And how right I was. How well I recognize the background of that report of the Comptroller General.

The next report of the Comptroller General which I picked up is marked "Confidential." It is subject to the same rules of privilege so far as concerns disclosure of the contents between the covers. However, it does not prevent my reading the title. The title is: "Review of the Utilization and Maintenance of Army Equipment Furnished Under the Military Assistance Program for Thailand." This report is dated August 1962. Senators can go to the committee room and read the report.

Mr. DODD. Mr. President, where can it be read?

Mr. MORSE. In the Foreign Relations Committee Room.

Mr. DODD. How long would it take to read the document? Suppose I were to go down and read these documents; how long would it take?

Mr. MORSE. Knowing the remarkable reading ability of the Senator from Connecticut, I am sure that he could read that report in 30 minutes.

Mr. DODD. Why can we not, as members of the Committee on Foreign Relations, be trusted to take confidential documents to our offices and read them after the Senate has adjourned?

I do it in other committees.

I handle many classified documents every day.

Why should we not be able to do that in this case?

Mr. MORSE. Mr. President, as the Senator knows, he and I are of one mind with regard to that committee rule of procedure.

We ought to be able to take them to our offices. If U.S. Senators cannot be trusted to take a secret document out of the committee room to their offices to read them, we have come to a pretty sorry pass in this system of representative government.

Who reads the documents downtown?

Mr. DODD. I do not know.

Mr. MORSE. The documents are read by bureaucrats, staff members who never face the ballot, but they have access to top secrets of the Government. However, we cannot have a trusted administrative assistant help us. We have administrative assistants whom we would be willing to put to the same security test that any bureaucrat downtown has to take. These assistants are available to help us analyze the secret documents.

One of the many things wrong with us, in the Senate, is that we will not appropriate the money to supply ourselves with the assistance that we need to do the research job essential to protecting the public interest in carrying out our checking responsibility against the executive branch of the Government. We will not adopt the procedural rules that we ought to adopt so that we can do the job that the public thinks we are doing, but which our rules and policies and lack of staff prevent us from doing.

I have talked with many constituent groups. When they find out that we have a rule such as this and that we are so parsimonious that we will not supply ourselves with the research staff that we need to do the job, they reply, "That is not the kind of economy, if you want to call it economy, that we expect Senators to effectuate. We are not objecting to your appropriating enough money to protect the public interest."

The question of the Senator from Connecticut raises a question of great interest to me in regard to the procedures of the Senate. The Senator has put his finger on one of the shortcomings of the Senate.

Mr. DODD. Mr. President, I do not wish to interrupt the Senator further, but this is an important matter.

I have been criticized for not having read the minutes of some executive sessions. Most of them contain top secret information and information of a confidential nature which would require that I sit there for hours at a time when the Senate and the committees of the Senate are in session.

I do my reading, as I assume most Senators do, after the Senate session, almost every night. I cannot keep up with the work of three Senate committees and the chairmanship of two important subcommittees without doing this.

It is little enough to ask that the reports be made available so that Senators can read them after hours and thus keep up with this important information.

Mr. MORSE. I completely agree. There is not a Senator's administrative assistant that I would not be willing to trust with the reports of the Foreign Relations Committee. I do not know how they expect us to do our job unless we have at least that procedural latitude.

The next report is dated September 1963, and the title is "Ineffective Programing, Delivery, and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force Under the Military Assistance Program."

That tells us a great deal. But, if we read between the covers we learn much more. We cannot support a foreign aid program which practices the waste that a report such as this brings out.

That is why this conference report should be defeated. It is not going to be, but it ought to be.

Let me read the next one: "Inadequate Administration of Military Budget Support Funds Provided to Pakistan Under the Foreign Assistance Program"—September 1963.

Let Senators read it and try to justify in their own consciences a vote for this conference report.

I read the next one. These are reports by our own watchdog, I say to Senators. These are reports by our own congressional officer. These are reports by one of the most dedicated and most able public servants that I have had the privilege of coming to know in my two decades of service in the Senate of the United States.

I do not intend to ignore the findings of the Comptroller General of the United States.

I noticed stories in the press today as to whether or not we should start filling up the funnel to Pakistan again, in spite of the fact that we equipped Pakistan and India with hundreds of millions of dollars of military aid, and put them in a position so they could threaten the peace of the world by a war between themselves, each side fully equipped with American military equipment.

Mr. President, that would be a nice problem of morality to be placed before an American university graduate seminar on philosophy. The sad part is that the United States would fail most graduate seminars in philosophy when it comes to passing judgment on the morality of our foreign policy in many of its aspects. We cannot possibly justify the American aid we have been giving Pakistan, India, Greece, and Turkey. But that question goes into the substantive issue of whether we ought to do it as a matter of public policy. I am raising at this time the question of the waste entailed in these programs.

Here is a report for July 1963, "Ineffective Maintenance and Utilization of Equipment Furnished to Iran Under the Military Assistance Program."

Next, one of July 1963, another report of "Inadequate Administration of Mili-

tary Budget Support Funds Provided to Iran Under the Foreign Assistance Program."

Those are two different programs within the foreign aid program.

One of May 1963, "Ineffective Programing, Delivery, and Utilization of Aircraft and Related Equipment Furnished to the Portuguese Air Force under the Military Assistance Program."

May 1963, "Ineffective Programing, Delivery and Utilization of Aircraft and Related Equipment," also involving Portugal.

February 1963, "Review of License Fees Being Charged U.S. Government for the Right To Produce SS-11 Antitank Guided Missile Mutually Developed by France and United States."

We participated in a joint program, and then we have to buy a license fee. If they can find any way of weaseling any more money out of us, they will weasel.

The next one, "Review of the Programing, Delivery and Utilization of Selected Missile System Equipment Delivered to European Countries Under the Military Assistance Program."

Another one involving waste in connection with the military program in France.

Another one, "Review of the Programing, Delivery and Utilization of Selected Missile System Equipment for delivery to European countries."

The next one, "Review of the Military Assistance Program for a Far East Country, Department of Defense, 1964."

The name of the country is not put on the title, so I cannot name it, but it represents more shocking waste.

Another one, "Review of Military Assistance Program for a Far East Country, Department of Defense."

Next, "Deficiencies in the Military Assistance Program for the Spanish Army, Department of Defense."

Next is a duplicate.

June 1964, "Deficiencies in the Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile, Agency for International Development, Department of State."

Why should that be secret? Why should any of them be secret?

Next, "Review of the Military Assistance Program for Indonesia."

As the Senator from Alaska [Mr. GRUENING] and the Senator from Oklahoma [Mr. HARRIS] pointed out, Sukarno should not be getting any dollars. Every dollar we have been providing him has been wasteful in one sense, but it has been inexcusable from the standpoint of national interests.

The next one is a duplicate.

Next, "Furnishing of Military Assistance to Ethiopia in Excess of the Country's Ability to Effectively Utilize the Equipment," May 1964.

Next, "Furnishing of Military Assistance to Ethiopia."

Next, "Inefficient Utilization of Personnel To Administer the Military Assistance Program in Advanced Western European Countries," March 1964.

Another, March 1964, "Unnecessary or Premature Procurement of Sidewinder Missile Training System for Delivery to Foreign Countries Under the Military Assistance Program."

The next one is a duplicate.

Next, "Excessive Charges for Leased Telephone Services Incurred by U.S. Forces in Japan."

"Development, Procurement and Development of Unsatisfactory Missile System by Department of the Army."

"Inefficient Utilization of Personnel to Administer the Military Assistance Program in Advanced Western European Countries—March 1964."

"Review of Economic Assistance Provided to the Republic of the Philippines for Development Purposes—AID—Department of State."

When we read that, we run into documentation which shows the kind of waste in the Philippines of which the foreign aid program has been guilty.

Next, "Inadequate Planning, Programing and Contracting for a Fixed Communications System for the Government of Indonesia Under Military Assistance Program—April 1965."

"March 1965, Waste Funds and Construction Depot in Iran under the Military Assistance Program."

"February 1965, Unnecessary Dollar Grants to Iran under Foreign Assistance Program—AID—Department of State."

Next, "Reports on Review of Military Assistance Provided the Republic of the Philippines."

This is more evidence of waste in our program there.

Next, "February 1965, Ineffective and Overly Costly Aspect of Military and Economic Assistance Program to Thailand."

"Inadequate Consideration Given Utilizing Reserve Fleet Ships in Lieu of Providing New Ships to Iran."

The last of the secret reports which I have before me is entitled "Inadequate Consideration Given to Utilizing Reserve Fleet Ships."

Mr. President, these are not all the secret reports, but these are plenty, so far as secret documents are concerned, to support my premise that we should insist that foreign aid is cleaned up, and not pass the buck to the State Department, the Defense Department, the AID representatives, or the White House.

That is our job. We were elected to perform that job. We cannot shuffle it off on someone else. We should appoint our own investigating committee. We should provide it with funds for the employment of the necessary staff. It would be a drop in the bucket in comparison with the hundreds of millions of dollars which the reforms I am convinced could be brought about by such an investigation would save the American taxpayer.

Now we go into some of the reports of the Comptroller General, dealing with the economic features of foreign aid.

For the most part, I have stressed—although a couple of them marked "secret" got into economics—the reports on military aid.

Here is one for October 1962, entitled "Review of Administration and Utilization of U.S.-Owned Foreign Currencies in Selected Countries."

That brings up the soft currency issue which has been debated in the Senate for years.

Their banks are bulking with U.S.-owned soft currency. We cannot spend it, unless we get the consent of the government. We cannot even use it to pay service charges in some of these countries.

Although most of the members of the Foreign Relations Committee know about this, I wish to let the Senate in on a procedure which I worked out some years ago when I represented the Senate at the Interparliamentary Conference of the British Commonwealth of Nations in New Delhi, India.

At that time I noticed, as I went around, that in our consulates and Embassies our Ministers were short of the necessary funds called—as all Senators know—representation funds.

When I reached Madras, India, I found that our council general there had used up his representation funds for some months and was paying out of his own pocket the necessary funds to some of his attachés, particularly his agricultural attaché, who needed money to perform his agricultural attaché work in the villages in that area in India.

The supreme court of that province in India wished to have a luncheon because of the presence of the American delegation. It was to be quite a state affair, but, of course, it would be paid for by our consul general, which he was willing to do.

As a Senator, I had the authority to draw on those funds owned by the United States, although they were Indian funds, and no one could stop me. Therefore, I requested the finance officer of the ministry to draw the funds in the amount necessary to pay for this official luncheon.

When I returned to the United States, I reported the incident, and it will be found in the records of the Foreign Relations Committee. I told the committee that it should know what I had done, and I made an accounting of it.

That procedure set a precedent. I was told that was the first time it had ever happened.

Why not? At least, I made a tiny dent in our foreign currency funds in India. We should do more of it.

We cannot read this report without having a good idea of the soundness of the observation that I am making, that we should make clear to those countries that the representation funds should not be in their control but in ours. For that matter, we have now reached the point where more and more of our surplus food should be sold on the basis of American dollars, to be paid for on the basis of American dollars.

I recognize that a certain amount of grant programing will still have to be done—such as food for the starving medical programs—and some educational programs. I have never been parsimonious about it.

But, where a project has a sound economic potential, it is essential, in my judgment, to lend dollars to build the project, with the full understanding that the loan will be repaid in dollars.

I am willing to provide long-term loans for goods or food. I am willing to allow a low-interest rate, but not an interest rate lower than the cost of the use of the money. The American taxpayer is entitled to get his money back by way of an interest rate for the cost of the use of his money. We should teach beneficiary countries that that is a part of a sound private enterprise system upon which their economic freedom is dependent.

The next document is entitled "Examination of Economic, Technical Assistance Program for Korea—September 1962—Part II."

The next one is part I of the same report.

The next is "Inadequate Controls for Determining Compliance by Foreign Governments With Restrictions Placed on the Disposition of Agricultural Commodities Made Available Under Title I, Agricultural Trade Development and Assistance Act of 1954"—commonly known as Public Law 480, Department of Agriculture.

Mr. President, the whole of Public Law 480 needs to be surveyed. Certainly, it is not a "sacred cow." The food-for-peace program and the Public Law 480 program should be subject to scrutiny. If we check them, we shall find a great deal of waste in them. My amendment would have done that.

Next, "Review of Economic Aspect of Loan for Construction of Water Supply System in Saigon, Vietnam—Development Loan Fund—September 1963."

"Unnecessary Payment by United States of Costs Properly Chargeable to Japan for Administrative and Related Expenses of the Military Assistance Program for Japan—June 1963."

"May 1963: Excessive Costs Incurred for Rehabilitating to Original Appearance and Service of Military Equipment Donated to Foreign Nations Under the Military Assistance Programs."

We decorate it for them and give it to them.

What suckers have been made out of the American taxpayers.

Next: "Review of Local Currency for the Budget Support Program for Korea—January 1963."

"Follow-Up Review of the Department of Defense Action on Reimbursements from Foreign Countries for Administrative Expenses Under the Military Assistance Program—March 1964."

"Improper Payment of Colombian Port Charges for Surplus Agricultural Commodities Sold Under Title I of the Agricultural Development Assistance Act of 1954, Commonly Known as Public Law 480—November 1964."

"November 1964: Loss of Interest on U.S.-Owned Foreign Currencies in the Republic of China, Taiwan."

October 1964: "Excessive Ocean Transportation Costs Incurred for Shipments Under Title I of the Agricultural Development and Assistance Act, 1954."

September 1964: "Summary of Deficiencies Related to the Inadequate Administration of Military Budget Support Price Provided to Certain Foreign Countries Under the Foreign Aid Act."

September 1964: "Additional Interest Cost to the United States Because of Premature Release of Funds to the Social Progress Trust Fund Administered by the Inter-American Development Bank."

August 1964: "Improper Reduction of Dollar Collection Loans Made by the Corporate Development Loan Fund."

August 1964: "Follow-up Review of the Department of Defense Action in Canceling Excessive Procurement and Redistribution in Connection With the Spare Parts Program for Portugal Under the Military Assistance Program."

July 1964: "Review of the Administration of Assistance for Financing Commercial Imports and Other Financial Elements Under the Economic Technical Assistance Program for Vietnam, 1958 to 1962."

All those corrupt puppets of ours have lived well in Saigon. Wait until the American people find out the shocking waste and corruption that our foreign aid has helped develop in Saigon, and in South Vietnam generally, in which nothing has been done about freedom since the United States set up its first puppet in 1954. Our administration talks about saving freedom in South Vietnam. Neither the South Vietnamese nor the Vietcong seem to know what real freedom means.

"Undercollections of Interest and Principal of Foreign Aid Currency on Certain Loans to Foreign Governments"—July 1964.

July 1964: "Unofficial Use and Overstated Needs of Commercial Type Vehicles by the Military Assistance Advisory Group Headquarters in Taipei, Republic of China."

July 1964: "Review of Certain Payments Related to Administration of Economic and Technical Assistance Program for Vietnam."

July 1964: "Examination of Economic and Technical Assistance Programs of Turkey."

I have said earlier that many millions of dollars of taxpayer money have been wasted in Turkey.

June 1964: "Deficiencies in the Administration of Earthquake Reconstruction Rehabilitation Program in Chile."

That is a much bigger volume than the previous one.

June 1964: "Ineffective Administration of U.S. Assistance to Children's Hospital in Poland." We must watch out as we examine foreign aid and as we come across a program that has a heart-appealing title, like a children's hospital in Poland. Everyone looks the other way when it comes to a matter of waste. The best way to serve those little boys and girls is to see to it that they get the benefit of every dollar that the taxpayer supplies, under efficient administration.

"Understatement of Claims Against the United Arab Republic and the Federal Peoples Republic of Yugoslavia for Recovery of Excess Ocean Transportation Costs Financed by the Commodity Credit Corporation."

February 1964: "Examination of Certain Economic Development Projects for Assistance to the Central Treaty Organization by the Agency for International Development."

May 1965: "Improper Payment of Port Charges on Shipments to Colombia on Food Donated Under Title III of the Agricultural Adjustment Act."

April 1965: "Questionable Aspects of Budget Support Loans to the Government of Ecuador."

April 1965: "Followup Examination on Certain Aspects of U.S. Assistance to the Central Treaty Organization for a Rail Link Between Turkey and Iran."

April 1965: "Ineffective Utilization of Property Under the Foreign Assistance Program."

May 1965: "Overprocurement Resulting From Ineffective Supply Management in Korea Under the Military Assistance Act."

March 1965: "Unnecessary Dollar Costs Incurred by Financing Purchases of Commodities Produced in Brazil."

January 1965: "Weaknesses Involving Primarily the Disposition of Surplus Nonfat Dried Milk."

These are samplings of what spot checks made by the Comptroller General of the United States have disclosed. I urge my colleagues to go to the Foreign Relations Committee room and at least sample them, and to take a few out into the reading room and read them. Then I ask my colleagues to ask themselves the question: Are we really justified in voting for this conference report?

This is the worst program in Government and the conference report does nothing about it. It continues it for another year in the same form.

Even as the conferees passed up their opportunity to do something about these conditions, we read in the press that the American taxpayers have been asked to foot the bill for several dozen plush executive style chairs, at a cost of some $250 each, for a new medical school we are constructing in Saigon. Of course, the local Vietnamese officials looked through a catalog and found some very ritzy chairs and desks for sale. Naturally, they wanted only the best for themselves. That is understandable, because we have been keeping a great many South Vietnamese in high style in the last 10 years, and they expect nothing but the best from us. And if we do not give it to them, we will hear that their confidence in the Americans might be shaken.

So our aid officials in Vietnam promptly okayed the plush chairs and other office equipment. You do not find them looking into the possibility of surplus stocks already on hand in AID, which was one of the criticisms made by the Comptroller General. It is easier to write out a check. Can anyone doubt why foreign aid is so often referred to by American taxpayers as the foreign aid rathole?

MEAGER RESULTS FROM FOREIGN AID

All the answers and rationales that are offered for this state of affairs revolve around the allegation that we do get something for our aid money, and that is military allies. How many times have we heard the old story about the millions of soldiers being maintained by aid-receiving countries, soldiers who will be

there to fight with the United States in case of any outbreak of war?

Well, the war is on in Asia. And where are all the millions of soldiers in Asia that were supposed to have been bought, or hired, or induced to fight for freedom, with all these billions of foreign aid money?

There will never come a time when the military forces of other countries who have been receiving aid from us will be needed more than they are needed now in Vietnam. But where are they? There has been a lot of talk about troops from the Philippines, from Korea, from Taiwan. But no combat troops in any number to amount to anything have showed up.

The American people are about to find out the ultimate illusion of foreign aid. It is that we are getting no help from any of the nations we have been helping with huge doses of both economic and military aid. Those millions of troops that are described to us each year in the hearings as being cheaper to maintain under arms than a comparable number of U.S. troops are going to stay right at home while American troops do the fighting and dying in Asia. There will be no Pakistanis, no Indians, no Thai, no Filipinos, no Formosans. Conceivably, there may be some Koreans eventually, but if so, it will be at considerable expense to the United States.

That is why I say that the great illusion of aid is that it maintains allies for the United States, especially military allies. It has done nothing of the sort in our hour of contest and crisis in Asia. If it has failed the test in Vietnam, where is it ever going to produce friends and allies for the United States?

The plain truth is that countries that depend upon us for money and military equipment are not allies at all. They are dependencies. The United States has in the world today almost no genuine allies. Canada, West Germany, and Japan come the closest to being true allies because they share our general foreign policy objectives and they are able to sustain and maintain themselves in both their economic and military activities.

I would point out to the American people this afternoon that the war in Asia, and the total lack of any meaningful assistance from other nations, denotes and emphasizes and highlights the futility of foreign aid as a means of gathering allies. If a crisis comes to any one of the nations in Asia or the Middle East that receives our economic and military aid on the ground that it is building an indigenous force to fight communism, that country will still have to be defended by American troops if it is defended at all. And we will get no more help from its neighbors than we are getting in Vietnam.

No nation that cannot maintain itself in time of peace can be an ally in time of war. It can provide a geographic location for American military operations, but nothing more. An ally is a country with which we act in concert for a common goal. But a true ally has its own resources out of which it can maintain a policy or an operation. And today, the nations of the world that can maintain a policy or a military operation out of their own resources and whose policies in general coincide with ours are few and far between. Not even Britain qualifies any more as a true ally, because her total dependence upon the United States for support of her currency means that she, too, like so many of our dependencies in Asia, is incapable of any military operations supported and maintained by herself alone.

So when the waste and the inefficiency of the foreign aid are brushed aside with pompous explanations of how it is all really an investment in the political friendship and military cooperation of recipient countries, let the American people ask: "Where are those friends, and where is that military cooperation now in Asia, when we need them? If we don't need them now, we never will."

The results of over 10 years of foreign aid are coming in in Asia, and they are virtually nothing. But in this conference report, the American people are subjected to another year of more of the same. The conference report does not merit their confidence, and it should be rejected.

Mr. President, I ask unanimous consent that at this point in my remarks a column written by Robert S. Allen and Paul Scott entitled "Inside Washington," discussing some of the money that is being spent under our aid program, be printed.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Is there objection?

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

INSIDE WASHINGTON

(By Robert S. Allen and Paul Scott)

WASHINGTON, August 23, 1965.—More than $25 million in foreign aid funds has been spent for scores of so-called research and analysis projects ranging from diffusion of innovations in rural societies to the interaction of social values and political responsibility.

Cost of these studies runs from $5,405 to Haverford College, Pennsylvania, for effect of foreign aid on U.S. balance of payments, to $2,463,275 to Wisconsin University for research and training in land tenure and reform in Latin America.

Most of these foreign aid-financed research dispensations went to U.S. universities, with a few to private institutions and business concerns.

These are the latest disclosures by Representative VERNON THOMSON, Republican, of Wisconsin, member of the Foreign Affairs Committee who has determinedly crusaded against waste, extravagance, bungling, mismanagement, and other costly failings in the administration of the multibillion-dollar foreign aid program.

His jolting new exposé comes as Congress is preparing to approve the compromise $3.36 billion foreign aid authorization bill agreed on by the House-Senate conferees under strenuous White House pressure.

In an effort to put an end to foreign aid spending on such studies, THOMSON has drafted an amendment barring that, as follows:

"None of the funds appropriated or made available under this act for carrying out the Foreign Assistance Act * * * may be used to make payments with respect to any contract to which the United States is a party which provides for research into the administrative organization or operation, or personnel practices, of the Agency for International Development."

This amendment will be offered by THOMSON when the foreign aid appropriation bill is considered by the House in the next several weeks. He has been assured of bipartisan support in his economy drive.

THE PLUM LIST

Representative THOMSON has demanded of the Agency for International Development (AID), which administers the multibillion-dollar foreign aid program, detailed explanations of these expensive and esoteric studies.

He is baffled why large sums of money voted by Congress for foreign aid should be spent for probing the impact of electric power on rural development, development planning and planning assistance criteria, and numerous other subjects with no apparent relation to foreign aid.

"We have spent hundreds of millions of dollars in the past 30 years on rural electrification," points out THOMSON, "so I would think we know a great deal about that. I can't understand why foreign aid funds should be spent for research in this field. Yet the records show three contracts totaling $560,000 were granted for such studies."

As ascertained by THOMSON from AID files, the $25,193,163 spent for research and analysis includes the following projects:

Contractor, title, and amount	
Michigan University, "Research in Foam Plastics for Housing"	$236,000
Yale University, "Quantitative Study of Economic Structure and Growth"	1,513,730
Stanford Research Institute, "Industrial Location and Development Planning in Newly Industrializing Countries"	196,029
Michigan State University, "Mapping of Research Requirements of the Food for Peace Program"	124,040
American Institute for Research, "Research and Development of Aptitude Testing"	245,950
Hoffman Electronics Corp., "Development and Performance Test of a Solar-Powered Battery Recharging Center"	30,025
International Institute for Educational Planning, "Development of Guidelines for Determining the Feasibility of Using New Educational Media in Developing Countries"	196,129
Johns Hopkins University, "Research in Health Manpower Planning for Selected Less-Developed Countries"	865,684
Medical College of Virginia, "Study of Methods for Improving the Training and Use of Middle-Level Health Manpower"	130,200
Brookings Institution, "Transportation and Economic Development"	1,469,720
Cornell University, "Comparative Study of Social and Cultural Change"	647,938
Educational Services, Inc., "Mathematics Curriculum Development in Africa"	1,823,012
MIT Center for International Studies, "Improved Analytical Methods for Development Planning"	200,910
National Planning Association, "Development Planning and Planning Assistance Criteria"	1,377,120
Ohio State University Research Foundation, "Analysis of Program for the Development of Agricultural Credit Institutions and Services"	636,821
Pennsylvania University, "The Interaction of Social Values and Political Responsibility"	250,000

Contractor, title, and amount—Continued

University of Pittsburgh, "Research on the Process of Institution Building"	$158,380
Williams College, "Import Substitution and Economic Policy in Economic Development"	173,299
Purdue Research Foundation, "Evaluation of AID University Contracts for Agricultural Education and Research Programs Abroad"	998,931

In a $281,000 study uncovered some months ago by THOMSON, former Wisconsin Lieutenant Governor, on the functions, procedures, training, and other pertinent details concerning four key positions in AID missions abroad, he found the following high-flown bafflegab:

"Feasible means for measuring the degree to which a prospective incumbent possesses some of the requisite characteristics may not be currently available to AID. However, the inability to measure the characteristics within the constraints that now bind the Agency should not be confused with the issue of whether or not a characteristic is essential to do a job effectively. If the characteristic is needed, and AID chooses and places a candidate lacking it in the appropriate degree, the aspects of the job in which the characteristic is required cannot be performed effectively."

From AID records, THOMSON has ascertained the Agency has more than 15,000 employees; some 6,600 Americans, the remainder foreigners. Of the latter, approximately half are paid with counterpart funds—local currency credited to the United States through the sale of surplus farm commodities.

Mr. MORSE. I ask unanimous consent that my individual minority views in opposition to the foreign aid conference report of 1964 be printed in the RECORD at this point.

There being no objection, the individual views of Mr. MORSE were ordered to be printed in the RECORD, as follows:

INDIVIDUAL VIEWS OF SENATOR WAYNE MORSE

The foreign aid program has become one of the most stagnant, unproductive, and misrepresented of all Federal activities. It is stagnant because its objectives are still tied largely to American strategic interests of the 1950's; it is unproductive because much of it goes for uses that neither build nor develop; and it is misrepresented because, in spite of all the official hand-wringing pleas that we help the underprivileged and deprived people of the world, not more than 40 percent of it goes for that purpose.

The basis of my approach to foreign aid is that it must serve the interests of the United States. I believe in "strings" on aid. Congress may spend public money only for the general welfare of the United States, not for the general welfare of any other people, no matter how deserving they may be. Therefore, foreign aid cannot serve a purely humanitarian purpose, devoid of self-interest, for the United States.

My difference with much of the program is over what really does serve the interests of the United States. I do not believe that aid extended for military reasons, security reasons, or for reasons of political intrigue serves our longrun interests—and this is a longrun program. I think that foreign aid should be primarily developmental and for specific purposes, with the shortrun considerations very secondary instead of the other way around.

Unless and until it is put on that basis, foreign aid will remain a dole and its recipients will be either dependencies of the United States or, in some cases, they will take our military aid and then use it for their own national purposes that may be quite contrary to our own.

FOREIGN AID AS A SLUSH FUND

Many advocates of aid think they are being sophisticated in recommending foreign aid as a slush fund to buy off other countries. They often say that every great nation has had to do the same thing, and that the United States should now undertake to carry the same burden, with the understanding that it is a waste of money and is spent only to prevent unfavorable things from happening.

Several things are wrong with this view. First of all, it assumes that money (or military equipment) buys more than it does. To holders of this view, the giving of money is synonymous with the influencing of the recipient; but more often than not, recipients, in the manner of Sukarno, take the money and then do as they intended to anyway.

Secondly, handing out money and weapons with the idea that they will promote political stability, or keep friendly governments in power, or prop up a bloated military establishment in a foreign country are all efforts to impose a political order from the top down. The underlying causes of unrest or susceptibility to communism are ignored, and sometimes worsened.

These uses of foreign aid are justified with such phrases as "forward defense against communism," "vital to the interests of the United States," and "of strategic importance to the United States," concepts that now embrace virtually the entire globe. Most of the countries receiving huge and largely unconditional aid on the ground that they border the Communist bloc are already protected by mutual defense treaties with us, and by our retaliatory capacity.

The real justification for "forward defense" aid is not that the recipient can use it against communism, because a nonindustrial country that cannot support a peacetime army cannot sustain a war effort against Russia or China. Once Europe and Japan were rebuilt and rearmed, military aid ceased to have much practical value for indigenous forces. What "forward defense" aid does buy is entree for American military and intelligence agencies close to Communist borders. For these privileges, we have paid since World War II a dozen times more than we need to have paid.

Many will say, "Anything that helps us against Russia and China is worthwhile." But our failure to insist on sound economic standards even for this aid has not helped us. It only means we are still vulnerable to eviction from these countries without, in the meantime, having improved their economic prospects.

ECONOMIC FREEDOM SHOULD BE BASIC PURPOSE OF AID

In the long run, climates and attitudes sympathetic to the United States and compatible with American objectives will have to be created by the creation first of economic freedom in these countries. And economic freedom can only be advanced through the developmental part of the program.

But, sad to say, of the economic section of the program, not more than half is devoted to bona fide economic development. Supporting assistance, the contingency fund, and nonproject loans from the Development Loan Fund are but political props and payoffs to foreign governments. They do not develop; they merely patch over and perpetuate the lack of development.

Even the technical assistance program is being used for transportation and communication projects against the day when they may be of use to American forces, and to train smalltime police states in emerging countries.

The words "economic freedom of choice," without which the security of this country will never be strengthened in this world, are being relegated to whatever is left over in the foreign aid plot. Education, sanitation, vocational training, capital projects, agricultural extension—the activities that our officials trot out to gain support for aid among the unknowing American people—these constitute at most only about 40 percent of the $3.5 billion being requested.

Cutting the $1 billion-plus military aid expenditure in half and applying the unproductive economic aid to genuine economic development projects would do more to strengthen the longrun security of the United States than any other changes that could be made in the foreign aid program.

NO EVIDENCE OF CHANGE IN CURRENT PROGRAM

Since January, Congress and the American people have been told again and again that this year the program is being tightened, curtailed, and improved. But there is no hint in any of the material presented to the committee of where these changes are taking place. All that Congress is given in the annual presentation is a look at ongoing programs, started in the current fiscal year or before.

Contrary to past efforts and directives from Congress, requested funds for supporting assistance have been increased over last year, even without the additional request for Vietnam. This grant economic aid has been a target for congressional criticism since adoption of the Mansfield amendment in 1959, calling for its eventual termination. The aid request for this category is a backward step from the Mansfield reform.

Unspecified loans called program loans abounded in fiscal 1964, and they apparently are to be used just as freely in fiscal 1965. Project loans finance the importing of commodities for specific projects whose soundness can be verified by AID officials; but program loans go to balance accounts and finance imports in general. In many countries these include imports that contribute nothing to local development. They only create a debt obligation to the United States whose chances of repayment are slim.

Moratoriums on debt obligations due us from Turkey and Brazil, and the prospect of renegotiation of Argentina's obligations, call for a much tighter control by Congress over this type of loan. In the case of Brazil and Turkey, we are making them a new soft loan even as we give them moratoriums on repayment of old ones.

These loans, as with aid in general, are touted as creating a future market for American goods. This theory is based on the advertising gimmick of giving away free samples. But their cost is absorbed by the American taxpayer, not the manufacturer. Yet testimony to this committee—not from administration sources but from U.S. commercial sources—brought out that in Colombia and Chile, U.S. exports declined as these countries received our goods under program loans and diverted the foreign exchange saving into new purchases from the European exporters. Worst of all, the chances that the taxpayers will ever recover any of this subsidy to American business are not good.

It is no wonder that committees of U.S. businessmen are becoming the major tub thumpers for foreign aid.

So far as Latin America is concerned, the indications are that the aid standards are being loosened, not tightened. A $50 million loan for no particular development purpose, but just to balance international payments, has been extended to Brazil. This is despite the suspension of loans, pending fulfillment of certain economic conditions by the Brazilian Government. There is as yet no more or better economic performance to justify a loan than there had been under

the previous Government. But once a new junta takes over in Latin America, we rush to curry favor with it, and in Brazil it is costing $50 million.

In fact, the U.S. aid program in four other junta-ruled countries of Latin America where constitutional governments were pushed out, has been resumed. These are the Dominican Republic, Guatemala, Ecuador, and Honduras. This is a full turn back to the evil days of the 1950's when the United States gained a record level of ill will and ill repute among the people of Latin America who had to live under the brutal heel of U.S.-supported tyrants. The Alliance for Progress was supposed to have changed all that by financing economic reform within a framework of political freedom and democratic institutions. But today we are merely handing out more money for the same old purposes as before.

Having ignored ourselves the political conditions for aid under the Alliance, our partners feel free to ignore the self-help conditions. Why shouldn't they when they get this money anyway?

FUNDS SHOULD NOT GO ABOVE FISCAL 1964

As reported by the Committee on Foreign Relations, the bill increases the program for fiscal year 1965 over the program for fiscal 1964. This has been done despite the overwhelming evidence that the American people are demanding long-overdue reductions in the foreign aid burden, that the impact of the aid program is woefully smaller than its size, that U.S. Government funds are increasingly needed at home, and that our so-called allies are permitted to shirk their responsibilities because of our often feckless generosity.

Undoubtedly the administration sincerely believes its appropriation request for $3,516,700,000 to be a "bare bones" budget. However, the determining factor in shaping this request had to be the judgment of the Agency for International Development. And our past experience has made it painfully clear that—at a minimum—there is nothing sacrosanct about the AID judgment. The Congress, on the other hand, is not (or should not be) content merely to accept the arguments of stanch advocates, but takes into account a range of other sources of information. Foremost among the latter are the reports by the Comptroller General of the United States, which time after time have severely criticized in detail the planning, the programing, and the implementation of the aid program. On the basis of such information, as well as a full study of the AID presentation material, I can only conclude that there is a great deal of fat clinging to the bare bones.

The appropriation last year, for fiscal 1964, was an even $3 billion—a cut of almost $2 billion from the original budget request. Judging by the cries of anguish and forecasts of catastrophe which rose from Foggy Bottom during that trimming process, one might have envisioned the United States and the rest of the free world sliding irretrievably toward disaster. Yet a year later the Republic still stands, and no one is able to point to any foreign policy reverse attributable to a lack of aid funds. Indeed, our setbacks appear to have come in the Mediterranean and in southeast Asia, areas into which the United States has poured money most lavishly.

During this year's hearings and committee discussions no evidence was presented to justify an authorization for fiscal year 1965 of almost $467 million more than the $3 billion appropriated for fiscal 1964. It might be noted in this connection that a great deal of attention and lipservice was given last year to the so-called Clay Committee report. While I disagreed strongly with that report's inflated financial recommendations, it did contain the extremely valid proposition that there should be a gradual but steady reduction in the size of the aid program annually in the future. Our experience last year with a program scaled to $3 billion in new funds certainly suggests that a cut even below that level could be safely made this year.

Because of a carryover from prior year appropriations, the final figure for the fiscal 1964 program was almost $3.4 billion, rather than $3 billion. The carry over this year supposedly is only to be about $53 million. If true, and if the $3 billion level of new money were maintained, the end result would be a reduction of about $344 million under last year's figure. The word "supposedly" must be emphasized. For the administrators of the AID program are highly accomplished producers of rabbits from their hats, and there is good reason to believe that other funds may in time be brought out of hiding. Indeed, when such a wonderland category as "deobligations of prior year obligations" is counted, the understandably confused American man in the street finds that the foreign aid program which he thought was $3 billion last year turned out to be in excess of $3.6 billion. The conclusion that $3 billion in new money would not represent any real reduction from last year is shared by many Members of the House, who wrote in the "minority views" in the House Appropriations Committee report:

"Further, it is impossible for the Appropriations Committee to ascertain with any degree of accuracy the amount of unobligated funds which are left at the end of the fiscal year. It has been stated that these figures for any fiscal year are not available until October of the following year."

FOREIGN ASSISTANCE ACT ONLY A PART OF TOTAL FOREIGN AID

This leads to another major objection to the character of the foreign aid program as it now stands. It is only the beginning figure for what we spend overseas on an annual basis. Many Members of the Congress, much less the American public, have only the haziest idea of how much money is involved in our contributions to a large number of international financial and developmental organizations, and in our shipments of agricultural surpluses.

Moreover, executive branch requests for the same general purpose in successive years have a tendency to disappear from one bill or category and turn up in another. For example, $135 million for Latin American development (through the Inter-American Bank's Social Progress Trust Fund) contained in the 1964 foreign aid appropriation bill does not recur this year. At first blush this might appear as a reduction in our total aid. But no, the administration has just submitted a separate new request for $750 million over a 3-year period for the same purpose with a slight change in terminology. There is no corresponding cut in this bill. Under these circumstances it is extraordinarily difficult to perceive the overall total of U.S. foreign aid, and to make intelligent judgments about the validity of its components, such as those contained in this bill.

EXCESSIVE NUMBER OF COUNTRIES CONTINUE TO RECEIVE BILATERAL AID

This confusion carries over into the question of how many countries are feeding at the American trough. If only aid under the Foreign Assistance Act is counted, then some 83 countries are scheduled to receive assistance in fiscal year 1965. But the total rises to over 90 countries and territories when all forms of assistance are counted. And indeed they should be counted. The administration can scarcely claim it is extending little aid to Nasser's Egypt, for instance, when Public Law 480 supplies are flooding that country.

Now it appears that the number of countries getting help under the Foreign Assistance Act has fallen by something like the figure of 10. It is noteworthy that there is no commensurate cut in the administration request for new funds. On the contrary, the AID officials point with pride to the growing concentration of effort in fewer "key" countries. By that standard, no matter how many nonessential applicants are cut off the aid payroll, the level of foreign assistance requests is likely to remain unchanged.

Anyone reading the majority committee report, supported by the majority of members who voted for this bill, will be struck by the absence of persuasive answers to the outstanding questions which have always surrounded the foreign aid program. It is said that it is unrealistic to expect agreement on the purposes and aims of the foreign aid program. This at least is refreshing candor, although there is little novelty in the observation. My own experience with AID officials has always been that when I make a valid criticism of an economic project, they say the objective in that case is not economic but political—and vice versa in other cases. In numerous instances those officials have accepted the validity of my criticisms "in principle" but have cited so-called special circumstances which prevent them from taking corrective action. It is no wonder that we have difficulty in justifying foreign aid expenditures to our constituents.

The committee report states that the total of U.S. bilateral aid is declining. Yet, as substantiation, it merely cites the difference between last year's administration request and the one this year. The fact is there is no hard evidence to cite which would back up that statement in terms of last year and this.

The majority report then goes on to note that "aid has been terminated in 17 countries * * *." But it ignores the fact that some of these countries were cut off several years ago, and have been trotted out each year since as happy examples. In any event, as stated above, a reduction in recipients means little without a consequent reduction in expenditures.

A table is inserted in the report which supposedly "should provide some reassurance" that our development loans will be repaid. The only conclusion I draw from that table is that the World Bank—whose record is not at issue—has done extremely well with its hard loans on stringent criteria. I join Senators MUNDT and LAUSCHE in their objections to the easy terms of most of our loans.

Finally, the report meets the criticism that our industrialized friends are failing to take a fair share of the foreign aid burden by stating that: "This is a complicated question, for which there is no categoric answer." Again, the statistical information contained in the report just does not support an optimistic conclusion.

In the following sections I set forth my own specific conclusions and recommendations for cutbacks in funds, which latter are summarized at the end in tabular form.

DEVELOPMENT LOANS

Congress should reduce funds for development loans so long as these loans continue to be made for general purposes and not for specific projects. The House Foreign Affairs Committee report in both its majority and minority views was critical of the large sums in "program" loans during fiscal 1964. Yet Congress must be aware by now that mere criticism in a committee report makes no impact whatsoever on the foreign aid program.

Said the majority report:

"Nevertheless, the committee believes that countries which progress to the point where they qualify for large development loans should be encouraged to assume increasing responsibility for financing their imports, except imports related to projects for which loans are made. There is danger that dependence on the United States for such financing could result in levels of consumption higher than the recipient could normally

sustain and could encourage unsound financial and monetary practices."

The minority report of the House committee showed program loans in fiscal 1964 as follows:

[In millions of dollars]

Tanganyika	1
Tunisia	10
India	275
Pakistan	100
Turkey	70
Chile	40
Colombia	15

for total of $511 million. Since then, Brazil has received a $50 million program loan.

This means that about a third of all development loan funds available for fiscal 1964 have already been lent for general purposes unrelated to any specific development project.

Turkey again ranks as the No. 1 failure of the foreign aid program and among the No. 1 recipients of program loans. She is receiving over $100 million in economic aid this fiscal year, and considerably more in fiscal 1965, most of it in "program" loans.

Both the Organization for European Cooperation and Development and the General Accounting Office of the United States have found Turkey's economic development to have stagnated despite the huge American aid program there since 1947. The OECD report of 1963 was prepared for a consortium of Western European countries that were supposed to join the United States in financing Turkey's development. AID presentations always refer to this consortium but do not mention that its total pledges amount to less than the American aid alone, and that the European members are not coming through on their pledges because Turkey has not carried out the reforms required.

Judging from the presentation figures for fiscal 1965, it appears that the United States is going to make up the difference, reforms or no reforms.

Although the United States has put $1,670 million into Turkey's economy since 1947, and given her combined military and economic aid of over $4 billion, that country's economic condition is worsening. The population increase has almost entirely wiped out the increase in the gross national product.

Reform of the grossly wasteful state enterprises and tax reform are the most urgent. The U.S. General Accounting Office reported a few weeks ago:

"In the absence of a development plan and adequate information about the economy's resources and needs, the commodity import program (which has been the largest segment of the U.S. economic dollar aid to Turkey) was an integrated part of the financing of Turkey's overall import programs and as such was not geared to specific long-range objectives. Moreover, substantial amounts of local currency generated under the commodity import program were allocated for the general support of investment budgets of state economic enterprises (those owned by the Turkish Government). Because neither the Turkish Government nor the mission exercised adequate control over commodity imports and the operations and investment programs of state enterprises, aid funds frequently were used to nonessential or low-priority purposes. State enterprises also received U.S. dollar aid to finance the foreign exchange cost of facilities which had been poorly utilized or not utilized at all. Assistance was freely provided some state enterprises notwithstanding their inefficient operations and uneconomical practices.

"In a supplement to our prior report on the Turkey program, we pointed out that accomplishments in Turkey's economic development and support of the country's defense efforts had been accompanied by serious economic problems with consequent increases in the amount of aid required from the United States. * * * The average level of U.S. aid for the 5 fiscal years (1958–62) covered by our recent examination increased significantly over the level for the preceding periods. Moreover, U.S. officials estimate that during the 5-year period which began March 1, 1963, Turkey will need more aid than heretofore from both the United States and others and that Turkey will not reach self-sustaining growth before 1975. Steps taken since the military coup of May 1960 offer promise that sound and necessary economic control measures may be forthcoming, but much remains to be done. As can be seen from the above, there is a need for more effective action to improve operations and increase earnings of state economic enterprises and for more productive utilization of resources available to Turkey."

The Turkish Government, continues this report, operates about half of the country's industrial production, including enterprises in the fields of manufacturing, mining, trading, banking, transportation, and public utilities. They have steadily lost money due to "poor organization, inefficient operations, and poor pricing policies."

"Despite these basic management deficiencies, the United States continued to provide substantial sums of direct and indirect dollar aid and counterpart and U.S.-owned local currency to some state enterprises. This aid has contributed little toward improving operations of the enterprises, relieving their drain on the Turkish economy, and thereby reducing the need for outside aid."

Turkey's failure to correct the worst of these conditions has led the consortium to curtail its scheduled aid. But instead of doing the same, the AID presentation indicates that the United States is going to increase its aid substantially over last year.

DEBT DEFAULT BY TURKEY

The GAO report also found that Turkey was by 1957 in arrears on three loans, with the arrearages amounting to $6.4 million. In May 1959, AID deferred for periods ranging from 28 to 31 years all principal and interest payments originally due between 1956 and 1965. The Government of Turkey is to make the three interest and principal payments due between 1966 and the original maturity dates pursuant to the original repayment schedule, and make the deferred payments after the original maturity dates. But interest will not be charged on the principal and interest payments that were deferred, which represents another grant of $31 million to Turkey.

The dreary details of American aid for importation of station wagons, for a meatpacking plant that is virtually unused, for modernization of the state-owned bituminous coal industry that continues to sink deeper into indebtedness, and for grain storage silos whose peakloads averaged less than 40 percent of capacity are included in this GAO report. It should be read by every citizen who still believes that the foreign aid program is designed to help the world's unfortunate.

Says the report:

"The Agency (AID) advised us that it had encouraged Turkey to adopt necessary reform measures for management of its fiscal and economic affairs. However, although actions taken by the Government of Turkey were not satisfactory, the Agency decided to not insist on a greater measure of cooperation because of foreign policy considerations."

Primary in these considerations are the extensive intelligence and military installations operated in Turkey by thousands of American personnel. They largely explain why protests about Turkey's stagnating economy and misuse of aid funds are pushed aside with references to Turkey's being "vital to American security."

Our aid to Pakistan is in very much the same category, and we seem to be heading in the same direction with India. The "forward defense" policy of aid is not one of promoting economic freedom of choice at all.

What is happening now in Laos and Vietnam is typical of what would happen in each of these peripheral countries should it come under any pressure from within or without. The American aid that we send them now would be only a drop in the bucket of what it would take to prop them up under conditions of war or near war.

Program loans to these countries are little better than outright grants and should be stopped.

TECHNICAL COOPERATION

For many years, this descendant of the point 4 program has been an almost untouchable segment of the foreign aid program. But a close examination of its current projects, and those in the comparable category in the Alliance for Progress, indicates that technical cooperation is moving far away from the original point 4. Today, a major function of "technical cooperation" is the training of local police forces in internal security matters. These programs are zealously pursued by American authorities even in countries like Panama and Indonesia, where their uses are more likely to be anti-American or anti-British instead of anti-Communist.

In short, these programs are being conducted in the countries where we have little or no control over the purposes to which they will be put. They include the recent military junta-ruled countries of the Dominican Republic, Honduras, Ecuador, and Guatemala. Just what we think we can teach the Dominican National Police that they did not learn for themselves in Trujillo's day is hard to guess. But we are trying.

We are undertaking similar endeavors in Somalia, Chad, Tunisia, the Central African Republic, Dahomey, the Ivory Coast, the Malagasy Republic, Niger, Upper Volta, the Congo, and Ethiopia in Africa. The programs are equally widespread throughout Latin America and Asia.

In few of these countries is there the institutional framework that would make them a wise undertaking. All we are doing for most of them is making their police states a little more efficient—maybe. But we have not the slightest idea to what use this efficiency will be put, and whether it will advance any interest of the United States.

In many ways, this kind of technical assistance is the most dangerous aid program ever undertaken by the United States. Any reduction Congress makes in it will be a step in the right direction.

The aid presentation for technical assistance gives no real reason for the $9 million increase it plans over fiscal 1964. AID declares that it is moving the capital projects that have been under "Technical cooperation" into the "Development loan" category. But if so, what does it plan to do with the money saved, plus the increase over last year? "Research" is the only explanation for this in the presentation..

Many of the other projects undertaken in the name of technical cooperation and assistance have a similar flavor of political and military intrigue. In the Near East and Asia, many of the transportation projects seem to be directed at military rather than commercial use. In Afghanistan, for example, we have a total program of $10 million worth of continuing projects. One of them is to plan a highway to the Iranian border. Its justification is that it would give Afghanistan an outlet in the west. But we had already helped her build a highway to the Pakistani border for the same purpose; then there were troubles between Afghanistan and Pakistan, causing the border to be closed off and on.

It seems a great hypocrisy to call this "technical cooperation," when it does not appear that Afghanistan is not as much interested in having an outlet to the west as we are in insisting that she have one, no matter how much it costs the American taxpayers.

Cyprus is another question mark. Cyprus is down for many hundreds of thousands of continuing projects. What has happened to them during the civil war? No one will ever know from reading the presentation.

Turkey, of course, is the most shameful failure of all aid recipients, not only in the technical aid but in all categories of aid. In technical assistance, many of the programs we are maintaining in Turkey are designed to help Turkey run her state enterprises. Since it is these state enterprises that are largely responsible for the stagnation of her economy, and the responsibility for their continuation is a political rather than a technical problem, it is hard to see how the United States is helping to improve her economic situation by aiding in the perpetuation of these enterprises. Another way of putting it is that we are training Turks in socialism, and creating more bureaucrats who will have to be employed in these establishments already suffering from bloated payrolls.

As for Thailand, one cannot read the continuing projects there without concluding that they are laying the foundation for an American military operation in Thailand. The so-called transportation projects include a four-lane highway from the country's main international airport to Bangkok. From Bangkok, a two-lane highway is to continue to the northeast area where the border with Laos is threatened. Much the same picture is seen in the projects for aeronautical ground services which are "intended to make several airfields fit for military use, as well as cilivian." It is hard to see where any civilian use in Thailand could justify "several airfields of this nature.

In sum, showing people how to live better is on its way to becoming only an adjunct to the technical cooperation program, as it is to the rest of foreign aid. It is the Peace Corps, that is making the greatest contribution to this cause.

AMERICAN SCHOOLS AND HOSPITALS ABROAD

In my opinion, the funds authorized for this activity rank high among the most worthwhile expenditures made in the name of foreign aid. Indeed, I have made a matter of record my willingness to support a larger sum for these purposes than the administration requested.

A number of my committee colleagues and I expressed great interest during the hearings in providing assistance to Mexico City College, now renamed the University of the Americas. This eminent institution certainly seems to qualify for help under the aid category of American-sponsored schools. Unfortunately, the university had not submitted its detailed application by the time of committee action on the bill. I believe it likely that the majority of members would have voted to increase the authorization for this section had they been in receipt of data from the university which seemed to require such action.

However, the committee was assured by the Administrator and other AID officials that the university's application, when forthcoming, would be reviewed most sympathetically. We were also assured that the funds requested for this general purpose would be sufficient to permit assistance to be granted to the University of the Americas in fiscal 1965. I take this occasion to express my intention of seeing to it that this project is not lost in the bureaucratic shuffle.

THE ALLIANCE FOR PROGRESS

As chairman of the Subcommittee on American Republics Affairs, I yield to no one in my deep interest in the countries of Latin America and their progress with economic and social reforms in the context of democratic political institutions and practices. I would certainly subscribe to the words of the committee report that "* * * dramatic breakthroughs and economic 'takeoffs' are unlikely in the absence of a basic social and political reorientation in most of Latin America." But sadly inadequate emphasis has been given to the fact that U.S. policy, rather than American public money, is the instrument through which we can best help our Latin American friends to help themselves.

It is a truism that a change in the price of a basic Latin American export commodity by a few pennies, or a reversal of capital flight from that area, would have many times the effect of all the financial aid which the United States could possibly make available. What is irreplaceable, on the other hand, is a U.S. policy which actively encourages democratic constitutional means of governing and of tackling the fearsome social and economic problems of the Latin American countries. Regretfully, one cannot avoid the conclusion that such a policy still is not sufficiently in evidence.

Time and again we have reacted to the military overthrow of a constitutional regime by temporarily withholding recognition and foreign aid funds, and then by granting them without any reliable assurances that the new rulers are moving to reestablish constitutional and popular government. It is not merely that such practices evoke justified criticism from all parties involved; they serve to undermine our entire overall policy toward Latin America. Until the United States unequivocally alines itself with those democratic elements which are trying to bring about peaceful revolution in the social and economic spheres, the Alliance for Progress will be a pious exhortation rather than an instrument for dramatic change.

Our "aid as usual" policy toward the Dominican Republic, Guatemala, Honduras, and Ecuador is the greatest single threat today to the success of the Alliance.

Because it is clear that money alone is not the key to the Alliance for Progress, there is no reason why foreign aid requests for Latin America should not be scrutinized—and reduced when necessary—on the same basis as AID programs in other world areas. Last year's appropriation for the Alliance totaled $455 million, but the administration has requested $550 million under that heading for fiscal year 1965. Although the overall foreign aid appropriation should be gradually reduced each year, this should not involve a rigid approach which would inevitably cut each and every component of the act. Therefore, I am recommending $465 million for the Alliance in the 1965 authorization, or an increase of $10 million over last year. Of this total, $80 million would be for grants (the same figure as in 1964) and $385 million would be devoted to development lending.

My reasons for cutting $5 million from the administration request for Alliance grants stem from a painstaking examination of the presentation material. On the same basis of listing projects which seemed inadequately justified, unduly extended (often for 15 or 20 years), or otherwise of dubious value, I might have sought a precise cut of $8,243,000 had I not again preferred to err on the side of caution. In two major countries we make technical assistance grants to encourage the production of export items which are surplus in the United States. In a number of cases there are projects which involve the United States in paying local expenses which could be met by the Latin American country concerned. In other cases the United States is making grants of both heavy and light equipment which properly should be purchased by the local government with the proceeds of a development loan. The ill-advisability of training and equipping of police forces in totalitarian states is discussed in the section on technical cooperation. It is for these reasons that it seems correct to hold grants at last year's level while providing $10 million more for lending.

There should be no confusion about my position regarding technical assistance for Latin America and other regions of the world. So long as this cooperation is extended in terms of working with fellow human beings through education and training in productive activities, it is of supreme value and it is self-justifying. But this fine program must be kept separate from the provision of capital equipment, other material, and commodities. Development loans obviously are required in order to make such provision, but we must also make it as certain as possible that loans are confined to those purposes, and not devoted to budgetary and balance-of-payments support. The comments made elsewhere in these individual views concerning the Development Loan Fund are equally valid in the Latin American context.

One further point about the Alliance for Progress. There is no activity in Latin America which is more important in terms of reaching the people than the construction of decent, low-cost housing. Yet all indications are that there has been too little movement in this sphere, despite the special authority in the Foreign Assistance Act. I strongly urge far greater attention to this subject by AID officials on an immediate basis.

SUPPORTING ASSISTANCE

It is inexcusable that the administration request for supporting assistance funds should be raised over the amount available last year, even before the special request for additional money for Vietnam was sent to Congress. The Mansfield amendment of 1959 called for an eventual phasing out of these financial grants. Yet $335 million was initially requested, compared to $330 million appropriated last year. On top of this, $70 million more was later requested for Vietnam, bringing the total to $405 million.

Congress has suffered in the past from the shifting by AID of supporting aid funds away from the purposes presented in the hearings into other uses. If past experience is any guide, it is more than likely that much of the supporting assistance requested for Vietnam will be used elsewhere.

The $30.3 million reduction in this category by the full committee is not enough. Three countries in Latin America, for example, are scheduled to receive supporting assistance. One of them is Haiti. Although the program being supported is malaria eradication, our program is in addition to UNICEF and Pan American Health Organization programs in Haiti for the same purpose, to which we also contribute. The brutality of the Duvalier dictatorship in Haiti is not exceeded even in Castro's Cuba. There is no more reason for the United States to maintain a unilateral health program in Haiti than in Cuba, or for that matter, in Communist China.

Supporting assistance aid to Bolivia simply undercuts the requirements of the Alliance for Progress and underwrites the incredible mismanagement of the Government-owned tin mines. As with Turkey, the excuse for this aid is the old reliable Communist bogeyman, and the result is the subsidizing by American taxpayers not only of Socialist enterprises but of outrageously inefficient Socialist enterprises. In the case of Bolivia, we have been supporting these tin mines with their grossly padded payrolls since 1954 and there is no end in sight so long as the word is out that there is more supporting assistance coming from the United States. Why should Bolivia change so long as she can scare money out of us?

Jordan and Yemen will account for another large chunk of supporting assistance. Despite the pretentious and glowing references to Jordan's "progressive" government in the presentation, there are no plans for loan aid to Jordan in this year's budget, and one of the three remaining capital projects under technical cooperation is also in Jordan. Nothing but grant money is planned for Jordan this year because with her present policies she is an economic impossibility. The presentation uses the phrase: "Eventual viability may be more securely rooted" in Jordan. That is the best outlook.

Much of Jordan's poor outlook is directly due to her expenditure of $60 million for defense. Offense is probably the better word. Jordan's army is concerned with nothing in the world but Israel and King Hussein has made it quite clear that he is ready to move against Israel if the Jordan River project goes through. If he does, it will be only because the United States has subsidized his military establishment since 1947 through supporting assistance grants.

Jordan is not of interest exclusively to the United States. If she needs subsidization to exist, in the same way the Congo does, she should become an international ward, supported by some kind of consortium. That might also reduce the military threat she poses to Israel. But so long as the United States furnishes her this wad of money as a military subsidy, this will never happen. The contributions to her budget from Britain are very small, compared to ours, and Jordan's other sources of aid are loans, not grants. At the rate we are going in Jordan, it will be the American taxpayers who will repay these loans. The budget support to Jordan should be cut by several million this year, so a start can be made toward a longrun solution to Jordan's problems.

In Yemen, we are giving supporting assistance to a government that is little more than a creature of Nasser's and that is still fighting against a royal government that is in turn backed by Britain.

Unilateral American aid to Yemen is in the same class with aid to Sukarno. Worse yet, a good half of it is for highway construction that is of far more military significance to Yemen now than commercial significance. This aid is nothing but an attempt at political intrigue. It should be stopped until the civil war there is over.

In the Far East, South Korea, Laos, Thailand, and South Vietnam are scheduled to receive large amounts of supporting assistance. Although much is claimed in the presentation for South Korea's economic prospects, no reason is given why supporting assistance to her is being increased over last year. It is all nonproject aid, and although the presentation indicates that it will be released only in increments as the South Korean Government makes good on its promises of economic reform, I see no reason why more should be provided than was provided last year.

Moreover, the only other non-American aid to Korea is taking the form of loans. As with Jordan, the United States will end up repaying these loans unless we develop a more effective program in Korea.

The optimistic note in the presentation book about Korea's future depends heavily upon its renewing aid and trade ties with Japan. The people of Korea, including the young people who rioted recently against this policy, should understand that the United States is not going to underwrite indefinitely their emotional aversion to Japan, however real it may be. We do underwrite it when we raise their budget support considerably over last year.

This large sum for Korea is also a result of the 600,000-man Korean Army we are supporting, in addition to the 50,000 American troops in Korea. This compares with figures I have seen that the North Korean Army is about 400,000. No good reason has ever been offered for maintaining this vast preponderance of military force in South Korea. The latter's army should be brought down at least to 500,000 and preferably to 400,000.

The levels of supporting assistance to Laos and South Vietnam are indicative of what we face in every other underdeveloped country where we are maintaining large military aid programs. The presentation books stress over and over again the meager economic resources of these countries and the high concentration of military activity. The result is that the United States finances a Western-style war effort in feudal countries. It costs us a yearly average of about $40 million in Laos, a country of 2.5 million people, exclusive of military aid. In South Vietnam, it has run about $130 million for economic aid, with this year's level much higher, in a country of 15 million. In both countries, much of this money goes for the enrichment of ruling classes and factions that we "hire" to fight communism.

Anyone who thinks the United States gains something by maintaining these indigenous armies in undeveloped countries around the world should figure out first how much we would have to subsidize any one of them if it became involved in any kind of a war.

The figures for Korea, Laos, and Vietnam should be a lesson to us, because in addition to direct action by the U.S. Armed Forces, it would cost us billions of dollars to subsidize a war effort in such countries as Turkey, Greece, Iran, Taiwan, or any of the others whose military establishments are creatures of the United States.

CONTINGENCY FUND

Once again, the uses of the contingency fund were advertised as being for unforeseen emergencies. But one of the largest transfers out of contingency funds was $50 million into development loans to make a program loan to Brazil. Other uses of the contingency fund have been $38 million for Vietnam (in addition to its programed funds and the special request of $125 million) and a transfer of $75 million into military assistance. All these obligations were entered into only in the 2 months before Congress acted on the foreign-aid bill.

Use of the contingency fund for Brazil's balance-of-payments problem continues to typify the abuses of this fund. This is neither an unforeseen nor an emergency situation. The contingency fund only provides the loophole whereby Brazil evades the stipulations of the Alliance for Progress.

This use of the fund alone justifies a $50 million cut.

MILITARY ASSISTANCE

There is no part of foreign aid on which the Congress has received a worse flimflam from the executive branch than on military assistance.

One of the major criticisms leveled by both the Clay Committee and the Senate Foreign Relations Committee last year was that we had too many token military aid programs that seemed to be designed merely to give the American military a "presence" in most countries outside the Communist bloc.

Figures prepared for the hearings at my request indicate that the total number of countries receiving military grant aid in fiscal 1965 will be 55, compared to 63 in fiscal 1964. However, the March 1964 publication from the Defense Department called "Military Assistance Facts" includes an estimate that 62 countries will receive grant military aid in fiscal 1965, and that 10 more countries will acquire American arms through direct or credit purchases.

If there is, in fact, any reduction planned in the total number of countries receiving grant military aid next year, it does not show up in the request for $1,055 million. There is no explanation of why we are sending the same total aid to fewer countries, if that is in fact what we are doing.

On March 6 of this year, the General Accounting Office issued another of its periodic reports that have consistently found extensive waste in military aid. This one reported that the Defense Department has continued to maintain large military aid staffs in the countries of Western Europe even though military aid to them is being phased out.

The report also stated that these military aid missions continue to prepare military aid plans even though no more grant aid is supposed to go to these countries.

To quote from the GAO report:

"We found that in 1962, when the value of grant aid deliveries to 8 of the countries covered by our review was $190 million, the Military Assistance Advisory Groups in these countries were staffed in total with approximately 345 U.S. personnel or 56 percent of the level maintained to administer programs during the peak year of 1953, when the value of grant aid deliveries was $2.3 billion.

* * * * *

"The failure to eliminate or reduce the Military Assistance Advisory Group's functions and to make appropriate reduction in the number of personnel assigned, as the military assistance programs were accomplished or reduced, has resulted in the unnecessary expenditure of millions of dollars overseas; the ineffective utilization of highly skilled, highly trained personnel; and the continued but unnecessary support overseas of the dependents of many Military Assistance Advisory Group personnel. * * * The Department of Defense furnished us with comments in response to our findings and proposals for corrective action by letter dated July 25, 1963, classified secret. The Department of Defense has informed us that a worldwide review is now being made of the missions and functions of Military Assistance Advisory Groups to determine the feasibility of reducing U.S. representation abroad. We believe that immediate personnel reductions can be made by eliminating or reducing functions now being performed by these groups. We intend to make a followup review at a later date, and at that time we will examine into the adequacy of the Department of Defense's action to reduce or eliminate the staffs of the Military Assistance Advisory Groups in the countries involved.

* * * * *

"Although virtually no additional grant aid is to be provided to the eight Western European countries, we were advised by the MAAG's that they are continuing to prepare military assistance plans. In France, the plans were being prepared in the same detail and on the same basis as though grant aid were to continue, whereas in other countries the plans were being updated and revisions were being made as necessary."

Secretary McNamara, in his testimony to the Foreign Relations Committee, pointed out that only Denmark and Norway in Western Europe are receiving grant military aid in fiscal 1965, and that no new commitments are being made in Europe. Yet the military aid budget does not reflect any curtailment anywhere of small aid programs or of oversea missions.

A real deception of Congress took place in connection with Vietnam. The original 1965 budget reduced military aid to South Vietnam considerably below the level of fiscal 1964, and parceled it out to other countries. Then the President sent a special message to Congress claiming that conditions in Vietnam were so critical that an additional $55 million for military aid was needed to meet that emergency. The addition only brings South Vietnam's military aid back to last year's level.

Those who have been through 15 years and more of that kind of shell game from various administrators can no longer take at face value anything about aid that is told us by either military or civilian officials. In the case of this "bare bones" request, the

funds available for military aid this year include not only the $1,055 million in new appropriations, but $25 million which was unspent last year and for which reappropriation is requested, $135 million which is expected to be recouped from cancellations, price changes, and various slippages, plus a continuing standby authority to use $300 million in Defense Department stocks when the President finds it "vital to the security of the United States." In recent weeks, $75 million in contingency funds has also been used for military assistance.

This means there is really available not $1,055 million but $1,515 million for military assistance, plus the contingency funds. It is why an eventual cut of $500 million in military aid would be one of the soundest steps that could be taken toward a sound and useful long-range foreign aid program.

It is becoming clear from the testimony Congress receives year in and year out, that the Pentagon has come to consider military aid a permanent program. Each year, the requests are justified with accounts of Greece or Pakistan or some other country using obsolete equipment that must be replaced by the United States to keep it current with Bulgaria, in the case of Greece, and to keep current with India, in the case of Pakistan.

It is about time that the Pentagon were required to produce some long-range plans for what it expects of military aid in the future. We should find out whether these countries are going to have their obsolete equipment replaced by us forever, and by whose standards it is obsolete. For example, a perennial favorite is the claim that countries in the Far East need new jetplanes. But the only conceivable enemy against which we are arming them is Communist China, whose jet aircraft from the Soviet Union was cut off several years ago and who does not produce its own jets. Published estimates put the Chinese jets at the period of about 1956.

There is no reason for upgrading the level of any military forces in the Far East above that of Communist China, whose air, naval, and mobile capability is very low.

Future Pentagon estimates for military aid should also include an estimate of how much it would cost the United States to finance a war effort in each country receiving military assistance. We are told, for example, that Taiwan no longer receives huge sums of economic aid, but she continues to receive large quantities of military aid. All this means is that Taiwan still cannot support a large peacetime military establishment. How much would it cost the United States to underwrite a war waged by Taiwan?

It continues to be any opinion that any military aid given to a country in peacetime is only a small fraction of what it would cost the United States to support that country in time of war, if indeed, we decided to support it at all. Such nations are not allies against communism; they are only dependencies. It is worst of all to continue giving large-scale, Western-style military aid to nations that have no prospect of being able to support a modern war out of their own economies in the foreseeable future.

It is not these indigenous forces that deter China or the Soviet Union—it is the likelihood of American response to an invasion of any one of them.

We are having a hard enough time trying to advise the South Vietnamese how to fight, after giving them the most modern equipment, without committing ourselves to the same undertaking with the several million foreign soldiers we keep under arms under the pretext that they are contributing to free world defenses.

The most astonishing testimony of all has been that this amount of the request is needed to upgrade the armed forces of Greece and Turkey. Why we should advertise that we want to do even more than we have in the past to prepare them to fight each other, I cannot imagine.

A 20-percent reduction in the military aid for both Greece and Turkey, and for Pakistan and India, would do more to end the quarrels over Cyprus and Kashmir than all the high-level conferences held to date. The spectacle of stoking their war machines while we beg them to be peaceful is as much a reflection upon Congress as upon the executive branch.

CRITICAL REPORTS FROM GENERAL ACCOUNTING OFFICE CONTINUE

Reports by the U.S. Comptroller General criticizing the aid program in Turkey and the size of military aid missions in Western Europe have already been cited. But there are other reports, too. They continue year in and year out to cite examples of wasted money in the foreign aid program. These reports are in no sense a comprehensive review of aid; they are only reports of practices uncovered in spot checks.

On March 5, 1964, the Comptroller General summarized as follows a report on "Certain Economic Development Projects for Assistance to Central Treaty Organization":

"Because the availability of local resources was not adequately explored, grant and loan funds aggregating more than $8 million were used for purposes other than those for which they were initially obligated and for financing imports which were not needed or could be produced in the recipient country. Furthermore, the economic feasibility of the three projects for which the funds were obligated was dubious and, as conditions existed at the time of our review, there was no assurance that two of the three projects involved would ever be completed.

"In light of the foregoing findings, we suggested certain basic policy guides for consideration by the Agency. The Agency expressed agreement with the principles of our proposals but claimed that the origin and objectives of the projects were primarily political and that its decisions and actions in the implementation of the projects were concerned principally with the achievement of political success.

"The annual program presentations of the Congress on three of the projects did not fully disclose the unusual circumstances and the problems which have attended the projects. Moreover the presentations were incomplete and inaccurate and indicated that the aid provided to these projects was more effective than was actually the case. We are repeating our recommendation made in previous similar instances, that the Agency make more informative, clear, and accurate disclosure of significant data in annual program presentations."

On March 12, 1964, a report was sent to Congress on "Unnecessary or Premature Procurement of Sidewinder Missile Training Systems and Their Delivery to Foreign Countries Under the Military Assistance Program." It said in part:

"Tow target systems costing in excess of $1 million, designed for training pilots in the use of Sidewinder missiles, were unnecessarily or prematurely delivered to 11 foreign countries because responsible Department of Defense agencies had not given consideration to the countries' inability or unwillingness to use the systems. Six countries were unwilling to use the tow target systems for reasons of safety and cost, and five countries did not have the equipment, missiles, or test programs to enable them to use the tow targets at the time of delivery. An additional $240,000 had been expended by the Air Force for tow targets for which no firm requirement existed and which were never delivered under the military assistance program. These targets were still in storage at the time of our review.

"In commenting on our findings and proposals, the Department of the Air Force advised us that action had already been taken or was underway to recover the excess equipment in six countries and that no immediate action was proposed in five countries because utilization had been planned.

"With regard to the procurement of unneeded tow targets that were never delivered to recipient countries and are now in storage, inasmuch as the Department of the Air Force failed to comment on our finding, we are recommending that the Secretary of Defense require that an appropriate inquiry be made to determine the reasons for the overprocurement and which persons were responsible so that appropriate corrective and disciplinary measures may be taken.

"Our reports on the military assistance program over the past 7 years have shown that a basic deficiency in the administration of the program has been the failure of the Department of Defense to limit materiel deliveries in accordance with the capability of the recipient countries to maintain and utilize equipment even though this is required by the Department's own regulations. Accordingly, we have recommended to the Secretary of Defense that these regulations be strengthened by requiring that future deliveries of major end items included in approved military assistance programs be made only upon a written certification by the chief of the Military Assistance Advisory Group based on a specific determination that the recipient country has the necessary capability to effectively absorb, maintain, and utilize the item to be delivered.

"The Department of Defense has disagreed with our recommendations and has maintained that, under current directives, the Military Assistance Advisory Group chiefs have the continuing responsibility for screening undelivered military assistance program materiel and for taking timely cancellation or deferral action where delivery of materiel is not consistent with host country capability to absorb, maintain, and utilize the equipment. The Department of Defense maintained also that certification by the Military Assistance Group chief would serve no significant useful purpose.

"We believe that such a certification requirement would encourage a current reappraisal of the need for the equipment and the country's capability to maintain and utilize it before it is delivered and would help to prevent future deliveries of military assistance program materiel in excess of the country's capability to effectively absorb, maintain, and utilize the items delivered. Military assistance program materiel has continued to be delivered for a number of years to countries which cannot effectively absorb, maintain, or utilize the equipment and has been the subject of numerous reports to the Congress and the Secretary of Defense, even though during that time the Military Assistance Advisory Groups have been charged with the responsibility of preventing this from occurring. We therefore believe that affirmative action by the Military Assistance Advisory Group chief before delivery should be required.

"In view of the position of the Department of Defense with respect to this matter, the Congress may wish to consider the enactment of legislation requiring additional safeguards before delivery of military assistance program materiel. We shall be pleased to assist in drafting such legislation if desired."

Certainly the inclusion of legislation along this line must be considered at the next drafting of foreign aid legislation.

On June 17, 1964, a report was received on "Ineffective Administration of U.S. Assistance to Children's Hospital in Poland." It said in summary:

"Our examination into U.S. assistance to a children's hospital in Poland, for which about $2.2 million in dollars and the equivalent of $8.3 million in United States-owned

Polish currency has been appropriated, disclosed an almost complete lack of U.S. Government surveillance of project activities. Consequently, U.S. officials were not aware of certain unfavorable financial and operational factors attending this project.

"We found that cost estimates submitted to the Agency for International Development did not include supporting details and that the Agency had not made a proper review and evaluation of the estimates. We found also that (1) the Agency disbursed more funds to the private sponsor of the hospital than were provided for in the original grant agreement; (2) the sponsor had incurred costs in excess of the maximum amount provided for in the original grant agreement and in excess of the erroneous amount disbursed by the Agency; and (3) the sponsor continued to incur costs even though all available funds were exhausted. We found further that the hospital may not be adequately staffed for effective operation at the time of its completion. We believe that this loose administration was caused in good part by a failure to define Agency responsibility.

"The Agency made a commitment in August 1961 to finance the local currency costs of constructing the hospital on the condition that the sponsor would attempt to raise from private contributions in the United States the dollar funds required for certain material and equipment not available in Poland. The Agency made this commitment in the face of overwhelming evidence at the time that the sponsor would not be able to raise the dollar funds and that U.S. Government dollar financing would ultimately be necessary to complete the hospital. As far as we could determine, the Agency did not present this matter for the consideration of the Congress prior to making the commitment.

"At the time of our review, construction was well underway with Polish currency made available by the Agency but the sponsor had raised only a fraction of the dollar requirement and reported that no prospect existed for raising the dollars. Consequently, in order to complete the hospital, the Agency requested $2.2 million in dollars for the hospital in its fiscal year 1964 budget presentation to the Congress. The request was made, notwithstanding the then existing prohibition against giving dollar aid to Communist countries. The funds were appropriated in the Foreign Aid and Related Agencies Appropriation Act, 1964, approved January 6, 1964.

"In requesting funds for the hospital in its budget presentations to the Congress for fiscal years 1963 and 1964, the Agency did not disclose the unusual circumstances and problems which have attended this project, as described in our report, and furnished incomplete and inaccurate information regarding some of the financial and operational aspects of the project. Also, because the dollars were not available when needed, completion of the hospital will undoubtedly be delayed considerably beyond its scheduled date.

"The comments of the Agency for International Development, concurred in by the Department of State, reflected general disagreement with our findings and conclusions. After an analysis of these comments and further review of files and records, however, we concluded that the Agency had presented no information which would cause a significant change in our basic report with respect to our presentation of the facts or the conclusions drawn.

"We believe that, in addition to the corrective actions cited in the report, it is incumbent on the Agency for International Development to take steps to assure that arrangements have been worked out for adequate staffing of the hospital. Also, we are again recommending that future annual foreign aid budget presentations to the Congress describe projects and other significant activities in such clarity and specifics as will facilitate a full and correct understanding by the Congress of their scope, status, and administration."

On June 29, Congress received a report on "Deficiencies in Administration of the Earthquake Reconstruction and Rehabilitation Program for Chile." It said in summary:

"On the basis of our review of projects financed under the reconstruction and rehabilitation program in Chile following the earthquakes in May 1960, we believe that serious problems were encountered because the Agency for International Development did not adhere to accepted standards of programing and project planning for the large number of projects included in such a vast program.

"For the most part, no meaningful review was made of the Government of Chile's plans, specifications, and cost estimates for the projects undertaken. The Agency did not adjust the size and makeup of its mission staff to meet the tremendous expansion of assistance to Chile under the earthquake program. Also, appropriate consideration was not given to the abilities of the various agencies of the Government of Chile to carry out their part of the program. As a result, serious cost overruns and delays occurred in many projects and a number of projects had not been completed, or in some cases had not been started, some 3 years after the earthquakes and substantially after their estimated completion dates.

"For a substantial part of calendar year 1962, the maximum rate of exchange was not obtained for dollars disbursed under the earthquake reconstruction program. The resulting loss to the earthquake program was estimated to be in excess of 26 million Chilean escudos, the equivalent of $13.8 million on a most conservative basis. As a practical matter, it can be said that earthquake reconstruction funds were used for a period of time to subsidize and help maintain the Chilean escudo at a rate that was known to be overvalued in relation to the dollar.

"Despite the disbursement of large sums in calendar years 1961 and 1962 under this program, Chile imports from the United States declined in those years, both in dollar value and in relation to total imports. Also, we noted that several earthquake reconstruction projects were adversely affected because of Chile's shortage of foreign exchange, despite the fact that $120 million was being supplied under the earthquake program, and the amount of foreign exchange required for earthquake projects was relatively minor. We are recommending that, in future agreements providing dollar financing for projects or programs consisting principally of local currency costs, adequate provision be made requiring the utilization of the dollars so provided for any direct foreign exchange costs of the specific projects or programs being financed.

"To the extent deemed appropriate, the comments of the Agency on our findings have been included in this report. The Agency's comments on the exchange rate matter, together with our evaluation of such comments, are contained in a supplementary report which has been classified as 'confidential'."

In May, two more reports were received. They concerned waste in the military aid programs to Indonesia and Ethiopia, and both were marked "classified."

This year's reports on foreign aid are only typical of those Congress receives every year. The answer always comes back: "Some waste must be expected in a program of this size." But I do not know of any Federal program of any size where so much known waste of money continues with so little action being taken to stop it. So long as these critical reports on foreign aid come in from the General Accounting Office, I shall continue seeking to reduce and tighten the program.

CONCLUSION

On the basis of the foregoing discussion and other information which cannot be made public, I am recommending cuts totaling $466.700,000 less than the figures approved by the Committee on Foreign Relations. This would bring the overall foreign aid authorization to the $3 billion level of new money which was appropriated last year. The following table gives the statistical details of my proposal:

	Appropriation, fiscal year 1964	Administration appropriation request, 1965	House appropriation bill	Senate Foreign Relations Committee	Reduction by Senate committee from administration request	Recommended further cuts	Recommended Senate authorization
Pt. I. Economic:							
Ch. 2. Development assistance:							
Title I: Development loans	$687, 300, 000	$922, 200, 000	$782, 200, 000	(1)		$140, 000, 000	$782, 200, 000
Title II:							
Technical cooperation, development grants	155, 000, 000	224, 600, 000	204, 600, 000	$215, 000, 000	$9, 600, 000		215, 000, 000
American schools and hospitals	19, 000, 000	18, 000, 000	18, 000, 000	18, 000, 000			18, 000, 000
Title IV: Surveys of investment opportunities	(1)	2, 100, 000	2, 100, 000	2, 000, 000	100, 000		2, 000, 000
Title VI:							
Alliance for Progress loans	375, 000, 000	465, 000, 000	425, 000, 000	(1)		80, 000, 000	385, 000, 000
Alliance for Progress grants	80, 000, 000	85, 000, 000	85, 000, 000	85, 000, 000		5, 000, 000	80, 000, 000
Ch. 3. International organizations	116, 000, 000	134, 400, 000	134, 272, 400	134, 400, 000			134, 400, 000
Ch. 4. Supporting assistance	330, 000, 000	405, 000, 000	405, 000, 000	374, 700, 000	30, 300, 000	11, 700, 000	363, 000, 000
Ch. 5. Contingency fund	50, 000, 000	150, 000, 000	150, 000, 000	150, 000, 000		50, 000, 000	100, 000, 000
Pt. II. Military	1, 000, 000, 000	1, 055, 000, 000	1, 055, 000, 000	1, 045, 000, 000	10, 000, 000	180, 000, 000	865, 000, 000
Pt. III. Administrative expenses:							
AID	50, 000, 000	52, 500, 000	52, 500, 000	52, 500, 000			52, 500, 000
State Department	2, 700, 000	2, 900, 000	2, 900, 000	(1)			2, 900, 000
Pt. IV. Other laws: Latin American development	135, 000, 000						
Total	3, 000, 000, 000	3, 516, 700, 000	3, 316, 572, 400	2, 076, 600, 000	50, 000, 000	466, 700, 000	3, 000, 000, 000

[1] Previously authorized.

It will be noted that in virtually every category but military assistance my recommended figures exceed the amounts appropriated for fiscal year 1964. The fact of this excess should counter the tortuous argument for increases based on carryovers, deobligations, and so forth—an argument which plagues and distorts our debates on the subject of foreign aid each and every year.

Needless to say, I am convinced that any authorization for a foreign aid program of more than $3 billion is not in the national interest, and is actually inimical to the individual American taxpayer.

Mr. MORSE. I shall not take the time to discuss the report. It speaks for itself. I set out some of my major objections to the foreign aid program in 1964. The chairman of the Foreign Relations Committee, in filing the report for the majority, admitted my case and pointed out that the objections should be faced up to by the administration; that if something was not done to correct them, the administration would be in trouble in connection with future foreign aid bills. The administration did nothing about correcting the deficiency which the chairman of the Foreign Relations Committee admitted should be corrected, and so we have him back again this year, speaking for the majority, again saying to the administration, in effect, "You ought to do something about it. If you do not do something about it, you will be in trouble in the future." That is passing the buck to the administration.

The Foreign Relations Committee of the Senate has the responsibility of doing its own investigating of foreign aid in behalf of the Senate. Its conference report should be repudiated. The committee should be told to go back to conference, try to get an extension of foreign aid by way of a continuing resolution, set up its own investigating body, and proceed to get this job of investigating foreign aid done before the administration comes in with another bill.

I close by saying that once again I find myself in the very unhappy position of standing with a small minority in the Senate, pleading for the Senate to assume what I think is its clear responsibility of checking the administration in connection with the wasteful and inefficient foreign aid program with which it continues to shackle the American taxpayers. I would much rather find myself with the majority. Some day I hope to be with the majority on this issue. But I shall never be with the majority until the majority of the Senate proceeds to perform the responsibility which is clearly its job, and that is to stop transferring to the executive branch of the Government the responsibility of cleaning up foreign aid by conducting our own Senate investigation if we cannot persuade the House to join us in a joint investigation, and bringing in next year a revised and reformed foreign aid program that all of us can support with enthusiasm. That is my hope, and to that end I intend, so long as it is necessary, to raise my voice in opposition to the present format of foreign aid.

I yield the floor.

Mr. DODD obtained the floor.

Mr. MANSFIELD. Will the Senator yield?

Mr. DODD. I yield.

Mr. MANSFIELD. Mr. President, I understand the distinguished Senator has a statement which will take approximately 10 minutes.

Mr. DODD. Fifteen minutes.

Mr. MANSFIELD. I ask unanimous consent that at the conclusion of the statement of the distinguished Senator from Connecticut, the Senate vote on the conference report.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Connecticut is recognized.

Mr. DODD. Mr. President, I shall refer briefly to the conference report. I have looked it over, and do not find the language which we adopted in this Chamber by a vote of 73 to 13. As I remember, this language reads something like this: "That so long as Egypt and Indonesia continued their aggression against other countries, subject to the discretion of the President, no money under the program would be made available to them."

I do not find that language in the conference report.

In more than 10 years in Congress, I have voted for every foreign aid bill. I shall not vote for this one, since this language has been taken out. I have seen what has happened over the years. I remember when we offered restrictive amendments about Communist aggression, and the argument was made in reply, "We will leave that up to the President."

We have now evidently reached the point where even the President will not be able to decide. Unless the language which was stricken is put back in the conference report, I shall not vote for it, and I do not believe the American people would vote for it.

Mr. President, with unanimous consent, I would like to continue my remarks on the Dominican Republic.

The PRESIDING OFFICER. The Senator from Connecticut is further recognized.

A REPLY TO SENATOR FULBRIGHT ON THE DOMINICAN REPUBLIC

Mr. DODD. Mr. President, yesterday I took the floor of the Senate to point out that a recent publication of the Senate Foreign Relations Committee entitled "Background Information Relating to the Dominican Republic," had been heavily slanted against the administration through a one-sided selection of press quotations and documentation.

Among other things, I pointed out that the chronology had quoted exclusively from press sources that were critical of administration policy and had completely ignored the hundreds of newspaper articles by veteran correspondents and by columnists of national reputation which in general vindicated the administration's decision to intervene in the Dominican Republic; that it had ignored the statement supporting the administration's action issued by the AFL-CIO and by Conatrol, the major Dominican Labor Federation, as well as by the inter-American Regional Organization of Workers; and that it had completely ignored the report of the OAS Special Committee on the Dominican Crisis and the minutes of the OAS meeting at which the committee had submitted its report.

I think that anyone who takes the trouble to read my statement will agree that my remarks were carefully documented and that they in no sense constituted an ad hominem attack.

I did not at any point refer to any Senator directly or indirectly, nor did I attempt to assign any blame for the unfortunate one-sidedness of the presentation.

I did ask that the staff of the Foreign Relations Committee be instructed, in preparing such future studies "to bring together all pertinent documents and not merely selected documents, and to select their press quotations in a manner that presents both viewpoints, or all viewpoints, rather than just one viewpoint."

I do not think that anyone can construe this very modest recommendation as a blanket condemnation or blanket criticism of the Foreign Relations Committee staff. I believe that this staff is competent and dedicated and I have the highest regard for its members. But this in no way mitigates the fact that a serious mistake was made.

I avoided all personal references for the simple reason that I did not in any way consider this a personal issue.

A document had gone out to Members of Congress and to newspapermen and reference libraries across the country which was bound to become part of the historical record of our time.

This document was demonstrably and grievously one-sided.

I considered it my duty as a Senator to attempt to redress the balance of the historical record by presenting to Congress a brief review of some of the most important press items that had been ignored by the report and of some of the critical documents that had been omitted.

I, therefore, regret that my colleague, the distinguished Senator from Arkansas, saw fit to respond to my presentation yesterday afternoon by completely ignoring the substance of my speech and by launching into a personal criticism of me in an effort to undercut my credibility.

I intend to reply to the charges of the Senator from Arkansas in the course of my further remarks. But let me say at this juncture that, even if every one of them were true and valid, which they are not, they would still constitute no reply to the points I made in my statement of yesterday morning.

The Senator did not challenge my statement that the report had quoted exclusively from newspaper sources that were bitterly critical of the administration's actions—the New York Times, and New York Herald Tribune, and Washington Post, and several European publications which I named.

I read this over this morning and, to be exact, of 102 quotations from the press covering the period from April 24,

1965, until the end of the chronology, 90 quotations came from the Times, Tribune, and Post, while 12 others were culled from papers like the London Times, and LeMonde of Paris.

The Senator from Arkansas did not challenge my statement that the study completely ignored the hundreds of articles by newspapermen and columnists of national reputation which in general substantiated the administration's version of events.

He did not challenge my statement that the report had completely omitted mentioning the two single most important documents put out by the OAS in connection with the Dominican uprising—the report of the OAS Special Committee and the minutes of the meeting at which this report was presented.

He did not challenge my statement that the report had ignored the resolutions adopted by the AFL–CIO, Conatrol, and the Inter-American Regional Organization of Workers.

To give Senators an idea of just how badly the entire report was slanted through the simple mechanism of selective quotations, I want to take just one example of the press quotations in the report and contrast it with reality.

The report quoted the London Observer for May 2, 1965 as follows:

> What is * * * unprecedented is the unanimous condemnation of U.S. intervention by the Governments of Latin America, whatever their political complexion, with Mexico and Chile in the lead. Notable among the complainants is Venezuela, whose Foreign Minister summoned the U.S. Ambassador to receive an official protest. (Observer, London, May 2, 1965.)

The charge that the Latin American Governments were virtually unanimously opposed to our intervention in the Dominican Republic, is made nonsense of by the fact that the five-man OAS Committee, which investigated the situation, agreed unanimously that law and order had broken down completely at the point where we intervened and that there was a serious danger of a Castro Communist takeover. They also reported that this was the view of the many Latin American diplomats in Santo Domingo with whom they discussed the situation.

On this point I would again urge Senators to read the minutes of the OAS meeting of May 5, which I inserted into the RECORD and from which I quoted extensively in my remarks of yesterday.

Incidentally, I think it worthy of note that the New York Times and other newspapers which were so bitterly critical of our intervention in the Dominican Republic also saw fit to ignore the report of the OAS Special Committee.

In replying to my remarks, the chairman of the Foreign Relations Committee made the point that I had attended only 1 of the 13 meetings of the committee which took executive testimony on the situation in the Dominican Republic.

I consider this reply to be both irrelevant and evasive.

Even if I were not a member of the Foreign Relations Committee, or if, as a member of the committee I have failed to attend a single meeting, it would in no way affect the validity or invalidity of my criticism of what the study says.

However, since the Senator raised this matter, I would like to comment briefly on it.

I am a member of three major committees of the Senate—the Foreign Relations Committee, the Judiciary Committee, and the Space Committee. In addition, I am the chairman of the Senate Subcommittee on Juvenile Delinquency, the vice chairman and chairman of the Senate Subcommittee on Internal Security, and a member of the Subcommittee on Antitrust and Monopoly, the Subcommittee on Constitutional Amendments, and the Trading with the Enemy Subcommittee.

I believe that the record will show that I have presided over as many committee hearings, or almost as many committee hearings, as any other Member of the Senate. I try hard to be diligent about my committee duties, but there are so many committee meetings that it is humanly impossible to attend all of them.

I am sure that many Senators feel the same way about it as I do. And I believe that the Committee on Reorganization, under the chairmanship of the distinguished Senator from Oklahoma [Mr. MONRONEY], might do well to look into this situation with a view to seeing whether some better system cannot be devised.

As for the charge that I have not troubled to examine the transcript of the committee's hearings on the Dominican Republic, I believe that this, too, is irrelevant and evasive.

The charge, however, gives me an opportunity to discuss an aspect of the committee's functions which has troubled me and other members.

Under the committee's regulations, a Senator who wishes to read the record of any executive session at which any top secret matter has been discussed cannot have this record sent to his office, but must instead go to the Foreign Relations Committee Room during office hours, sit himself down at a table, cut off from all contact with his own office, and there go through a record that may require as much as several hours reading.

Like most Members of the Senate, I am obliged to do my serious reading after the day's session adjourns. To deny members of any committee access to documents is a serious matter. And it is my contention that the present rules of the Foreign Relations Committee have the effect of denying us access, or seriously limiting our access to those documents which the committee considers confidential.

Actually, I belive that the business of classification is greatly overdone. It has been my experience that 90 to 95 percent of the information at our executive sessions has already appeared in the press and what has not appeared in the press at the time of the meeting generally turns up in print a few days or a week later.

As my final point, I want to comment on the Senator's statement that the material in the study on the Dominican Republic crisis was collected by the Legislative Reference Service and by the State Department as well as by the committee staff.

I, too, use the Legislative Reference Service in compiling information that I may need for statements. But since I must assume final responsibility for any statement or document that originates in my own office, I try to have my own staff do an independent job of research so that they can check their findings against those of the Library of Congress.

If the criticisms I have made of the Dominican study are valid, then it is completely irrelevant whether the Legislative Reference Service or any other Government agency was involved in gathering the material for it.

The only fact that matters is that, somehow, a report was issued under the auspices of the Foreign Relations Committee which turned out to be prejudiced and one sided in content.

For this the committee cannot escape responsibility.

All I ask is that the study be read. I shall leave the decision as to who is right up to any fairminded man who takes the time to read that study.

I did not charge anything willful or sinister. I think that a mistake has been made here, but it is a kind of historical mistake when this study goes out across the country, into the libraries and reference files.

I felt that it was my duty to make a record on it, and point out that this study was slanted and one sided, and that it left out all columnists and journalists and commentators who wrote in an entirely different vein.

If a report of this kind is to be given to the Senate, we ought to get all views and not merely one side.

Out of 102 press comments, we get 90 from the newspapers that have been notoriously against the administration policy. The other 12 are from European newspapers which were also opposed to our policy.

We do not get any quotations from American newspapers which have reported in a manner which supported the administration.

I ask any Senator how we can consider that that is a fair study of accurate reporting or editorializing on the Dominican Republic situation.

That is why I have made this statement today.

I shall not withdraw my statement.

I stand by it.

I am glad that I made it.

I shall make a statement on every occasion when I believe that the public interest requires me to do so, and when my conscience requires me to do so.

All I ask is that I receive fair treatment.

I do not believe that it is fair to make a personal attack on me because I dare to say what I think is right about a committee study.

Mr. President, I yield the floor.

The PRESIDING OFFICER. In accordance with the previous order, the vote must now be taken on the pending question.

Mr. FULBRIGHT. Mr. President, I should like to be given an opportunity to reply.

The PRESIDING OFFICER. The Chair has no discretion in the matter.

Mr. DODD. Mr. President, I ask unanimous consent that the Senator from Arkansas may have whatever time he needs.

The PRESIDING OFFICER. The previous order was to the effect that the vote would be taken upon the conclusion of the remarks of the Senator from Connecticut.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the previous order be extended for 5 minutes so that the Senator from Arkansas may reply, and that then a vote be taken.

Mr. DODD. If that is acceptable to the Senator from Arkansas, it is agreeable to me.

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

Mr. FULBRIGHT. Mr. President, we have been listening for a considerable time, or at least, some have, to talk about this report.

I do not wish to argue with the Senator from Connecticut. My statement was not a personal attack. It was an observation on the validity of his charges against the Committee on Foreign Relations.

It is most unusual that Senators who seldom attend the committee meetings are so free with their criticism of the committee.

The Senator talks about the report of the committee. It was not a report. What he referred to is a committee print entitled "Background Information Relating to the Dominican Republic." It is not a report but is an informational document. It expresses no opinions and reaches no conclusions.

Among other statements it contains several made by President Johnson. Such statements are normally taken from various newspapers.

There was a meeting of the committee which the Senator from Connecticut did not attend. At this meeting we discussed whether or not we should cull reports from various newspapers. We also asked the Ambassador to the Dominican Republic whether he thought any of the reporters were impartial and objective in their reporting. He said that there were those which he considered, at least, very much inclined to bias toward one side or the other side.

I believe that he mentioned two or three that he would possibly consider as being impartial.

Later the committee considered whether or not we should call these reporters as witnesses. We concluded that we should not call any, because if we started to call any of them, there would be no end to it. It would have put this committee in this position of having to pick and choose which were to testify. So we did not call any of the reporters. As I said before, all the witnesses whom we called with one exception, were administration witnesses. The exception was Luis Muñoz Marín, former Governor of Puerto Rico, who is quite friendly to the administration. His testimony certainly was not inimical to the position of the administration. There are 760 pages of testimony in all.

There was nothing personal meant by my statement. It was only a rejoinder to the Senator's statement. I did not initiate the matter. I did not say anything about the Senator from Connecticut never attending a meeting. I know that he has many other meetings and I regret that we do not have the benefit of his attendance at more of our meetings.

The fact is that he does not attend our meetings often, because he is burdened with other committee meetings, as are other Senators.

My statement does not pertain only to the Senator from Connecticut. About half the Senators are unable to attend the meetings as a rule. I doubt if half of them attend 50 percent of the meetings. They have too many other meetings that they must attend. I have been unable to understand why Senators ask me and the leadership to get appointed to the Committee on Foreign Relations and then they seldom put in an appearance. It is well known that we have trouble obtaining a physical quorum at the committee meetings.

The committee work does not deal with the immediate affairs of constituents. I support, but for reasons unknown to me, some Senators must view this committee assignment as carrying a certain amount of prestige with it. Otherwise, I do not know why they would want to be on the committee. Many do not attend the meetings regularly. That is, of course, no reflection on any Senator. The demands on a Senator's time today are a fact of life which we all recognize.

I believe that if the Senator from Connecticut had been present at the committee meetings he would have been in a better position to determine whether the committee approached this whole subject from a biased or antiadministration viewpoint.

The document which has been discussed is a compilation of background information collected, as has already been stated, by the Legislative Reference Service of the Library of Congress, the Department of State, and the committee staff.

The Senator says that the committee staff is all right on the one hand, that it is a good staff; but, on the other hand, he says that the staff exercised no judgment in the selection of the materials.

I do not believe that is true. I doubt that anyone who read the study would agree with that statement.

The Senator made reference to an OAS report. There have been several reports by OAS groups. I do not know which one the Senator had in mind. I do know of the report issued by the Special Committee of the OAS which was printed by the Internal Security Subcommittee. The introduction to the publication containing this report stated that the committee's report supported the conclusion that the United States had to intervene to prevent the spread of communism in Latin America.

I read that OAS report, which was included in the Internal Security Subcommittee publication. The report cited said no such thing. It made no reference to communism or subversion. The OAS Committee did not comment on the matter at all or say that they agreed or disagreed with any view as to Communist domination of the revolution.

The report did state that law and order had broken down. We all knew that. There has been no dispute concerning that. But the OAS Committee did not comment on the justification for our intervention as the introduction states.

In the Foreign Relations Committee, there have been some questions as to the extent which the Communists dominated the revolution in the early days—April 24, 25, and 26. There was a difference of opinion among the members, but there has been no report issued on the question. I doubt that there will be any report, because of the difference of opinion.

This is a difficult committee to manage. The legislation it handles is often very unpopular. For example, there is a convention on the Executive Calendar, which the leadership feels must be laid aside. We must handle the foreign aid bill—usually the most criticized bill of all measures coming before the Senate each year.

It has held this Congress back from adjourning year after year. This is the first time in many years that it has reached the point it has today so early in the session.

Serving on the committee is not the kind of work one takes great pleasure in, and I do not like to hear the committee being judged by critics who do not attend meetings, except on rare occasions. I have to attend as chairman. Perhaps I do not have to; I could resign. I have thought of resigning. It may be a good idea. I shall give further thought to it. But I do not feel very good about the criticism of the work of the committee by Senators who rarely attend meetings. If the Senator does not like my saying that, that is his privilege. The fact is that those who do not attend its meetings should not criticize the committee's impartiality.

Mr. LAUSCHE. Mr. President, I am a member of the committee——

The PRESIDING OFFICER. Just a moment. Under the order——

Mr. LAUSCHE. Mr. President, I ask unanimous consent to have 3 minutes.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Senator from Ohio is recognized for 3 minutes.

Mr. LAUSCHE. Mr. President, I am a member of the Foreign Relations Committee. I attended substantially all the meetings that were held with regard to the Dominican Republic. In my judgment, the proof before that committee was clear that within 3 days after the violence broke out, groups connected with Peiping, Moscow, and Castro took over.

In the Dominican Republic the people of the United States were definitely

faced, unless we intervened, with the establishment of another Cuba on our shores.

In the hearings I took violent exception to efforts to develop a situation to show that this country was erroneously and wrongly in the Dominican Republic.

My conclusion, based upon what took place there, was that a methodical effort was made to prove that the United States improperly entered into the Dominican Republic.

A reading of the transcript will show that I violently opposed those efforts. Documents were prepared containing information in favor of those who said the United States was wrongly within that Republic. Arguments were made, quoting newspapers especially, to the effect that the United States was improperly in that country.

I recall asking if it was not a fact that one newspaper had labeled Castro as a Robin Hood, as a Lincoln. The same type of argument was made in the committee.

Then the question was raised, "Do you challenge the truth of the quotations in the newspapers? Are not the writers honorable? Are they not honest and of good reputation?"

My answer was that the man who said Castro was a Robin Hood and a Lincoln also had a good reputation and character, but the fact that he was a newspaperman did not make him infallible. Subsequent events proved that the writer who said Castro was a Lincoln and a Robin Hood was grossly in error, in error to the point that the damage done to the United States is beyond repair.

Whether or not the Senator from Connecticut was present, he has put his finger absolutely on the essence of what occurred.

Mr. MANSFIELD. Mr. President, I modify my previous unanimous-consent request, and ask that at the conclusion of the statements of the Senator from Rhode Island [Mr. PELL] and the Senator from California [Mr. KUCHEL], the Senate vote on the conference report.

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

Mr. PELL. Mr. President, I should like to make, as part of the record of our consideration of the conference report on foreign aid, some observations relating to sections 214(b) and 214(c), which apply to schools and hospitals abroad.

On June 10, the Senate approved my amendment to the Senate version of the foreign aid bill, which would have increased the amount of assistance to such institutions by $2 million, from $7 million to $9 million, in each of the next 2 fiscal years. Although I did not presume to earmark specific beneficiaries for the increased assistance, I did suggest two candidate applicants which seemed to me most worthy applicants. They were the Polish Children's Hospital at Krakow, Poland, and the Hadassah Hebrew University Medical Center in Jerusalem.

Regrettably, the House conferees did not accept my amendment and the total amount of assistance provided under the act remains at $7 million for the next 2 fiscal years. While there is therefore no increased authorization that might allow the AID agency a little more latitude in considering new projects. I do hope the Agency will give full and fair consideration to the two worthy prospective applicants which I have noted.

In particular, I am informed by AID that they should be able to provide $175,000 desired for a feasibility study of an expansion of the Krakow hospital—either from the $7 million authorized by section 214(c) or from some other source. In view of this assurance, I do hope that the Agency now will make an administrative determination to proceed with this feasibility study.

Mr. KUCHEL. Mr. President, the foreign aid program of the United States continues to be of great concern to many Americans. As a U.S. Senator I share their concern. I am convinced that some kind of foreign aid program is in the national interest, but I feel disturbed with some of the program as conducted under the Foreign Assistance Act of 1961, as amended. Furthermore, I believe that Congress has a clear duty to aid in the development of our Nation's foreign policy, including foreign aid. I support the proposals made by Congress this year because I believed very strongly that there is reflected in the current legislation a remedy for some of the more frustrating aspects of previous legislation.

The administration sought $3,457,670,000 for fiscal year 1965–66. The actual amount now agreed to by the House-Senate conferees would authorize $2,094,195,000, but a limitation of $3,360 million was placed on the foreign aid authorization for fiscal year 1966 which means the administration has received $97,670,000 less than it requested in March. Foreign aid still has to survive the actual appropriations process.

When the authorizing legislation was before the Senate, I supported the establishment of the Foreign Air Planning Committee. This Committee was to have reported to the President its findings and recommendations no later than July 1, 1966, for a fresh new and more effective approach to foreign aid. The makeup of this Committee was to reflect the responsibility the Congress feels for involvement in foreign policy, hence, two-thirds of the Committee membership were to be from the Congress. I regret that the conferees did not see fit to approve this provision.

Frustration over some well-publicized failures should not cause us to overlook the many successes of the program such as the Marshall plan which kept Western Europe out of the clutches of the Communists. Our aid to India and Latin American nations have enabled people to develop their resources, to progress, and to withstand communism whether it be of the Soviet, Chinese, or Castro type.

None should forget that approximately one-third of our foreign aid is of a military nature. Gen. Earle G. Wheeler, Chairman of the Joint Chiefs of Staff, testifying before the Senate Committee on Foreign Relations said:

> I consider this program (foreign aid) an integral part of our national military strategy and feel a personal responsibility to support this program as an essential complement to our own national military programs.

I associate myself fully with General Wheeler's view.

This year Congress urged the United States to encourage other free world nations to increase their assistance programs, and that the United States continue its efforts to improve coordination among programs of assistance carried out on a bilateral basis by free world nations.

I am in total agreement with that portion of the foreign aid bill which expresses the sense of Congress that assistance to any country should be ended if appropriate measures are not taken by that country to prevent mob action against U.S. property in that country and that aid should not be resumed unless the foreign government concerned has taken, in the judgment of the President, appropriate measures to prevent a recurrence.

As you perhaps know, I have opposed all administration attempts to amend the Battle Act to permit economic assistance to Communist satellites. I helped draft the section imposing economic sanctions on Cuba and providing American assistance only to "free, friendly nations." I have coauthored legislation designed to withhold aid from any aggressor nation. An amendment I successfully offered to a previous year's foreign aid bill provides that American nationals will be given preference to those from a third country in securing jobs on AID projects overseas. In addition, I have worked in the Senate to prevent various nations from harassing American fishing vessels who ply their trade on the high seas.

Thus, it was that I studied most carefully and cast my vote on the Foreign Assistance Act of 1965 which passed the Senate on June 14. I respect very much the nonpartisan tradition of foreign aid discussion. The spirit which characterizes such discussion imparts added strength to this vital program. Largely because of it, the world has made great strides against the forces of political and economic tyranny. This spirit prevails as Congress endeavors to root out the inefficiencies and failures which have occurred in our AID program in the past. This year, conscious of the acute crisis over the U.S. gold reserves, the tax burden upon citizens caused in great part by the darkening clouds which hang over the world, the Senate took, I feel, significant steps to improve our foreign aid program. I supported these measures, as did most of my fellow Republicans.

Thanks to the established success of the Marshall plan in Western Europe, these nations can—and should—gradually move toward assuming more of the aid burden from the United States. This must occur. We can move forward in this direction within the realm of economic development aid. Organizations such as the International Development Association, the International Finance Corporation and the International Bank for Reconstruction and Development provide the structure through which a sharing of the aid burden may come about.

This year of the total aid recommended by the Senate Committee on Foreign Relations, almost one-third will go toward economic development assistance. Of this one-third, I have supported an increase in the limitation from 10 to 15 percent of the development loan funds which might be made available to these international development organizations. I voted against amendments offered by Senator GRUENING and Senator LAUSCHE which would have cut the proposed allocation by 10 percent and by 5 percent respectively. Both amendments were defeated. I am delighted the conferees agreed with the position which I and a majority of the Senate took on this issue.

I voted to increase the allocation to these organizations from the development assistance section of the bill for a number of reasons. In the long run, by sharing the foreign aid burden which can effectively be done through these agencies, American citizens will bear less of the tax burden for foreign aid in the world. The allocations would go to organizations where our country retains authority and influence, and is in a position to influence the expenditures of these funds. Given the degree of patriotic nationalism of the peoples of underdeveloped nations, multilateral aid projects can perhaps go further toward softening the suspicions of imperialism among these people thus making foreign aid dollars more effective and successful. In the past, loans advanced by the agencies have been repayable and have in fact been repaid. Formosa is an example. The standards of financial integrity of these organizations are even higher than Congress has stipulated.

In particular, these funds would be directed for African and Asian economic development and for creating political stability and freedom in these troubled areas. The agencies' goals are virtually our own. The United States should make this move toward sharing the burden of economic development with other major world powers. The results, as this multilateralization grows, would be a diminishing of the American taxpayer's heavy burden.

I wholeheartedly supported an amendment sponsored by Senator FULBRIGHT which would allocate of the $55 million available, $25 million to the assistance of an inter-American military force, a force to be maintained on a cost-sharing basis. The amendment encourages joint military planning within the Organization of American States—OAS—on all security problems. The effect would be, ultimately, to reduce the burden carried by the United States in maintaining the unstable peace in Latin America while at the same time substitute an effective deterrent to those who challenge the democratic freedoms of this area. I am glad the conferees have agreed to this provision.

We cannot underestimate nor undermine the precarious balance of freedoms which struggle to survive in Latin America. I voted against two amendments authored by Senator MORSE, as did the majority of my colleagues. I think their adoption would have damaged the cause of freedom in our own hemisphere. One amendment would have reduced military aid to Latin America from $55 million to $40. Such a reduction would have seriously crippled our defense efforts in this hemisphere. It would have meant less funds for 20 Latin American countries where internal security is an acute and continuing problem. The other Morse amendment would have reduced the Alliance for Progress authorization from $600 to $500 million. That was defeated 78 to 8. I think there is reason to be encouraged with the response to our foreign aid projects in the Southern Hemisphere, a response which justifies its continuance. But, I would be the first to say that much more must be done. Brazil, for example, is struggling, almost at the cost of political collapse, to achieve economic reforms through Alliance for Progress funds. In addition, of the $600 million authorized in this bill, only $75 million, as a result of the conference is in the form of grants. The rest would be issued in repayable loans.

When the Foreign Assistance Act of 1965 was before the Senate, Senators MORSE and CHURCH proposed amendments to reduce military assistance spending. The Church amendment would have reduced spending to last year's level which was the lowest level of military assistance spending in the history of our aid projects. I think it significant to note that one-half of U.S. military assistance goes to key countries such as South Vietnam, Korea, Turkey, Free China on Formosa, and Greece. To cut aid to these countries now would, in reality, only mean the necessity for a much greater American effort later. Witness, for example South Vietnam. The threat to these key countries is greater now than ever before. Amendments were proposed which would have limited assistance to 90 percent of the sum submitted in the briefing presentation for Pakistan, India, Jordan, Iran, and Ethiopia, Greece, and Turkey. The Senate overwhelmingly rejected these amendments. It was argued by some that in light of the warlike situation which existed between India and Pakistan and between Greece and Trukey, since our aid is used to abet these disputes, it should be reduced. I feel, however, that to reduce aid to these nations which border Commnist countries is not in any way a method of solving disputes which might have arisen between allies. Such resolution and peaceful settlement must be sought through diplomatic channels. India and Pakistan represent the forefront of our defense in Asia. Greece and Turkey occupy equally key positions in the NATO Alliance in the Mediterranean area. Turkey's leadership will be decided in elections this fall, and troubled relations have made their outcome tenuous. It would be, in my judgment, very poor timing to announce a reduction in American assistance for these countries. In addition, internal instability plagues Greece. I believe that it is wrong, I might add, to establish the precedent of singling out by name, countries who receive aid in this manner.

I am, however, anxious to assure that the aid is given where the rights and dignity of Americans and American property are respected. To further this end, I introduced an amendment to the effect that no assistance would be furnished to any country which extended its jurisdiction for fishing purposes beyond that recognized by the United States, and which imposed any penalty, or sanction against any U.S. fishing vessel on account of its fishing activities in such an area. I feel that such a stipulation is long overdue. Over 87 unprovoked incidents involving U.S. vessels off the coasts of South America had come to my attention. Unless these incidents of piracy and harassment are ended, foreign aid should not be extended to these unfriendly nations. The Senate, I am happy to say, approved my amendment by a roll call vote of 59 to 24. The Senate-House conferees agreed, I regret to say, to eliminate the rigid prohibition of my amendment and require, instead, that consideration be given to the behavior of recipients of our aid with respect to these problems in determining the nature and amount of aid to be provided. I hope this warning will be sufficient to prevent future incidents similar to the outrageous conduct of the past. The legislation which passed the Senate on June 14 authorized expenditures to extend over a period of 2 years, rather than on an annual review basis. The conferees have rejected this; however, they have expressed an interest in considering longer term authorizations, "taking into account the demands on the U.S. budget and the nature of the world situation next year."

I supported an amendment sponsored by Senators KENNEDY of New York and CLARK to include within the bill a stipulation that in this reevaluation, significant emphasis be given to an increased attempt at sharing with other nations economic development programs. The final bill further asserts that aid be withheld if American property damages have not been granted full restitution. I believe that this year's bill, as passed by the Senate took significant strides toward making U.S. aid more effective, in our goal of assisting in the creation of stablility among those free nations who reject communism, and intend to keep their freedom.

As a member of the Senate Committee on Appropriations I intend to continue to work to eliminate inefficiencies in our AID program and for a forward-looking program. The Senate has recognized the need for change in the content of our aid effort. I hope that in the time we have between now and consideration of next year's authorizing legislation that study by the administration, by interested Americans, and by the Congress will occur in depth so that a comprehensive, effective program can be devised which will meet America's foreign policy needs in the latter half of the 1960's.

The PRESIDING OFFICER. The question is on agreeing to the conference report on H.R. 7750.

The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk called the roll.

Mr. LONG of Louisiana. I announce that the Senator from Wyoming [Mr. McGEE] is absent on official business.

I further announce that the Senator from Pennsylvania [Mr. CLARK], the Senator from Minnesota [Mr. McCARTHY], and the Senator from Alabama [Mr. SPARKMAN] are necessarily absent.

I further announce that, if present and voting, the Senator from Pennsylvania [Mr. CLARK], and the Senator from Wyoming [Mr. McGEE] would each vote "yea."

Mr. KUCHEL. I announce that the Senator from Iowa [Mr. MILLER] is necessarily absent.

The Senator from California [Mr. MURPHY] is absent on official business.

On this vote, the Senator from Iowa [Mr. MILLER] is paired with the Senator from California [Mr. MURPHY]. If present and voting, the Senator from Iowa would vote "yea," and the Senator from California would vote "nay."

The result was announced—yeas 67, nays 27, as follows:

[No. 235 Leg.]

YEAS—67

Aiken	Hayden	Moss
Allott	Hickenlooper	Mundt
Anderson	Hill	Muskie
Bartlett	Holland	Nelson
Bass	Inouye	Neuberger
Bayh	Jackson	Pastore
Boggs	Javits	Pearson
Brewster	Kennedy, Mass.	Pell
Burdick	Kennedy, N.Y.	Prouty
Byrd, W. Va.	Kuchel	Proxmire
Cannon	Lausche	Randolph
Carlson	Long, Mo.	Ribicoff
Case	Long, La.	Saltonstall
Church	Magnuson	Scott
Cooper	Mansfield	Smathers
Dirksen	McGovern	Smith
Dominick	McIntyre	Symington
Douglas	McNamara	Tydings
Fong	Metcalf	Williams, N.J.
Fulbright	Mondale	Yarborough
Gore	Monroney	Young, Ohio
Hart	Montoya	
Hartke	Morton	

NAYS—27

Bennett	Fannin	Russell, S.C.
Bible	Gruening	Russell, Ga.
Byrd, Va.	Harris	Simpson
Cotton	Hruska	Stennis
Curtis	Jordan, N.C.	Talmadge
Dodd	Jordan, Idaho	Thurmond
Eastland	McClellan	Tower
Ellender	Morse	Williams, Del.
Ervin	Robertson	Young, N. Dak.

NOT VOTING—6

Clark	McGee	Murphy
McCarthy	Miller	Sparkman

So the conference report was agreed to.

ESTABLISHMENT OF A TRAFFIC BRANCH OF THE DISTRICT OF COLUMBIA COURT OF GENERAL SESSIONS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 607, Senate bill 2263.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (S. 2263) to establish a Traffic Branch of the District of Columbia Court of General Sessions.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on the District of Columbia with amendments.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the amendments be considered en bloc.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Montana? The Chair hears none, and it is so ordered; and, without objection, the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 2, in the material after line 2, after "11–1203. Sessions.", to strike out:

"11–1204. Clerk and other personnel.

"11–1205. Duties of the clerk regarding docket.

"11–1206. Jurisdiction; powers."

And, in lieu thereof, to insert:

"11–1204. Jurisdiction; powers."

Beginning at the beginning of line 11, to strike out the "The chief judge of the court may assign any other judge of the court to serve temporarily in the Traffic Branch if he finds the work of the Traffic Branch requires the assignment." and insert "The chief judge of the court may, if he finds the work of the Traffic Branch will not be adversely affected thereby, assign any of the judges of the Traffic Branch to temporarily perform the duties of any of the other judges of the court. The chief judge of the court shall also have the authority to assign any of the other judges of the court to serve temporarily in the Traffic Branch if, in the opinion of the chief judge, the work of the Traffic Branch requires such assignment."; on page 3, after line 7, to strike out:

"§ 11–1204. Clerk and other personnel

"The judges of the Traffic Branch, with the approval of the chief judge of the District of Columbia Court of General Sessions, may appoint and remove a clerk and such other personnel as may be necessary for the operation of the Branch."

After line 13, to strike out:

"§ 11–1205. Duties of the clerk regarding docket

"The clerk serving in the Traffic Branch shall keep a separate docket for the Branch, in which he shall record the steps taken at stage of actions or proceedings instituted or conducted in the Branch."

At the beginning of line 19, to strike out "11–1206" and insert "11–1204"; on page 4, line 11, after the word "section", to strike out "11–1206" and insert "11–1204"; and in line 13, after the word "section", to strike out "11–1206" and insert "11–1204"; so as to make the bill read:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title 11 of the District of Columbia Code is amended by adding immediately after chapter 11 of such title the following new chapter:

"'CHAPTER 12—TRAFFIC BRANCH OF COURT OF GENERAL SESSIONS

"'Sec.

"'11–1201. Establishment of branch.

"'11–1202. Judges; assignments.

"'11–1203. Sessions.

"'11–1204. Jurisdiction; powers.

"'§ 11–1201. Establishment of branch

"'The Traffic Branch of the District of Columbia Court of General Sessions is hereby established as a branch in the criminal division of the court.

"'§ 11–1202. Judges; assignments

"'The Traffic Branch of the District of Columbia Court of General Sessions shall consist of two judges of the court, who shall serve in that branch during their tenure of office. The chief judge of the court may, if he finds the work of the Traffic Branch will not be adversely affected thereby, assign any of the judges of the Traffic Branch to temporarily perform the duties of any of the other judges of the court. The chief judge of the court shall also have the authority to assign any of the other judges of the court to serve temporarily in the Traffic Branch if, in the opinion of the chief judge, the work of the Traffic Branch requires such assignment.

"'§ 11–1203. Sessions

"'The Traffic Branch, with at least one judge in attendance, shall be open for the transaction of business every day of the year (including night sessions), except Saturday afternoons, Sundays, and legal holidays.

"'§ 11–1204. Jurisdiction; powers

"'The Traffic Branch and each judge sitting therein shall have the same jurisdiction over, and exercise the same powers in connection with, offenses arising out of violations of laws or regulations of the District of Columbia relating to the operation, licensing, registration, inspection, or parking of motor vehicles; the regulation and control of motor vehicle traffic; the issuance, suspension, or revocation of motor vehicle operating permits; and motor vehicle safety responsibility, as that lawfully had or exercised by the District of Columbia Court of General Sessions on the date immediately preceding the effective date of this section.'

"SEC. 2. The Traffic Branch of the District of Columbia Court of General Sessions shall have jurisdiction over all offenses arising out of any such violations referred to in section 11–1204 of the District of Columbia Code pending in the Court of General Sessions on the effective date of section 11–1204 of the District of Columbia Code.

"SEC. 3. Section 11–904 of the District of Columbia Code is amended by striking out 'sections 11–1103' and inserting in lieu thereof 'sections 11–1103, 11–1203,'.

"SEC. 4. (a) Subsection (a) of section 11–902 of the District of Columbia Code is amended by striking out 'fifteen associate judges' and inserting in lieu thereof 'twenty associate judges'.

"(b) Two of the judges appointed to the additional positions authorized by the amendment made by subsection (a) of this section to section 11–902 of the District of Columbia Code shall, during their tenures of office, serve as judges of the Traffic Branch of the Court of General Sessions.

"SEC. 5. The table of contents of part II of the District of Columbia Code, 'Judiciary and Judicial Procedure', is amended by inserting immediately after

"'11. Domestic Relations Branch of Court of General Sessions..... 11–1101'

the following:

"'12. Traffic Branch of Court of General Sessions..... 11–1201'.

"SEC. 6. The amendment made by the first section of this Act shall become effective sixty days after the date of the enactment of this Act."

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

The title was amended so as to read: "A bill to establish a traffic branch of the District of Columbia court of general sessions and to provide for the appointment to such court of five additional judges."

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 624), explaining the purposes of the bill.

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

PURPOSE OF THE BILL

The purpose of S. 2263 is to authorize the expansion of the District of Columbia court of general sessions from 15 associate judges to 20 associate judges and to establish a traffic branch in that court. The bill is designed to expedite the administration of criminal justice (thereby lending aid to the war on crime), to provide the citizens of the District of Columbia with swift civil justice, and to insure the prompt, adequate, and fair administration of traffic laws and regulations.

BACKGROUND OF THE LEGISLATION

The District of Columbia court of general sessions is a unique judicial institution, performing functions which would normally be handled by both municipal and State courts. It is charged with the dispensation of justice in criminal matters in the nature of misdemeanors and is authorized to hear most civil matters in which damages of up to $10,000 are sought. It operates in two divisions, civil and criminal and is further organized into the landlord and tenant court, traffic court, the domestic relations branch, and the small claims and conciliation branch.

At the present time the District of Columbia court of general sessions is laboring under serious and substantial criminal and civil caseloads and docket delays. The best efforts of the chief judge and the members of the bench of that court have not diminished this problem, although short-term reductions of docket time have resulted from crash programs. The problems are systemic and result from the coincidence of a number of factors.

Since 1957, criminal activity in the District has developed from an alltime low to an alltime high in 1965. Each month reflects a new record in the number of criminal acts committed in the District of Columbia. A fair proportion of these are misdemeanors and find their way to the court of general sessions.

In the 88th Congress, legislation was enacted which increased the civil jursidiction of the court of general sessions from cases seeking damages of up to $3,000 to cases seeking damages up to $10,000. Previously, jurisdiction in civil matters in excess of $3,000 was vested in the U.S. District Court for the District of Columbia.

At the time the jurisdiction of the court of general sessions was increased the court was staffed with 16 judges, a chief judge, and 15 associate judges. This number had been set in 1956 and was unchanged by the 1963 amendments, even though extensive new jurisdiction was vested in the court and its business had increased substantially. Likewise, S. 1611, ordered by this committee to be favorably reported to the Senate, adds new duties to the functions of the court of general sessions.

Finally, as our downtown streets and arteries have become clogged with automobiles and a record number of drivers have been licensed to drive in the District of Columbia, the business of traffic court has reached such proportions that parties who would otherwise come before that court have either elected to forfeit collateral or have sought out the Office of the Corporation Counsel for administrative relief, causing that office to devote a major portion of its time and manpower in functions which it was not designed to perform.

NEED FOR LEGISLATION

Hearings were held by the committee on August 3, 1965, on two bills, S. 2255, which provided for three additional judges for the court of general sessions but made no provision for the establishment of a traffic branch, and which was introduced by Senator BIBLE at the request of the Bar Association of the District of Columbia; and S. 2263, introduced by Senator MORSE. Testimony was received from the chief judge of the court of general sessions, the President of the Board of Commissioners, the District of Columbia Bar Association, the Traffic and Enforcement Committee, District of Columbia Advisory Board of the American Automobile Association, the Citizens' Traffic Board and the Washington Bar Association. The Department of Justice, in a report filed with the committee on August 5, 1965, supported an increase in the number of judges "because of the heavy workload in the court of general sessions."

All witnesses either supported S. 2263 or agreed with it in principle. On August 5, 1965, the committee unanimously ordered S. 2263 reported. To demonstrate the unanimity of the committee's full support and need for this bill, sponsored by Senator MORSE, all other members of the committee—Senators ALAN BIBLE, THOMAS MCINTYRE, ROBERT F. KENNEDY, JOSEPH D. TYDINGS, WINSTON L. PROUTY, and PETER H. DOMINICK—requested to join on the bill as cosponsors.

There was a very substantial increase in the business of the court during the fiscal year 1965; 235,535 new cases were filed in the Criminal and Civil Divisions—an increase of 9,403 cases over fiscal 1964. Fees, fines, and forfeitures totaled $4,720,010.80—$550,523.01 more than was received in the previous year. During the past 10 years there has been an increase of 61,169 or 35.08 percent in the number of cases filed in the court, and an increase of $2,546,434.74 or 117.15 percent in fees, fines, and forfeitures.

In the Civil Division, 23,472 class GS ($150 to $10,000) cases were filed during the fiscal year as compared with 22,599 in the preceding year—an increase of 873 cases. This increase is due largely to the passage of Public Law 88-60, 88th Congress, effective January 1, 1963, increasing the civil jurisdiction of the court from $3,000 to $10,000. The U.S. District Court for the District of Columbia certified 329 cases to the Court of General Sessions for trial—67 more than in the fiscal year 1964.

There was a marked increase in the number of jury cases pending in the Civil Division June 30, 1965—3,333 as compared with 2,430 at the end of the previous fiscal year, or an increase of 903 cases. Many of these cases involve larger amounts of money and complex issues, requiring more trial time than those filed under the former jurisdictional limit. The time within which civil jury cases were being scheduled for pretrial conference and trial had increased to 6 months. In view of the large number of jury cases pending on the ready calendar, it is anticipated that the delay between joinder of issue, pretrial conference and trial will continue to increase, civil nonjury cases were being scheduled for trial within 2 months after joinder of issue.

CRIMINAL CASE BACKLOG

In the Criminal Division there were significant increases in all categories of cases, 81,307 new criminal cases were filed in fiscal year 1965, as compared with 78,925 in fiscal year 1964—an increase of 2,382 cases. Nonjury cases were being scheduled for immediate hearing, unless continuances were requested by counsel. Criminal jury cases were being scheduled for hearing within 1 month after request for jury trial. However, due to the necessity of giving priority to incarcerated defendants, some cases in which the defendants were on bond could not be reached on the daily assignment, resulting in a record backlog of pending criminal jury cases. Beginning in February 1965, additional judges were assigned to the Criminal Division to alleviate this situation and the criminal jury backlog was reduced to normal limits. However, this was accomplished at the expense of the civil jury calendar, which is now at an alltime high.

In the domestic relations branch the cumulative nature of the litigation continues to increase the daily workload. There were 296 more cases pending on June 30, 1965, than at the end of the last fiscal year, although the court had disposed of 247 more cases than in the previous year. As of June 30, 1965, contested cases were being scheduled for trial within 1 month after pretrial and uncontested cases within 3 weeks after joinder of issue. Collection and disbursements of support, maintenance, and alimony payments in both local and reciprocal enforcement of support cases totaled $2,409,168.93—an increase of $23,920.84 over the previous fiscal year.

TRAFFIC CASES INCREASE

The need for a separate traffic branch of the court, with two of the judges for such additional positions to be appointed to that branch was supported unanimously by all witnesses at the committee hearings. The witness for the Citizens' Traffic Board asserted that two traffic judges would be required—one for jury and one for nonjury cases in order to bring about swifter justice with a consistency of penalties. The District of Columbia Bar Association stated:

"Material benefits are to be secured by a continuity of service on the part of the judge assigned to traffic court. It would, therefore, be definitely in the interest of improving the administration of justice if * * * the judges selected for these additional vacancies would be selected for his interest in, his knowledge of, and his willingness to serve in the traffic branch of the court. Such service would achieve not only a degree of continuity, but also a degree of equality of justice which is not always available when judicial personnel are shifted from month to month in this branch of the court."

Support was also voiced for night sessions of the traffic court by the Citizens' Traffic Board of the District of Columbia.

Statistics provided the committee show the great increase, not only in the number of drivers on District of Columbia streets but also an increase in the number of accidents and traffic deaths. Presently, it is estimated that 1½ million drivers are on the streets of Washington during peak hours every day with 400,000 of this number being District of Columbia residents.

Testimony urged that a traffic court with expert traffic court judges, trained in effective enforcement of traffic laws, could assist in curtailing highway accidents and deaths.

During 1964, 115 persons were auto traffic fatalities in the District—the highest in modern history—while traffic accidents totaled 29,252—the highest number since records have been maintained, since 1940. Estimates place per capita economic costs of traffic accidents to District residents, at $35.07 or a total of $26,300,000, in 1964.

Nationally, in 1964, the economic cost of motor vehicle accidents totaled $8,100 million.

The number of court trials for moving traffic violations increased more than 10,000 in the past 5 years with 22,257 cases before the court of general sessions in 1960, compared to 32,972 in 1964.

Traffic tickets issued for nonmoving violations in the District increased from 365,151 in 1960 to 511,208 in 1964; while the number of trial requests increased from 990 in 1960 to 4,907 in 1964.

Such figures indicate not only the increase in the violation load but, more graphically, the heavier impact on the general sessions court.

DRAIN ON POLICE MANPOWER

The number of on-duty and off-duty hours members of the Metropolitan Police Department spend in court has a direct relationship to the increased business before the court. As the traffic court docket grows in size and the number of criminal cases awaiting disposition increases police officers are more and more frequently called in from the streets to appear in court. Many police man-hours are spent in the traffic court waiting for cases to be called. Many police man-hours invested in court preparation or investigation are wasted when a case is dismissed for want of prosecution, a condition reflected by the lack of sufficient court personnel and judges to hear all the cases that could or should come before the court.

In fiscal 1964, police officers spent 41,994 hours of their off-duty time in court and 59,925 hours of their on-duty time. It is estimated that at least 90 percent of all time was spent by police officers waiting for their cases to be called. A police officer in the District of Columbia works an average of 1,808 hours per year. That means that court work ties up the equivalent of 56 officers per day at a time when every available officer is needed to meet the needs of the fight against crime.

Much of the actual waiting time and in-court time is attributable to the enforcement of the traffic laws and regulations. In the last fiscal year the police department became involved in a substantial number of traffic violations. There were 378,616 forfeitures on traffic offenses. Of the noncases, 1,126 which were presented to the prosecutor and dismissed; 2,000 were nolle prossed; 6.567 were no papered; 814 violators were committed; 1,334 violators were juveniles, which were handled separately; 3,114 were fined in court and 15,028 were disposed of in other ways such as attending traffic school, insane commitments, etc. It is apparent that a great deal of police time is spent in this field and for every hour in which a police officer is detained in the judicial disposal of a traffic case an hour of effective crime prevention is lost.

CONCLUSIONS OF THE COMMITTEE

The committee feels very strongly that there is a clear, demonstrable need for increasing the size of the Court of General Sessions to guarantee to all parties before the court and the public at large the swift and fair administration of justice in all cases, civil, criminal, or administrative.

The committee believes this bill will be an important weapon in the fight against crime. The committee was deeply concerned by the report of the branch of the U.S. attorney's office, responsible for most criminal matters arising in the Court of General Sessions, in that in calendar year 1964, approximately 25 percent of the 9,628 cases were dropped or dismissed for various reasons; including the lack of sufficient judges to dispose of the cases.

Presently, between 35 and 40 new jury cases are set for trial each day—an average between 900 and 1,500 jury cases per month.

The volume of oncoming cases, in the committee's judgment, not only prohibits proper disposition of the cases in a normal way by the courts, but also prohibits satisfactory preparation of the cases by attorneys for the Government in the public interest. The committee intends through this bill to lend its earnest efforts to the fight against crime by, at the outset, providing sufficient judicial officers to do justice to both the criminal and the public.

Additionally, expeditious handling of the citizen's involvement with his courts will do much to reinforce his faith in our system of law and make the administration of all laws more efficient. Fast disposition of all cases would take care of witnesses not cooperating or leaving the jurisdiction because of numerous continuances of cases set for trial. This will diminish police hours spent in court and return more men to the streets to stop crimes before they start. Likewise, witnesses who must carry on their daily livelihood should not be expected to return to court time after time when a case cannot be heard. Likewise, the provision of night sessions of the traffic court will permit individuals who are employed during the day to come before the court in evening hours and thereby not require a day's pay to be lost and the family's normal livelihood to be jeopardized.

Finally, the committee feels that this bill will facilitate the administration of our traffic laws by providing for a separate traffic branch of the court which will be staffed by two judges and which will meet at hours convenient to the parties who come before it. The committee felt it was of singular importance to provide a separate section of the court to handle traffic violations at a time and in such a manner as would do justice to citizens brought before the court and which would provide them with an easily accessible judicial forum rather than an administrative forum, in which to air any grievances or challenge charges against them.

ESTIMATED COST

The estimated cost of adding five additional judges to the Court of General Sessions, together with supporting personnel, is $398,665.70. However, it should be noted that the court is one of the few self-sustaining branches of the local government and it is anticipated that the full cost of expanding the court will be met out of revenues developed by the court. In fiscal 1965, court revenues—fees, fines, and forfeitures—totaled $4,720,010. The operating expenses of the court were only $1,981,642.

EXPLANATION OF THE BILL

Section 1 of the bill amends title II of the District of Columbia Code by adding after chapter 11 of that title a new chapter establishing a traffic branch within the Court of General Sessions. Under the provisions of this section the new traffic branch will be staffed with two judges who will sit in that branch during their tenure of office. Other judges from the court may be assigned to that branch if the duties of that branch require such assignment. The committee adopted an amendment to provide, conversely, that traffic branch judges may be assigned by the chief judge of the court to other branches of the court if the traffic docket will permit.

The traffic branch shall have the same jurisdiction and powers now vested in the court of general sessions. This includes jurisdiction over offenses arising out of traffic laws or regulations relating to the operation, licensing, registration, inspection, or parking of motor vehicles and the issuance, suspension, or revocation of operators' licenses.

Unlike the current operation of the court of general sessions, the traffic branch is required to be opened for the transaction of business on night sessions as well as day sessions. It is the intent of the committee that the traffic branch shall establish a set schedule of night sessions for the convenience of those whose employment makes difficult or prohibits their attendance at the court during the daytime sessions. Of course, the traffic branch shall not be required to sit on any evening in which no party charged with violation of the traffic laws has requested an evening hearing, and on any evening when such a hearing has been requested the traffic branch may conclude business after hearing all such cases.

The clerk's office of the court shall continue to perform functions relating to the operations of the traffic court which are now vested in the traffic branch.

Section 2 transfers jurisdiction over traffic cases pending in the court of general sessions 60 days after enactment to the traffic branch.

Section 3 provides that the chief judge shall not have the authority to vary the constituency of the traffic branch or the time it holds sessions except insofar as this act authorizes him to make such changes.

Section 4 authorizes an increase in the total number of associate judges in the court of general sessions from 15 to 20 and requires that 2 of the additional 5 shall be appointed to the traffic branch.

Section 5 amends the table of contents.

Section 6 provides for an effective date 60 days after enactment.

LEGISLATIVE PROGRAM

Mr. KUCHEL. Mr. President, while Senators are still in the Chamber, I should like to ask the Senator from Montana, speaking for the minority leader, what the majority leader has planned for the Senate for the remainder of the afternoon and evening.

Mr. MANSFIELD. Mr. President, in response to the question raised by the distinguished Senator from California [Mr. KUCHEL], the acting minority leader, it had been anticipated that the Senate would take up the Defense appropriation bill this afternoon. However, because of complications which have arisen, it has been thought better to take it up the first thing tomorrow.

EXTENSION OF INTEREST EQUALIZATION TAX

Mr. MANSFIELD. In its place, I ask unanimous consent that the Senate proceed to the consideration of Calendar No. 604, H.R. 4750, the so-called interest equalization bill, which I hope the Senate will be able to dispose of this evening, if at all possible.

Mr. KUCHEL. Mr. President, has the majority leader any views on whether there may be yea-and-nay votes on that bill?

Mr. MANSFIELD. I suggest that the Senator from Florida [Mr. SMATHERS] may be able to answer that question.

Mr. SMATHERS. The equalization tax bill will be handled on the floor by the Senator from Louisiana [Mr. LONG]. He may be able to say whether yea-and-nay votes will be had on that bill. It would be my view that there is no necessity for a yea-and-nay vote. The bill was reported by the committee with only one vote against it.

Mr. LONG of Louisiana. The Senator is correct.

Mr. SMATHERS. It is merely, in essence, a continuation of the act passed 2 years ago. I do not believe there will be any need for a yea-and-nay vote.

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

Mr. SMATHERS. I yield.

Mr. JAVITS. I have an amendment to offer on the bill, the effect of which would be to enable the President to suspend its operation if the balance-of-payments position of the United States does not require it to be applied.

I understand that the Senator in charge of the bill will give sympathetic

consideration to the amendment. I do not wish any misinformation, because I do not know whether we shall be able to get together on the amendment.

As I say, I do not wish to mislead anyone. The Senator from Florida has suggested that he doubts that a yea-and-nay vote may be had. If we get into a hassle on amendments, we may not be able to get very far with the bill. I did not expect the bill to be called up until tomorrow. I would be willing to have it go over until tomorrow.

Mr. MANSFIELD. It was announced last week that it would be taken up on Tuesday. It was the intention of the leadership to do so, but there has been a delay with respect to the defense appropriation bill. The Senator has been on notice with respect to this bill for some time.

Mr. JAVITS. I have made no promise or commitment of any kind.

Mr. KUCHEL. How long does the majority leader contemplate having Senators stay this evening?

Mr. MANSFIELD. As long as Senators desire to remain.

Mr. KUCHEL. Is it contemplated that the Senate will conclude action on the bill?

Mr. MANSFIELD. If possible. If not, the Senate will go over until tomorrow.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 4750) to provide an extension of the interest equalization tax, and for other purposes.

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

There being no objection the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

Mr. JAVITS. Mr. President, may I inquire from the Senators in charge of the bill whether they wish to proceed with its consideration or whether I shall offer my amendment. I shall be guided by their wishes.

Mr. SMATHERS. Mr. President, I say to the distinguished Senator from New York that it is my belief that the bill should be disposed of tonight. I am prepared to make a short explanation of the bill as it came from the committee with only one negative vote. With respect to the amendment of the Senator from New York I doubt whether we can live with the amendment in the form it was introduced. I, too, have an amendment along somewhat different lines I may offer if his amendment as initially introduced is accepted.

Mr. JAVITS. Lest there be any mystery about this matter, I have an amendment which relates to the power of the President to suspend by proclamation the operation of the tax. It is important because if the balance-of-payments situation does not require the application of the tax it becomes crucially important to American investors all over the world that they should not be subject to the tax merely because we have no machinery to lift it. This is a mobile situation. The amendment also would give the President the power to reimpose the tax. There is no desire to cut off Executive authority. I understood that this amendment was not something that I had to clear with the Treasury, because the subject is something that we can deal with in the Senate, as coming within our province.

The amendment which I was asked to clear with the Treasury Department relates to a quite different matter. It relates to the acquisition of debt obligations arising out of certain lease transactions by American banks involving mainly aircraft. That is the amendment which I understand was agreeable to the Treasury Department. However, I will recheck it with them.

I hope, therefore, that we can, as the Senator from Florida has expressed it, dispose of both amendments. I certainly shall cooperate to the extent that I can to achieve that end.

Mr. LONG of Louisiana. If the Senator will undertake to check, and if the Treasury says that the leasing amendment the Senator has reference to is acceptable, we shall undertake to keep it in conference.

Mr. JAVITS. May the Senator from Florida proceed? I believe the Treasury was as surprised, perhaps, as I was by the bill being called up tonight. I shall check with the Treasury again.

Mr. SMATHERS. Mr. President, I support the pending proposal—H.R. 5750—which would extend for another 2 years the life of the Interest Equalization Tax Act.

This Nation has had balance-of-payments deficits during 14 of the last 15 years. These deficits have been primarily responsible for the outflow of gold from the United States which has amounted to $10.5 billion since 1949.

Since the institution of a direct attack on this problem in the summer of 1963, we have proved our willingness and our capability to deal with our balance-of-payments problems. A comprehensive program has been developed by the administration to restore balance-of-payments equilibrium by attacking the deficit at its major sources. One of the most effective of these measures has been the interest equalization tax.

Proposed by President Kennedy on July 18, 1963, the interest equalization tax has been in effect since that date. The interest equalization tax literally "equalizes" the cost to foreign borrowers of obtaining capital in the United States with the cost of obtaining foreign capital.

The tax does so by increasing the cost to foreigners of raising capital in our market to the levels generally prevailing in other industrial countries.

This increase in cost amounts to about a 1-percent annual rise in interest rates and is applied through a series of rates in the case of debt obligations graduated according to the time remaining to maturity.

Today we are considering H.R. 4750, which would strengthen this tax and extend it for another 2 years. The IET's past performance is its own best recommendation for its extension. For this reason, I would like to discuss its record of achievement before going into the details of its provisions.

Briefly, the purpose of the IET is to discourage capital outflows in the form of U.S. portfolio investment in developed countries. It is designed to accomplish this objective without producing undesirable side effects.

Between 1961 and 1964 the outflow of U.S. private capital increased by $2.3 billion, thereby providing a major source of our balance-of-payments deficit. In those 3 years the plus side of our balance-of-payments ledger improved considerably.

Our commercial trade surplus rose $0.6 billion, earnings from our private investments increased by $1.4 billion, and our net military expenditures were reduced by $0.7 billion.

Had all other factors remained the same, our balance-of-payments deficit would have been considerably reduced during this period. But primarily because of the steadily increasing outflow of private capital abroad, our situation worsened rather than improved.

A chief source of the outflow of U.S. capital abroad was the purchase of foreign stocks and bonds sold in our markets. New issues of such securities doubled between 1961 and 1962.

In the first half of 1963 these sales at an annual rate nearly doubled again. Combined with other sources of capital export, these sales raised the total annual outflow of private capital from the 1961 level of $4.2 to $5.2 billion for the first half of 1963.

The IET was specifically designed to attack this source of dollar outflow. Its effects were immediate.

After imposition of the tax in July 1963, new issues of foreign securities in the United States dropped to less than half the level registered for the first 6 months. Moreover, most of these sales resulted from commitments which predated imposition of the tax.

The IET has continued to discourage taxable issues of foreign securities here. In fact, net purchases of outstanding foreign stocks have shifted to net sales since mid-1963.

The tax itself has been effective, and in the broader context of the approach it represents, it has proved to be the best method of obtaining the desired results. Moreover, the IET leaves control of American investment abroad to the market mechanism of the free enterprise system.

One of the tax's side effects which is desirable has been the strengthening of European capital markets. Announcement of the IET spurred many foreign borrowers to seek capital in Europe rather than in the United States. In the long run, this situation should become permanent thus making it easier for us to relax the special measures we have had to impose to protect our balance of payments from expanding foreign capital demands.

The IET has been a success in the 2 years it has been in effect. Our balance-of-payments situation has improved significantly since President Johnson's announcement of his 10-point program in February of this year. The IET had

already proved its effectiveness where applied, and with President Johnson's application in February of the tax to bank loans with a maturity of 1 year and more, these bank loans have decreased sharply.

The bill before us today would strengthen the tax and extend it for 2 more years, until December 31, 1967. We know it has succeeded in the past, so the question is not the tax's effectiveness but only whether or not it is still needed.

The recent and welcome improvements in our balance-of-payments position does not mean that we can relax our efforts. We are still sustaining a substantial gold loss. To prove the stability of our improved position we must maintain it longer than just a fraction of a year.

If the IET is not extended beyond its present expiration date of December 31 of this year, foreign borrowers will again seek to raise capital in our markets and our private capital outflow will again rise to its former prohibitive level.

Without the tax, the higher interest rates abroad would tempt American investors to purchase foreign securities, thus adding to the capital outflow.

The IET is an integral part of our balance-of-payments program without which our other efforts to maintain equilibrium would lose their effectiveness. Moreover, the voluntary restraint program would be severely strained by the increase in foreign borrowers who would seek funds in U.S. markets if the tax were not in effect.

Looking toward the future, reform of the international monetary system is not feasible until and unless we have proved our ability to reduce and control our balance-of-payments deficit.

One of the major features of the bill before us is the 2-year extension of the IET.

The second is the application of the tax to debt obligations of 1 to 3 years' maturity, made by Americans to foreigners.

Until now the tax has applied to nonbank loan obligations with a maturity of 3 years or more.

Since February of this year IET has applied to bank loans with a maturity of 1 year of more because President Johnson exercised his authority to apply the tax to such bank loans.

Also in February, when he recommended a 2-year extension of the tax, President Johnson recommended application of the tax to nonbank acquisitions of foreign debt obligations with a 1- to 2-year maturity in order to bring nonbank loans into conformity with bank loans.

At this moment there are abroad some $30 billion subject to short-term demand. Ultimately these dollar holdings represent potential drains on our gold supply.

We cannot afford to relax our efforts to achieve and sustain equilibrium in our balance of payments. We have tangible evidence of the effectiveness of the means we have chosen. The IET is still a temporary measure, to be discarded when it is no longer needed. But for the present and immediate future, this tax is needed: as a supplement to the voluntary program; as a means of raising long-term interest rates to foreigners without curbing our domestic expansion; and as a spur to European capital markets to develop the means to satisfy their own needs.

I urge my colleagues to give wholehearted support to this measure.

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

Mr. SMATHERS. I am happy to yield to the able Senator from Ohio.

Mr. LAUSCHE. What is the tangible evidence which demonstrates that the tax equalization program has been successful?

Mr. SMATHERS. Tangible evidence is shown in the improvement in our balance-of-payments deficit position. There is further tangible evidence in the fact that the amount of investments which have been made by American citizens in foreign obligations and foreign securities likewise has been reduced almost 50 percent since the interest equalization tax has been in effect. I refer to that type of investment.

Mr. LAUSCHE. It is becoming clear that the mandatory tax on interest equalization has produced results which might not have been obtained under a plea for voluntary discontinuance of investments in foreign countries.

Mr. SMATHERS. The Senator is correct. It appeared to the President and to the Department of the Treasury that the voluntary appeal, while effective in the case of some types of investments has not proved effective in the case of portfolio investments, which are the kind the tax applies to, namely, foreign securities and bank loans to foreigners. When the interest equalization tax was applied, the amount of our dollars going out in investments in foreign countries was reduced in most instances.

Mr. LAUSCHE. By what percentage was it reduced?

Mr. SMATHERS. In the three quarters following July 1963, sales of new foreign issues fell to half of the volume of these sales in the preceding three quarters. Moreover, new issues sold since that time, where the tax has applied, have been negligible.

Because our balance-of-payments position in the area of bank loans worsened the President this last February exercised his administrative authority and extended the interest equalization tax to bank loans of over 1 year.

That action became effective in February and has worked so well that we had a surplus in our balance of payments in the second quarter of 1965. We are now asking that the tax be maintained for another 2 years, in an effort to keep the balance on as favorable a basis as possible.

Mr. LAUSCHE. Does the Senator know whether it is proposed to offer any amendments to the program?

Mr. SMATHERS. The only amendments we have heard about are those to be offered by the able Senator from New York.

I understand that he may offer an amendment that would give discretion to the President within the extension period to terminate the tax if the balance of payments improved sufficiently. His amendment would also extend the tax only for a period of 1 year and 7 months.

Mr. LAUSCHE. As to that amendment, what is the position of the manager of the bill, with respect to stopping the application of the interest equalization tax within the 2-year period?

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

Mr. SMATHERS. I yield to the Senator from New York.

Mr. JAVITS. I believe that what the Senator from Ohio wants to know is what I am about to tell him.

Mr. SMATHERS. I am happy to yield to the Senator from New York.

Mr. JAVITS. The Senator from Delaware [Mr. WILLIAMS] takes exception to the amendment on the ground that power would be given to the President to increase or decrease taxes.

A bill, H.R. 5280, passed by the Senate on August 12, a provision which would exempt banks and other financial institutions from the antitrust laws which were parties to the voluntary restraint program.

In that bill the President was given the power to suspend that exemption if he thought it advisable.

When I submitted my amendment, I was counting on that proviso.

The Senator from Delaware [Mr. WILLIAMS], stated that he realized that, but, that he is not happy about it. He feels strongly about giving the President such authority in a tax bill on constitutional grounds. He does not want a breach in that dike. Therefore, we have been talking about the possibility of modifying my amendment to provide for a 1-year rather than a 2-year extension. That is why I took the position that I did.

I believe the Senator from Florida is satisfied that I did not interrupt him in vain.

Mr. LAUSCHE. Then the Senator is abandoning his——

Mr. JAVITS. I am not abandoning anything. I am laying the fact before the Senate and am trying to decide whether or how I should modify my amendment.

I shall give the basis for my view. There is a great question about the wisdom, let alone the effectiveness, of the interest equalization tax. For example, it is now inhibiting overseas private investment.

In overseas private investment, we receive much and give much. While private long-term U.S. capital outflows totaled $4.4 billion in 1964, our income from overseas private investment totaled $5 billion. To the extent we inhibit private investment overseas we also reduce future earnings from total investment.

We also reduce U.S. exports connected with such investment. There is a real possibility that the TOE may have contributed to the leveling off of our exports since mid-1964.

Next, the reduction in the straight kind of underwriting which this proposal was designed to afford had like effect. There was about $1 billion worth

of underwriting going on in 1964 and it continued at that rate in the first quarter of 1965.

So we cannot continue in this manner indefinitely. It will cost us more than we will get out of it, in terms of private investment.

Therefore, I thought of providing some flexibility, because our balance-of-payments financial situation can change in a week. Our balance of payments has changed in 6 weeks from a bad situation to what at the moment looks like a better situation.

Mr. LAUSCHE. As to that, I cannot agree. It would take more than 1 week to put the balance of payments in a healthy situation.

Mr. JAVITS. I agree with the Senator. I am talking about surface indications, which are deceptive. That is why I want to give the President flexibility.

In the face of the objection of the Senator from Delaware, I am thinking now—and I should like to consider the matter a little longer and hear other points of view—of the possibility of restricting the extension of the tax to 1 year beyond December 31, 1965. In addition, under the law, the President may also exempt individual countries. I pointed that out to the Senator from Delaware.

It may be that a 1-year extension plus the flexibility now in the law will serve the basic purposes I have in mind.

That will, however, create the problem that the administration may have to ask for a repeal of this tax; but trying to get a congressional act repealed is pretty slow, and I would prefer that the President have the power. I believe that it would be in the national interest in a situation of this kind.

I do not want to seem doctrinaire. I have laid my thoughts on the table to elicit a response from such thoughtful Senators as the Senator from Ohio.

Mr. LAUSCHE. Does the Senator wish a response?

Mr. JAVITS. Yes.

Mr. LAUSCHE. I would begin by saying that I have deep antipathy and fear about placing in any individual the discretionary power to impose or relax tax obligations. In that respect I agree with the Senator from Delaware.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator from New York yield?

Mr. JAVITS. I yield.

Mr. WILLIAMS of Delaware. I appreciate the Senator's willingness to help to solve the problem. Some members of the committee have taken a rather strong position against any delegation of power to the President to enable him to raise or lower taxes.

I am wondering if the Senator from New York would be willing to proceed, if the committee would accept his amendment, which I understand is printed, and which would adopt the date provided originally in the House bill, July 31, 1967. Would the Senator accept that amendment and strike out the committee amendment?

Mr. LAUSCHE. I should like to ask the Senator from Florida a question.

Mr. SMATHERS. I should like to ask the Senator to restate his question because there has been much colloquy.

Mr. LAUSCHE. The Senator from Florida said that the Senator from New York intended to offer an amendment. I asked what the position of the Senator from Florida would be. But it now seems that the Senator from New York plans to abandon his position.

Mr. SMATHERS. The Senator from New York has agreed that he will not press his amendment in light of the fact that the Senator from Delaware [Mr. WILLIAMS] has stated that he has a conscientious belief that the authority or discretion should not be left with any person, be it the President or anyone else.

I should like to conclude my statement and then comment with respect to the length of time in which we might make an agreement.

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

Mr. SMATHERS. I yield.

Mr. McGOVERN. I share the concern expressed by the Senator from Florida about the balance of payments. I intend to support the interest equalization tax bill.

I wonder if the Senator from Florida is aware of a shipping requirement that applies only to the sale of grain. It does not apply to anything but the sale of grain to the Soviet Union and to countries in Eastern Europe, and that, in effect, is weakening our balance-of-payments position from $100 million a year to approximately $500 million a year.

For example, last year our Canadian friends sold upward of $500 million of wheat to countries in Eastern Europe. Recently, during this summer, Canada completed a deal of a similar size.

The Senator may recall that 2 years ago the top officials of our Government reached a judgment, which was shared by Members of Congress, that it was in the national interest to make commercial sales of grain to countries in Eastern Europe and the Soviet Union.

Presumably that issue was decided at that time. However, we then turn around and place in effect the restriction requiring that 50 percent of any grain moved into that part of the world would have to move in American ships. As a consequence of that restriction, we were faced with a situation in which our wheat was priced out of the market competitively, with a national average increased cost of approximately 11 to 15 cents a bushel in the cost of the wheat over that of other countries. We are not making any sales. This has the effect, as I suggested awhile ago, of not only hurting the wheat farmers in the country, but also very seriously aggravating the problem which the Senator is talking about, the balance-of-payments problem.

I believe that it is a fair estimate to say that it is costing us $200 million a year.

I wonder if the Senator from Florida is aware of any thought of re-examination within the administration, looking toward the possible lifting of this administrative regulation.

Mr. SMATHERS. Mr. President, in reply to the Senator from South Dakota, I would say that members of the administration are constantly examining the problem of the balance-of-payments deficit. The President recognizes that it is one of the most dangerous problems with which the Nation and the free world are confronted. They are continually examining avenues which might lead to an improvement in the balance-of-payments deficit.

I cannot help but basically agree with the arithmetic as outlined by the Senator from South Dakota when it is set aside from the ideological argument involving our selling to the Soviet Union.

Obviously, any time that we can sell any goods to a foreign country and receive money in exchange for those goods, we are improving our balance-of-payments deficit.

It was for that same reason that I originally opposed this proposal when the administration saw fit to put a travel tax limitation on the amount of goods which could be brought back. I did not object to it overall because we have, nationwide, a balance-of-payments deficit with regard to our tourist travel. However, it does not apply to areas such as Bermuda and Nassau, and other areas in which we run a very favorable balance of trade. For every dollar that our tourists spend in those areas, we get back $2. The arithmetic argued for the logic of accepting those particular areas.

I could not get Senators or the administration to agree with me. I went along with the general concept that we should do something to improve our balance-of-payments deficit, and do it overall, even though I felt, logically and arithmetically, that they were not justified. I feel very much that way about the problem which the Senator from South Dakota has presented.

I would think that if the officials in the executive branch of the Government, and in the Department of the Treasury were to examine more thoroughly into this problem they would have to recommend certain areas which they will open up for trade. Those areas will result in an improvement in our balance-of-payments position, rather than a continuing worsening of our balance-of-payments position, which would continue if we did not take some action.

Mr. McGOVERN. Mr. President, I appreciate the answer of the Senator.

I emphasize the fact that we resolved the ideological issue so far as the administration was concerned, and also the majority of the Members of Congress, although there is room for an honest difference of opinion on this bill. Having reached the decision that it was in our national interest to make these sales, I am suggesting that it does not make very good sense for us to apply a shipping restriction which would defeat the very thing that we said was in our national interest.

I sincerely hope that the officials downtown will be as interested in plugging that gap in the balance-of-payments problem as they are in getting this particular legislation.

Mr. SMATHERS. Mr. President, I thank the Senator from South Dakota.

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

Mr. SMATHERS. I yield to the Senator from Ohio.

Mr. LAUSCHE. Mr. President, I cannot give approval to the answer given by the Senator from Florida to the pertinent question asked by the Senator from South Dakota.

I agree that we have no problem of graver importance than the balance-of-payments deficit. However, the argument of the Senator is, if we are honestly trying to solve the balance-of-payments problem, why do we not do something about the requirement that 50 percent of the wheat which we sell must be shipped in American bottoms at a cost of 12 cents a bushel more than it could be shipped for in other bottoms. That 12 cents makes us uncompetitive in the world markets.

I shall now speak upon something that has not been trod upon, I believe primarily because of fear.

For more than 100 days the Maritime Union has tied up the ships that travel on the high seas. They have done so in spite of the fact that we subsidize the manufacturers and the operation of the ships. In addition, we require that 50 percent of our wheat must be shipped in American bottoms.

I have given support to the administration. I frankly say that the administration has been indefensibly weak and frightened in the matter of speaking up to the Maritime Union.

For more than 100 days people everywhere have been waiting for the word that someone would have the courage to speak up to those leaders who have tied up the movement of the American-flag ships on the Atlantic and the gulf coast.

No one dares to speak up. Wirtz is talking in a willy-nilly fashion. He and his representatives are meeting with the representatives of the labor union who dominate the situation. Farmers are paying the price. The balance of payments is paying the price.

This statement that the administration is doing everything possible to solve the balance-of-payments problem cannot be supported by the facts.

One of the first responsibilities that the administration has is to apply to the labor unions the same measure of justice that it has applied to the steel companies. The administration has been severe and firm in telling the steel companies to keep the prices down. However, the administration does not dare say a word to the labor leaders.

I cannot subscribe to that policy.

Mr. SMATHERS. Mr. President, I would find myself in the position of disagreeing with the senior Senator from Ohio.

Mr. LAUSCHE. What is wrong with my argument in not handling the labor leaders with the same measure of justice as the business leaders? What is wrong with that?

Mr. SMATHERS. We are here to talk about the interest equalization tax, not labor issues.

Mr. LAUSCHE. Answer the question. What is wrong with the Federal Government expecting labor leaders to comply? There is nothing wrong except the fear to speak out.

Mr. SMATHERS. It is my belief that the administration is endeavoring to use every power at its command in an effort to solve not only the impending steel strike, which we hope does not overwhelm the country, but it is my information, and certainly my belief, that the administration is working diligently in endeavoring to solve the maritime strike, which everybody agrees has gone on too long. It is my belief that the administration is handling these matters intelligently and vigorously. I believe we are going to find that it has handled them well.

So far as the balance-of-payments problem is concerned, I approve of what the administration recommended and what the Finance Committee approved with the exception of one negative vote.

Mr. LONG of Louisiana. Mr. President, will the Senator yield?

Mr. SMATHERS. I yield.

Mr. LONG of Louisiana. Does the Senator recall the words of Jesus as contained in the Bible, "Do ye these things, but leave not the other undone"? Jesus said that it is all right to be religious and to go through the form of religion, but we need to do other things, too. One needs not only to kneel and pray and go through the motions of being religious, but also to be truly religious. He said, "Do ye these things, but leave not the other undone."

We believe the President is trying to bring these people together. An effort is being made to settle those problems in an amicable and fair and reasonable way. However, that does not eliminate the necessity for this bill. There are all sorts of problems and difficulties. One problem about which we are worried is the British pound. The British are counting on us to help them. If we cannot balance our own payments, how can we help them?

I agree with the Senator from Ohio that the President, and as far as that is concerned, any Senator, should do all he can to get these people to stop being so adamant, and to get together in their own interest and the national interest. So far as I know, the President is trying to do that. He asks every Senator he talks to, "Can you help get these people together?"

Mr. SMATHERS. I thank the Senator. In the State of Louisiana there is one of the greatest ports in the whole world. The Senator from Louisiana knows of the effort being made to settle the maritime strike, because he knows of the damage being done by the maritime strike in the city of New Orleans, as is true of the other great ports. The damage being done obviously is greater at the ports than anywhere else. But these are continuing problems. We have heard the President say, "There is no shortage of problems." He has plenty of problems. He is looking for solutions. We are trying to give him one avenue to clear the way so he can get to the bigger problem of bringing the balance of payments on the plus side rather than the minus side.

Mr. LONG of Louisiana. Mr. President, I can recall one time when the present President was the majority leader of the Senate, I asked him, "What are you going to do about this problem? This is horrible." He said to me, "Don't bring me any more problems. I have all the problems I can handle. Bob Kerr has brought me 50 problems. Don't bring me any more problems. If you have answers, bring me answers."

If anyone has an answer as to how to bring the maritime unions and the industry—and I love them both—together, let us hear them.

Mr. SMATHERS. Sermons in stones and books in the running brooks.

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

Mr. SMATHERS. I yield.

Mr. McGOVERN. In reply to what the Senator from Louisiana has said, I was really trying to suggest one other answer would be to lift this foolish and self-defeating and completely indefensible shipping restriction which makes it impossible for us to trade wheat for gold or for dollars. If we did that—and I hope the administration is thinking in those directions—we would solve not only a good share of our farm surplus problems, but improve our balance-of-payments position by as much as half a billion dollars—certainly at least by $100 million, and I believe considerably more than that.

I am not here to throw another problem onto the Senator's problem, but to suggest one more good answer to his answer.

Mr. SMATHERS. I thank the Senator. That is how I understood the proposal he made. My statement was that I felt the administration and the officials who work in the Department of the Treasury are endeavoring, at every level, they are examining every possibility to determine whether or not there may be some new avenue which may be approached to correct our balance-of-payments position. I believe the problem the Senator refers to can be worked out. It seems to me the arithmetic involved in it makes sense. I think we could expect some relief from it I hope in the area of trade with the Caribbean countries, where for every dollar we send we get $2 back, we may improve that situation, because it improves our balance of payments. But I cannot make that proposal in this bill. However, I believe the officials within the Department and the administration will look into the matter when they have more time and can have it called specifically to their attention. If they are convinced, I think they will make recommendations which will improve our balance-of-payments situation. That is what we are trying to do here.

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

Mr. SMATHERS. I am glad to yield to the Senator from Ohio.

Mr. LAUSCHE. Reference was made to the question, "Why not bring me solutions instead of bringing me problems?"

The solution to the maritime strike and the solution to the problem of which the Senator from South Dakota [Mr. McGOVERN] complains is that those in authority should apply to the labor leaders the same yardstick of justice that has been applied to industry. Firmness has been exercised in speaking to industry about complying with programs that will improve the economy of the Nation. If that same firmness were applied to labor leaders, the solution would be found.

Mr. LONG of Louisiana. Mr. President, this bill, H.R. 4750, extends the life of the interest equalization tax for 2 more years—from December 31, 1965, to December 31, 1967. Recommended as a vital part of the overall program for restoring equilibrium to the U.S. balance of payments, the tax is designed to lessen foreign demand for U.S. capital. It does so by taxing certain transfers of capital funds abroad at a tax rate which is roughly equivalent to 1 percent of the yield on the investment. Thus, it raises the effective rate of interest that foreigners must pay on funds obtained here to a level more nearly comparable to the interest rates which generally prevail in other developed countries. The tax was enacted nearly 1 year ago and made effective back to July 19, 1964. It was, and still is, conceived of a temporary measure which will be repealed as soon as balance-of-payments pressures subside.

It may be asked "Why, in view of the announced balance-of-payments surplus in the second quarter of this year, the tax should be continued?" I say that it is precisely because the tax has been effective that it, and other measures in the wide ranging balance-of-payments program, must be continued. The answer to this seeming paradox is found in the fact that the underlying balance-of-payments position of the Nation does not yet warrant any relaxation of our efforts to hold the deficit to a minimum.

BALANCE-OF-PAYMENTS DEFICITS AND CAPITAL OUTFLOW

Senators are aware that over the past 15 years there has been only 1 year in which the United States has not suffered a deficit in its balance of payments. These deficits have totaled $35 billion since 1950. Persistent deficits have been the prime cause for a serious outflow of gold which has reduced our gold stock by almost $9 billion.

In recent years, capital outflows have been a serious source of balance-of-payments pressure. Deficits have, therefore, remained high even though the value of our exports has regularly exceeded the value of our imports and the foreign exchange drain connected with Government operations has been cut sharply. Sales of foreign stocks and bonds increased rapidly after 1961. Sales of new foreign securities in the United States rose from $523 million in 1961 to $1,076 million in 1962, or by over 100 percent. In the first 6 months of 1963, the annual rate of such sales nearly doubled again, total sales rising to a seasonally adjusted annual rate of $1,798 million. This outflow, combined with other outflows, raised the total export of private capital from $4.2 billion in 1961 to an annual rate of $5.3 billion in the first half of 1963.

THE INTEREST EQUALIZATION TAX AND OTHER POLICIES TO REDUCE THE DEFICIT

To restrain and control this sudden upsurge in private capital outflows, the administrations of both President Kennedy and President Johnson have supported the interest equalization tax. The tax is, however, only one measure in the broad program which has been vigorously pursued by these administrations to restore equilibrium to the balance of payments.

Each measure in the program is directed at an individual feature of the balance-of-payments problem. President Kennedy, who assumed office following the peak 1959 deficit of $4,178 million—on a regular transactions basis—began a program which included the promotion of U.S. exports, vigorous efforts to reduce the foreign exchange drain associated with U.S. Government overseas operations, and the encouragement of responsible wage-price policies.

Subsequently, measures were taken to discourage capital outflows. These measures included, in addition to the recommendation of the interest equalization tax, improvements in the climate for domestic investment through tax rate reductions, an investment credit, and provision for more rapid depreciation. They also have included measures designed to attract, and keep, foreign funds seeking investment outlets.

In February of this year, President Johnson applied the administrative authority Congress had provided in the interest equalization tax law to extend the tax to bank loans—I will say more on this later—and requested a 2-year extension of the tax. He also announced a voluntary program to limit direct foreign investments by United States firms and bank lending abroad. Additional measures to reduce the overseas spending associated with United States operations have also been put into effect and recommendations have been made to reduce barriers to foreign investment in this country—a bill now being considered in the House. Furthermore, efforts have been made to reduce the loss of foreign exchange associated with tourist expenditures.

THE IMPACT OF THE PROGRAM

The effectiveness of the policies adopted to meet the balance-of-payments problem was demonstrated clearly in the months of April, May, and June. Preliminary Department of Commerce figures indicate a balance-of-payments surplus in this period—the first quarterly surplus in 7½ years—since the third quarter of 1957.

Statistics for the second quarter would have shown just another deficit were it not for the various Government programs, both those which have been in operation for several years, and those which were announced in February. The new programs, chiefly application of the interest equalization tax to certain bank loans and the voluntary program to reduce private capital outflows, played a major role in turning the first quarter deficit of $796 million into a second quarter surplus of $132 million—on a regular transactions basis, seasonally adjusted. The change represented a net shift of almost $900 million from one quarter to the next.

As significant as the surplus itself, is the fact that it was not accompanied by any slowdown in domestic economic activity. On the contrary, the domestic economy enjoyed one of its most buoyant periods. Unemployment shrank and profits soared at the very time the balance-of-payments deficit was being reduced.

Prudent management of the Federal budget has contributed to this prosperity. Timely tax reductions for individuals and corporations gave the economy a push when activity threatened to lag. As activity has moved closer to capacity levels, however, the Federal budget has moved closer to balance. The deficit in the Federal administrative budget in fiscal 1965, for example, was only $3.5 billion, a sharp contrast to the deficit of $8.2 billion in fiscal 1964.

ROLE OF THE INTEREST EQUALIZATION TAX

The encouraging statistics for the second quarter would not have emerged if private capital outflows had not been brought under control. The interest equalization tax, which this bill will extend and strengthen, has played a major role in restraining such outflows.

In the second half of 1963, following the announcement on July 18 of the interest equalization tax, sales of new foreign issues to Americans dropped to about 25 percent of the first-half level. In the 9 months following the announcement of the tax, sales of new foreign securities were less than one-half of the total of such sales in the 9 months preceding the announcement. Sales of new issues subject to the tax have been negligible since it went into effect. Moreover, net purchases of outstanding foreign bonds by United States persons have been slight in amount and net purchases of outstanding foreign stocks have actually shifted to net sales since the middle of 1963. Furthermore, the application of the tax to bank loans with a maturity of 1 year and more, beginning on February 10 of this year, has been followed by a sharp reduction in loans of this type.

NO CAUSE FOR COMPLACENCY

Although the balance-of-payments surplus in the last quarter testifies to the success of the interest equalization tax and the other policies which have been adopted, it does not mean that we can now afford to relax our efforts. There is no assurance that the fundamental problem has been solved. Some of the factors responsible for the surplus are not likely to be present in future quarters. The dock strikes in the first 3 months of the year made our export trade figures in the second 3 months appear larger than would otherwise have been the case. The amount of liquid funds which corporations brought home in the second quarter was larger than the repatriations which can be ex-

pected in similar periods in the future. Finally, the decline in bank loans was sharper in the second quarter than future quarterly declines are likely to be.

Furthermore, we should remember that the second quarter surplus was not as large as the first quarter deficit. For the first 6 months of the year, then, there was a deficit in the balance of payments on regular transactions of $1¼ billion on an annual rate basis. Moreover, despite the surplus on regular transactions, the United States lost $590 million of gold in the second quarter. Combined with the $832 million loss in the first quarter, it brought the total gold loss for the first half of the year to $1.4 billion, over 10 times the loss in the entire previous year.

We must also remember that the favorable statistics for the second quarter would have not developed if the interest equalization tax and the other policies had not been in effect. If these measures were suspended or efforts on their behalf reduced, our balance-of-payments position would undoubtedly swing once again toward substantial deficit.

THE TAX MUST BE CONTINUED

If the interest equalization tax were allowed to lapse on December 31 of this year as is now provided, foreigners would again seek to raise substantial amounts of money in U.S. capital markets. Foreign borrowers are well aware of our low long-term interest rates. They are also well aware of our highly developed and markedly efficient facilities for raising capital. European capital markets are not yet developed to the point where they can supply the rapidly expanding needs of European businesses and governments as effectively as their U.S. counterparts. As a result, in the absence of the continued application of the interest equalization tax, the drain on our capital markets would begin all over again.

Moreover, in the absence of the tax, American investors would find foreign issues tempting investments in view of the higher interest rates generally available from foreign borrowers. The experience of the 1920's and 1930's no longer dominates U.S. appraisals of foreign securities. The restoration of currency convertibility following the war lessens the risk that repayments of foreign loans will be blocked.

Continuation of the tax is crucial to the success of the rest of the program which has been mounted to narrow the balance-of-payments gap. Unless capital outflows are restricted, efforts to limit the foreign exchange costs of U.S. foreign overseas operations, increase our trade surplus, and reduce the net drain of tourist expenditures will be futile.

Extension of the tax is also vital to the success of the program of voluntary cooperation launched in February. Under this program the Government has asked U.S. banks and business firms to cooperate in a voluntary effort to reduce nontaxable capital outflows. The tax restricts, through the automatic mechanism of the market, the number of foreign borrowers who seek to raise funds here. If there were no tax, many more foreign borrowers would flock to the U.S. capital market. This would greatly increase the strains that the voluntary program would be required to withstand. Moreover, the tax reaches portfolio investors not drawn into the voluntary program and thereby assures participants in that program that they are not being asked to assume a disproportionately heavy share of the burden of eliminating the deficit.

The preservation of the present delicate balance in our international accounts, combined with a commitment to restore that balance if a deficit should reoccur, is essential to the success of any steps the United States may wish to take in the field of international monetary reform. It would be both inappropriate and futile for the United States to support a change in the international monetary system at a time when we were unable to put our own house in order. Call for reform when we are experiencing continuing deficits only suggests that we seek an easy way out of our own difficulties.

NO BETTER ALTERNATIVE

This is not the time to consider adopting a new approach to restrain capital outflows. The interest equalization tax is clearly preferable to the available alternatives. The problem could be met, for example, by taking action intended to raise long-term interest rates here in the United States. Such an increase would remove much of the incentive foreigners now have to raise funds in this country, but it would also discourage domestic investors. The tax, on the other hand, checks foreign borrowers without discouraging domestic investors.

A cutback in domestic investment could slow the economy's progress and lead to a serious increase in the number of unemployed. An approach to the balance-of-payments problem which risks rising unemployment and declining profits is a cure that could well be worse than the disease. A solution to the balance-of-payments problem must therefore be pursued within the context of a healthy domestic economy. Indeed, a key point in the fiscal program worked out by the administration and Congress together is the stimulation of the domestic economy by increasing the attractiveness of domestic investment and encouraging productivity improvements in American industry.

As a method of restricting foreign portfolio investments by Americans, the interest equalization tax is certainly preferable to direct controls because it is efficient and nondiscriminatory and leaves to the marketplace decisions as to which foreign securities will be sold here. Thus, it retains the market mechanism of the free enterprise system.

A capital issues committee, which has sometimes been proposed as an alternate, would substitute the necessarily arbitrary judgment of a committee for the impartial judgment of the marketplace. The committee would undoubtedly be faced with difficulties in deciding whether to permit the issuance of securities originating in one country or another and the issuance of securities of one type of business or another. It is safe to predict that, as a result, such a committee would be subjected to severe pressures and harsh criticism. Moreover, such a committee could not limit sales of outstanding securities. As a result, the efforts of the committee might well be in vain if new issues of foreign securities were exchanged for outstanding issues held by foreigners and the outstanding issues were then sold to Americans.

APPREHENSIONS UNFOUNDED

Experience under the tax has demonstrated that apprehensions concerning certain features of the proposal have proven to be unfounded. For example, some felt that the tax would improve the short-run position of the balance of payments only by restricting growth in the return flow of earnings from U.S. overseas investments and thereby impairing the balance in the long run. This has not happened.

U.S. overseas investment and the earnings from this investment have continued to expand. The income from U.S. private overseas investment rose from $3.9 billion in 1962 to $4.2 billion in 1963 and then to $5 billion in 1964. U.S. private capital outflows increased during the period from $3.4 billion in 1962 to $4.6 billion in 1963 to $6.5 billion in 1964. The tax merely keeps at a reasonable rate the expansion of U.S. overseas investment so that drastic increases in the rate of such investment—caused by abnormal capital requirements abroad—do not force us to resort to drastic measures to restore equilibrium to our balance of payments.

It was also feared that the exemption provided in the interests of international monetary stability would permit serious tax avoidance. This, too, has not occurred.

The exemption extended by Executive order under the provisions of the act for certain Canadian issues was required because Canada relies heavily on inflows of U.S. funds to maintain equilibrium in its balance of payments. Canadian officials have indicated that they do not intend to increase that country's foreign exchange reserves as a result of borrowings from the United States and that they are aware of the necessity of preventing the use of Canadian exemption as a method of channeling American funds through Canada to other countries.

A limited exemption was also provided for Japan following the issuance of the February 10 Executive order which applied the tax to bank loans with a maturity of 1 year and more. This exemption, which is limited to $100 million annually, was required to prevent the repercussions of the Executive order from endangering Japan's external payments stability.

WISDOM OF THE GORE AMENDMENT

I must point out that a glaring weakness might have developed in the application of the tax were it not for the foresight of the able senior Senator from Tennessee [Mr. GORE]. As originally proposed by the administration and approved by the House, the interest equali-

zation tax proposal did not extend to commercial bank loans made by American concerns to foreigners. After listening to the persuasive arguments of the Senator, the Senate adopted the amendment which granted the President authority to apply the tax to commercial bank loans with a maturity of 1 year or more if it was determined that the exemption of such loans threatened to impair the effectiveness of the tax. As the Senator had foreseen, it became apparent that foreign borrowers were, to an appreciable extent, resorting to loans from U.S. banks as a substitute for the sale of securities in the U.S. capital market. The amount of long-term bank loan commitments to foreigners rose from $902 million in the first half of 1964—and this was already higher than in earlier years—to $1.4 billion in the second half of the year. In the early days of 1965, commercial bank loans rose to a level which, if sustained, would have carried the total for the half year to over $3.5 billion.

In the face of this rising outflow of bank loans, the President exercised his authority under the act to apply the tax to commercial bank loans to foreigners. The President had been granted authority to apply the tax to bank loans with maturities of 1 year or more even though the tax, as first enacted, applied only to debt obligations with a maturity of 3 years or more. This provision was made because of the realization that two short-term loans could readily be substituted for one longer term bank loan. When the President applied the tax to bank loans on February 10 of this year, he extended it to loans with a maturity of 1 year or more.

The importance of the Gore amendment is readily apparent in the Commerce Department figures just out. Long-term bank loans shifted from a $486 million minus item in the first quarter balance-of-payments statistics—seasonally adjusted—to a $174 million plus item in the second quarter. The behavior of short-term bank loans supplemented this shift so that overall there was an $800 million improvement in the balance of payments between the first and second quarters due to a reduction in the amount of bank loans extended to foreigners by U.S. banks. Without this dramatic development, the surplus would not have materialized.

PRINCIPAL PROVISIONS OF THE BILL

As I have indicated, the chief provision of this bill is a 2-year extension of the interest equalization tax. This 2-year extension, from December 31, 1965, to December 31, 1967, was recommended by the administration. It differs slightly from the provision in the House bill, which would have extended the tax for only 1 year and 7 months, or to July 31, 1967.

The second major provision of the bill extends the tax to debt obligations other than those issued by banks which have a time remaining to maturity of 1 to 3 years. This action was recommended by the President on February 10 when he exercised the authority given him to apply the tax to bank loans. In the absence of legislation, nonbank loans with a maturity of 1 but less than 3 years would not be subject to tax while bank loans with a similar maturity would be subject to tax. Your committee believes that the President's action applying the tax to bank loans was necessary. It also feels that it should be supplemented by the application of the tax to nonbank acquisitions of debt obligations issued by foreigners in developed countries that have a time remaining to maturity of 1 to 3 years.

OTHER PROVISIONS OF THE HOUSE BILL

The other provisions of this bill are more technical in nature. In the main, they either extend the exemptions provided under existing law to situations similar to those now exempt, or provide exemptions which are required as a result of the application of the tax to debt obligations which mature in less than 3 years. The following provisions were contained in the House bill and have been approved by your committee.

The bill exempts from tax loans made to foreigners in connection with a lease arrangement in which a foreigner leases personal property from a U.S. person. The exemption only applies if at least 85 percent of the amount paid under the lease is attributable to tangible property produced or extracted in the United States or to the performance of services under the terms of the lease by the U.S. person. This provision merely extends the existing exemption for debt obligations acquired in connection with export transactions to leases, as well as sales.

An exemption is provided for loans made to foreigners to finance construction on real property located in the United States if the property involved is pledged to secure the loan. To qualify for this exemption, at least 25 percent of the cost of the construction must be paid from funds acquired from a non-U.S. person and at least 85 percent of the cost must be attributable to property produced or services performed in this country. This provision extends the present exemption for loans made when foreigners buy real property located in the United States to loans made in connection with construction projects carried on by foreigners on real property located in the United States.

The bill exempts from tax up to $2,500 of any loan made to a full-time foreign student at an American educational institution. In the absence of this exemption such loans, whether made by banks or the schools themselves, would be subject to tax whenever the time to maturity exceeded 1 year.

Also, exempt under this bill are loans made in connection with sales of tangible property which were held for personal use, such as a house or a car, by an American to a foreigner if the property sold is located abroad and was held for the American's personal use. Without this exemption the tax would be applied in such cases whenever the loan was for more than 1 year.

The bill exempts from tax securities acquired by a branch of a U.S. corporation which is engaged in commercial banking in a foreign country, if the branch is a member of a foreign stock exchange whose members are all banks and if it has been a member of such an exchange since about mid-1963. However, the bank's holdings of specified securities must not exceed 3 percent of the amount of its deposits which are payable in the currency of the country in which it is located. The exemption applies as of the initial effective date of the tax; namely, July 19, 1963. In these special types of situations the branches are performing what is a normal banking function in the country where they do business. Additionally, it should be noted that the transactions have no adverse effect on the balance of payments.

U.S. persons who acquire interests in partnerships which are less-developed country partnerships are excluded from the tax. This is a logical extension of the existing exclusion of stock purchases in corporations which operate in such countries.

For the cases where stock obtained from foreigners by U.S. brokers is resold to foreigners, the bill extends to indirect resales executed by over-the-counter dealers the refund or credit option applicable under present law when indirect resales of bonds are made by such dealers. The present disparity in the treatment of over-the-counter sales of stocks and bonds, which was necessary, initially, for administrative reasons, is no longer necessary.

By permitting a U.S. finance corporation to treat a foreign branch as a subsidiary, the bill excludes from the tax the operations of foreign branches which extend loans to foreign consumers to finance the purchase of items manufactured by a related concern. The loans must be repayable in foreign currency, and the branch must have been in business for a year prior to February 10, 1965. Prior to the application of the interest equalization tax to loans with a maturity of less than 3 years, this exemption was not necessary since consumer loans do not usually have a maturity of 3 years or more.

Present law exempts foreign stock issues from tax if the corporations are predominantly U.S. owned, as defined in the law. This bill also excludes additional shares issued by a company in the future where the company had 250 or more shareholders and was actively engaged in a trade or business when the tax initially went into effect. The new stock must also be from a class of stock which was exempt from tax when originally sold because of the less-developed country corporation provision, the international monetary stability exclusion, or the exclusion relating to certain reorganizations. Under this rule, the sale of new shares of stock to Americans by a Canadian company, predominantly owned by Americans, would not be subject to tax if such stock, when issued, was exempt from tax under the international monetary stability provision.

In connection with the application of the tax to foreign debt obligations with a time remaining to maturity of 1 to 3 years, the bill provides that commercial banks may acquire foreign debt obligations with a maturity of 1 to 3 years

from private American owners without becoming subject to tax.

The bill also provides that in the event the President exercises the authority given him under present law to extend the tax to loans by foreign branches of U.S. commercial banks to the extent they exceed 110 percent of foreign currency deposits, the branches are to be permitted, in determining the amount of this 110 percent which is free of tax, to include the foreign currency deposits received by them from any other banks except U.S. banks or their affiliates. Under present law, these deposits would not be includable in the tax-free pool.

The House amendments approved by your committee also ease current restrictions governing the deductibility of the interest equalization tax and make two other technical amendments.

COMMITTEE AMENDMENTS

The remaining provisions of the bill were adopted by your committee as amendments to the House bill.

The bill exempts from tax the acquisition of foreign debt obligations in connection with the sale of the assets, or nearly all the assets, of a foreign branch of a domestic corporation. This exemption is a logical corollary to the exemption now provided in the case of debt obligations acquired in connection with the sale of stock in a foreign subsidiary.

Your committee also amended the House bill to moderate the penalty which is now imposed if a person eligible for the international monetary stability exclusion fails to file a timely notice of an acquisition which would qualify for the exclusion. The exclusion in question now applies to new Canadian issues and to certain Japanese issues. Rather than loose the exemption altogether, a tardy filer will loose up to 25 percent of the exclusion depending on the length of time that elapses before he files the required notice. The present penalty will continue to apply, however, in the case of a limited exclusion such as that now applied to Japanese nationals, since the imposition of a limit requires that an accurate and up-to-date record be made of all acquisitions.

The bill is further amended to permit the President to take into account the degree to which a foreign country is living up to its treaty commitments to U.S. persons when he is deciding whether or not to grant an exemption under the international monetary stability exclusion provision or whether to revoke an exclusion previously granted.

Although the effective date of the tax was July 19, 1964, the law, as enacted, exempted transactions made on or after that date if a binding commitment concerning them had been made prior to it. In defining what constitutes a binding commitment, the law now states that the U.S. person extending the loan must have sent a commitment letter to the borrower before July 19, 1964. As an alternative to the latter requirement only, the bill provides that the commitment is considered binding if, by that date, the U.S. person had received from the borrower a memorandum of terms, a purchase contract, or other document setting forth the terms of the acquisition.

A further committee amendment exempts from tax debt obligations of a foreign country which was previously designated a less developed country if the foreign country had communicated its intention to issue the debt obligations to the State Department and had begun negotiations with underwriters before April 6, 1965. Furthermore, the Secretary of State must determine that the exemption is in the best interests of the United States. This amendment will apply only to the Bahamas.

A further committee amendment is designed to ease balance-of-payments pressures by providing that foreign currencies which the United States receives under agreements with foreign governments be made more readily available to pay the costs of U.S. operations in such countries or for conversion into dollars or other currencies. The amendment will remedy situations—highlighted in a recent report of the General Accounting Office—in which dollars are being spent to meet U.S. obligations in countries in which the United States has substaintial holdings of foreign currency as a result of such programs as the sale of surplus military equipment. The amendment requires that future contracts or agreements other than those under Public Law 480—for the sale of surplus agricultural commodities—entered into or extended by the U.S. Government must provide that local currencies accruing to the United States may either be used to pay U.S. obligations in that country or be convertible into other currencies. The amendment also gives the Secretary of the Treasury a stronger voice in the use of U.S. owned foreign currencies and requires him to report annually to the Finance Committee and to the House Ways and Means Committee on the management of U.S. owned foreign currencies.

Your committee also amended two provisions of the House bill. The provision which grants an exemption to financing operations carried on by foreign branches of U.S. financing companies was expanded to include loans made in connection with the sale of items traded in part payment for products manufactured by a concern related to the financing company and to provide that the financing company may be engaged in servicing debt obligations as well as acquiring them.

The final committee amendment extends the exemption provided in the House bill for shares of stock acquired in connection with a reorganization in which a foreign corporation acquires the assets of a domestic corporation in exchange for stock. The exemption is to cover the case in which a foreign corporation exchanges its stock for the stock, rather than the assets, of the domestic concern.

CONCLUSION

The timely enactment of the interest equalization tax contributed greatly to the subsequent reduction in the balance-of-payments deficit. It helped to forestall the necessity of resorting to such desperate and disruptive measures as domestic deflation. The continued success of our efforts to hold the ground we have gained depends on the extension of the tax. Therefore, Mr. President, I urge the Senate to approve H.R. 4750, the Interest Equalization Tax Extension Act of 1965.

Mr. SMATHERS. Mr. President, before consideration of the amendments offered from the floor, I ask unanimous consent that the committee amendments be agreed to en bloc and that the bill as amended be treated as original text for the purpose of further amendment.

The PRESIDING OFFICER. Without objection, the amendments will be considered en bloc; and, without objection, the amendments are agreed to en bloc.

The amendments agreed to en bloc are as follows:

On page 2, line 3, after the word "thereof", to strike out "July 31, 1967" and insert "December 31, 1967"; on page 4, line 7, after the word "Public", to strike out "Offering" and insert "Offerings"; on page 8, after line 13, to insert:

"(b) SALES OF FOREIGN BRANCHES.—

"(1) Section 4914 (g)(1) is amended—

"(A) by striking out 'or' at the end of subparagraph (A);

"(B) by striking out the period at the end of subparagraph (B) and inserting in lieu thereof '; or'; and

"(C) by adding at the end thereof the following new subparagraph:

"'(C) as part or all of the purchase price in a sale by such United States person of substantially all of the assets of a branch of such United States person located outside the United States.'

"(2) Section 4914(g)(2) is amended to read as follows:

"'(2) LIMITATIONS.—Subparagraphs (A) and (B) of paragraph (1) shall not apply to the acquisition of a debt obligation if any of the stock sold or surrendered in connection with its acquisition was originally acquired with the intent to sell or surrender. Subparagraph (C) of paragraph (1) shall not apply to the acquisition of a debt obligation if any of the assets sold had been transferred to the branch for the purpose of sale (other than sale in the ordinary course of its trade or business).'

"(3) The heading of section 4914(g) is amended by inserting 'OR OF FOREIGN BRANCH' after 'SUBSIDIARY'.

"(4) Section 4914(b)(10) is amended to read as follows:

"'(10) ACQUISITIONS OF DEBT OBLIGATIONS ON SALE OR LIQUIDATION OF WHOLLY OWNED FOREIGN SUBSIDIARIES OR SALE OF FOREIGN BRANCHES.—Of debt obligations acquired in connection with the sale or liquidation of a wholly owned foreign corporation or of a foreign branch, to the extent provided in subsection (g).'"

On page 10, at the beginning of line 4, to strike out "(b)" and insert "(c)"; on page 13, at the beginning of line 8, to strike out "(c)" and insert "(d)"; at the beginning of line 18, to strike out "(d)" and insert "(e)"; in line 20, after the word "subsection," to strike out "(c)" and insert "(d)"; on page 14, at the beginning of line 4, to strike out "(e)" and insert "(f)"; on page 15, at the beginning of line 18, to strike out "(f)" and insert "(g)"; on page 17, at the beginning of line 5, to strike out "(g)" and insert "(h)"; after line 13, to strike out:

"(h) NOTICE OF ACQUISITION FOR EXCLUSION OF ORIGINAL OR NEW ISSUES.—Section 4917(a) is amended by adding at the end thereof the following new sentence: 'In the case of acquisitions of debt obligations having a period remaining to maturity of 1 year or more but

less than 3 years made during the period beginning February 11, 1965, and ending with the date of the enactment of the Interest Equalization Tax Extension Act of 1965, the notice of acquisition may be filed within such period following the date of such enactment as the Secretary or his delegate may prescribe by regulations.' "

And in lieu thereof, to insert:

"(i) NOTICE OF ACQUISITION FOR EXCLUSION OF ORIGINAL OR NEW ISSUES.—Section 4917 is amended—

"(1) by adding at the end of subsection (a) the following new sentence: 'In the case of acquisitions of debt obligations having a period remaining to maturity of one year or more but less than three years made during the period beginning February 11, 1965, and ending with the date of the enactment of the Interest Equalization Tax Extension Act of 1965, the notice of acquisition may be filed within such period following the date of such enactment as the Secretary or his delegate may prescribe by regulations.'; and

"(2) by adding at the end of such section the following new subsection:

" '(d) REDUCTION OF EXCLUSION IN CASE OF LATE FILING OF CERTAIN NOTICES OF ACQUISITION.—If, with respect to an acquisition after the date of the enactment of the Interest Equalization Tax Extension Act of 1965 of stock or a debt obligation which is all or part of an original or new issue to which an Executive order issued under subsection (a) is applicable (other than an Executive order which is applicable to a limited aggregate amount of such issues), the notice of acquisition required by subsection (a) is not filed on or before the last day (including extensions of time) specified in the regulations prescribed by the Secretary or his delegate under such subsection, the exclusion provided by such Executive order shall not apply to 5 per centum of such acquisition for each thirty-day period or fraction thereof after such last day during which such failure continues, except that in no event shall such exclusion be reduced under this subsection by more than 25 per centum of such acquisition.' "

On page 19, after line 7, to insert:

"(j) CONSIDERATION OF TREATY VIOLATIONS IN CONNECTION WITH EXCLUSION FOR ORIGINAL OR NEW ISSUES.—Section 4917 is amended by adding after subsection (d) (as added by subsection (i) of this section) the following new subsection:

" '(e) FULFILLMENT OF TREATY OBLIGATIONS.—In determining whether to issue an Executive order under subsection (a) with respect to a foreign country, and in determining whether to revoke or modify an Executive order issued under subsection (a) with respect to a foreign country (whether issued before or after the enactment of this subsection), the President may take into account whether such foreign country is according privileges to United States persons in conformity with treaties of friendship, commerce, and navigation between the United States and such foreign country, particularly privileges relating to investments in such foreign country.' "

On page 20, at the beginning of line 1, to strike out "(i)" and insert "(k)"; on page 21, at the beginning of line 17, to strike out "(j)" and insert "(l)"; on page 22, line 8, after the word "member", to insert "and (ii) arising out of the sale of tangible personal property received as part or all of the consideration in sales of tangible personal property described in clause (i)"; on page 23, line 15, after "(A)", to insert "and servicing debt obligations arising out of sales of tangible personal property described in subparagraph (A)"; on page 25, at the beginning of line 19, to strike out "(k)" and insert "(m)"; on page 28, after line 2, to strike out: "(iv) all such additional shares, if acquired by United States persons, would be excluded from the tax imposed by section 4911 by reason of section 4914(a)(6), 4916, or 4917; and".

And, in lieu thereof, to insert:

"(iv) all such additional shares are shares which, if acquired by United States persons at the time of original issuance, would have been excluded from the tax imposed by section 4911 by reason of section 4914(a)(6), 4916, or 4917, or are shares exchanged in a reorganization described in section 368(a)(1)(B) for shares of a domestic corporation which was engaged in the active conduct of a trade or business (other than as a dealer in securities) immediately before the date of such exchange; and"

On page 29, at the beginning of line 11, to strike out "(l)" and insert "(n)"; on page 30, at the beginning of line 1, to strike out "(m)" and insert "(o)"; on page 31, at the beginning of line 2, to strike out "(n)" and insert "(p)"; after line 9, to insert a new section, as follows:

"SEC. 5. PREEXISTING COMMITMENTS.

"(a) CERTAIN COMMITMENTS EXISTING ON OR BEFORE JULY 18, 1963.—Section 2(c)(2)(B) of the Interest Equalization Tax Act is amended to read as follows:

" '(B) as to which on or before July 18, 1963, the acquiring United States person (or, in a case where 2 or more United States persons are making acquisitions as part of a single transaction, a majority in interest of such persons) had taken every action to signify approval of the acquisition under the procedures ordinarily employed by such person (or persons) in similar transactions, subject only to the execution of formal documents evidencing the acquisition and to customary closing conditions, and the acquiring United States person (or persons)—

" '(i) had sent or deposited for delivery to the foreign person from whom the acquisition was made written evidence of such approval in the form of a commitment letter, memorandum of terms, draft purchase contract, or other document setting forth, or referring to a document sent by the foreign person from whom the acquisition was made which set forth, the principal terms of such acquisition, or

" '(ii) had received from the foreign person from whom the acquisition was made a memorandum of terms, draft purchase contract, or other document setting forth, or referring to a document sent by the acquiring United States person (or persons) which set forth, the principal terms of such acquisition;'.

"(b) CERTAIN DEBT OBLIGATIONS OF FORMER LESS DEVELOPED COUNTRIES.—The tax imposed by section 4911 of the Internal Revenue Code of 1954 shall not apply to the acquisition by a United States person of a debt obligation issued by the government of a foreign country which has been designated as an economically less developed country under an Executive order of the President in effect for purposes of the tax imposed by section 4911, but with respect to which such designation has been terminated before the enactment of this Act, if, prior to such acquisition, the Secretary of State has certified to the Secretary of the Treasury or his delegate that—

"(1) the government of such foreign country had, on or before April 6, 1965, communicated to the United States Department of State its intention to issue such debt obligation;

"(2) the government of such foreign country had, on or before April 6, 1965, commenced negotiations with United States persons relative to the issuance of such debt obligation; and

"(3) exemption from the tax imposed by section 4911 of the Internal Revenue Code of 1954 on the acquisition of such debt obligation by a United States person is in the best interests of the United States."

And, on page 33, after line 15, to insert a new section, as follows:

"SEC. 6. USE OF FOREIGN CURRENCIES OWNED BY THE UNITED STATES.

"(a) Under the direction of the President, the Secretary of the Treasury shall periodically ascertain, by country, the amount of funds required by the United States Government to pay its obligations in foreign countries, including obligations payable in foreign currencies.

"(b) Every international agreement (other than an agreement entered into pursuant to title I of the Agricultural Trade Development and Assistance Act of 1954, as amended (Public Law 480, 83d Congress)) hereafter entered into, or hereafter amended or extended, between the United States and any foreign country under which currency of such country accrues or will accrue for the use of the United States shall include provisions that such currency may be used for paying United States obligations in such country which may be paid in such currency, and if not needed for such purpose may be used, or converted to other foreign currencies or to dollars for use, in paying United States obligations in any foreign country, in such amounts as the Secretary of the Treasury considers necessary for the requirements of the United States.

"(c) The Secretary of the Treasury shall submit a report annually to the Senate Committee on Finance and the House Committee on Ways and Means which shows, by executive agencies and by countries, (1) the expenditures in dollars and in foreign currencies made during the preceding fiscal year in paying the obligations of the United States in foreign countries, (2) the amounts of foreign currencies available for the use of the United States at the close of such year, and (3) the amounts of foreign currencies convertible to other foreign currencies or to dollars at the close of such year."

Mr. LONG of Louisiana. Mr. President, I should like to ask the Senator from Florida a question just to clear up the legislative history.

I invite his attention to two situations where foreign currencies result from our economic assistance program but where the currencies are not available for use by the United States or for conversion to other currencies. It is my understanding that these situations would not be affected by section 6(b) of this bill and I ask his confirmation of this.

First, the United States may enter into agreements with recipient countries, whereby the latter contribute foreign currencies, in connection with our economic assistance programs, to carry out U.S. assistance programs which might otherwise have to be carried out with dollars. These currencies are not used to pay the administrative expenses of the economic aid agency nor are they available for any other expenses of the U.S. Government.

Second, foreign currencies are generated in connection with dollar repayable loans and are used to finance the local costs of assistance projects or of the recipient country's development program. These foreign currencies do not "accrue for the use of the United States," but for the use of the aid recipient country.

Am I correct in concluding that the committee did not intend that section 6(b) apply to these situations?

Mr. SMATHERS. Mr. President, it is my understanding that the Senator

from Louisiana is correct, that the committee did not intend that section 6(b) apply to these situations.

Mr. LONG of Louisiana. I thank the Senator from Florida for his information.

Mr. KUCHEL. Mr. President, I send to the desk an amendment and ask that it be stated. I offer this amendment on behalf of my able colleague, the Senator from California [Mr. MURPHY], who is absent on official business.

The PRESIDING OFFICER. The amendment will be stated by title for the information of the Senate.

The legislative clerk proceeded to state the amendment.

Mr. KUCHEL. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered; and the amendment will be printed in the RECORD at this point.

The amendment offered by Mr. MURPHY is as follows:

(a) On page 7, strike out lines 1 through 17, and insert in lieu thereof the following:

"(6) CERTAIN EXPORT LEASES.—The tax imposed by section 4911 shall not apply to the acquisition from a foreign obligor by a United States person of a debt obligation of such obligor arising out of a lease of personal property to such obligor by such United States person if—

"(A) at least 30 percent of the value of the property subject to the lease, or 60 percent of the actual value of the debt obligation arising out of such lease (determined as of the date of acquisition of the debt obligation), is attributable to the use of tangible personal property which was manufactured, produced, grown, or extracted in the United States by such United States person (or by one or more includible corporations in an affiliated group, as defined in section 1504, of which such person is a member), or to the performance of services pursuant to the terms of the lease by such United States person (or by one or more such corporations) with respect to such personal property, or to both, and

"(B) at least 50 percent of the value of the property subject to lease, or 100 percent of the actual value of the debt obligation arising out of such lease (both determined as of the date of acquisition of the debt obligation), is attributable to the use of tangible personal property which was manufactured, produced, grown, or extracted in the United States, or to the performance of services pursuant to the terms of the lease by United States persons, or to both."

(b) On page 7, strike out line 23, and on page 8 between lines 2 and 3, insert the following:

"(C) by striking out 'or (3)' in clause (iii) in subparagraph (A) and inserting in lieu thereof '(3), or (6)' and by inserting after the word 'sale' in such clause the words 'or lease'."

Mr. KUCHEL. I also ask unanimous consent that the statement which my colleague [Mr. MURPHY] had prepared in explanation of the bill may appear at this point in the RECORD.

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

The statement of Mr. MURPHY is as follows:

STATEMENT BY SENATOR MURPHY

The bill as passed by the House and as reported by the Finance Committee provides, in general, that the exclusion in present law for debt obligations arising out of export sales by producers is also to apply to export lease transactions. However, the bill extends the exclusion only to debt obligations arising out of the lease of property 85 percent of which was manufactured, produced, grown, or extracted in the United States by the person acquiring the debt obligation. Although this provision of the bill was to parallel the treatment accorded debt obligations arising out of certain export sales transactions, its requirement that 85 percent of the property be of American origin and be produced by the lessor is more restrictive than the export sale provision. The sale provision, while making use of the 85-percent test insofar as American origin is concerned, does not require the exporter (or a related party) to be the producer of the property.

In addition, in the case of export sales there is an alternate rule which provides for the exclusion of the debt obligation if either 30 percent of the purchase price of the property or 60 percent of the value of the security acquired is attributable to property produced in the United States by the exporter—or a related party—or to the performance of services by the exporter. In addition to meeting either this 30-percent or 60-percent test, 50 percent of the purchase price of the property or 100 percent of the value of the security acquired or services rendered must be attributable to Americans, but not necessarily the exporter.

It has come to my attention that some persons leasing property abroad cannot meet the 85-percent test now in the bill because part of their product is produced in Canada. However, more than half of the property is produced in the United States and, therefore, they would have no trouble in meeting the 50-percent test applicable in the case of export sales, since more than this percentage of their product is produced in the United States. In addition, they would have no problem in meeting the 30-percent or 60-percent tests, since more than 30 percent of the value of the property is attributable to the productive efforts of the lessor.

The case I have in mind involves the Douglas Aircraft Corp. which, on occasion, leases rather than sells airplanes to foreign airlines. This has, of course, a salutary effect on our balance of payments, and it seems to me that this is the very kind of transaction which this bill does not intend to interfere with.

A second feature of this amendment relates to situations where the Douglas Aircraft Corp., and other lessors who lease property abroad, find it necessary to dispose of some of the debt obligations that they have acquired under these leasing arrangements. Under present law, in the case of export sales, it is possible for an exporter to transfer debt obligations to a governmental agency, to a commercial bank under certain situations, and in the case of other transferees where the transfers were reasonably necessary to accomplish the sale of the property or services out of which the debt obligation arose and the terms of the debt obligation are not unreasonable in light of the credit practices in the business in which the lessor is engaged. This is not presently available, however, in the case of lease exporters. I see no reason why they should not be accorded the same treatment as sale exporters. Therefore, my amendment also makes the transfer of the debt obligation available in the case of lease exporters in the same manner as sale exporters insofar as the third category I described is concerned. By the third category I refer to the category wherein the transfer of the debt obligation could be made to any transferee where the acquisition of the debt by the lease exporter was reasonably necessary to accomplish the lease and the terms of the debt are not unreasonable in light of his credit practices.

Mr. KUCHEL. Mr. President, this is a technical amendment which would provide the same treatment for those who acquire obligations as the result of export by way of lease as those who acquire obligations by way of export sales. I understand the staff of the committee has examined it and it is supported by my able friend the Senator from Florida [Mr. SMATHERS] the Senator in charge of the bill, and the Senator from Louisiana [Mr. LONG].

Mr. SMATHERS. Mr. President, in light of the statement made by the Senator from Louisiana [Mr. LONG], who had the opportunity to look at the amendment and discuss it with the staff, and the fact that he recommends that we take the amendment to conference, I am willing to do so.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from California [Mr. MURPHY].

The amendment was agreed to.

Mr. KUCHEL. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. JAVITS. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. JAVITS. Mr. President, I call up my amendment and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The legislative clerk read as follows:

On page 8, line 11, strike out "and".

On page 8, after line 13, strike out the period and insert "; and".

On page 8, after line 13, insert the following:

"(D) by adding at the end of such paragraph the following new sentence: "For purposes of this chapter, the acquisition by a wholly-owned subsidiary of a commercial bank of a debt obligation arising out of a lease made by such subsidiary shall be treated as the acquisition of a debt obligation by such bank.'"

Mr. JAVITS. Mr. President, the bill as passed by the House exempts from interest equalization tax any debt obligations which may arise out of equipment leases under which American-made equipment is leased by American manufacturers to foreign users. This is accomplished by the proposal to add a new section 4914(c)(6) to the Internal Revenue Code. It seems clear that rent paid for American-made equipment used by foreign lessees will improve our balance-of-payments position, and I fully support the amendment and the policy behind it. However, I believe the present technical form of related portions of H.R. 4750 and the code will not permit full development of the export trade which the proposed section 4914(c)(6) is drawn to encourage.

It seems clear that the principal source from which export income from the leasing of American-made equipment to foreign users can be expected is the leasing of aircraft. Aircraft exports have been a significant source of U.S. export income. No one can say precisely the increment in export income which we may realize if aircraft equipment leases which might otherwise be subject to interest equalization tax are encouraged by the

proposed exemption in the statute. However, there is every reason to believe that large transactions can be effected in the foreseeable future through lease arrangements, although the same transactions could not be effected through sale arrangements. But all of this depends on such lease arrangements being assured of exemption from interest equalization tax.

It seems unlikely that aircraft manufacturers themselves will be able to take advantage of section 4914(c)(6) to any substantial extent. However, the bill, as passed by the House and reported by the Finance Committee, includes a proposed new section 4931(c)(1) which has been drawn so that commercial banks which have authority to lease equipment may enter into leases of American-made aircraft with foreign airlines on the same terms as manufacturers covered by section 4914(c)(6). In this connection, I note the construction of the statute included in the report of the Finance Committee which treats debt obligations arising out of these equipment leases as falling within the scope of section 4914(b)(2)(A), the basic provision under which commercial banks must function in order to assure exemption from interest equalization tax in financial transactions. In this way the bill as it stands permits some financial institutions to enter the export equipment leasing field free of interest equalization tax and thus provide the financial support necessary to make this source of export income a practical reality.

However, the effect of the bill as passed by the House and construed by the Finance Committee report is that banks which do not have the authority to own and lease equipment directly would not be able to participate through their subsidiaries in aircraft equipment leasing with the assurance of exemption from interest equalization tax which is available to manufacturers and banks with leasing powers. National banks have direct leasing powers and State-chartered banks generally do not, and so the effect of the legislation as it stands is to limit to national banks the financing institutions which can support what appears to be a very important form of export activity with the assurance of being exempt from interest equalization tax.

It seems to me desirable to broaden the range of financial institutions which can support this export activity, and the amendment to the proposed new section 4931(c)(1) which I have offered would do so. It would do so by treating leases executed by the subsidiaries of banks as if they had been made by the banks themselves. This will permit a subsidiary of a State-chartered bank to lease American-made aircraft to a foreign airline with the assurance that the lease will be free of interest equalization tax. It will thus place a lease by a State-chartered bank subsidiary on the same basis as a similar lease made by a national bank or an aircraft manufacturer.

We have discussed this matter with the Treasury Department, and it confirms that the amendment will have this reach, and that it has no objection to the amendment.

Mr. SMATHERS. Mr. President, in light of the statement of the able Senator from New York [Mr. JAVITS] and the Senator from Louisiana [Mr. LONG], who tells me that in his judgment it is a desirable amendment, and the favorable views of the Senator from Delaware [Mr. WILLIAMS], I would be glad to see us accept this amendment. I also understand that the Treasury Department favors the amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from New York [Mr. JAVITS].

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move that the vote by which the amendment was agreed to be reconsidered.

Mr. WILLIAMS of Delaware. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

AMENDMENT NO. 376

Mr. JAVITS. Mr. President, I send to the desk a modified version of my amendment No. 376 and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated for the information of the Senate.

The LEGISLATIVE CLERK. On page 6, strike out lines 6, 7, and 8, and insert the following:

SEC. 2. EXTENSION OF INTEREST EQUALIZATION TAX

Section 4911(d) is amended by striking out "December 31, 1965" and inserting in lieu thereof "July 31, 1967".

Mr. JAVITS. Mr. President, the amendment will have the effect, as stated by the Senator from Louisiana, of locking into the bill the date fixed by the House, instead of the date fixed by the Senate, for the expiration of the statute; namely, July 31, 1967.

The 5 months will not be a matter of life and death. What it does, and what is important, is that it will compel a reconsideration of this whole issue in 1966. That, I believe, is extremely important in the view of the whole banking community of the United States and, I might say, also of the international monetary system.

It is vitally important with respect to this particular situation that we understand clearly what is at stake and what is going on. Even though it is late in the day and the Senate has decided that this problem will work itself out, and no doubt it will, I wish to say a few words before we adopt the amendment about the programs that are involved in the interest equalization tax.

First, let me say that it has not been nearly as hot as it has been cooked, as the saying goes. It has not worked out nearly in the way that its original sponsors has hoped it would. I say that because, notwithstanding the interest equalization tax, approximately the same amount of capital outflows have taken place after the tax was put into effect as was the case before the tax went into effect.

The first time we really began to get a very material improvement in the American balance-of-payments situation was when two things occurred.

The first, and very importantly, was when the voluntary restraint program was put into effect in February 1965, which meant that American business would exercise great restraint in investing overseas as much as practical, and eliminate investments except out of their own indigenous sources, developed by the profits made overseas. The second was the application of the law to bank loans; that is, maturities above 1 year. The promulgation of the so-called 105-percent rule for commercial banks, incidentally, has worked out very badly for underdeveloped areas, because the banks have had the opportunity to apply the 105-percent rule worldwide and, of course, the best credit risks are not necessarily in underdeveloped areas.

These ideas, with respect to voluntary restraint, are something that I particularly pride myself on. I have contended that that was one way in which we could do a job in this field when I opposed the interest equalization tax originally. I am still opposed to it. What I like to point up is that we cannot continue this policy without paying a heavy penalty. If America does not lend abroad and does not invest abroad, it will have an inevitable effect upon our exports, which are dependent on our lending abroad and on our investing abroad. It will have a deleterious effect upon our leadership position in the world, which is very valuable to us, because we are receiving income from our foreign investments within $200 million of the high watermark of the making of our foreign investments, and we shall shortly turn the corner and have a net accretion helping us with our balance of payments, if we continue our foreign investment policy, instead of curtailing it, as we have been doing.

This is aside from the limitless effect of keeping the United States in the leadership position which it represents throughout the world.

The improvement which occurred in our balance of payments in the second quarter has placed serious strains upon international liquidity in relationship to world trade, which has materially declined. This represents great jeopardy to the world economy, which needs U.S. balance-of-payments dollars in order to finance its expansion. It has been especially harmful to the United Kingdom. The economic situation has been severely aggravated by our restraints on the outflow of private U.S. capital.

I would address a plea to the President of the United States, that he exempt the United Kingdom from this tax to the same extent that we have exempted Canada by Presidential proclamation on the basis of authority given to him under section 4917(a) of the Internal Revenue Code.

I ask unanimous consent that the Presidential proclamation giving a $100 million exemption to Japan and the Presidential proclamation giving complete exemption to Canada be made a part of my remarks at this point, together with the section of the law which

expressly gives the President this authority. That section is section 4917 of the act that we are about to extend.

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

[From the Federal Register, Sept. 5, 1964]

EXCLUSION FOR ORIGINAL OR NEW CANADIAN ISSUES AS REQUIRED FOR INTERNATIONAL MONETARY STABILITY

(Presidential Documents—Title 3—The President—Executive Order 11175)

By virtue of the authority vested in me by section 4917(a) of the Internal Revenue Code of 1954, as added by section 2 of the Interest Equalization Tax Act, approved September 2, 1964 (Public Law 88-563), by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby determined that the application of the tax imposed by section 4911 of the Internal Revenue Code of 1954, as added by section 2 of the Interest Equalization Tax Act, will have such consequences for Canada as to imperil or threaten to imperil the stability of the international monetary system and it is hereby ordered that the tax imposed by section 4911 of the Internal Revenue Code of 1954 shall not apply to the acquisition by a United States person of stock or a debt obligation of Canada or a political subdivision thereof, any agency or instrumentality of Canada, any corporation, partnership, or trust (other than a company registered under the Investment Company Act of 1940 (54 Stat. 847; 15 U.S.C. 80a-1 to 80a-52)) organized under the laws of Canada or a political subdivision thereof, or any individual resident in Canada, to the extent that such stock or debt obligation is acquired as all or part of an original or new issue as to which there is filed the notice of acquisition prescribed by the Secretary of the Treasury or his delegate. The exemption from tax provided in the preceding sentence shall apply to all acquisitions made during the period commencing on July 19, 1963, and continuing until otherwise provided in an amendment of this order.

The Secretary of the Treasury or his delegate is authorized to prescribe from time to time regulations, rulings, directions, and instructions to carry out the purposes of this order.

This order shall be effective upon its filing for publication in the Federal Register.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *September 2, 1964.*

[From the Federal Register, Apr. 6, 1965]

EXCLUSION FOR ORIGINAL OF NEW JAPANESE ISSUES AS REQUIRED FOR INTERNATIONAL MONETARY STABILITY

(Presidential Documents—Title 3—The President—Executive Order 11211)

By virtue of the authority vested in me by section 4917(a) of the Internal Revenue Code of 1954, as added by section 2 of the Interest Equalization Tax Act, approved September 2, 1964 (Public Law 88-563, 78 Stat. 809), by section 301 of title 3 of the United States Code, and as President of the United States, it is hereby determined that the full application of the tax imposed by section 4911 of the Internal Revenue Code of 1954, as added by section 2 of the Interest Equalization Tax Act, will have such consequences for Japan as to imperil or threaten to imperil the stability of the international monetary system and it is hereby ordered as follows:

SECTION 1. The tax imposed by section 4911 of the Internal Revenue Code of 1954 shall not apply to an acquisition by a United States person of a debt obligation repayable exclusively in United States currency which is issued or guaranteed as to the payment of principal and interest by the Government of Japan (other than an obligation which by its terms is convertible into stock of the obligor) provided that—

(a) Such debt obligation is acquired as all or part of an original or new issue as to which there is filed such notice of acquisition as the Secretary of the Treasury or his delegate may prescribe by regulations;

(b) The Government of Japan determines and certifies to the acquiring United States person that his acquisition of such debt obligation complies with the criteria set forth in this section; and

(c) Before or as a result of such acquisition, the aggregate amount of all acquisitions by United States persons excluded from interest equalization tax by reason of this order during the calendar year in which the acquisition is made (or, in the case of acquisitions made during the period beginning on the effective date of this order and ending December 31, 1965, during such period) does not exceed $100,000,000.

SEC. 2. The Secretary of the Treasury or his delegate is authorized to prescribe from time to time regulations, rulings, directions, and instructions to carry out the purpose of this order.

SEC. 3. This order shall be effective upon its filing for publication in the Federal Register with respect to acquisitions made during the period beginning on the effective date of this order and ending on the date specified in section 4911(d) of the Internal Revenue Code of 1954.

LYNDON B. JOHNSON.

THE WHITE HOUSE, *April 2, 1965.*

SEC. 4917. EXCLUSION FOR ORIGINAL OR NEW ISSUES WHERE REQUIRED FOR INTERNATIONAL MONETARY STABILITY.

(a) IN GENERAL.—If the President of the United States shall at any time determine that the application of the tax imposed by section 4911 will have such consequences for a foreign country as to imperil or threaten to imperil the stability of the international monetary system, he may by Executive order specify that such tax shall not apply to the acquisition by a United States person of stock or a debt obligation of the government of such foreign country or a political subdivision thereof, any agency or instrumentality of any such government, any corporation, partnership, or trust (other than a company registered under the Investment Company Act of 1940) organized under the laws of such country or any such subdivision, or any individual resident therein, to the extent that such stock or debt obligation is acquired as all or part of an original or new issue as to which there is filed such notice of acquisition as the Secretary or his delegate may prescribe by regulations. In the case of acquisitions made during the period beginning July 19, 1963, and ending with the date of the enactment of this chapter, the notice of acquisition may be filed within such period following the date of such enactment as the Secretary or his delegate may prescribe by regulations.

Mr. JAVITS. I also ask unanimous consent that an excellent editorial from the August 20, 1965, issue of the Washington Post which examines some of the complexities of the U.S. balance-of-payments situation may be printed in the RECORD at this point.

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

THE PROPER BALANCE

The official balance-of-payments figures confirm what has been known for some time. This country now has a modest surplus on its transactions with the rest of the world, having shifted from a deficit of $691 million in the first quarter to a surplus of $298 million in the second quarter of this year. This swing of nearly a billion dollars in the payments position demonstrates that the dollar drain, once viewed as hopelessly chronic in European financial circles, can be halted by resolute Government policies. But it raises the disquieting question of whether the elimination of the deficit is compatible with the maintenance of economic stability in the non-Communist world.

As the world's largest trading Nation, the country whose dollar deficits accounted for more than half of the annual growth of international monetary reserves, the United States cannot permanently maintain a payments surplus without widespread disruption. U.S. surpluses must elsewhere in the system increase deficits, and as countries which had for long been the recipients of U.S. capital funds find their reserves falling, they are compelled to apply monetary restraints which depress economic activity and thus reduce the demand for imports. And since the European surplus countries are not disposed to extend credits, the contraction of international liquidity, now reflected in the figures released by the International Monetary Fund, must perforce lead to a contraction of output and employment that will affect many countries.

Treasury Secretary Henry H. Fowler is doubtless well aware of these dangers, but his reply to a press conference question does not dispel the fears engendered by the administration's policy. When asked whether it is still the administration's intention to eliminate the payments deficit, the Secretary replied that: "The goal of the administration is to achieve an equilibrium in our balance of payments, an equilibrium that will be manifest by the confidence of the world that the dollar is as good as gold."

But an equilibrium in which the holders of dollars no longer wish to convert them to gold is very difficult to attain. Liquidity as measured by the French or Belgian or Dutch desire to convert dollars might be excessive while much of the rest of the world is confronted with a shortage of liquidity.

How long would it take to achieve the equilibrium envisioned by Secretary Fowler? The answer is 2 years according to a thoughtful article which appears in Quarterly Review & Investment Survey published by Model, Roland & Co. of New York. But can the growth of international liquidity be halted for 2 years without severe economic repercussions?

If the success of Secretary Fowler's forthcoming mission to Europe were assured, if one could be reasonably optimistic about reaching an agreement on monetary reforms that would assure the growth of international liquidity, the equilibrium toward which this country is striving would pose few dangers. But with the success of the Fowler mission in doubt and the prospects for convening an international monetary conference dim, this country's policy should not be geared toward placating the most gold-thirsty holders of dollars. Completely satisfying their desire involves risks that are too great for this country to assume.

Mr. JAVITS. Mr. President, these are the drawbacks and the difficulties which are involved in this policy. It cannot be continued without breaking the very strength which we are trying so very hard to preserve.

There are measures which must be taken. There is the intelligent application of the voluntary restraint measures in the selectivity and in the kind of investment we make abroad. There is the broad expansion of the international monetary system, which is needed to sustain world trade. There is a real constructive effort especially in the underdeveloped areas, to increase American exports.

Finally there is the consideration as to what is really meant by the deficit in our international payments, and whether it is true—and I believe it is—that for years the United States can sustain a reasonable imbalance in its international payments in order to give the world the viability and liquidity and spurt which was given by our imbalance in international payments.

So, as the Senator from Louisiana has properly said, as the President has the power to suspend as to individual countries, and as the time of the extension of the statute has now been shortened, because the amendment to be adopted will lock this date into the bill and cannot be changed even in conference, and as we must review this matter in 1966, bearing in mind that the consideration which I have given and which I hope every thoughtful Senator and every thoughtful American will give it, I express the feeling that we are probably doing about as much as can be done in arriving at where we are today. But I still believe that this policy is ill advised in terms of the long-term interest of the United States and the free world. I hope we shall terminate it at the earliest possible moment. I shall do everything I can to bring that about, feeling deeply that I am acting in the best interest of my country and in the interest of freedom in the world.

Mr. SMATHERS. Mr. President, I am prepared to accept the amendment offered by the Senator from New York in the form offered. This restores the effective date of the House-passed bill. I should like to add that in the spirit of the compromise which has been demonstrated by the Senator from New York, although I had thought that I would offer some amendments in the light of the fact that we want to get this legislation passed, and because the Senator has been willing to substantially modify his original amendment, on that basis I am willing to withhold mine. I recommend that the Senate now adopt the amendment offered by the Senator from New York.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from New York.

The amendment was agreed to.

Mr. JAVITS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. WILLIAMS of Delaware. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. LONG of Louisiana. Mr. President, there is an amendment at the desk by the Senator from Connecticut [Mr. DODD]. I ask unanimous consent that the reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered. The amendment will be printed in the RECORD.

The amendment ordered to be printed in the RECORD, is as follows:

On page 17, after line 4, insert the following:

"(h) ACQUISITIONS BY CERTAIN TAX-EXEMPT ORGANIZATIONS.—

"(1) Section 4914(f) is amended by adding at the end thereof the following new sentence:

"'For purposes of this subsection, stock or debt obligations acquired as a result of the investment of such contributions or fees which consist of insurance premiums (other than premiums paid to a mutual insurance company or association described in section 510(c)(15)) paid by the members of such local organizations shall be treated as held exclusively for the benefit of such members if primarily so held, notwithstanding that such stock or debt obligations may, under certain contingencies be used for the benefit of other members of such United States person.'

"(2) The amendments made by paragraph (1) shall apply with respect to acquisitions of stock and debt obligations made after July 18, 1963."

Mr. LONG of Louisiana. It is a rather technical amendment. It has to do with the way the tax would apply to mutual casualty insurance companies or associations if the gross amounts received do not exceed $150,000 a year. The Senator from Connecticut has studied this subject. I understand that in its present form there is no objection to it by the Treasury Department. The Senator from Connecticut was forced to leave the floor temporarily. I urge that the amendment be adopted.

Mr. JAVITS. As I understand, the amendment relates to the activities of small mutual insurance companies operating in part in foreign countries.

Mr. LONG of Louisiana. If the mutual association had done business on a somewhat different basis, it could have enjoyed exemption but because in the statute limits the exemption to funds held exclusively for foreign insurance policies, these people are adversely affected. I hope that the measure can be considered in conference. The amendment makes the exemption available if primarily held for appropriate members of local associations in foreign countries even though under some contingencies the funds could be used for other purposes.

Mr. JAVITS. As I understand, the amounts involved are not large.

Mr. DODD. Mr. President, I want to say just a word about the amendment affecting fraternal organizations which I have offered to the interest authorization tax extension.

The amendment is merely a clarifying amendment to make absolutely certain the original intent of Congress in passing the interest equalization tax to exempt from the act the foreign operations of fraternal organizations exempt from income taxation under the U.S. Internal Revenue Code.

I want to make it perfectly clear that all the existing rights and exemptions of fraternal organizations under the original Interest Equalization Tax Act remain intact under my amendment. They are not at all abridged by the amendment I offer today.

The amendment simply makes it clear that the traditional mode of insurance operations by fraternal organizations among their members in foreign countries can continue without penalty under the Interest Equalization Tax Act.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Connecticut [Mr. DODD].

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment. If there is no further amendment to be proposed, the question is on the engrossment of the amendments and the third reading of the bill.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

Mr. WILLIAMS of Delaware. Mr. President, during the discussion of the bill, the Senator from Virginia offered an amendment which would require the administration to make greater use of the foreign currencies now owned by the United States. The amendment is quite important, and I believe it would make a great contribution toward preventing some of our dollar losses.

Mr. President, I ask unanimous consent that the explanation of the amendment which appears on page 5, under item 6, of the report, be printed at this point in the RECORD.

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

6. Use of foreign currencies owned by the United States: This section requires that contracts and other agreements negotiated with foreign countries (other than agreements entered into under title I of the Agricultural Trade Development and Assistance Act of 1954 as amended, commonly known as Public Law 480), under which foreign currencies will be generated for the use of the United States, in the future must contain provisions insuring that such currencies may be used for paying U.S. obligations in such country and, if not needed for such purpose, shall be convertible into dollars or other foreign currencies. It is not required under this provision that unused foreign currencies actually be converted; the decision to convert such currencies, the amount to be converted, if any, and the manner in which the conversion is to be accomplished is to be made by the Secretary of the Treasury in light of the requirements of the United States. The Secretary will, of course, take into consideration the financial capability of the foreign country to have its currency converted.

This section also gives the Secretary of the Treasury a stronger voice in the management and use of U.S.-owned foreign currencies by requiring him to determine periodically, both in dollar amounts and in terms of foreign currency the amount of funds the United States will need to meet its foreign obligations in each country. He is also to report annually to the Committee on Finance of the Senate and to the Committee on Ways and Means of the House on the management of U.S.-owned foreign currencies.

Mr. WILLIAMS of Delaware. I was a cosponsor of the amendment.

Mr. LAUSCHE. Mr. President, do I correctly understand that if an American operator of a business, let us say, who sells his product in Canada and receives Canadian currency for the product which he sell invests the proceeds of that currency in new Canadian securities, he is immune from the tax because of the President's proclamation?

Mr. SMATHERS. The Senator is correct.

Mr. LAUSCHE. On the other hand, if the same investor should buy, not new securities, but securities that are in the market, he would be obligated to pay the tax?

Mr. SMATHERS. The Senator is correct.

Mr. LAUSCHE. Should we not correct the law and equalize the treatment of both of those investors in relation to the imposition of the tax?

Mr. SMATHERS. The distinguished Senator from Ohio, questions the application of the Canadian exemption to new issues only. He wonders why the exemption does not apply to old issues as well. First, old issues are not exempt because this would increase the flow of payments out of the country. Second they are not exempt because we are not trying to help the stock markets in Canada but rather the economy on needed new investments.

Mr. LAUSCHE. Would it be within the power of the President, under the authorizing language, to exempt such securities?

Mr. SMATHERS. I am advised by the staff that it would not be within the authority of the President under the present language to exempt the securities which the Senator from Ohio has in mind.

Mr. LAUSCHE. Would the Senator be willing to take to conference an amendment of the type that would carry into effect a removal of such inequality?

Mr. SMATHERS. The bill has been read the third time. From what I understand, after hearing the questions of the Senator from Ohio and from a conversation he and I have had on the floor, I am in sympathy with the specific problem which the Senator presents. However, since the bill has been read the third time, we can only ask the staff to look at the problem.

A new bill could be introduced, if there is no objection to it, and passed.

Mr. LAUSCHE. Within the present session of the Congress?

Mr. SMATHERS. Possibly within the present session.

Mr. LAUSCHE. I should like to have the staff look at the issue. I think there is no justification in having a difference of treatment between those two types of investment.

Mr. SMATHERS. I believe I understand the specific problem you have in mind. I believe we ought to take a look at it.

Mr. LAUSCHE. I thank the Senator very much.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

ONE HUNDRED HOURS OF PRESIDING OVER THE SENATE—TRIBUTE TO SENATOR HARRIS

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

Mr. SMATHERS. I am happy to yield to the distinguished majority leader.

Mr. MANSFIELD. This is a most auspicious moment. Eleven minutes ago, at 5:55 o'clock p.m., the distinguished junior Senator from Oklahoma [Mr. HARRIS], who now occupies the chair as Presiding Officer of the Senate, completed 100 hours of active duty in that position. I believe that is a real record. To the best of my knowledge, no one in such a short while has assumed such great responsibility and carried it out so auspiciously.

Furthermore, having watched Presiding Officers come and go for a good many years, it is my belief that the distinguished Senator from Oklahoma [Mr. HARRIS] is one of the most effective, efficient, and knowledgeable Presiding Officers which this body has ever known. So I wish to extend my congratulations to the distinguished Senator on his completion of 100 hours of active duty in the chair, to commend him for the outstanding job he has done, and to say that it will be a record which other Senators will have to work hard to overcome, and many may never approach.

Good luck, good wishes, and thanks for a good job.

Mr. SMATHERS. Mr. President, I should like to add my word of commendation and congratulation to the distinguished Senator from Oklahoma for his service. The day may shortly arrive when we shall have to make some further recognition of those who are so generously willing to serve in what might be known as a combat zone by awarding a sort of combat ribbon. Perhaps after the Senator has achieved another 100 hours, we might add a star to the ribbon.

Obviously, sitting in the chair of the Presiding Officer and having to listen hour after hour to various Senators talk about things which are sometimes relevant and sometimes irrelevant is an arduous and difficult task. When we can get a Senator of the capacity of the able junior Senator from Oklahoma to serve as he has done with such ability, the Senate is indeed fortunate. So I join the distinguished majority leader, the Senator from Montana [Mr. MANSFIELD], in congratulating the Senator from Oklahoma.

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

Mr. SMATHERS. I yield.

Mr. JAVITS. I join in congratulating the distinguished Senator from Oklahoma [Mr. HARRIS] for his fine service.

TITLE EXTENSION OF THE INTEREST EQUALIZATION TAX

The Senate resumed consideration of the bill (H.R. 4750) to provide an extension of the interest equalization tax, and for other purposes.

Mr. JAVITS. Mr. President, I ask unanimous consent that the name of the Senator from Indiana [Mr. HARTKE] be added as a cosponsor of my amendment extending the act to July 31, 1967.

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

Mr. HARTKE. Mr. President, at the time the question was presented in the Finance Committee, I was one of those who spoke loudly in favor of retaining the provision of the House which was introduced by the Senator from New York. I thank the Senator from New York for permitting me to join with him in sponsoring the amendment.

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

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

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

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

Mr. SMATHERS. Mr. President, I ask unanimous consent that the action by which the bill was read the third time be rescinded.

Mr. JAVITS. Mr. President, reserving the right to object, and I shall not object, does the Senator still expect to finish action on the bill tonight?

Mr. SMATHERS. I inform the Senator from New York that we expect to finish action tonight.

The PRESIDING OFFICER. Without objection, the request of the Senator from Florida is agreed to.

Mr. MAGNUSON. Mr. President, I appreciate the Senator from Florida and the Senator from Delaware asking that the third reading of the bill be rescinded.

I offer an amendment to the bill. I ask that it not be read but that it be printed in the RECORD.

The PRESIDING OFFICER. Without objection it is so ordered.

The amendment is as follows:

On page 31, after line 1, insert the following:

"(p) CERTAIN ACQUISITIONS BETWEEN JULY 19, 1963 AND SEPTEMBER 2, 1964.—

"(1) Section 4914 is amended by adding at the end thereof the following new subsection:

"'(k) CERTAIN ACQUISITIONS BEFORE SEPTEMBER 2, 1964.—The tax imposed by section 4911 shall not apply to an acquisition made before September 2, 1964, by a United States person of stock or a debt obligation if such acquisition was made—

"'(1) with foreign currency held by such person on July 18, 1963,

"'(2) from funds held by such person on July 18, 1963, which were on deposit outside the United States with persons carrying on the banking business,

"'(3) from the proceeds of the disposition of stock of foreign issuers, or debt obligations of foreign obligors, held by such person on July 18, 1963,

"'(4) from the proceeds of the disposition of stock of foreign issuers, or debt obligations of foreign obligors, acquired by such person after July 18, 1963, in an acquisition to which paragraph (3) applied, or

"'(5) from credit obtained in a foreign country.'

"(2) The amendment made by paragraph (1) shall apply with respect to acquisitions of stock and debt obligations made after July 18, 1963."

On page 32, line 2, strike out "(p)" and insert "(q)".

Mr. MAGNUSON. I believe the amendment is worthy, because there is a great deal of misunderstanding by certain persons in the United States as to the purpose of the bill. When the measure was first proposed, as far as I know from information, some tax investigations were made because of this situation.

The existing law was first proposed on July 18, 1963. It did not become law until September 2, 1964. The 15-percent tax on the purchase of foreign securities made subsequent to that date was made retroactive by the law to July 18, 1963.

The Committee on Finance, in effect, said to the people who legitimately, so far as they were concerned, made purchases of foreign securities for one reason or another that they would be liable for the tax.

Some persons may have been conscious of the proposal; some may not have been. Whether or not there was consciousness of the proposal, no law was being violated. Yet the Committee on Finance proposed to tax them and made the language retroactive.

I have heard of tax reductions being made retroactive, but I have never heard of the imposition of taxes being made retroactive, so as to make a man pay when he was not doing anything wrong prior to the passage of the law. That is what the measure would do.

On purchases within the retroactive period, July 18, 1963, the law makes no distinction between purchases financed with capital already located outside the United States prior to July 18, 1963, and purchases made with capital exported from the United States between July 18, 1963, and September 2, 1964, 13 months.

Prior to the passage of the act, some persons might have assumed there would be an exemption of purchases from the payment of the tax where purchases were consummated prior to the enactment, and financed with funds outside of the United States prior to July 18, 1963.

Many persons in this category continued to buy and sell foreign securities up to the time of the enactment of the tax, which they had a perfect right to do, and thus unknowingly incurred tax liability even though they had not thereby caused any further outflow.

There is a great deal of that activity in my area because of the proximity of Canada. It mainly involves the buying and selling of Canadian securities on Canadian exchanges or the exchange of securities on the Seattle or other markets.

Many people in this category continued to buy and sell securities up to the time of the enactment of the law, as they had a legal right to do; thus, there was no reason to tax them retroactively. It was known only that there was a bill pending. There was no idea of its form or what the law would eventually provide.

The incurring of this tax liability caused a further outflow of U.S. dollars after July 18.

Such persons had not exported any capital after the tax had first been recommended by President Kennedy, yet they have been taxed retroactively on these transactions.

In this respect, the act went far beyond its stated purpose and unfairly took advantage of many unsuspecting citizens, who actually had caused no further outflow of dollars.

The purpose of the bill was to halt that practice; but it could not be halted until the bill became law.

We cannot say to a person who was doing something legally for 13 months, "We will tax you because we have passed a law that makes illegal what you have done."

How would he know what the law was going to be?

It has not been the American tradition to enact retroactive or ex post facto legislation, but it happened in this instance, and Congress should now correct the injustice.

There is some other history on this matter. The approach to the amendment, of course, had never been considered in committee, either in the House of Representatives or the Senate. Bills were introduced by me and by Representative PELLY, of the Seattle District, for outright repeal of the retroactive features, regardless of whether the capital had been exported during the 13-month retroactive period. My amendment removes the retroactive tax where no capital was exported before the enactment of law.

Also, no public hearing was held in the House of Representatives. Only written statements were allowed, and when the bill came from the House, the Committee on Finance held executive meetings within 3 days and reported the bill without any hearing or statements.

I cite two patent examples of the effect of this tax in our area, and I suppose there are many more. A lumberman in Port Angeles, which is across the Strait of Juan de Fuca, owned and operated a lumber mill in northern British Columbia for many years prior to July 18, 1963, and resided there. He sold the mill for a substantial capital gain and paid the U.S. capital gain tax of 25 percent of profit. After July 18, 1963, but prior to September 2, 1964, he invested the proceeds in Canadian stocks.

He returned to retire at Port Angeles, and was assessed another 15 percent tax on the purchase of stocks. Although he exported no U.S. funds, he was taxed 40 percent on his capital gain.

That is not right. There are many other similar cases. I hastily assembled the information as to a few.

The wife of a Seattle doctor for many years prior to July 18, 1963, held Australian stocks that she had inherited. As I recall, she was an Australian living in the United States, and was married to a Seattle doctor.

Between July 18, 1963, and September 2, 1964, her investment advisers in Australia sold the securities, and with the funds purchased different Australian securities. Again, this is a common practice for Americans buying securities in other countries. She exported no U.S. funds, but was taxed 15 percent on her Australian portfolio—dollars which had never been in the United States at all. I do not believe this is right.

There are many similar cases. There have been cases in which people, anticipating this law, did some speculation.

There were many people who did not do it for any purpose of speculation. They did it in the normal course of business practice. Even those people who speculated had a legal right to do so until Congress passed a law.

I understand the purpose of the law. I approve of the purpose. However, I do not believe that we should reach back and tax those who acted unknowingly, and surely not for any purpose of violating the objectives prior to the time that the law was passed, when the law was suggested, I believe, on July 18, by the President.

It took 13 months to pass the law. We had no idea of what the law would be or how it would come from the committee, and the people did not know whether they should do something with their investments.

I cited two cases which I believe are patently unfair. I am sure that there are many others. I was hopeful that the committee could take this amendment, which has been changed from that in the original bill. As I pointed out, the amendment is different from the original bill.

The floor amendment, as now before the Senate, would remove the retroactive tax only where no capital was exported before the enactment of the law. I believe that would be fair.

I presume, and I am no particular expert on these matters, that if there were some speculators between the time of the proposal and the time that the law was passed, those people would have had to transport some capital in order to do the speculation.

I am hopeful that the committee will accept this amendment, take it to conference, and see if we cannot work out some equities for these people who were obviously unfairly treated.

Mr. SMATHERS. Mr. President, there is no Senator who would be more persuasive with the junior Senator from Florida, the Senator in charge of the bill, than the distinguished senior Senator from Washington.

It was my privilege to serve on the Senator's committee for many years. It has always been a source of considerable regret to me that I got off his committee. Many times I wish that I were back, not only for the purpose of being on the committee, but also to be in close association with the Senator.

Mr. President, this is one amendment that the Committee on Finance could not accept.

Many of those who ordinarily involve themselves in the purchasing and selling of securities of every kind, either across the border of Canada, Mexico, or anywhere else, said, "We recognize that the President is trying to stop the balance-of-payments deficit, and stop the outflow of gold." Those people respected his request and no longer engage in this particular type of activity. However, some gambled on the possibility the law would not be made effective as of the date proposed by the President. Therefore they went ahead with the purchasing and selling of foreign securities.

This amendment would, in effect, make the interest equalization tax inapplicable for the period July 19, 1963—the present effective date of the act—to September 2, 1964—the date the bill was actually enacted. The amendment makes the interest equalization tax inapplicable from

July 19, 1963, to September 2, 1964, however, only in the case of stock which was purchased with funds already outside of the United States on the date of July 19, 1963.

Presumably, the theory on which one justifies this amendment is twofold:

First. It is claimed that the amendment does not hurt the balance of payments because it is purchased with funds which an American held outside of the United States in other foreign stock on the date of July 19, 1963.

Second. It is claimed that it is unfair to apply the tax retroactively before the date of its enactment.

Let me take the second issue first. It is curious that if one wants to try and make a constitutional argument out of the retroactive enactment of the tax, that one should only make this with respect to funds which were invested in other foreign securities on July 19. If there is an argument against retroactivity here, why should it be so limited? What about purchases with funds invested in the United States during that period?

Actually, this concept of the retroactivity of the tax was debated in full in 1964 when the orginal act was considered. We have had other examples of retroactive action with respect to taxes, where there have been public announcements, and the courts have upheld our rights to apply the taxes. In any event, there has been adequate time for one who questions the constitutionality of the enactment of the 1963 tax to challenge this in the courts before this. I think it is interesting to note that so far at least, and this has already passed the halfway mark in 1965, there has been no successful challenge of the tax on this ground.

It would be particularly bad at this time to repeal the tax for this back period because the administration and Congress made it quite clear that the tax would apply back to July 18, 1963, and now to say that it is not to apply for this period, is only to help those who gambled and lost. The citizens who tried to follow the dictates of the country and did not make foreign purchases during this period—despite the fact that they may have wanted to—will feel cheated if we give relief of this kind—and I must admit that I could not blame them.

On the first issue; namely, the contention that the tax does not injure the balance of payments because the purchases are made with funds switched out of foreign investments, I can only say that I thought we had laid this bugaboo to rest at the time the tax was initially enacted. The policy of the United States in this regard is clearly established. We believe that when Americans sell holdings of foreign securities, it is preferable for them, rather than to buy other foreign securities, to switch their holdings instead to American securities. The tax in its present form provides a 1 percentage point incentive differential in interest rates to achieve this result. The Magnuson amendment would destroy this effect for the limited period of time from July 1963 to September 1964.

The matter which is brought before you has been fully investigated by the tax committees in their consideration of the interest equalization tax. We are aware of cases involving persons who, between July 1963 and September 2, 1964, traded Canadian mining stocks and incurred substantial tax liability. Many of these persons were well aware of the bill's proposed effective date when they made their purchases. Therefore, it is clear that they made this gamble with full knowledge of the potential tax consequences and, frankly, I see no justification for retroactive relief in cases of this type. They gambled, took their chances, and lost. I see no reason why we should bail them out.

Mr. MAGNUSON. Mr. President the amendment has been modified again so that it would apply only in cases in which no capital has been exported before the enactment of the law.

Suppose that somebody did not read about this law or know about it. Take the case of the wife of the Seattle doctor. She was not violating the spirit of the law. She had her investment in Australia. They merely changed the stocks. Are we to force her, for the period of time when there was no law on the books, to freeze her Australian stocks?

Mr. SMATHERS. President Kennedy's recommendation to Congress was given wide circulation, as wide as many laws.

From time to time in the Congress we pass certain tax laws. It is true that some taxpayers never learn about those laws. However, are we to adopt the policy that they never have to pay the tax until they find out about it?

Mr. MAGNUSON. No. However, we should adopt the policy that they do not have to pay any tax until the measure is passed. This is the first time that I have heard of any retroactive tax of this type.

Mr. SMATHERS. We have passed other taxes which have been retroactive. The courts have upheld, not once, but several times, our authority to pass retroactive taxes. That is what we did in this case.

Mr. MAGNUSON. Mr. President, I believe that we would have the authority to go back and say that, "On everything you have earned for the last 20 years, we are going to add 10 percent of that to your income tax." We have that authority. However, I am talking about the fairness of the situation.

I agree. I suppose that there are some people who gambled on this and said that they did not believe that the law was going to be passed soon or perhaps that it would never be passed. They started dealing in securities. I am talking about people who did not do one thing to export capital after July 18 until the law was passed.

Mr. SMATHERS. If we were to adopt the amendment, we would be unfair to the many thousands of other people who took the President of the United States at his word and no longer invested their money in foreign securities. We would be saying to those people, 'We penalize you because you had knowledge. We penalize you because you were alert. We penalize you because you read the paper. We penalize you because you were astute. We penalize you because you were patriotic. We are going to let these other people who did not know about it or hear about it, or perhaps who did not want to hear about it, be benefited by this amendment."

Mr. MAGNUSON. The whole basis of our American system is that we even say to some guilty people, "You will have to go free, so we do not hurt one innocent person."

By what authority—moral, ethical, or justice—would this lumberman who sold his mill be taxed back to a time before the law was passed? He did not export anything. He had a mill. As a matter of fact, he was patriotic, because he kept the money in the United States, instead of sending it out. But he had a capital gain, and he had to pay a 40-percent capital gains tax.

Mr. SMATHERS. Under this tax he pays the equivalent of a 1-percent rise in interest rates.

Mr. MAGNUSON. Where do I get the information that it is 15 percent?

Mr. SMATHERS. That is the rate of tax on the sale of stock. It is the equivalent of a 1-percent rise in interest rates.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. SMATHERS. I am happy to yield to the Senator from Delaware.

Mr. WILLIAMS of Delaware. I think the Senator from Florida is correct about the 1 percent.

Mr. MAGNUSON. May I ask for information? What is the 1 percent?

Mr. SMATHERS. The tax is equivalent to a 1-percent rise in interest rates. The tax rate applicable, however, is 15 percent.

Mr. WILLIAMS of Delaware. Mr. President, I join the Senator from Florida in what he has been saying. I do not think the committee could take the amendment tonight, because we are fearful as to how far it might go. I am sure the Senator from Washington would not want us to release those who otherwise would come under the law. However, in listening to his argument, I think he has pointed out a few cases that may deserve further consideration of the committee.

I suggest that, instead of pressing the amendment tonight and putting the Senate in a position of having to reject it, it be referred to committee on its merits, where it possibly could be put in another bill. I do not want to leave the impression that that will guarantee a resolution of the matter.

Mr. MAGNUSON. I am too familiar with the Finance Committee to even think such a thing would happen.

Mr. WILLIAMS of Delaware. In the particular cases he has mentioned, there is merit to them, but we do not want all those who would not be entitled to the benefits of that provision of law to get on the bandwagon.

As one member of the committee, I assure the Senator from Washington that we will give this matter consideration and see if it cannot be approved. That might be taken care of without at the same time destroying the intent of the bill itself.

Mr. MAGNUSON. I appreciate the position of the committee. The danger of having a retroactive tax is that a

dragnet drags in many innocent people with those who were speculating.

Mr. WILLIAMS of Delaware. I agree with the Senator. At the time that question came before the committee, I raised that issue. While the President did announce his intention, it is indefensible that there was a wait of 13 months before something was done. The administration should have come before Congress long before that time. The mistake has been made; however, by hasty action we might aggravate the situation.

Mr. MAGNUSON. I appreciate the consideration of Senators. I have discussed this matter with the Senator from Florida. For the RECORD let me say I hope we shall be able to confer with whoever is involved on the committee staff as to the procedure, whether there should be a bill to deal with the matter, or a group of cases should be considered—in other words, to work out as best we can a way to consider the people who were unfairly treated.

Mr. SMATHERS. I would like to assure the distinguished Senator from Washington that we will look at the case, if the Senator feels an injustice was done, and give relief, if it appears deserving.

Mr. MAGNUSON. I appreciate the Senator's statement. I realize that the bill is bigger than any one particular case, but I am sure the Senate would not want to do injury to any of our people.

Mr. HART. Mr. President, I congratulate the Senator from Washington for offering this amendment. I share his concern that certain injustices appear to be involved, and I hope the Finance Committee can find a way to help the Senator from Washington and me resolve these claims equitably.

Mr. MAGNUSON. Mr. President, I ask unanimous consent to withdraw the amendment.

The PRESIDING OFFICER. The amendment is withdrawn.

The bill is open to further amendment.

Mr. FONG. Mr. President, I will vote against the proposed Interest Equalization Tax Extension Act of 1965, H.R. 4750, which would extend the tax from December 31, 1965, to December 31, 1967, and also extend its application to debt obligations having a period to maturity of 1 year or more.

When the imposition of this tax was first considered in the Senate during the last session of Congress, I voted against the measure. In my statement in the Senate explaining my position, I cited several reasons for my opposition to the tax.

Mr. President, those reasons stand today as equally applicable and valid to the instant measure.

I believed then, and I repeat now, that the interest equalization tax is ill-conceived, impractical, and could seriously undermine our Nation's foreign commerce.

It has impeded our traditionally free capital market and damaged America's position as financial center of the world. Figures cited in the June 1965 "Survey of Current Business" indisputably support these conclusions.

It has not improved our balance of payments measurably, as that same publication shows, because it has not been addressed to the chief causes of the balance-of-payments deficit—exempting the major areas of capital outflow, and taxing only a relatively insignificant total of transactions.

It has curtailed growth of income from foreign investments which have been a large source of U.S. income from abroad, and reduced the flow of foreign capital into the United States.

It exempts one of our allies, Canada, from the tax, while unfairly subjecting another ally, Japan, to its full force. It has, without a doubt, badly shaken the confidence of Japan and other friendly nations in their alliances with the United States.

For these reasons, earlier in this session, I sponsored legislation to repeal the interest equalization tax.

I now urge the Senate, as I did in 1964, to vote down this tax.

The PRESIDING OFFICER. The bill is open to further amendment.

Mr. LAUSCHE. Mr. President, I send an amendment to the desk, which I ask to have read.

The PRESIDING OFFICER. The amendment offered by the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 26, after line 19, to insert:

(q) Section 4914 is amended by adding at the end thereof the following new subsection:

"(k) Certain Stock and Debt Obligations Acquired by Newspaper Publishers.—The tax imposed by section 4911 shall not apply to the acquisition of stock or a debt obligation by a United States person engaged in publishing newspapers if acquired with funds derived from advertisements in such newspapers by corporations incorporated under the laws of a contiguous foreign country, or by citizens of such a country, and if the stock acquired is stock of a corporation incorporated under the laws of such country, or the debt obligation acquired is a debt obligation of such a corporation of a citizen of such country."

Mr. JAVITS. Mr. President, will the Senator tell us what the amendment does?

Mr. LAUSCHE. Mr. President, a half hour ago I had a discussion with the Senator from Florida [Mr. SMATHERS] about the situation that exists in areas bordering on Canada where there is a disparity in the treatment granted American investors who fundamentally are in the same category in making investments. The law seems to be so interpreted that an American investor in Canada who purchases new securities is exempt from the equalization tax proclaimed by the President.

However, an investor in old securities as distinguished from new securities must pay the tax. My amendment deals with newspaper publishers alone. I believe that it is weak in that respect, and that it should have general application. I hope, however, that if the amendment is accepted, when it goes to conference the subject of equal application will be considered in the conference meetings.

That is the sum and substance of my amendment.

Investments in new securities in Canada are exempt under the President's proclamation. Investments in old securities in the market are not exempt. My position is that both should be treated equally, and that is what I am seeking to achieve.

Mr. JAVITS. The Senator, however, is not making generic exemptions for existing Canadian securities; he is applying it to certain advertising income of newspaper publishers which they realize in Canadian funds and is invested in Canadian securities, do I understand correctly?

Mr. LAUSCHE. The Senator is correct.

Mr. JAVITS. Let me ask the Senator from Ohio this question: Is this continuing exemption for payments for new advertisements?

Mr. LAUSCHE. It is, yes.

Mr. JAVITS. It would be a continuing exemption. What is involved? Is any amount of money involved?

Mr. LAUSCHE. The amount involved at present is inconsequential. What I wish to do, however, is to place investments in Canada which, under the President's proclamation, are free from the interest equalization tax, whether the moneys are invested in new securities or old securities.

Mr. JAVITS. The Senator, however, is confining his amendment to newspaper publishers, is he not? What about magazine publishers? What about persons who render advertising services? What about anyone who renders a service? Instead of transporting money across the border, they transport services. Is it not a dilemma? I am trying to develop this subject with the Senator.

Mr. LAUSCHE. Yes. I had as an objective the application of this law to all, but in the pressure of time I have not been able to draw up an amendment which would reach all. Therefore, I seek to have my amendment accepted, and in the conference committee it could try to achieve the aims which the Senator from New York has set forth.

Mr. JAVITS. Let me say to the Senator from Ohio that in conference, having served in the House, I can tell the Senator now that we cannot expand it, we can only contract it, because it is new matter introduced only by the Senator. Therefore, I believe that the conferees are faced with an impossible situation, except for this fact: I presume many questions will come up under the act, and it may very well be that it requires and deserves separate treatment.

For example, we have no idea as to what the Treasury Department had in mind when it exempted only new securities and not existing securities. There are Canadian stock exchanges which do an extensive business across the border in services, as well as in goods.

I therefore believe that we are poking in the dark. I am devoted to the Senator from Ohio, and I would not stand in his way. I shall interpose no objection to the adoption of his amendment. It can be taken to conference, but I believe that we are poking in the dark on this question. At this time, we have no notion as to the reach of the basic proposal. Even the basic proposal is not covered in the Senator's amendment.

Mr. LAUSCHE. My only answer to the question of the Senator from New

York is that I seek to have equal applicability of a principle to all situations.

Mr. SMATHERS. Mr. President, I am advised by the staff that, under the present language of the amendment, it probably does not affect the balance-of-payments situation to any important degree.

I agree very much with what the Senator from New York has just stated, that this is an area on which we have not really been fully informed as to how far it would reach. How far it generally applies, we do not know; but, under the circumstances, I would be glad to recommend that we take the amendment to conference at the present time, and then we will get the views of the Treasury Department on it, as to what they think of the amendment, and perhaps we may be able to solve the problem.

Mr. LAUSCHE. Let me say to the Senator from New York that I contemplated preparation of an all-embracing amendment, but I was told that we do not know how much the impact would be and, therefore, I limited it.

Mr. JAVITS. Let me say to the Senator from Ohio, who has a deep devotion to public service, that it is unlikely that the amendment will not affect the balance of payments. I believe that it will.

To show the Senator why: We have no illusions about what the conference committee will do to the amendment if the amount involved is negligible, because then it would affect the balance of payments only negligibly; but as to the overall perspective, we do a vast amount of advertising business with Canada in terms of Canadian companies advertising in this country. Therefore, other media could be clamoring for similar treatment.

It would affect the balance of payments, if only appreciably, because our exports involve not only the export of goods, for which we get back dollars, but also exports of services.

But I understand the dilemma of the Senator from Ohio. The amendment would go to committee, and with the understanding that the committee would approach this in conference as a matter of the first instance, because we really have not had an opportunity to consider it, I would have no objection.

Mr. HART. Mr. President, I thank the Senator from Florida for his willingness to take the amendment of the Senator from Ohio, which I congratulate the Senator from Ohio in offering, and join the Senator in sponsoring, and hope that divine providence will be at work with the conferees.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Ohio.

The amendment was agreed to.

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time, and passed.

Mr. SMATHERS. Mr. President, I move that the vote by which the bill was passed be reconsidered.

Mr. MANSFIELD. Mr. President, I move that the motion to reconsider be laid on the table.

The motion to lay on the table was agreed to.

Mr. SMATHERS. Mr. President, I move that the Senate insist upon its amendments and request a conference thereon with the House, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRD of Virginia, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. WILLIAMS of Delaware, and Mr. CARLSON conferees on the part of the Senate.

Mr. SMATHERS. Mr. President, I ask unanimous consent that H.R. 4750 be printed with the Senate amendments numbered; and that in the engrossment of the amendments of the Senate, the Secretary of the Senate be authorized to make the necessary technical and clerical corrections.

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

Mr. MANSFIELD. Mr. President, we have just completed action on H.R. 4750, the extension of the interest equalization tax. It has been a very long time since I have seen such cooperation displayed in this chamber as that which was displayed today on the part of the Senators closely associated with this bill.

The Senator from Florida [Mr. SMATHERS] has again displayed his great parliamentary ability and leadership on this measure. He was more than ably assisted by the junior Senator from Louisiana [Mr. LONG].

Equally great credit and appreciation are extended to the senior Senator from Delaware [Mr. WILLIAMS], the ranking Republican member on the Finance Committee, for his cooperation and skill in assisting in the swift and satisfactory completion of the consideration of this vital legislation; to him and to the senior Senator from New York [Mr. JAVITS], who offered his proposals so succinctly and expeditiously, the Senate owes a special note of thanks. Again, this display of cooperation this afternoon renews my optimism that we shall be able to adjourn around Labor Day.

DEPARTMENT OF DEFENSE APPROPRIATIONS, 1966

Mr. SMATHERS. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 608, House of Representatives bill 9221.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 9221) making appropriations for the Department of Defense for the fiscal year ending June 30, 1966, and for other purposes.

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

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Appropriations with amendments.

FUNDS FOR PROSECUTING THE WAR IN VIETNAM

Mr. ROBERTSON. Mr. President, the defense appropriations bill, for which I voted in committee, carries all the funds requested by the President for the prosecution of our war in South Vietnam. We were informed that the special item in the pending bill for the Vietnam war is in the nature of a down payment, and we will be presented with a supplemental item early next year, when the military authorities can make a more actual appraisal of what will be required.

I shall make no effort at appraising the amount but some well-informed members of our Senate Armed Services Committee have placed the figure as high as $10 billion a year. Before we become committed to expenditures of that magnitude, which inevitably will have an inflationary effect upon our domestic economy because they will be superimposed upon a regular budget of $100 billion or more with anticipated revenue of less than $95 billion, a serious effort should be made for us to gain complete control of a war in which we will pay all of the expenses and in the end do most of the fighting.

For instance, it is a well known fact that up until recently, we have permitted the Government of South Vietnam to have control of the war effort. Those government officials could tell our commanders what they could do and what they could not do. There were reports to the effect that when we stepped up our commitment to 70,000 men, we would insist upon taking charge of the war, but to what extent that promise has been carried out has not as yet been made public. One of the evidences that it has not been carried out is a news item today to the effect that local labor unions control the hours which dockworkers in Saigon are willing to work, and that huge supplies of both food and ammunition are piling up at that principal seaport because of the lack of stevedores to expeditiously handle them, and yet we have thousands of marines in the jungles of southeast Asia whose lives will depend upon the supplies that we are shipping, for instance, to Saigon, and which cannot easily reach their destination because the Communists have destroyed all of the railroads and most of the main highways for at least half of South Vietnam.

Another problem that should be solved before we commit more men and more billions of dollars to this effort in the jungles of southeast Asia is the lack of accurate information on what is actually happening in South Vietnam. In a featured article in today's Wall Street Journal, entitled, "Void in Vietnam," by the well-informed correspondent, Philip Geyelin, the statement is categorically made that we know little about either foe or ally in South Vietnam. I ask unanimous consent to have printed at this point in the RECORD, the full text of that statement.

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

[From the Wall Street Journal, Aug. 24, 1965]

VOID IN VIETNAM—UNITED STATES KNOWS LITTLE ABOUT ITS FOE, NOT MUCH MORE ABOUT ALLY

(By Philip Geyelin)

WASHINGTON.—One of the more disquieting discoveries made on a tour of South Viet-

nam is the amount of sheer ignorance about friend as well as foe upon which the most portentous decisions back here must, of necessity, be based.

President Johnson constructs a case with fine precision for each new move he makes; Secretary of Defense McNamara builds in detailed and dazzling statistical support; Secretary of State Rusk adds sturdy logic to the policy underpinnings. Yet it becomes increasingly apparent, as you dig deeper in, that much of this rests on shifting sands of uncertainties, unknowns, even unknowables.

The President and his war counselors have no end of secret intelligence data. But the bulk of it comes from Vietnamese—who have no end of axes to grind. Much of it is also belated, just because everything has to be double-checked, and the best of it is, in the words of one authority, "simply not good enough."

The top men have pile upon pile of combat reports. But the recent confusion over results of the bomb raid against North Vietnamese missile sites is but one index to the unreliability of even eyewitnesses accounts—at jet speed. Enemy casualties, for another example, remain a mystery; to penetrate it often invites guesswork so wildly theoretical that U.S. military commanders in Saigon privately scoff at the results. Even the regular "progress" reports from the South Vietnamese on their own "pacification" efforts must be examined with a fishy eye; their contents, more often than not, are calculated largely to please.

American war-watchers in the field are richly endowed with rumor. But much of it is false, often maliciously so. What the Vietcong doesn't spread around, to confuse and mislead, the South Vietnamese will cheerfully circulate about each other. "I used to think Washington was rough on character assassination until I heard the South Vietnamese Buddhists talking about the Catholics and vice versa," say one old hand.

Such striking exceptions as last week's big Marine victory on Van Tuong Peninsula only reinforce the rule. There, a massive Vietcong concentration, backed up against the sea coast, seemed almost to be inviting attack; skillfully it was trapped by an even more massive force of Marines. Finding, encircling and crushing a comparable force inland is much more difficult; chasing down smaller, hit-and-run guerrilla units tougher still.

The decision-makers can deduce, and estimate, and guess. In time they can usually catch up to the truth. Moreover, in their defense, it must be said that large aspects of the Vietnam war are unavoidably impenetrable: The true intentions of the leadership in Hanoi, for example, the identity of the Vietcong terrorist in the village or the Vietcong agent in the upper reaches of the government, the whereabouts at crucial moments of enemy forces, the designs upon each other of Saigon's coup-makers.

But the fact still is that in the main, and at the time that it matters most, the decision-makers don't really know what they are talking about. They are largely in the dark about the enemy and not much more solidly informed about supposed friends. They have only a remote sense of the sentiment of the Vietnamese populace, a fleeting feel for the course the conflict is taking or may take.

"WE'RE BLIND"

Not that they seriously pretend, at least in private, to anything else. "We're blind," confessed one top military commander in Saigon, speaking of the U.S. combat intelligence capability. "With all this power, we're like a man fumbling around in a dark closet trying to catch a mouse."

And not that a visiting reporter is necessarily any better off. What he may, however, be able to define somewhat more exactly than a visiting U.S. dignitary may be able to, on his formal, official rounds, is the dimension of the intelligence gap. In attempting to do so, what is also revealed are some of the bureaucratic idiosyncrasies and impediments that may be making the gap somewhat wider than it has to be.

What appears to have happened, in the course of escalating the American effort in this hideously complicated, many-faceted war, is that the United States has hastily jerry-built a hideously complicated, many-faceted behemoth of a bureaucracy. The men at the very top, who must make the decisions, are removed not once or twice but many times from their lower-level minions whose first-hand, front-line contact with the shadowy, essentially local Vietnam struggle makes them uniquely sensitive to what's really going on.

To a degree, this can't be helped; intelligence is always a headache in guerrilla war; bureaucracy balloons whenever governmental activity grows rapidly. But it is hard to escape the conclusion that a real effort to streamline the multiple chains of command and channels of information might well make the policymakers a little less remote from the realities. Granted, the upshot then might sometimes be greater, not less, uncertainty at the top. But a greater willingness to concede uncertainty might be useful in itself, if it served to restrain those who would have the United States plunge into deeper involvement in the struggle.

As it is, a rough rule of thumb applies: The further you proceed from Washington's policymaking peaks, down through the bureaucratic jungle in Saigon, past the painstakingly prepared, richly documented "briefings" and on out into the countryside, the more you are likely to encounter candor, a questioning spirit, honest diversity of view. The more you also encounter genuine, closeup expertise.

Ultimately, the richest lode is found at the bottom of the bureaucratic pile, among a small but growing band of youthful American political warriors. Some are military officers, others budding diplomats, or foreign aid operatives, or U.S. Information Agency officers. Their diverse official auspices are less important than the qualities they share: At least some fluency in Vietnamese, for example; deep dedication and a scholar's approach to the new arts of counter-insurgency; a real zeal for hazardous front-line duty in remote hamlets; a remarkable grasp of all the interrelated military, political, economic and psychological elements of the Vietnam conflict, to an extent unmatched almost anywhere along the chain of command, except perhaps at the very top.

Thus, some of the keenest insights are the farthest removed, by rank or reach, from the men who need them most. Moreover, something funny happens to low-level expert counsel on its way up the bureaucratic heights. It gets tailored for political comfort, or to fit preconceptions. For example, last year U.S. officials built an impressive case against bombing North Vietnam on grounds that the war in South Vietnam was largely a homegrown affair, which probably would rage on even without Hanoi's outside help. This year, with the decision to "bomb north" already made, a new case was constructed, along the lines that everything would be quite manageable in the south were it not for Hanoi's outside help and guidance. The justification, however—stepped-up infiltration and other assistance from the north—was difficult to document and, at best a difference only in degree.

CATCHWORDS AND CLICHES

As information makes its way inexorably towards the President's desk it also gets condensed for quick comprehension; it gets reduced to catchwords or cliches, or committed to computers for display in glib statistics or graphic charts. No matter how carefully qualified and unsusceptible to generalities the original judgment may have been, the end product may have the appearance of unquestioned truth.

Combat casualties are a case in point. According to military authorities, the Air Force estimates the effects of its bombing attacks by a highly involved computation based on the area hit, the number of people that must have been in it, the number of bombs that should have landed in it. "Then they put those two unknowns together, come up with an apparent 'known,' and ship the figure off weekly to Washington," says one Saigon officer despairingly.

The very nomenclature of the enemy tends to mislead. As the U.S. Government would have it, the Vietcong are all Red, all under Hanoi's thumb and not engaged in promoting anything remotely resembling revolutionary causes that might just have some measure of popular sympathy. Few people on the scene share that view; but their careful qualifications, which might someday become the basis for coming to terms with at least some elements of the enemy, are, even if accepted privately, certainly not conceded publicly by policymakers here.

Over-simplification, for the sake of making a political case, is no novelty. Nor does the high command privately pretend, as one of their number puts it, "not to know how little we know." A veteran Saigon hand is the first to admit that he is sometimes "appalled at the sort of information on which I had to advise the President." But if this is frank, it's hardly reassuring, and a couple of caveats are suggested by a study of the Vietnam intelligence void.

First, the illusion of knowledge can be infectious. As the United States stakes more and more on the Vietnam struggle, it may be all too easy to forget the struggle remains a rather uncertain, unpredictable game of chance; the knowledge gap is not necessarily narrowed by the arrival of another division of U.S. troops. Advocates of caution, then, have every right to claim this as a compelling argument.

Second, the fundamental requirement for intelligence puts a very real and practical limit on any effort to "Americanize" the war. In Congress and elsewhere, there are increasing cries that the time has come for U.S. forces to elbow the South Vietnamese aside and take over. But even if this concept were practical on other grounds, it collapses when you consider the intelligence need. In the last analysis, a cooperative Vietnamese populace, and an army reasonably loyal to the Saigon government and committed to the conflict, together hold the key to "finding and fixing" the enemy; at that point, U.S. firepower can possibly be brought to bear. But language barriers, not to mention the simple fact of being foreign, make it quite impossible for the Americans by themselves to flush out the Vietcong, except by such indiscriminate force that popular support would be alienated irretrievably and the whole point of the exercise lost.

THE THREAT OF PASSIVITY

This, then, is the real key to turning the tide in this political war. In the opinion of almost every expert on the scene, one of the gravest threats to U.S. aims is passivity; most Vietnamese have no reason to care. They will bend with the wind, whether it be Vietcong terror or Vietcong blandishments. The only real hope is that they can somehow be persuaded to bend to Saigon, and this, in the judgment of most, will require some more tangible display of government interest in their lot than destruction of their villages in quest of Vietcong.

It will take a long, patient, difficult government program of social and political reform, skillfully promoted and stage-managed by the United States—but from the wings. Done convincingly, as an adjunct to military security measures, the theory is, this

can break the vicious circle that now makes physical security a prerequisite of collaboration with the government in furnishing intelligence and makes timely intelligence a prerequisite to security. This wouldn't settle the war; but it might help set the stage for settlement.

For the United States, this means a greater effort to develop the particular blend of political, military, diplomatic and economic expertise required to work effectively with the Government—in Saigon, at province headquarters, at district and village level. And this, in turn, many U.S. authorities believe, can be done not only by pooling individual U.S. agency talents in cumbersome collective efforts but by encouraging expansion of that breed of American political warrior in whom all these special talents are combined.

How this is already happening, and why it may not be happening as fast as it could, will be the subject of another report on the question of how Washington's hard-pressed policymakers might be brought into closer contact with the day-to-day complexities and realities of Vietnam's war.

ADJOURNMENT

Mr. SMATHERS. Mr. President, I move that the Senate adjourn.

The motion was agreed to; and (at 6 o'clock and 50 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, August 25, 1965, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate August 24, 1965:

U.S. ATTORNEY

Richard E. Eagleton, of Illinois, to be U.S. attorney for the southern district of Illinois for the term of 4 years vice Edward R. Phelps, term expired.

THE JUDICIARY

Sidney O. Smith, Jr., of Georgia, to be U.S. district judge for the northern district of Georgia vice William Boyd Sloan, retiring.

John P. Fullam, of Pennsylvania, to be U.S. district judge for the eastern district of Pennsylvania vice Abraham L. Freedman, elevated.

CONFIRMATION

Executive nomination confirmed by the Senate August 24, 1965:

DEPARTMENT OF THE INTERIOR

J. Cordell Moore, of Illinois, to be an Assistant Secretary of the Interior.

HOUSE OF REPRESENTATIVES

TUESDAY, AUGUST 24, 1965

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., prefaced his prayer with these words of Scripture: Luke 17: 5: *Lord, increase our faith.*

Eternal God, whose mercies are without number, whose power is ever gracious and whose love is new every day, we give Thee thanks that Thy hand of blessing is always upon us.

Grant that there may be given unto us a new birth of faith, hope and wonder, and may our minds be touched to a more liberal distribution of our blessing in behalf of those who know the bitterness of want.

May our faith in Thee be more trustful and triumphant, and joyous in service, giving us the assurance that our vision of the moral and spiritual values are a prophecy of our high duty and destiny.

Inspire us to be numbered among those who live in Thy spirit and may Thy words ring in our ears, at once an invitation and a challenge and causing us to be partners with Thee in the building of a better world.

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. Arrington, one of its clerks, announced that the Senate had passed a resolution as follows:

S. RES. 141

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. Clarence J. Brown, late a Representative from the State of Ohio.

Resolved, That a committee of two Senators be appointed by the Presiding Officer to join the committee appointed on the part of the House of Representatives to attend the funeral of the deceased Representative.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit an enrolled copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect to the memory of the deceased, the Senate do now adjourn.

The message also announced that the Senate had passed without amendment a bill and concurrent resolutions of the House of the following titles:

H.R. 9544. An act to authorize the disposal, without regard to the prescribed 6-month waiting period, of approximately 620,000 long tons of natural rubber from the national stockpile;

H. Con. Res. 453. Concurrent resolution expressing the approval of Congress for the disposal of magnesium from the national stockpile;

H. Con. Res. 454. Concurrent resolution expressing the approval of Congress for the disposal of diamond dies from the national stockpile and nonstockpile bismuth alloys; and

H. Con. Res. 455. Concurrent resolution expressing the approval of Congress for the disposal of hyoscine from the national stockpile.

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

H.R. 4152. An act to amend the Federal Farm Loan Act and the Farm Credit Act of 1933 to provide means for expediting the retirement of Government capital in the Federal intermediate credit banks, including an increase in the debt permitted such banks in relation to their capital and provision for the production credit associations to acquire additional capital stock to provide for allocating certain earnings of such banks and associations to their users, and for other purposes; and

H.R. 6007. An act to amend title 10, United States Code, to authorize the promotion of qualified reserve officers of the Air Force to the reserve grades of brigadier general and major general.

The message also 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. 9220. An act making appropriations for certain civil functions administered by the Department of Defense, the Panama Canal, certain agencies of the Department of the Interior, the Atomic Energy Commission, the Saint Lawrence Seaway Development Corporation, the Tennessee Valley Authority, and the Delaware River Basin Commission, for the fiscal year ending June 30, 1966, 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 on the disagreeing votes of the two Houses thereon, and appoints Mr. ELLENDER, Mr. HAYDEN, Mr. RUSSELL of Georgia, Mr. MCCLELLAN, Mr. HILL, Mr. MAGNUSON, Mr. HOLLAND, Mr. BIBLE, Mr. MCNAMARA, Mr. PASTORE, Mr. HRUSKA, Mr. YOUNG of North Dakota, Mr. MUNDT, and Mrs. SMITH to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 5768) entitled "An act to extend for an additional temporary period the existing suspension of duties on certain classifications of yarn of silk", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRD of Virginia, Mr. LONG of Louisiana, Mr. SMATHERS, Mr. WILLIAMS of Delaware, and Mr. CARLSON to be the conferees on the part of the Senate.

AN ACT MAKING APPROPRIATIONS FOR MILITARY CONSTRUCTION FOR THE DEPARTMENT OF DEFENSE FOR THE FISCAL YEAR ENDING JUNE 30, 1966, AND FOR OTHER PURPOSES

Mr. SIKES. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 10323) making appropriations for military construction for the Department of Defense for the fiscal year ending June 30, 1966, and for other purposes, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

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

Mr. HALL. Mr. Speaker, reserving the right to object, may I inquire of the distinguished gentleman from Florida, the chairman of the subcommittee, if this is the regular military appropriation act, other than military construction, and other than procurement of missiles, tanks, planes, et cetera?

Mr. SIKES. Mr. Speaker, if the distinguished gentleman will yield. This is the military construction appropriation bill. It has no other function and no other purpose.

Mr. HALL. Then, if the distinguished gentleman will answer further, this is an appropriation on a bill for which there is no authorization at this time; is that correct?