am not seeking to appear either optimistic or pessimistic. There are many other sites that are under consideration, nearly a hundred all totaled.

And now to turn to world problems; things have taken a turn for the better in Vietnam. The power of U.S. forces and equipment is being used to very good advantage. The realistic training which has prompted me to say for years that ours are the best forces in the world is proving itself in conflict. Campaigns to date have been well planned, well coordinated, and well carried out. Actually, they have been few and the results conclusive only in the areas where they took place. It is possible to state, however, that this change has resulted in a tremendous boost of morale for the Vietnamese and the corresponding drop in morale for the Vietcong. North Vietnam is definitely worried about the prospect of fighting alone and there is nothing to indicate that help in the form of manpower will be forthcoming either from Russia or Red China.

It is easy to take comfort from this situation and assume that we will soon be out of the woods. This would be an extremely dangerous conclusion. The Communists use consummate skill to achieve their purposes. They will draw out fighting, use terrorism, adopt whatever tactics will serve to extricate them from difficult situations. If they feel there is no hope of victory through conflict, they will agree to negotiate. Negotiations with Communists historically have been endless and largely meaningless. We will be a long time getting out of Vietnam victorious. There always is the prospect of an intervention of the Red Chinese, in one guise or another. Regardless of all this, we have demonstrated that we can win and, thus far, we have made it plain we intend to win. Both are extremely important.

Meantime there is concern about the growing threat of widening conflict in Asia. The world has witnessed the amazing spectacle of Russia attempting to pour oil on the troubled waters while Red China continues to foment strife. I have pointed out for years that America's real enemy and the real enemy of world peace is now Red China not Russia. China has threatened India's far-flung outposts. This placed India in double jeopardy and if ever carried out the result inevitably would be India's crushing defeat unless there were massive intervention by the United States. World leaders who seek peace have worked overtime thus far successfully—in an effort to checkmate Red China's moves. It is doubtful that full scale war will develop, but under the present circumstances, Red China is calling the turn and has gained in world prestige.

Let me leave this final thought with you. We are now in a period of great change. But the responsibilities of the citizen to his country and to his government have not changed. Our country and our government are no better or no worse than the people who make it up. It may very well be true that at no time in the history of mankind has it been more important for people who love and cherish the true blessings of democracy to determine to protect those blessings. You, like all the others who make up this Nation, can help.

Perhaps it is best expressed in a thing called patriotism—belief in America. Some people think patriotism is going out of style in this country—along with prayer in the schools. To many, the Fourth of July is just another day when they don't have to work. Patriotism, more than anything else is what holds a nation together. We need to work a little harder at generating patriotism, and less at placating rabble rousers and demonstrators.

Mr. Speaker, 2,500 years ago the Greek poet, Alcaous, laid down the principles which best sum up the greatness of any area:

Not houses firmly roofed—

He wrote—

or the stones of walls well builded, may nor canals and dockyards make the city—but men able to use their opportunities.

We have been blessed to have such men, and I trust that in the years ahead northwest Florida will continue to be peopled by "men able to use their opportunities."

SENATE

TUESDAY, SEPTEMBER 28, 1965

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

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

Our Father God, for the glory of the earth in the haunting beauty of which we walk, for the gifts of love and of friendship, for sacred and sunny memories of human fellowship, and for every radiant hope which inspires us on our pilgrim way, at the noontide of this new day, we lift our paean of grateful praise.

In Thy presence our arrogance is rebuked, our pride of opinion is mocked as we confess that left to ourselves we but grope in the darkness of ignorance, that our sight is dimmed and our judgments fallible.

As in this forum of freedom so many tangled problems converge which plague the wisest councils of men, may Thy servants here, devoted to the stewardship of public trust, be honest and honorable enough to follow the truth as it beckons wherever it may lead and thus to scorn all forms of pretense.

We pray that in these grave days of global concern in the affairs of nations that the instrumentalities of justice and concord which have been set up to unite peoples in the preservation and pursuit of peace may be the channels of thy providence, in cooperative endeavor to bring this fear-haunted, divided earth nearer to the ancient prophet's dream, "Violence shall no more be heard in thy lands, wasting nor destruction within thy borders."

In the name of the Prince of Peace we pray. Amen.

THE JOURNAL

On request of Mr. MANSFIELD, and by unanimous consent, the reading of the Journal of the proceedings of Friday, September 24, 1965, was dispensed with.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS AND 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 September 25, 1965, the President had approved and signed the following acts and joint resolution:

S. 76. An act for the relief of Anna Maria Heiland;

S. 517. An act for the relief of John William Daugherty, Jr.;

S. 573. An act for the relief of Dr. Sedat M. Ayata;

S. 584. An act for the relief of Ming Chup Chau;

S. 614. An act for the relief of Evangelia Moshou Kantas;

S. 1736. An act for the relief of Jennifer Ellen John Mojdara; and

S.J. Res. 5. Joint resolution designating the bridge crossing the Washington Channel near the intersection of the extension of 13th and G Streets SW. the Francis Case Memorial Bridge.

EXECUTIVE MESSAGES REFERRED

As in executive session,

The VICE PRESIDENT laid before the Senate messages from the President of the United States submitting sundry nominations, and withdrawing the nomination of Robert R. Mease, to be postmaster at Springtown, Pa.; which nominating messages were referred to the appropriate committees.

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had agreed to the following bills of the Senate, severally with amendments, in which it requested the concurrence of the Senate:

S. 306. An act to amend the Clean Air Act to require standards for controlling the emission of pollutants from gasoline-powered or diesel-powered vehicles, to establish a Federal Air Pollution Control Laboratory, and for other purposes;

S. 596. An act to amend the Public Health Service Act to assist in combating heart disease, cancer, and stroke, and other major diseases; and

S. 1620. An act to consolidate the two judicial districts of the State of South Carolina into a single judicial district and to make suitable transitional provisions with respect thereto.

The message also announced that the House insisted upon its amendment to the bill (S. 2300) authorizing the construction, repair, and preservation of certain public works on rivers and harbors for navigation, flood control, and for other purposes, 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. FALLON, Mr. BLATNIK, Mr. JONES of Alabama, Mr. EDMONDSON, Mr. WRIGHT, Mr. CRAMER, Mr. BALDWIN, and Mr. HARSHA were appointed managers on the part of the House at the conference.

The message further announced that the House had disagreed to the amendment of the Senate to the bill (H.R. 7812) to authorize the loan of naval vessels to friendly foreign countries, and for other purposes; asked a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. RIVERS of South Carolina, Mr. PHILBIN,

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

Mr. PRICE, Mr. FISHER, Mr. BATES, and Mr. ARENDS were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message also announced that the Speaker had affixed his signature to the enrolled bill (H.R. 7969) to correct certain errors in the Tariff Schedules of the United States, and for other purposes, and it was signed by the Vice President.

REPORT OF A COMMITTEE SUBMITTED DURING ADJOURNMENT

Under authority of the order of the Senate of September 24, 1965, the following report of a committee was submitted on September 27, 1965:

Mr. BYRD, from the Committee on Finance, reported favorably, with amendments, the bill (H.R. 9042) to provide for the implementation of the agreement concerning automotive products between the Government of the United States of America and the Government of Canada, and for other purposes, and submitted a report (No. 782) thereon, together with the minority views of Senators RIBICOFF, HARTKE, and GORE; which report was printed.

AMENDMENT OF CONSOLIDATED FARMERS HOME ADMINISTRATION ACT OF 1961

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the Senate reconsider its action taken on Friday, September 24, in agreeing to the House amendments to S. 1766, better known as the Aiken bill, to amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to make or insure loans to public and quasi-public agencies and corporations, not operated for profit with respect to water supply and water systems serving rural areas and to make grants to aid in rural community development planning and in connection with the construction of such community facilities, to increase the annual aggregate of insured loans thereunder, and for other purposes.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. MANSFIELD. Mr. President, I offer amendments to the House amendments and ask that they be stated.

The VICE PRESIDENT. The amendments will be stated.

The legislative clerk read as follows:

On page 3, line 12, change the subsection designation "(4)a." to "(4)(A)".

On page 3, line 16, change the subsection designation "(b)" to "(B)".

On page 4, line 18, strike out the words *"Provided further,* That no" and insert in lieu thereof the word "No".

On page 4, line 23, before the word "In", insert paragraph number "(10)".

On page 5, line 16, change the word "loan" to "Act".

The VICE PRESIDENT. The question is on agreeing to the amendments offered by the Senator from Montana [Mr. MANSFIELD], to the House amendments.

The amendments to the House amendments were agreed to.

The VICE PRESIDENT. The question now recurs on concurring in the House amendments as amended.

The amendments of the House, as amended, were concurred in.

LIMITATION ON STATEMENTS DURING TRANSACTION OF ROUTINE MORNING BUSINESS

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

JOINT RESOLUTION OF OHIO LEGISLATURE

The VICE PRESIDENT laid before the Senate a joint resolution of the Legislature of the State of Ohio, which was referred to the Committee on the Judiciary, as follows:

S.J. RES. 16

Joint resolution to the Congress of the United States pursuant to article V of the Constitution of the United States to call a convention for the purpose of proposing an amendment to return a portion of the income tax to the political subdivision in which it was collected

Resolved by the Senate of the State of Ohio, the House of Representatives concurring: That the Legislature of the State of Ohio, pursuant to article V of the Constitution of the United States, hereby makes application to the Congress of the United States to call a convention to propose the following article as an amendment to the Constitution of the United States:

"ARTICLE —

"SECTION 1. Fifteen percent of the tax on the income of each citizen collected by the United States shall be returned by the United States to the State in which such citizen has his principal place of residence one-third of which shall be distributed by such State to the municipal government in which such residence is located if any, another one-third of which shall be distributed by such State to the school district in which such residence is located and the balance to be retained by such State for State purposes;

"Resolved further, That this application shall constitute a continuing application for such convention, under article V, of the Constitution of the United States, until the legislatures of two-thirds of the several States shall have made like applications and such convention shall have been called by the Congress of the United States, unless the Congress itself proposes the amendment herein set forth;

"Resolved further, That certified copies of this resolution be transmitted forthwith to the Senate and House of Representatives of the Congress of the United States and to each House of the legislature of each of the several States, attesting the adoption of this resolution by the legislature of this State.

"ROGER CLOUD,
"Speaker of the House of Representatives.
"JOHN W. BROWN,
"President of the Senate.

"Adopted July 29, 1965.

"TED W. BROWN,
"Secretary of State."

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. MORSE, from the Committee on Labor and Public Welfare, with amendments:

H.R. 9022. An act to amend Public Laws 815 and 874, 81st Congress, to provide financial assistance in the construction and operation of public elementary and secondary schools in areas affected by a major disaster; to eliminate inequities in the application of Public Law 815 in certain military base closings; to make uniform eligibility requirements for school districts in Public Law 874; and for other purposes (Rept. No. 783).

By Mr. MORSE, from the Committee on the District of Columbia, with an amendment:

H.R. 1778. An act to amend the act entitled "An Act to create a Board for the Condemnation of Insanitary Buildings in the District of Columbia, and for other purposes", approved May 1, 1906, as amended (Rept. No. 784);

H.R. 3314. An act to require premarital examinations in the District of Columbia, and for other purposes (Rept. No. 785); and

H.R. 5597. An act to relieve physicians of liability for negligent medical treatment at the scene of an accident in the District of Columbia (Rept. No. 786).

By Mr. MORSE, from the Committee on the District of Columbia, with amendments:

H.R. 9985. An act to provide for the mandatory reporting by physicians and hospitals or similar institutions in the District of Columbia of injuries caused by firearms or other dangerous weapons (Rept. No. 787); and

H.R. 10304. An act to provide for the mandatory reporting by physicians and institutions in the District of Columbia of certain physical abuse of children (Rept. No. 788).

By Mr. TYDINGS, from the Committee on the District of Columbia, without amendment:

S. 1314. A bill to amend the Street Readjustment Act of the District of Columbia so as to authorize the Commissioners of the District of Columbia to close all or part of a street, road, highway, or alley in accordance with the requirements of an approved redevelopment or urban renewal plan, without regard to the notice provisions of such act, and for other purposes (Rept. No. 791).

By Mr. HILL, from the Committee on Labor and Public Welfare, with amendments:

H.R. 3141. An act to amend the Public Health Service Act to improve the educational quality of schools of medicine, dentistry, and osteopathy, to authorize grants under that act to such schools for the awarding of scholarships to needy students, and to extend expiring provisions of that act for student loans and for aid in construction of teaching facilities for students in such schools and schools for other health professions, and for other purposes (Rept. No. 789).

AMENDMENT OF SECTION 18, CIVIL SERVICE RETIREMENT ACT, AS AMENDED—REPORT OF A COMMITTEE (S. REPT. NO. 790)

Mr. MONRONEY, from the Committee on Post Office and Civil Service, reported an original bill (S. 2572) to amend section 18 of the Civil Service Retirement Act, as amended, and submitted a report thereon; which bill was read twice by its title and placed on the calendar, and the report was ordered to be printed.

RESERVATION OF CERTAIN PUBLIC LANDS FOR A NATIONAL WILD RIVERS SYSTEM—REPORT OF A COMMITTEE—MINORITY VIEWS (S. REPT. NO. 792)

Mr. CHURCH. Mr. President, from the Committee on Interior and Insular Affairs, I report favorably, with an amendment in the nature of a substitute, the bill (S. 1446) to reserve certain public lands for a National Wild Rivers System, to provide a procedure for adding additional public lands and other lands to the system, 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 KUCHEL, ALLOTT, JORDAN of Idaho, SIMPSON, and FANNIN.

The VICE PRESIDENT. The report will be received and the bill will be placed on the calendar; and, without objection, the report will be printed, as requested by the Senator from Idaho.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

The following favorable reports of nominations were submitted:

By Mr. HILL, from the Committee on Labor and Public Welfare:

Francis Keppel, of Massachusetts, to be an Assistant Secretary of Health, Education, and Welfare.

By Mr. MONRONEY, from the Committee on Post Office and Civil Service:

One hundred and twenty-one postmaster nominations.

BILLS INTRODUCED

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

By Mr. LONG of Louisiana (for himself, Mr. BENNETT, and Mr. CARLSON):

S. 2567. A bill to amend and extend the provisions of the Sugar Act of 1948, as amended; to the Committee on Finance.

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

By Mr. HART:

S. 2568. A bill to strengthen the antitrust laws by prohibiting the payment to or receipt by persons licensed to engage in the practice of medicine, of profit, rebates, refunds, commissions, discounts, rentals or other valuable considerations in connection with the supplying to patients of drugs, devices, or other products prescribed by such licensees; to the Committee on the Judiciary.

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

By Mr. METCALF:

S. 2569. A bill to repeal the provisions of the Federal Power Act which exempt from Federal Power Commission regulation the issuance of securities by public utilities subject to certain State regulation; to the Committee on Commerce.

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

By Mr. McINTYRE:

S. 2570. A bill for the relief of Gianfranco Zambelli; and

S. 2571. A bill for the relief of Guiseppe Cucinotta; to the Committee on the Judiciary.

By Mr. MONRONEY:

S. 2572. A bill to amend section 18 of the Civil Service Retirement Act, as amended; placed on the calendar.

(See the remarks of Mr. MONRONEY when he reported the above bill, which appear under the heading "Reports of Committees.")

By Mr. MONRONEY (by request):

S. 2573. A bill to validate the action of the Acting Superintendent, Yosemite National Park, in extending the 1955 leave year for certain Federal employees, and for other purposes; to the Committee on Post Office and Civil Service.

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

By Mr. MORSE:

S. 2574. A bill to amend the District of Columbia Teachers' Salary Act of 1955, as amended; to the Committee on the District of Columbia.

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

RESOLUTION

STUDY BY DEPARTMENT OF COMMERCE OF IMPORTS OF STEEL MILL PRODUCTS

Mr. HARTKE (for himself, Mr. ALLOTT, Mr. BAYH, Mr. BREWSTER, Mr. BOGGS, Mr. CLARK, Mr. GRUENING, Mr. LONG of Missouri, Mr. MOSS, Mr. SCOTT, and Mr. YARBOROUGH) submitted a resolution (S. Res. 149) requesting the President to cause a study of imports of steel mill products to be undertaken by the Department of Commerce, which was referred to the Committee on Finance.

AMENDMENT AND EXTENSION OF PROVISIONS OF SUGAR ACT OF 1948

Mr. LONG of Louisiana. Mr. President, on behalf of myself, and Senators BENNETT and CARLSON, I introduce, for appropriate reference, a bill to amend and extend the provisions of the Sugar Act of 1948, as amended. I ask unanimous consent that the bill remain at the desk for the remainder of the day, in the event other Senators would care to add their names as cosponsors.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill will be held at the desk, as requested by the Senator from Louisiana.

The bill (S. 2567) to amend and extend the provisions of the Sugar Act of 1948, as amended, introduced by Mr. LONG of Louisiana—for himself and other Senators—was received, read twice by its title, and referred to the Committee on Finance.

Subsequently, the names of Senators ALLOTT, BREWSTER, ELLENDER, FONG, HOLLAND, MAGNUSON, MONDALE, SIMPSON, SMATHERS, and YOUNG of North Dakota were added as additional cosponsors of Senate bill 2567.

PROHIBITION OF DOCTORS PROFITING FROM SALE OF CERTAIN PRODUCTS

Mr. HART. Mr. President, today, I turn to Congress in its not-infrequent role of a court of last resort.

As the prolog indicates, I am fully aware of the complexity—and delicacy—of the problem I present, and would not present it if I thought a solution could be found elsewhere.

The problem, briefly, is this: Is the public interest served when a doctor profits not only from fees for his professional services but also from the sale of products he prescribes?

Naturally and assuredly he is entitled to full reimbursement for his professional services. The question centers on profits made when the doctor—using his prescription power—steps into the role of merchant.

Last year, alerted by complaints from businessmen and consumers, the Antitrust and Monopoly Subcommittee undertook an investigation of the effect doctor-merchants have on competition and consumers. Hearings were conducted in 1964 on doctor ownership of pharmacies and drug repackaging companies. This year, we held hearings on doctors selling eyeglasses.

No reader of these records, I feel sure, could wish away the fact that there is a real problem—caused by physicians who abuse their legal prescription monopoly.

Let me make clear at this point that I do not believe all physicians who sell products to their patients are operating in an unethical manner; many are properly motivated. Many, I am sure, do so because they believe this is the best way to serve their patients. For example, where there are no other sources which would supply the product, the doctor would, quite understandably, supply it.

But the record indicates that a substantial number do not operate from this motivation only. As a result, consumers suffer. Competition suffers.

Last week, the subcommittee released its report on the doctor-owned pharmacy and doctor-owned drug firm investigation. I commend the report to Senators as a factual presentation of the problem as the subcommittee found it in this one area.

Based on the distressing picture of the harm done competition and consumers which evolved during our investigation, I today introduce legislation which would prohibit physicians from profiting from the sale of any product he prescribes. It would not prohibit them from profiting from the fee for professional services nor from supplying the products—at no profit—as a service to patients when other suppliers are not available.

I want to emphasize that the bill is not intended to prevent a doctor from owning shares in a company such as Merck or Pfizer where stockownership is widely dispersed and the connection between his prescriptions and possible profits is negligible at best.

Legislation which mixes in the doctor-patient relationship is, indeed, ticklish and a good case must be presented before most of us would care to venture into this sacrosanct area. This I realize. So, let me share with the Senate some of the information from the record which caused me to have this bill drafted:

The first question to be answered is how prevalent is the practice.

Drug firms: The subcommittee located 140 doctor-owner drug repackaging companies in 30 States. Five thousand doctors were involved. The true figure is undoubtedly many time that—as witness the facts in Texas. There State records showed 74 physicians connected with pharmaceutical companies. Yet, 1 company alone had 266 doctor stockholders.

Pharmacies: The subcommittee located only 3,000 doctor-owners of pharmacies. Yet, we are told that in Hawaii, for example, 60 to 70 percent of all drugs are dispensed by doctors, or doctor-owned pharmacies.

Eyeglasses: It is generally agreed that 40 percent of the 6,200 practicing ophthalmologists—or approximately 2,500—sell eyeglasses.

Thus, a surface investigation in two product areas—drugs and glasses—reveals a bare minimum of 10,500 doctors, of the Nation's 200,000 doctors, who are selling products they prescribe. It would be reasonable to assume that the true figure runs many times higher.

Also, present indications are that the practice will continue to grow.

The second question is, do doctor-owners use their prescription power to increase profits of their financial enterprises? On this one, let me quote the record:

First we have reports back to their different companies from doctor-stockholders:

When I was a practitioner in Malvern, Ark., I wrote all Carrtone prescriptions.

I do agree to prescribe and to encourage my associates to use our products.

From the records of the Kansas State Department of Welfare:

In one Kansas county with two pharmacies, one owned by a physician and one by a pharmacist, the doctor-owned pharmacy in the second quarter of 1964 submitted 94 percent of all the welfare prescription claims originated from the two pharmacies.

From an independent dispensing optician:

The income of my company has gone down by 40 percent since last year since the practice of doctor-dispensing began.

The third question is how do prices charged consumers range when the doctor profits from the sale of the products prescribed?

Deseret—a doctor-owned drug company—sells dextroamphetamine-sulfate under the name of Deserex tablets for $11.30 a thousand or 13 times the price—85 cents a thousand—charged by Wolins, a well-known generic wholesaler. Both companies purchase the same product from the same supplier.

On eyeglasses, one survey showed that in one area consumers paid $7.50 to $15.10 more for glasses from a doctor than they would have from an optician.

Fourth question, how are independent businessmen affected by doctor-merchants?

Ophthalmologists began selling eyeglasses in number after the consent decrees in the 1951 Department of Justice cases outlawed rebates from opticians to the doctors. Since 1957, retail optical stores have a failure rate 10 times that of other retail stores. Fifty-eight percent of dispensing optician stores claim to have been substantially harmed by doctor-sellers.

Figures presented on Wisconsin pharmacies give an indication of the effect of doctor-ownership of independent pharmacies:

In 3 communities of less than 5,000 population there are 7 pharmacies of which 3 are physician-owned. In these 7 pharmacies there are 125,302 prescriptions filled annually of which 100,047 are filled in the 3 physician-owned pharmacies.

No doubt there are some who will say I have picked the most spectacular examples. While I will not deny that the ones mentioned here are spectacular, I believe that any reader of the record will find many others like them.

It is because of their number—and the size of the problem they depict—and the apparent expanding trend—that I introduce this bill today. As I said at the beginning, I turn to Congress as a court of last resort. The Department of Justice and the Federal Trade Commission have told me that they cannot move in this area. The American Medical Association, in recent years, has consistently turned down efforts its judicial council has made which might have reversed the trend toward more and more doctor-ownership. Interprofessional negotiations have been fruitless for 10 years.

One point should be emphasized as this prepared legislation is introduced: There is nothing radical about it. Until the summer of 1955, the American Medical Association recognized the dangers inherent in doctor-ownership. It dealt with them with one simple ethic:

An ethical physician does not engage in barter or trade in the appliances, devices or remedies prescribed for patients, but limits the sources of his professional income to professional services rendered the patient.

All this bill would do would make that ethic binding on all physicians.

In the files of the subcommittee is a letter in support of this type of legislation from an ophthalmologist. First, he explains that between 1929 and the time he went in the Army—about 1942—he earned an estimated $100,000 from rebates from opticians. Then, he turns to the 1955 change in the AMA code of ethics with a statement typifying the vehemence with which doctor-opponents of this practice speak:

It is a shame that the American Medical Association has not taken a stand against these abuses, but ethics are apt to be weak where profits are large * * *. Unfortunately, we are not always willing to regulate our own abuses, and in this case the Government is needed to make us ethical by legislation.

Actually, it is needed only with respect to some, by no means all.

Mr. President, the high cost of medical care has been of concern to Americans for years. Congress, it seems to me, has an obligation to take any appropriate step necessary to bring down this cost so far as humanly possible, and in a way which will not reduce the quality of medical service.

In my view, this bill is one such step—a step identical to the code of ethics of the AMA until the recent past. Because of the varying professional relationships involved, it is not sound to argue that the bill is or should be thought the final or best answer. If it can be the starting point, it will justify its introduction.

Mr. President, I introduce this bill and ask unanimous consent to have it printed in full in the RECORD, and that it be appropriately referred.

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

The bill (S. 2568) to strengthen the antitrust laws by prohibiting the payment to or receipt by persons licensed to engage in the practice of medicine, of profit, rebates, refunds, commissions, discounts, rentals or other valuable considerations in connection with the supplying to patients drugs, devices, or other products prescribed by such licensees, introduced by Mr. HART, was received, read twice by its title, referred to the Committee on the Judiciary, and ordered to be printed in the RECORD, as follows:

S. 2568

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 "Medical Restraint of Trade Act".

FINDINGS OF FACT

SEC. 2. The Congress finds and declares that the payment to and receipt by persons licensed to engage in the practice of medicine, of profit in connection with the furnishing to patients of drugs, devices, or other products prescribed for consumption or use by patients tends to lessen competition and substantially to restrain and to monopolize trade and commerce and constitutes a burden upon interstate commerce in such products.

DEFINITIONS

SEC. 3. As used in this Act—

(a) The term "person" shall mean any natural person, firm, corporation, or association of any kind;

(b) The term "licensee" shall mean any person licensed by any State, any governmental division thereof, or any association or society authorized under any State law to issue such a license, to engage in the practice of medicine;

(c) The term "professional service" shall mean services rendered in the practice of his profession by the licensee;

(d) The term "profit" shall mean any markup above actual cost of the product to the licensee, discount, refund, rebate, commission, rental for space leased from a

licensee based in whole or in part on a percentage of income from drugs or devices sold or furnished by the tenant or unreasonably high rental in lieu thereof, or other valuable consideration; and

The term "drug or device" shall mean drug or device as defined in the Federal Food, Drug, and Cosmetic Act, as amended (21 U.S.C. 321), and other products prescribed by a licensee for consumption or use by man.

PROHIBITION OF MEDICAL RESTRAINTS OF TRADE

SEC. 4. (a) It shall be unlawful—

(1) for any person to pay, offer to pay, or allow, directly or indirectly, to any licensee, or for a licensee to knowingly receive directly or indirectly, any profit for or in connection with the referral of patients of the licensee to such person for the furnishing of any drug or device; or

(2) for any licensee to accept or receive directly or indirectly from any person any profit on or resulting from the sale, rental, furnishing, or supplying by such licensee of any drug or device to such person in connection with or as a result of the rendition by such licensee of professional service to or for such person, except that nothing herein shall apply to a licensee furnishing to his patient such drug or device when an emergency exists or shall apply to the administration of a unit dose of a drug in any form to a patient by the licensee or by a nurse or assistant under direction of the licensee.

(b) Every person, firm, corporation, or association who shall violate this Act shall be deemed guilty of a misdemeanor, and, on conviction thereof, shall be punished by fine not exceeding $5,000, or by imprisonment not exceeding one year, or both said punishments, in the discretion of the court.

(c) The several district courts of the United States are invested with jurisdiction to prevent and restrain violations of this Act; and it shall be the duty of the several district attorneys of the United States, in their respective districts, under the direction of the Attorney General, to institute proceedings in equity to prevent and restrain such violations. Such proceeding may be by way of complaint setting forth the case and praying that such violations shall be enjoined or otherwise prohibited. When the parties complained of shall have been duly notified of such complaint the court shall proceed, as soon as may be, to the hearing and determination of the case.

Mr. DIRKSEN. Mr. President, I have learned from a press release issued yesterday by the Senator from Michigan [Mr. HART], and also his appearance on television yesterday, that he proposed to introduced a bill in which doctors would be barred from making a profit on products they prescribe. It is apparent that this bill has resulted from hearings conducted by the Senate Antitrust and Monopoly Subcommittee referred to as, "Physician Ownership in Pharmacies and Drug Companies" and, further, the hearings conducted pertaining to ophthalmologists dispensing eyeglasses. It appears to me most unusual and unnecessary that Congress consider passage of legislation that would bar anyone from making a profit in any product that he deals with. It would be the greatest form of discrimination to pass such a bill affecting doctors only.

Mr. President, I believe it would be well at this time to place in the RECORD comments made by the distinguished senior Senator from Nebraska [Mr. HRUSKA] and myself, in answer to the report submitted by the majority under the title of "Physician Ownership in Pharmacies and Drug Companies." Also, I ask unanimous consent to have printed in the RECORD the report from Rand L. Dixon, Chairman of the Federal Trade Commission, to the subcommittee as to his comments on "Physician Ownership in Pharmacies and Drug Companies." Mr. President, at a later date I may have further comments on this bill introduced by the Senator from Michigan [Mr. HART].

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

INDIVIDUAL VIEWS OF SENATORS EVERETT MCKINLEY DIRKSEN AND ROMAN L. HRUSKA [1]

I

The minority states that the basic principle of Government of the people, by the people, and for the people is involved herein. Members of Congress on both sides of the aisle are increasingly voicing the dangers of the immense concentration of economic and political power in the Federal Government and its octopus-like encroachment into domains that have been "reserved to the States respectively or to the people" by the 10th amendment to the Constitution of the United States. The Members of Congress are commenting that we must draw the line somewhere, and soon, and thus apply the brakes to this enormous growth of Federal power that has slowly but surely chipped away many of our basic individual rights and privileges.

The minority, in its opening statement at the beginning of the hearings on doctor-owned drug repackaging firms and pharmacies, stated that at a time when our Government was greatly concerned over major world crises and significant domestic problems, it appeared inappropriate for congressional committees to inquire into hearings of minor antitrust consequence.[1a] We noted then that the medical associations and pharmacist groups were negotiating for a better understanding toward amending the codes of ethics to eliminate any possible ethical violations by doctors who invest in drug enterprises or pharmacists who operate doctor-owned pharmacies. Also, it was noted that the States have jurisdiction over the licensing of doctors and pharmacists, and several States have enacted laws which could curtail or completely eradicate the problem. The States are capable of doing more legislatively, and through State boards having jurisdiction over the parties concerned.[1b]

After 6 days of hearings and 610 pages of testimony and exhibits, we have seen very little evidence to change our original position and we reiterate that the serious problems created by doctor-owned drug enterprises can be solved by State action, by negotiation between the medical associations and pharmacists groups, and further, whatever antitrust aspects there are to the problem, they can be solved by the Department of Justice and FTC under existing antitrust laws.

The unusual aspect of this majority report's conclusions is that it agrees very much with the minority position. We quote from the majority report:

"There are four possible courses of action by which the obvious conflict of interest portrayed here could be stopped. The first is through 'interprofessional negotiations' between druggist organization (the APHA and the NARD) and the AMA. The second is for the AMA's house of delegates to reverse itself, accept the longstanding position of its own judicial council and reinstate its pre-1955 principle. The third is through antitrust action. Finally, there is the possibility of legislation—both at the State and Federal level.[2]"

Thus, one major difference is in the issue of whether additional Federal legislation is necessary.

The majority would urge that Federal legislation is required to suppress the allegedly unethical practices. However, after 6 days of hearing testimony from a good cross section of witnesses, the report is silent as to how these Federal laws or rules and regulations are to be formulated, and omits to point out which phase of the alleged unethical practices must be regulated on a nationwide basis.

These hearings were terminated on August 14, 1964, 1 year ago. The record of the hearings was sent to the Department of Justice and the Federal Trade Commission to determine whether present antitrust laws were being violated. The majority report in chapter IV reviews antitrust proceedings, citing the *American Optical Company* case and referring to the degree of effectiveness in these matters under the Sherman Act, the Federal Trade Commission Act, and section 3 of the Clayton Act. The report concludes: [3]

"It would appear, therefore, that effective action in many cases under presently constituted antitrust statutes is at least questionable. Certainly it would raise some highly argumentative legal issues which undoubtedly could not be resolved for a considerable period of time."

Our answer to this is twofold: If there are serious antitrust aspects to the alleged problem, then appropriate cases should be filed by the Federal Trade Commission or the Justice Department to resolve the question; and as for the time involved, Congress takes just as long—if not longer—to pass legislation on a given issue as the agencies or courts take to resolve a legal issue.

It should be noted that the effectiveness of our antitrust laws herein has been well established, and there is little need for amendments. The minority reiterates what it has often said in other reports, and we quote:

"One judge thought that the Sherman and Clayton Acts state a broad, general policy which, as judicially interpreted over the years, is about as clear and certain as we could hope to make it. * * *

Continuing the quote, the Supreme Court said:

"The Sherman Act has received long and careful application by the Court to achieve for the Nation the freedom of enterprise from monopoly or restraint envisaged by the Congress that passed the act in 1890. Because the act is couched in broad terms, it is adaptable to the changing types of commercial production and distribution that have evolved since its passage. Chief Justice Hughes wrote for the Court that as a charter of freedom, the act has a generality and adaptability comparable to that found to be desirable in constitutional provisions." [4]

Section 5 of the Federal Trade Commission Act has been declared by the courts to state a broad, general policy also, and has been proven even more effective than the Sherman and Clayton Acts in certain cases.

II

The undersigned having commented on the suggested recommendations for future

[1] Senator HIRAM L. FONG was not a member of this subcommittee at the time of said hearings.

[1a] Printed hearings, "Physician Ownership in Pharmacies and Drug Companies," 88th Cong. 2d sess., 1964, p. 3.

[1b] See comments of FTC Chairman Paul Rand Dixon, appendix of report, p. 59.

[2] Majority report, "Doctor-Owned Drug Enterprises," 1965, p. 47.

[3] Majority report, 'Doctor-Owned Drug Enterprises," 1965, p. 52.

[4] Report, "Prices of Hearing Aids," 87th Cong., 2d sess., Rept. 2216, 1962, p. 111.

action in the majority report believes very little comment is necessary to the first three chapters of this majority report.

Chapter I pertains to a review of the testimony on doctor-owned repackaging companies. The record as noted in the printed hearings speaks for itself. Its treatment in the majority report as to the pricing policies by doctor-owned repackaging firms tends to mislead the readers. We quote the first example noted in the report:

"For example, Deseret sells dextro-amphetamine-sulfate under the name of Deserex tablets for $11.30 a thousand (1 penny per tablet) or 13 times the price—85 cents a thousand—charged by Wolins, a well-known generic wholesaler. Both companies purchase the same product from the same supplier."

The above quote does not state the witness' testimony of the greater research and distribution costs and other expenses by Deseret Pharmaceutical Co. We are certain that no one expouses legislation that would stabilize the costs of doing business, the price a businessman wishes to charge for his product, and/or the profit he can earn. In the instant case, the Deseret Co. was losing money on its drugs sold and distributed in certain territories, even established ones. The above argument applies to many other references in the report relating to the pricing policies of doctor-owned repackaging companies.

Chapter II deals with doctor-owned pharmacies. Dr. William S. Apple, APHA executive director, and Philip Jehle, associate general counsel of NARD, discussed the problem presented to independent druggists by the doctor-owned pharmacies. However, both witnesses agreed that the solution to the problems created by doctor-owned pharmacies should be resolved by continued negotiations between the pharmacist groups and the American Medical Association to improve the code of ethics so that the problem will be completely alleviated or sufficiently curtailed to the satisfaction of all concerned.

Chapter III relates to the positions of the American Medical Association on repackaging drug companies and doctor-owned pharmacies and reviews a series of actions taken by the American Medical Association to express said positions. On the issue of doctor-owned repackaging firms, Robert B. Throckmorton, general counsel, Americal Medical Association, stated that the AMA flatly condemned physician ownership in drug repackaging companies. He defined a doctor-owned drug repackaging company as a company "which markets under its own label or trade names drug products manufactured by others with the objective that physicians having a financial interest in the drug company will prescribe its drugs to the patient."

As to the doctor-owned pharmacies, the position of the AMA is stated in the following colloquy between Chairman HART and the AMA general counsel, Mr. Throckmorton: [5]

"Senator HART. But again in mid-1950 you said it was not good except where the community was so remote that the doctor had to do it.

"Mr. THROCKMORTON. That was what our house of delegates said.

"Senator HART. You yourselves have faced up to the fact that there is a real problem.

"Mr. THROCKMORTON. There are just two schools of thought on this, Senator, and this may very well be resolved one way or another. One school of thought is that the profession should be like Caesar's wife—above suspicion.

"But if I were Dr. Gunnar Gundersen or others with a pharmacy, I would resent the implication that I couldn't be trusted to own a pharmacy and conduct it for the welfare of my patients. So you get rather bitter and emotional feelings engendered by the fact that it is only the physician that is being pointed at here.

"And then they use the ethical club to beat down medicine when actually it is not a matter of ethics at all, but a matter of raw economic competition.

"We feel that no Federal action is required, that by working with the pharmacy profession, by improving our own grievance procedures, and by educating our own members we can resolve this problem.

"If legislation is desired then physicians and pharmacists can join hands and go to a legislature, or they may do it independently.

"I jotted down four conclusions. First, the repackaging problems are small. It is condemned by the American Medical Association, and will be eliminated by the profession.

"Second the physician-ownership of pharmacies is a relatively small problem, and the observance and enforcement of ethical principles fully protects the public and avoids the possibility of restraint of trade or unfair trade practices.

"Third the problems of pharmacy run far deeper than physician-ownership. These can more readily be resolved by cooperation with the medical profession rather than by pushing for State or Federal legislation and employing tactics which are derogatory to and which alienate the medical profession.

"Lastly, the medical profession can be trusted to serve the best interests of patients and to keep its own house in order.

"Thank you.

"Senator HART. Thank you, sir.

"I think the question as it relates to this committee it whether the competitive effects of these practices that we have been reviewing should be prohibited by law.

"You said it very well and you reach the conclusion which in your summary you stated well. You feel that is not the way to approach it."

CONCLUSION

Members of Congress are finding themselves in a difficult position on serious problems brought to the attention of Congress. Many people urge Congress to take action in enacting Federal laws affecting the general welfare of our people or a particular segment thereof, when traditionally those areas were left to the State legislatures or State authorities to resolve.

But where do we draw the line between Federal jurisdiction and State jurisdiction in specific matters? Many believe Congress has gone much too far in assuming Federal jurisdiction in areas historically resolved to the States by the 10th amendment to the Constitution.

We close with reflection that the record in these hearings supports our position that no new Federal law or amendment is necessary because the States and the medical and pharmacists associations are capable of resolving the issues.

APPENDIX

AGENCIES' COMMENTS

Chairman PHILIP A. HART asked the Federal Trade Commission and the Department of Justice to study the transcripts following the hearings and to supply the subcommittee with their comments.

These follow:

FEDERAL TRADE COMMISSION,
Washington, D.C., July 8, 1965.

HON. PHILIP A. HART,
Chairman, Subcommittee on Antitrust and Monopoly, Committee on the Judiciary, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your letter of February 3, 1965, transmitting to me a copy of the record of hearings held by the subcommittee in August 1964 on the subject of "Physician Ownership in Pharmacies and Drug Companies" and requesting our staff to study the record and advise you of what action, if any, we feel is possible or required in this area.

Pardon the delay in answering your letter, but the Federal Trade Commission's staff was asked to, and has made, a study of the transcript of the hearing's which required considerable time.

As our staff interpreted the evidence adduced at the hearings, it indicates practices in the distribution of prescription drugs in two areas which may be inimical to the interest of purchases of such drugs.

One area involves the distribution of drugs by certain drug companies (herein referred to as physician-dominated drug companies) to pharmacies for resale. It appears that the physician stockholders of the companies constitute a substantial proportion of the total stockholders of these companies. Such physicians, to a greater or lesser extent take active parts as directors or in other official capacities in the management of the companies and, generally speaking, such companies are dominated by physicians.

The drug companies are referred to as "repackaging" or redistributing companies. Whatever their classification, however, the pertinent factors with respect to their distribution of drugs, as shown by the hearings before the committee, are described hereinafter.

They distribute drugs under their own brand names. To a substantial extent, if not always, their drugs have been manufactured by major pharmaceutical manufacturing companies. The drugs distributed by these companies are available from other drug companies either as brand-named drugs or as generic drugs. Some companies also carry on some manufacturing of drugs. The testimony at the hearings also indicates that in addition to "new" drugs, they manufacture copies of products already on the market and market such copies under their own label. They do little, if any, research.

It further appears that prices of drugs of the physician-dominated drug company are generally competitive with prices of brand-name drugs of major pharmaceutical companies but generally are substantially higher (sometimes in excess of 10 times) than the drugs available by their generic names from drug suppliers. Most pharmacies stock a supply of generic drugs. A substantial proportion of brand-named drugs are available as generic drugs.

The evidence, so the staff informs me, indicates instances where the physician-dominated drug company makes use of its physician stockholders to aid in the sale of the company's drugs by the following practices:

(a) Solicitation of physicians to become stockholders of the company with the objective that such physicians will be influenced to write prescriptions for the company's drugs. Subsidiary drug companies were purchased because of the number of their physician stockholders.

(b) Physicians who were stockholders of the company were urged to write prescriptions of the company's products in order to increase the company's profits. There was cooperation by physicians who agreed to prescribe the company's drugs and recommend them to other physicians. In one instance, contact was made with officials of North Carolina for the purpose of setting up an arrangement whereby physicians serving the prison system of that State would be sold stock and would thereafter prescribe the drugs of the company for prisoner medication.

(c) Dividends were declared (while the company was in financial difficulties) in order to increase the physician stockholders' enthusiasm in prescribing the company's drugs.

(d) In one instance, a partnership agreement was entered into between detailmen

[5] Printed hearings, "Physician Ownership in Pharmacies and Drug Companies," 88th Cong., 2d sess., 1964, p. 229.

(salesmen) of the drug company and physicians in the area to promote the company's products. The physicians received a percentage of the profits from sale of the drugs.

The other area relating to practices in the sale of ethical drugs of disadvantage to the purchasers of such drugs has to do with physician ownership of pharmacies and the directing of prescriptions prescribed by the physician-owners to the pharmacies owned by them. Included in this category of the physician-owned pharmacies are the following:

(a) Ownership of a pharmacy by an individual physician;

(b) Ownership of a pharmacy by a physician-owned clinic; and

(c) Lease of pharmacy space by physician-owned clinic at rental based on gross sales of the pharmacy.

The staff interpreted the evidence at the hearings as indicating that the methods utilized by the physician in directing the patient to the physician-owned pharmacy, included the following:

(a) Prescribing the drug by a code devised by the physician and the pharmacy so that only the physician-owned pharmacy can read and fill the prescription;

(b) Transmission of the prescription by the physician directly to his pharmacy by telephone or otherwise (in one instance via a pneumatic tube system);

(c) Using prescription blanks with the name of the physician-owned pharmacy printed on them; and

(d) Verbally directing the patient to the physician-owned pharmacy.

Apparently, the most feasible approaches to the solution of these problems are: First, self-regulation by medical associations through the promulgation of ethical rules prohibiting the possible conflict of the physician's interest in the welfare of his patients and profits from the drug companies and pharmacies; and second, by the enactment of proper legislation by the States. The practices involved are intimately connected with and embrace the physician's practice of his profession. Regulation of medical practice historically and inherently has been by the States.

It appears from the hearings that statutes restricting physician-ownership of pharmacies have been enacted in California, North Dakota, and Maryland.

The staff found that the evidence at the hearings indicates that medical associations, both at the local and the appellate levels of the American Medical Association, have condemned the practices we have discussed. The American Medical Association's ethical rules for the profession show more latitude than do the rules of many local medical associations. The American Medical Association does not forbid physician-ownership of pharmacies although such ownership does raise the problem of possible conflict of interests. The association has laid down "guidelines" for physicians to follow in connection with such ownership, viz: The physician must not steer patients to his pharmacy; the patient is entitled to a copy of his prescription; and it is unethical for the physician to dispense prescriptions in code or to telephone the prescription to his pharmacy. The American Medical Association suggests that physicians use prescription blanks advising the patient that the prescription may be filled at the pharmacy of the patient's choice. The American Medical Association's rules also provide that a physician may not have a financial interest in a drug repackaging company with the objective of prescribing its drugs to his patients; and the rules of the association further provide that he should not own stock in a pharmaceutical company which he can, or does, control.

The Commission will continue its study and interest in this matter.

Your committee is to be commended in bringing to the attention of the medical profession and all interested agencies and parties, practices which adversely affect the consumers of ethical drugs.

Sincerely yours,

PAUL RAND DIXON,
Chairman.

Mr. DIRKSEN. Mr. President, although the hearing on doctor dispensing eyeglasses has been terminated, no report has been issued. The record reveals the comments of Chairman HART in the above hearings. In order that Senators may have the other side of the story, I ask unanimous consent that the statement of the American Medical Association given before the Subcommittee on Antitrust and Monopoly by Dr. William O. Lamotte, Jr., be printed in the RECORD, as well as the statement of Ralph W. Ryan on behalf of the National Medical Foundation for Eyecare presented before the subcommittee.

Mr. President, sending a man to jail for making a profit on a product runs contrary to the American way of life.

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

STATEMENT OF DR. WILLIAM O. LAMOTTE, JR., ON BEHALF OF THE AMERICAN MEDICAL ASSOCIATION, ACCOMPANIED BY EDWIN J. HOLMAN, STAFF ATTORNEY, AMERICAN MEDICAL ASSOCIATION

Dr. LAMOTTE. I am William O. Lamotte, Jr. I am a physician in the active practice of medicine and surgery in the field of ophthalmology in Wilmington, Del., and I am also a member of the American Medicial Association's Council on Legislative Activities.

With me here is Mr. Edwin J. Holman, an AMA staff attorney.

We appear here today, Senator, in response to this subcommittee's invitation that we present information which may assist the subcommittee in its consideration of the questions announced in the subcommittee's press release. You will recall that in the press release announcing these hearings issued by this subcommittee, you, sir, the chairman, are quoted as saying that "the consumer is deprived of a chance to shop for price, if he is given no choice but to buy his glasses from the doctor who prescribed them."

With this statement I personally agree. With this statement the American Medical Association is in full accord. The right of free choice of physician and the right of the patient to determine who will supply the eyeglasses prescribed by the physician is inherent in all aspects of medicine's ethics and, Mr. Chairman, I hope to develop this thought a little in the course of my testimony here today.

At the outset, let me confirm a fact which is certainly known to this subcommittee. There is a difference of opinion, even among physicians, on this and many issues on this issue as to whether the ethics of the profession should permit a practicing physician to dispense eyeglasses.

The American Medical Association reflects the majority opinion of physicians as expressed through the association's House of Delegates. This opinion is that "drugs, remedies or appliances may be dispensed by the physician provided it is in the best interest of the patient."

We believe this position to be a reasonable and responsible one.

Now, the Oath of Hippocrates, the Code of Hammurabi, which goes back to 2500 B.C. nor Percival's Code of Medical Ethics contains any guidelines regarding the dispensing of glasses by physicians. This is not surprising since the common, widespread use of glasses has developed during the late 19th and the present centuries.

Even the early versions of the principles of medical ethics of the American Medical Association are silent regarding dispensing of glasses, although there has been an ethical ban against the acceptance of rebates on prescriptions or surgical appliances since 1847, when the AMA first adopted its principles of medical ethics. It may be of interest to note that in about 1940 the word "surgical" was dropped as a modifier of appliances so that the ban applied to the acceptance of rebates on prescriptions for appliances, and not merely on surgical appliances.

During the late 1940's and the 1950's, there was considerable discussion within the medical profession concerning the relations among physicians, optometrists, and opticians, and with the question of the physician's ethical privilege of including in his practice the sale of appliances. In 1946, the AMA House of Delegates requested a review and revision of the Association's principles of medical ethics, and in 1948, a proposed revision of the principles was discussed by the House and committed to the judicial council, which is a committee of the house of delegates, for further study.

In 1949, the house of delegates adopted the statement (ch. 1, sec. 6) that a physician should limit the sources of his professional income to professional services rendered the patients.

Later, in 1954, the AMA House of Delegates amended the principles by establishing a separate section on the ethics of physician ownership of drugstores and physician dispensing of drugs and appliances. As adopted in June 1954, it read:

"Ownership of drugstores and dispensing of drugs and appliances by physicians.

"Section 8: It is unethical for a physician to participate in the ownership of a drugstore in his medical practice area unless adequate drugstore facilities are otherwise unavailable. This inadequacy must be confirmed by his component medical society. The same principle applies to physicians who dispense drugs or appliances. In both instances, the practice is unethical if secrecy and coercion are employed or if financial interest is placed above the quality of medical care. On the other hand, sometimes it may be advisable and even necessary for physicians to provide certain appliances or remedies without profit which patients cannot procure from other sources."

In June 1955, chapter I, section 8 was amended to read:

"It is not unethical for a physican to prescribe or supply drugs, remedies or appliances as long as there is no exploitation of the patient."

This revision was prompted by the introduction of some 10 resolutions before the house of delegates. These related to both ownership of pharmacies and dispensing glasses. The "whereas" clauses of those relating specifically to the dispensing of eyeglasses suggested a number of things, including:

Patients benefit immeasurably from the responsible physician's control over the quality and accuracy of dispensing as well as intelligent fitting services.

The prescribing physician has the sole responsibility for the patient's vision and comfort.

Many ethical ophthalmologists feel the responsibility for their patients' glasses is a medical problem and cannot be separated from the eye examination.

All physicians are responsible for the quality of remedies, appliances or services which they prescribe for their patients and should be diligent to protect their patients from

poor quality or excessive prices by those who furnish these ancillary services.

The right to dispense has been the right of physicians from time immemorial and, today, in many areas, is an absolute necessity for proper patient care.

In 1957, the principles were again revised to their present format and language. The current version provides in part: "Drugs, remedies or appliances may be dispensed by the physician provided it is in the best interest of the patient."

Finally, in June 1963, the AMA House of Delegates affirmed a 1958 statement of the judicial council. The 1958 report, as it relates to dispensing glasses, is current AMA policy and reads:

"The council calls the attention of the house to the following statement concerning the meaning of the words 'drugs, remedies, or appliances may be dispensed or supplied by the physician provided it is in the best interest of the patient' which was adopted by the council on June 26, 1958.

"It is the opinion of the judicial council that this language was adopted to permit both the practicing physician and the local medical societies to evaluate the many factual situations incident to prescribing and dispensing which are bound to arise in the practice of medicine. Under this language the doctor is permitted to exercise his own best judgment when caring for his patients. It is known that there will be situations when it is necessary or desirable for a physician to dispense or supply what he has prescribed. The principles permit this to be done. On the other hand this broad language provides a means by which a component medical society can inquire into the facts of a particular practice. The profession thus can act to prevent abuse of discretion and protect patients from exploitation. In essence this language means that a physician in the exercise of sound discretion may dispense 'in the the best interest of his patient'; it does not authorize him to dispense solely for his convenience or for the purpose of supplementing his income."

If I have spent apparently an unseemly amount of time discussing the ethical point of view, it was only to emphasize that the medical profession has given a great deal of thought to this matter over a considerable period of time. The record clearly establishes that from the 1940's on through 1963, the medical profession has studied and discussed fully and freely the ethical aspects of dispensing by physicians. In its deliberations, it has recognized that practices differ among physicians; that the rendering of medical service is influenced by geographical, social, and traditional considerations; and that in establishing guidelines to protect the patient's interest, all these factors must be taken into account. A universal proscription by the medical profession against physicians dispensing eyeglasses could deny some patients glasses, force some others to deal with an incompetent dispenser, and cause still other patients personal inconvenience.

In my opening remarks, I referred to the subcommittee's press release which announced the start of these hearings, and to the chairman's statement as to the consumer's right of free choice.

In this area, the consumer does have a wide choice. Optometrists examine eyes and dispense glasses. This practice is common, widespread, and well established. In addition, in many communities it is possible for the individual to go into a department store and there are many examples here in Washington and elsewhere, to have his eyes examined and his prescription filled, and be billed for this service by presenting his chargeplate or membership card. Discount centers throughout the country have optical departments where one may have his eyes examined and obtain his glasses at discount.

In many instances, the individual is not aware that his glasses are dispensed from a prescription. He considers his examination and glasses to be one integral service and when seeking eyeglasses may select an ophthalmologist, an optometrist, a department store, or a discount center, a freedom of choice.

Sometimes the selection may be limited because the community is sparsely populated and has either no optician at all or none within a reasonable distance; here, the physician finds it necessary to prescribe and dispense.

In some communities the prescribing physician has been unable to accept the product of an optician who is not competent, and the physician dispenses to insure that his patients receive properly filled prescriptions.

In other communities, patients, being human beings with definite ideas of their own, feel that a single service (refracting and dispensing) is more convenient and prefer that the ophthalmologist dispense as well as prescribe.

All of these situations—lack of opticians or optical shops; traditional patterns of conduct, patient desires and wishes, unqualified opticians, etc.—vary from community to community and from time to time.

The needs and desires of the patient are the elements that make up his free choice. We believe that when he visits the ophthalmologist who dispenses eyeglasses, the patient exercises a free and independent choice.

In this regard permit me to further quote the opinions of the American Medical Association's Judicial Council. The council has said:

"One of the most important principles of the association has been free choice of physician; and that the definition of free choice, which formerly appeared in the principles of medical ethics, was 'that degree of freedom in choosing a physician which can be exercised under usual conditions of employment between patients and physicians.' This principle should apply to choice of optician, choice of pharmacist, etc."

And, in an opinion published in 1963:

"A patient is entitled to a copy of his or her prescription for glasses, drugs, or appliances and he has the privilege of having the prescription filled wherever he wishes."

These two opinions are part of the policy of the association today.

In conclusion, let me summarize and emphasize the following:

1. The medical profession has given a great deal of thought to this matter. In its deliberations, it has recognized that practices differ among physicians as they provide services to their patients. Medicine has recognized that the rendering of medical service may be influenced by geographical, social, and traditional considerations. The record clearly establishes that for many years the medical profession has studied and discussed fully and freely the ethical aspects of dispensing by physicians so that guidelines could be established to protect the patients' interests. A universal prescription by the medical profession against physician dispensing would deny some patients glasses, require other patients to seek incompetent dispensers, and cause still other patients personal inconvenience.

2. There is a divergence in medical thinking regarding the dispensing of glasses by physicians. While some members of the American Medical Association believe that physicians should not dispense, apparently under any circumstances, the AMA house of delegates, by a majority vote and after many years of study and discussion, has declared that the dispensing of eyeglasses by a physician is not unethical if it is in the best interest of the patient.

3. The medical profession believes it has an obligation to render optimum medical service to its patients.

4. While some ophthalmologists do dispense, it is AMA policy that the patient be entitled to a copy of his prescription from the physician who refracts the eyes.

5. Under existing practices in the prescribing and dispensing of glasses, the patient has an extremely wide choice of alternatives. He may go to an optometrist or an ophthalmologist or an eye, ear, nose, and throat specialist, a department store or a discount center for his glasses. He may even buy reading glasses at many stores like the 10-cent stores, without any examination. Of all these alternatives, however, it is only within medicine that the patient has complete freedom of choice. Whereas one department store will not fill the prescription written in another department store, and whereas optometrists usually examine and dispense as a single service, only the patient of the physician usually receives a prescription which may be filled wherever he wishes.

Mr. Chairman, I have attempted to briefly trace the history of the American Medical Association's policy with respect to the dispensing of eyeglasses by physicians. We hope that we have shown that while there exists a difference of opinion among members of the medical profession, the association's position, which represents the majority view of its members, as shown in the action of delegates is both reasonable and equitable.

Since the committee may require some additional information, Mr. Chairman, or explanation, my colleague here, Mr. Holman, and I will certainly be pleased to answer any questions if we can that you may have.

Thank you, sir.

STATEMENT OF RALPH W. RYAN, M.D., ON BEHALF OF THE NATIONAL MEDICAL FOUNDATION FOR EYE CARE TO THE SENATE SUBCOMMITTEE ON ANTITRUST AND MONOPOLY THURSDAY, AUGUST 5, 1965

Mr. Chairman and members of the committee, I am Dr. Ralph W. Ryan, of 158 High Street, Morgantown, W. Va. My profession is the private practice of ophthalmology in a small town.

My training included 5 years in chemistry, physics, and mathematics at West Virginia University.

My medical training was at the University of Michigan. After a year of general internship I had 2 years in eye residency at Wayne County General Hospital at Eloise, Mich. I then had 2 more years training at the University of Michigan and received the master of science degree in ophthalmology in 1953. I also had special training in the Academy of Ophthalmology and Otolaryngology basic science courses and in pathology at the Armed Forces Institute of Pathology.

I am a diplomate of the American Board of Ophthalmology and a member of various medical organizations.

During the years 1953–55, I was in charge of eye research at the National Institutes of Health and held the rank of surgeon in the Public Health Service Reserve.

I am treasurer of the National Medical Foundation for Eye Care and chairman of the Foundation's Committee on Ophthalmic Assistants. I am also president-elect of the West Virginia Academy of Ophthalmology and Otolaryngology.

The National Medical Foundation for Eye Care is the national professional society of physicians in ophthalmology with which the State ophthalmological societies and academies are affiliated. Ophthalmology is the branch of medicine dealing with all matters pertaining to the eye and vision.

An ophthalmologist or oculist is a physician—a doctor of medicine—who specializes in the care of the eye and all its related structures. He has first completed the full course of general medical studies (which include the eye), received an M.D. (doctor of

medicine) degree, and served an internship in general medicine and surgery in an approved hospital. He has then taken additional specialized training ophthalmology—the branch of medical science dealing with the structure, functions, and diseases of the eye and of the visual system. The ophthalmologist has spent a minimum of 12 years after graduation from high school before he is eligible to be certified as a qualified eye physician and surgeon. The ophthalmologist is the only person legally and professionally qualified to diagnose and treat all eye disorders, whether blurred vision, injuries, cross-eyes, burns, or foreign bodies, glaucoma, cataract, retinal detachment, or any other eye ailment.

The ophthalmologist (M.D.) diagnoses and treats all visual problems and eye disorders. He prescribes whatever eye treatment is necessary, including the fitting of eyeglasses, contact lenses, optical aids for the partially sighted, and eye exercises (vision training, orthoptics).

The ophthalmologist uses eyeglasses, eye drops, eye ointments, and other medications, if necessary, in the examination and treatment of the eye. He diagnoses the need for eye surgery and performs eye surgery when it is required.

We will now consider the medical rights and responsibilities of a physician, and the basic factors in supplying optical aids that determine the best interests of the patient.

LEGAL AUTHORITY OF THE PHYSICIAN TO USE, FIT, AND SUPPLY GLASSES IN THE TREATMENT OF HIS PATIENTS

The legal authority of the physician to use, fit, and supply glasses in the treatment of his patient derives from his license to practice medicine. The practice of medicine embraces the use of any and all devices, means, and methods of treatment of mental or bodily ills, defect, or deformity. The majority of State statutes specifically so state. In no State is the physician limited. Indeed, it is unlikely that the courts in any State would relieve him of responsibility if he failed to use as indicated, medically accepted treatment on the excuse that either by law or by practice someone not a physician is permitted to engage in the act. The use of eyeglasses includes their fitting and supply. The States of Michigan, Ohio, Vermont, and South Carolina have been even more specific and have included in the definition of the practice of medicine the "furnishing" or "dispensing" or "supplying" of appliances used in the treatment of the patient.

Physician's responsibility and right: We direct attention to some fundamental principles which apply to the activities of the physician and his practice of medicine.

1. Every physician is legally, morally, and ethically obligated to render his services toward the best medical interests of his patient.

2. This service is performed under authority granted the physician by duly constituted State authority under whose jurisdiction he remains in all of his relations with his patients.

3. The physician has the obligation to exercise his right to supply any drug, therapeutic modality, or other item, or to supply and fit any product or prosthesis, or recommend or designate what person or persons shall carry out his orders in this connection toward the best medical interest of his patients, and he should discharge this obligation without restriction imposed by any other interest. The physician is ultimately legally and morally responsible for glasses he prescribes regardless of who supplies them.

4. Implementation of the physician's instructions toward his patient's best medical interest should not be impaired by any other consideration or the economic interests of any third party.

5. A physician is engaged in medical practice and not in trade or commerce, interstate or intrastate, in any of his relationships with his patients, whether or not he supplies drugs, spectacles, contact lens prostheses, or any other item indicated for his patient's medical welfare.

EYEGLASSES A FORM OF TREATMENT

Eyeglasses are a form of treatment of a physical condition which is a departure from the normal (error of refraction). Such abnormal conditions commonly give rise to symptoms. (In the absence of symptoms there is commonly no need for eyeglasses.)

The treatment of errors of refraction consists of:

1. Determining the nature of the optical defect and its significance per se, and determining the lens which will optically compensate for it.

2. Diagnosing the significance of this departure from the normal relative to all other departures from the normal (diseases) which may be present, and which, of course, must first be diagnosed.

3. Prescribing the optical characteristics of the lens when relief of the abnormal optical condition by eyeglasses or other visual aids is indicated.

4. Measuring the facial anatomical characteristics and stipulating the laboratory specifications for preparing the eyeglasses—frame and lenses—on the basis of the optical prescription date and the facial measurements so that when the glasses are properly prepared and adjusted the optical effect will be that prescribed by the physician.

5. Supplying the eyeglasses in conformity with the specifications.

6. Fitting the eyeglasses by adjusting the frame, with reference to the eyes, to the anatomy of the head, especially the nose and ears, and maintaining this fitting over a period of years.

7. Contact lenses have become an important means of treating errors of refraction. Such lenses fit directly on the delicate corneal tissue where the slightest abrasion due to poor fit, to accident, or to lack of sanitation may lead to infection and scarring with loss of vision or the loss of the eye. The State of Michigan has seen fit to prohibit opticians from dispensing or assisting in dispensing of contact lenses.

8. Lenses of inert plastic placed inside the front of the eye or in the cornea are now in use. These optical aids are obviously not in the province of the best trained dispensing opticians to supply, fit, or maintain.

Clearly such treatment is encompassed within the practice of medicine and all of these procedures are within the province of the physician. Clearly the joint performance of all of these acts is the prerogative of the physician alone, and in the course of such treatment the physician is continuously engaged in the practice of medicine. When the physician supplies glasses to his patient this is not a sale in the commercial sense of this term, but a service incidental to his general care of the patient. The glasses have no intrinsic value; they are provided incidental to the professional service of the taking of measurements, the writing of specifications, and fitting of glasses when physician and patient have agreed that this service is to be performed in the physician's office, and the supply of the glasses is a necessary incident to that service. The supply of glasses is comparable to the dentist's supply of a denture.

The physician has also the legal right to delegate the performance of the simple manual acts such as are described in parts 4, 5, and 6 above, to a nonphysician whose technical competence he has determined and who may or may not be in his employ, but over whom he exercises supervision in either case.

In the 1860's it first became possible to prescribe glasses scientifically, and by the latter part of the 19th century it was common practice. By the beginning of the present century physicians were frequently exercising their right personally to supply and to fit or control the fitting of glasses. This has been the continuous practice in many ophthalmological offices for over 50 years. It grew with the growth of the country in the Midwest and West.

In 1935 this was a very common practice and the medical profession vigorously and successfully opposed attempts of the Optical Retail Trade Code Authority under the National Industrial Recovery Act to levy assessments on physicians for each employee in the service of those physicians who supplied their patients with glasses. The American Medical Association was forthright in declaring that the physician who provided glasses solely for patients for whom he prescribes them "is not within the terms of that code. The fact that the physician charges for his professional service in prescribing and fitting glasses and spectacles does not alter the situation." (The Journal of the American Medical Association Mar. 9, 1935, editorial.) There has been no change in the medical position of the propriety and professional character of this service, although a change was proposed in December 1954 and was rejected after due consideration in June 1955.

It is not true that the American Medical Association made any major change in policy in 1955 or since then with reference to the ethical principles governing the supply of glasses. The medical profession has always held that a physician should derive his income from the rendering of services to his patient. Determining specifications for supplying, and fitting, and maintaining the adjustment of glasses is a professional service whether it is rendered in or out of the physician's office. What the medical profession has done in recent years is to make it unmistakably clear that this is a service.

There is evidence that the physician's practice of supplying glasses to his patient became more prevalent in the late 1940's after World War II with the shifting of population and the resultant changes in our American culture and moves. Following the Justice Department decree in 1954 (governing the relations between opticians and those physicians who did not supply glasses), there was a sharp rise in the cost of glasses in retail optical stores, and subsequent to this some physicians adopted the practice of direct supply. In 1955 a study of optical prescription laboratories indicated about 50 percent or more of American ophthalmologists supplied at least some of their patients with glasses directly.

In 1963 the National Medical Foundation for Eye Care conducted an ophthalmic practice survey. Over 25 percent of the Nation's ophthalmologists responded. The questions included practice regarding the supply of glasses. We are able to say on the basis of the reports that 41 percent of ophthalmologists do provide glasses directly.

When the question was repeated in another study on ophthalmic assistants in 1964 the figure was confirmed at 40.6.

We are not able to say whether any significant increase in the number of ophthalmologists who supply glasses to their patients has occurred in the last 10 years.

DELEGATION OF FITTING TO PHYSICIAN'S ASSISTANT

The optical fitting technician employed by the physician, is an ophthalmic assistant. Such ophthalmic assistants may also have other assigned duties to assist the physician in one or more of the many other areas of clinical ophthalmology in which the physician is supported by auxiliary medical personnel. Among these are the general ophthalmic assistant, the orthoptic technician, the nurse, and the perimetrist. Like these, the optical fitter serves the physician, assist-

ing him to render medical care to the patient.

DELEGATION OF SUPPLY TO DISPENSING OPTICIAN

An optician is a technician employed in a retail optical establishment, who, on the order of a physician, measures the face for, supplies, and fits glasses. He may or may not engage in any one or more steps of the fabrication of those glasses. He may be self-employed or employed by an individual or a corporation.

The relation of the physician to the dispensing optician fitter not in his employ is unlike the relation between physician and pharmacist. There are important differences. Although the physician cannot verify the work of the pharmacist in compounding and supplying medications, he can verify the accuracy of the work of the optician and determine whether or not his prescription order has been carried out. Thus he has responsibility for supervising the activities of the independent optician not in his employ. In turn the optician is responsible directly to the physician for the technical performance of his work as well as to the physician's patient, the optician's customer, for the business performance. The physician is the final judge of the optician's work and accepts or rejects the optician's work. It is the responsibility of the optician to supply those glasses and only those glasses which the physician has prescribed. In delegating the supply and fitting and measuring to the optician, the physician has assumed a responsibility for service outside his office and has not relieved himself of responsibility in the matter of the fitting and supply of eyeglasses. The courts have, on occasion, held that the mere facts of State licensure and self-employment of ancillary personnel does not relieve the physician of responsibility to select ancillary personnel competent to carry out his instructions. Opticians may strive for high standards of service; the physician maintains the standards; licensure has no bearing.

OPHTHALMIC PRACTICE SURVEY

Reference has been made to the ophthalmic practice survey of the National Medical Foundation for Eye Care conducted in 1963. Among findings of that survey were the following:

1. Forty-one percent of the ophthalmologists were in cities over 100,000 population, 16 percent in cities of about 100,000, and the remaining 43 percent are in cities of from 5,000 to 50,000.

2. Sixteen percent of ophthalmologists reported no optical store in their community. Another 10 percent reported none in their neighborhood.

3. Fifty-nine percent of the ophthalmologists reported they delegated the fitting and supply of all spectacles to persons not in their employ.

4. Forty-one percent of the responding ophthalmologists reported that they provided in their own offices for the fitting and supply and inspection of some or all of the spectacles that they provided.

FACTORS INFLUENCING THE INTEREST OF THE PATIENT IN THE SUPPLY OF GLASSES

Many factors enter into the determination of the patient's interest in the supply of glasses in the physician's office.

1. The most obvious circumstance in the absence of available commercial source of glasses. We do not consider this necessarily the most important factor. However, in small towns and rural areas patients may have to travel as much as 100 miles to a dispensing optician.

2. The patient is spared the inconvenience of making multiple trips to multiple locations to obtain his complete medical care from examination to inspection and delivery of glasses when glasses are a part of that care. Most patients with experience with both types of service prefer direct supply. There is a special advantage in this respect for the elderly and infirm.

3. Despite contrary claims the cost of glasses supplied through the office of the physician has been found to be from $2 to $10 or $15 less than through commercial sources. This differential does not represent any difference in the glasses. Some optical firms who operate stores where they supply glasses to the public also operate laboratories to supply glasses to the physicians. Our figures are based on the optician's price to the patient and the doctor's charge to the patient for the same glasses made by the same optician. In the case of cataract glasses the saving may be as much as $25.

4. The ophthalmologist is able to exercise more rigid control over quality of the workmanship and the excellence of the fitting and adjustment.

5. There is frequently an additional savings to the patient in that he is not encouraged, frequently discouraged, from purchasing a new frame when he has glasses which require only a change of lenses. (Opticians whose charges are entirely reasonable have informed us that they make a practice of encouraging the patient to consider the acquisition of a new frame in similar circumstances.) A further savings to the patient may occur as a result of his procuring a single pair of glasses when sometimes with less supervision by the physician the patient is supplied with additional pairs of glasses not made mandatory by the prescription.

6. The patient has the distinct advantage of being able to hold one person completely responsible for his total care. Many patients have indicated that this is an element of great importance to them.

7. Avoidance of interference with the cultural pattern of the community: Many patients have long been accustomed to getting their glasses from the prescriber, who may not have been a physician. The general trend in America today is to seek an upgraded health service and more people are turning to the ophthalmologist. They frequently do not welcome the idea of being advised to go elsewhere for their glasses after the physician has prescribed them. (There are also the cultural patterns of individual community groups. Thus, one ophthalmologist in Pennsylvania has a practice which comprises two distinct groups. The one comes from the suburban area, with many of the patients working in Philadelphia. A substantial number of these patients, he finds, are happy to visit an optical store. The other large element in his practice is from a rural area occupied by a minority group who avoid all city ways; they would never think of consulting him if he did not provide their glasses in his office.)

8. In addition to the benefits which accrue to the patient for whom the physician supplies glasses, patients whose physicians do not supply their glasses also benefit. We believe the physician's potential for supplying those glasses tends to reduce the cost of glasses from commercial sources.

SOURCES OF GLASSES IN AMERICA

On the basis of information from optical manufacturers regarding their distribution of eyeglasses it is known that in 1955 ophthalmologists prescribed about half the glasses in the United States. The ophthalmologists supplied directly to the patient about 20 percent of the total glasses, dispensing optical establishments supplied approximately 25 percent of the total, and approximately 55 percent were supplied by optometrists. Most of the glasses supplied by optometrists are prescribed by optometrists; the remainder of those they supply are prescribed by physicians. They do not prescribe glasses to be supplied by other persons except in those circumstances where the optometrist is himself employed by a retail optical establishment.

REMUNERATION FOR THE SERVICES OF MEASURING, FITTING, AND CONTINUED MAINTENANCE-ADJUSTMENT OF EYEGLASSES

The cost of the optical service for eyeglasses supplied by the physician, is determined by the value of the service of measuring, fitting, and continued maintenance-adjustment for several years, relative to the value of other medical services in the physician's office, plus the actual laboratory cost of the glasses.

Opticians appearing as witnesses before the Senate subcommittee have seen fit to make charges of improper conduct on the part of physicians. Some of these statements we have good reason to believe to be false and others we know to be false. Others we know do not accurately represent all of the facts. It has also been reported that some physicians who did not themselves supply glasses to their patients proposed improper relations with opticians. The remedy for charges of improper conduct whether by physicians who do not suuply to their patients or who do supply glasses to the patient is for the optician to supply whatever factual information he has to the local county medical society. The only complaints which have been filed with county medical societies in recent years in this connection, to our knowledge, are charges that the physician supplied glasses in cities where the optician who sought to render this service to that physician's patient. This is not a charge of improper conduct by the physician but a charge of conduct not in the interest of the optician.

It is significant that when similar charges of improper conduct were presented to representatives of the medical profession by spokesmen for the opticians, the opticians were asked whether the objectionable situations that were described were the basic problem, or whether the problem was primarily one of the supplying of glasses by physicians to their patients in areas where there were optical stores available to supply the glasses. The reply of the opticians was, "The major problem is a second case."

NONMEDICAL FACTORS AFFECTING THE DISTRIBUTION OF GLASSES BY OPTICIANS

The service of measuring and fitting is a substantial service, although not requiring the same degree of knowledge and skill that is required for services which the physician must himself entirely perform. A charge for the service, no matter by whom it is performed, is entirely proper. If this were not so, no optician could conceivably justify what he terms the "price of glasses."

We make no attempt to explain the reasons for the failure of any one or more or any percentage of optical establishments. We do wish to direct attention, however, to the numerous factors which opticians, perhaps through oversight, have not brought to the attention of the committee.

1. In the last 10 or 15 years a number of changes have occurred affecting the distribution of glasses by opticians. One of these has been the move of a large proportion of the population to the suburbs.

2. A second has been the move of ophthalmologists to the suburbs.

3. A third has been the increasing trend for ophthalmologists to move or establish de novo their practices in small communities. This has been made possible by the wisdom of the Congress in establishing the Hill-Burton program which made it possible for many small communities to establish adequate hospitals which are necessary to the practice of medicine in the branch of ophthalmology. Prior to the Hill-Burton program, many towns did not have adequate hospital facilities. Without such facilities, ophthalmologists could not move to the smaller communities. These communities

the ophthalmologists frequently found to be without opticians.

4. People in these smaller communities had frequently been obtaining their glasses without prior examination by a physician. There has been an upgraded demand for optimum health services. When such patients turned to the physician for complete eye examination, they looked to the physician also to provide the convenience of the direct supply of glasses to which they are accustomed. The cultural pattern of these communities is a major factor in determining the manner in which the physician provides for his patients to obtain their glasses when he moves into such a situation. Finally, there is a growing trend on the part of industrial employers to provide their employees with prescription eyeglasses which are paid for in whole or in part by the employer and are purchased by the employer from the manufacturer or laboratory. Industrial employers commonly do not make adequate provisions for the fitting of these glasses. As a result the opticians, in large urban areas where this practice affects a significant portion of the population, are deprived of the business of providing this service and deprived of the income they would otherwise receive for this service on glasses they would supply.

SUMMARY

The supplying and fitting of eyeglasses, which the physician has prescribed, is never an improper service, whether it is performed in or out of the physician's office so long as it is done pursuant to the physician's order. To receive remuneration for furnishing this service, no matter who furnishes it, is not improper. To supply glasses to his patient is the right of the physician where he finds it indicated in the patient's interest, and this determination of interest is the responsibility of the physician.

Any inference with or restriction of this right of the physician would be in conflict with the physician's legal responsibility in his practice of medicine to the proper State authorities, would be against the interest of the patient. This is true also of the patients of physicians who do not include this service of fitting and supply in their practices, for their patients benefit from the beneficial effect on the cost of glasses from opticians which naturally results from the fact that the physician may legally and ethically provide glasses whenever the patient's interest indicates. In the case of patients in the smaller communities, to prohibit the supplying of glasses by the physician would be to ask the patient to choose between abandoning medical care in favor of local sources of glasses without prior examination by a physician on the one hand, and traveling long distances—often 50 miles and more—to a commercial source of supply of eyeglasses.

Ophthalmological service would not be possible in small communities if the physician were prohibited from supplying glasses. If ophthalmologists are obliged to abandon practice in the rural communities, there will be an increased interval between the onset of disease and the time that the patient arrives in the office of the ophthalmologist. The vast majority of patients in whom the diagnosis of eye disease is made by the ophthalmologist come to the ophthalmologist thinking they need only glasses to relieve their symptoms, and they frequently come to him because they recognize his office as a source of medical care with which the provision of glasses is associated. If the ophthalmologist, who has been brought closer to the people in the smaller towns by the Hill-Burton program, is now to be driven back to the city, it can only be to the detriment of the public. It would mean an increase in preventable blindness with the human misery and suffering that accompanies it.

To conclude we stress the following facts:

1. The use of visual aids whether spectacles, sunglasses, prisms, contact lenses, intraocular lenses, or intracorneal lenses are part of the medical treatment which a physician may use to treat eye disorders.

2. Since the proper fabrication, placement, and maintenance of these visual aids determines their effectiveness, it is clearly within the legal and ethical province of the physician to either carry out or to supervise others in carrying out these services to patients.

3. Since these aids are furnished as a service, it is ethical for a commensurate charge to be made for such service just as in any service a physician gives.

4. Since the physician is responsible for the entire visual aid service regardless of who actually places the aids on the patient's eyes, it is entirely within his right to insist that the ophthalmic assistants whom he utilizes be within reach of his constant and effective supervision.

5. There is no one more competent to give medical services than the physician who has many years of training in this field. Only the physician responsible for the individual patient is qualified to determine what service for that patient may be delegated to one who assists a physician.

6. To prohibit physicians from furnishing visual aids to their patients in the best way they can will be against the best interests of their patients:

(a) It will create unnecessary inconvenience for patients in many rural areas and small towns.

(b) It will prohibit the physician from carrying out a medical function which nonmedical personnel, such as optometrist and opticians, are permitted to carry out.

(c) It will limit the choice of the patient as to where and how he obtains his visual aids.

(d) It will act as a deterrent to eye physicians practicing in the smaller communities, thus making medical eye care difficult to obtain. As a result it would adversely affect the implementation of the philosophy of the medical profession and the policy of the present Government administration that the best medical care shall be made available to all communities.

(e) It will give a group of men with limited technical training and with an interest only in a commercial enterprise a monopoly of the furnishing of the visual aids that physicians prescribe. This will surely increase the cost of such aids to the public.

(f) It will encourage other types of paramedical personnel to try by legislation to take control of various portions of medical care to the exclusion of the trained medical specialist in that field.

(g) It will surely make more difficult the effective control of eye diseases and disorders and will increase blindness with its misery throughout the United States.

Mr. Chairman, I wish to thank you for this opportunity of presenting the views of the National Medical Foundation for Eye Care. I will now be pleased to attempt to answer any questions which the committee may have.

REPEAL OF SECTION 204(f) OF FEDERAL POWER ACT

Mr. METCALF. Mr. President, I am today introducing legislation to repeal section 204(f) of the Federal Power Act. That is the provision which excludes from Federal Power Commission jurisdiction the regulation of security issues by an electric utility "organized and operating in a State under the laws of which its security issues are regulated by a State commission."

The effect of section 204(f) is to prohibit Federal Power Commission regulation of security issues of most power companies. There are only four States in which there is no State commission with power to regulate security issues by public utilities. Those States are South Dakota, Minnesota, Texas, and Iowa. The FPC claims jurisdiction over security issues of 17 power companies in these four States. Five of the seventeen companies contend that they are not under FPC jurisdiction. In addition, FPC has jurisdiction over the security issues of 11 power companies which are incorporated in one State but operate in another, and of one company whose charter makes it not subject to State regulation. These 29 power companies whose securities are subject to FPC regulation constitute approximately 13 percent of the 216 major power companies in the Nation.

Section 204(f) was apparently based on the presumption that State regulatory commissions could and would regulate security issues of utilities within their States. Unfortunately, in many instances, the presumption has been proven invalid. The failure of State regulatory commissions in this respect is illustrated by the rapid growth of restricted stock option plans within the electric power industry.

A restricted stock option is a right, extended by a company to a limited number of persons, to purchase common stock in the future, at the price for which the stock sold when the option was granted. A case can be made for granting stock options in risk enterprises whose success or failure depends largely on the ability of executives to develop and sell a product profitably in a competitive market. However, electric utilities are not in that category. They have a monopoly within their service area. They sell an essential product. Their revenue is related more to the size of their investment than it is to competition in the marketplace. The law requires that the utilities' rates be sufficient to cover all expenses, including taxes and salaries, plus profit. Free enterprise businesses fail at the rate of more than 15,000 a year. In contrast, electric utilities, as agents of the State, are not permitted to fail or even to fail to make a profit.

Generally speaking, stock option plans can lead to extraordinarily high income which is not necessarily related to executive performance. Factors other than executive ability lead to bright prospects for an industry and higher and higher market prices of stock. This is especially true in the case of electric utilities. Our expanding economy requires a doubling of electric energy every 10 years. The market value of electric utility stocks has been consistently, and in some cases spectacularly, climbing upward. Utility issues are often recommended by investors as "growth" stocks.

When millions of dollars worth of stock are sold to power company officials holding stock options at a fraction of the market value, both the stockholder and the electric consumer suffer. The

loss of capital, because of the sale of stock at the below-market option price, amounts to capital foregone. Capital has to be raised somewhere else. Increasingly, that money comes from the electric consumers.

The industry phrase for this practice is "internal cash generation." The consumer is forced to contribute capital through his electricity bill. But the consumer receives no stock, no dividends, no equity, no options.

In 1954 internal cash generation provided one-third of the power industry's total construction expenditures. By 1963, internal cash generation provided almost two-thirds of the industry's construction needs. Electricity rates are so high, in proportion to need for utility operations, expansion, and profit, that relatively little or no stock has to be sold in order to raise money. About half of the power companies in this country do not plan to sell any more common stock during the rest of the sixties. Some companies are "internally generating" up to 120 percent of the funds they need for new construction. This revolution in utility financing makes the market for utility stocks even more attractive. And, of course, the company insiders who bought their stock at $25 or $50 per share receive as large a dividend as the ordinary stockholder who paid $100 for his share, purchased on the same day.

Mr. President, ordinary power company stockholders are powerless to stop this dilution of their equity by issuance of restricted stock options. Power companies are run by management, by proxy. At the 1963 annual meetings and elections of the then 222 major power companies, every single vote was cast by proxy or by holding company in almost 60 percent of the cases. More than 99 percent of the votes were cast by proxy or holding company in about 85 percent of the meetings. More than 90 percent were cast by proxy or holding company in about 94 percent of the meetings. In the remaining 6 percent, a few individuals or companies together cast a majority of the vote.

Electric consumers are likewise powerless to prevent dilution of stock by options and consequent forced contributions of capital by the consumers. The regulatory commissions are supposed to protect the interests of both the stockholder and the ratepayer. But in a number of States regulatory commissions have nevertheless approved stock option plans for investor-owned utilities.

Use of restricted stock options by utilities is a relatively new development. It began in the early fifties, after Congress permitted profits from sale of stock to be taxed as a capital gain, at a maximum rate of 25 percent, rather than as ordinary income.

In 1953, an option plan was approved by stockholder proxy votes for Texas Utilities, the holding company which controls Dallas Power & Light, Texas Electric, and Texas Power & Light. Texas is one of the four States which does not have a State commission with power to regulate security issues by public utilities—in fact there is no State commission regulation of electric utilities in any way in Texas. Texas Utilities did not have to go before any commission to start its stock option plan. During that same year a stock option plan was initiated by Eastern Gas and Fuel Associates, one of whose subsidiaries is an electric utility, Boston Gas. Central Kansas Power and Montana Power initiated their option plans in 1954 Green Mountain Power, Vermont, and Nevada Power in 1955, Southwestern Public Service, Texas, in 1956. Cleveland Electric Illuminating, Missouri Utilities and United Gas Improvement—a combination electric-gas company in Philadelphia—joined the option club in 1957, Kansas City Power & Light, New Mexico Electric Service, and Washington Water Power in 1958, Tampa Electric in 1960.

Because of the relief from FPC regulation granted by section 204(f) of the Federal Power Act, only one of those companies had to obtain Federal Power Commission approval of its stock option plan. That one exception was Montana Power. It was then headquartered in New Jersey, but operating principally in Montana, and thus came under FPC jurisdiction. In 1956, when its stock option plan was considered by the FPC, approval was not difficult to obtain from the FPC. The Commission approved the Montana Power stock option plan without even holding a hearing. Let me point out here that none of the present members of the Commission were on it at that time.

Utility use of stock options accelerated about 6 years ago. Holding companies subject to jurisdiction of the Securities and Exchange Commission had not been able to initiate option plans by simply going to the State regulatory commissions. The big holding companies had to obtain approval of the SEC. Shortly before the 1960 election Middle South Utilities, the New York holding company which controls Arkansas Power & Light, Louisiana Power & Light, Mississippi Power & Light, and New Orleans Public Service, asked the SEC for approval of its proposed stock option plan. SEC overruled strong staff objections to the proposal and approved it on February 7, 1961. A few days later, SEC approved the stock option plan of Ohio Edison, which controls Pennsylvania Power. The following year SEC approved the stock option plan of Central and Southwest, a Delaware holding company which, from a Chicago office, controls four southern and southwest power companies—Central Power & Light, Corpus Christi, Public Service Co. of Oklahoma, Southwestern Electric Power, Shreveport, and West Texas Utilities. During the early sixties two more companies, whose security issues are not subject to Federal regulation, initiated stock option plans. They are Central Louisiana Power and Florida Public Utilities.

Thus 32 power companies, at least, now have stock option plans. I say at least because there may be others. The literature in this field is scant. For some reason, power company officials do not issue press releases or make speeches about stock options. One may find some footnoted references to stock option plans in small type in annual reports of utilities. Sometimes the annual reports make no mention at all of the scope or even the existence of the option plans.

It is impossible to determine the profits obtained through utility stock options and to consider these profits in ratemaking. The entire system of utility regulation rests on the accounting system. No one knows what the future price of stock will be. Therefore, option profits are over and above the salaries and fringe benefits which are considered in establishment of rates. Those salaries and fringe benefits are not inadequate. Median annual salary for chief executives of the largest municipal power systems—those city-owned systems with gross revenues exceeding $10 million annually—was $20,000 in 1963. In contrast, in 1963, the average salary of chief executives of investor-owned utilities was $89,000. Their annual retirement benefits averaged 42 percent of annual pay.

Officials of some investor-owned utilities receive, in addition to their generous salaries and retirement plans, hundreds of thousands of dollars each, in stock option benefits. For example:

G. L. MacGregor, president of Texas Utilities, has picked up about $350,000 in windfall option profits since 1957. The $350,000 windfall is the difference between what he paid for stock and the prices which ordinary stockholders paid for the same number of shares purchased when he bought his.

President W. W. Lynch, of Texas Power & Light, has picked up about $200,000 in option windfalls since 1957.

Chairman of the Board H. L. Nichols, of Southwestern Public Service, has made about $200,000 on options.

Southwestern's president, A. R. Watson, has made about $180,000 on options.

President C. A. Tatum, Jr., of Dallas Power & Light, has made about $100,000 on options.

R. O. Linville, vice president and controller of Kansas City Power & Light, made about $100,000 in one stock option transaction last year.

Chairman of the Board Elmer L. Lindseth, of Cleveland Electric Illuminating, has received approximately $225,000 in windfall profits from options since 1962.

Chairman of the Board Kinsey Robinson, of Washington Water Power, made approximately $78,000 in one stock option transaction last year.

Stock option beneficiaries are accorded tender tax treatment. When the stock is sold the tax is at the long-term capital gains rate, of 25 percent or less. If the executive is well-advised by tax experts he gives some of his stock away, to his wife, his children, to a family foundation, his favorite charity, or even—in the case of one Texas utility executive—to a prospective daughter-in-law. In these cases the optioned executive does not pay any tax at all. Furthermore, in many cases, the market value of the stock, rather than the lesser option price which he paid, can be deducted from his own personal income before taxes.

In this way his family is happy, his favorite charities are happy and he becomes known as a great philanthropist, viewed with reverence and respect by the ordinary power company stockholders and customers, who are blissfully unaware that it was in a sense their money which he gave away.

Last year the Federal Power Commission came to grips with the stock option abuse. In a landmark decision, which I shall later insert in the RECORD, the Commission disapproved a stock option plan proposed by the Black Hills Power & Light Co. Thus, the Commission now has a public interest policy. However, because of section 204(f) of the Federal Power Act, the Commission has few places to apply this sound policy.

The Black Hills Power & Light Co. was only the second stock option plan to come before the FPC. As indicated previously, the Commission now has jurisdiction over security issues of only 28 power companies. Commission jurisdiction fails to reach almost 200 of the major companies.

A power company, thanks to section 204(f), can escape from FPC jurisdiction over security issues by doing two things: First, simply moving company headquarters to the State where it operates; and second, getting through the State legislature a law vesting authority over utility security issues in the State public service commission.

To illustrate how a company escapes jurisdiction, and the consequent detriment to the public interest, I cite the case of the utility which serves my Helena home.

In 1951 a law satisfying the second provision of section 204(f) slipped through the Montana Legislature. The Governor of Montana was then John W. Bonner. He vetoed the bill. Governor Bonner states in his veto message of March 1, 1951:

> The Montana Public Service Commission does not have the facilities or the personnel to pass upon the issuance of securities of any corporation. * * * The existing Federal agencies have the trained personnel and the experience necessary for the uniform examination, investigation, and regulation of public utility corporations, and the interest of the people will be better safeguarded by retention of the present system.

Ten years later, in 1961, a similar bill slipped through the Montana Legislature. John W. Bonner was no longer Governor. The bill was signed into law.

That same year the Montana Power Co. moved its headquarters from New Jersey to Montana, thus satisfying the other condition set forth in section 204(f). The company, whose first stock option plan had been approved without hearing by the Federal Power Commission in 1956, by 1961 had obtained stockholder approval—by proxy—of a second stock option plan. Because of the new State legislation and the move home from New Jersey to Montana, the company did not have to obtain approval of the Federal Power Commission in 1961, a commission which, under Chairman Joseph Swidler, was safeguarding the interests of the electric consumers and the ordinary stockholders. All the company had to do was obtain the approval of the Montana Railroad and Public Service Commission which, as Governor Bonner had observed, did not "have the facilities or the personnel to pass upon issuance of securities of any corporation."

The approval of the State commission was obtained. Company officials began to exercise options granted under the company's second stock option plan.

Mr. President, the enormity of this stock-watering option scheme is staggering. This one company has set aside 750,000 shares of stock, about 10 percent of the company's total stock, about $30 million worth of stock for sale to company insiders at the option prices. Some of them can buy stock for approximately one-third or one-fourth of its price to ordinary stockholders. More than 100 persons are participating in the stock option plan. Already approximately 500,000 shares—7 percent of the total stock—have been purchased by company insiders at a fraction of their market value through exercise of options.

The president of the Montana Power Co. has already acquired or has options on about $3 million worth of stock. In one day he picked up $370,000 on a stock option transaction. He made more in that one transaction than the three members of the State public service commission and its 18 staff members make in salary in 2 years.

The company has not disclosed who most of the optioned elite are. This failure to disclose option beneficiaries is not uncommon among power companies.

Mr. President, utility regulator commissions in many other States are as poorly equipped as the one in mine to delve into and evaluate the intricate financial proposals of the Nation's largest industry. Regulatory commissions in about half the States have staffs of less than 50 persons. Yet these commissions are charged with regulating from 2 to 19 different types of business, involving hundreds, sometimes thousands of companies. In one State, Delaware, the commission staff consists of eight people. The commissioners there receive a salary of $4,500 a year, or $86.54 per week. In Nevada the commission recently asked the legislature for enough funds to hire a full-time attorney. In a number of States the commissions rely on data submitted by the utilities because the commissions simply do not have the staff to make independent studies.

Mr. President, the bill which the cosponsors of this legislation and I introduce today is in the public interest. It is time to assign regulatory responsibility to a commission which has the facilities and competence to evaluate proposed security issues and the fortitude to say "No" to powerful persons who seek special favor at the expense of power company investors and the millions of electric consumers who are unable to shop for a bargain in electricity.

Mischievous section 204(f) was not a part of the legislation originally proposed by Senator B. K. Wheeler and the late Speaker Sam Rayburn, who coauthored the Federal Power Act of 1935. Section 204(f) has led to abuse and it should be repealed.

Mr. President, I ask unanimous consent to insert immediately following these remarks a list of those few companies whose security issues are now subject to FPC regulation, the text of the FPC order and opinion number 433 dated June 30, 1964, in which the objections to a stock option plan by a public service company are elaborated, and the text of my bill.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill, list, and opinion will be printed in the RECORD.

The bill (S. 2569) to repeal the provisions of the Federal Power Act which exempt from Federal Power Commission regulation the issuance of securities by public utilities subject to certain State regulation, introduced by Mr. METCALF, was received, read twice by its title, referred to the Committee on Commerce, 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 effective on the thirtieth day after the date of enactment of this Act, subsection (f) of section 204 of the Federal Power Act (16 U.S.C. 824c (f)) is repealed.

The list and opinion presented by Mr. METCALF are as follows:

SUMMARY OF FPC JURISDICTION OVER SECURITY ISSUES UNDER SECTIONS 204 AND 318 OF THE FEDERAL POWER ACT

I. STATES IN WHICH FPC HAS JURISDICTION BECAUSE THERE IS NO STATE COMMISSION WITH POWER TO REGULATE SECURITY ISSUES BY PUBLIC UTILITIES

[Companies affected and State of incorporation in parentheses]

South Dakota: Black Hills Power & Light Co. (South Dakota).

Minnesota: Minnesota Power & Light Co. (Minneapolis); Northern States Power Co. (Minnesota); Otter Tail Power Co. (Minnesota).

Texas: Community Public Service Co. (Texas); Dallas Power & Light Co.[1] (Texas); El Paso Electric Co. (Texas); Gulf States Utilities Co. (Texas); Houston Lighting & Power Co.[1] (Texas); Southwestern Electric Service Co.[1] (Texas); Texas Electric Service Co.[1] (Texas); Texas Power & Light Co.[1] (Texas).

Iowa: Iowa Electric Light and Power Co. (Iowa); Iowa-Illinois Gas & Electric Co. (Iowa); Iowa Power and Light Co. (Iowa); Iowa Public Service Co. (Iowa); Iowa Southern Utilities Co. (Delaware).

II. COMPANIES INCORPORATED IN ONE STATE BUT OPERATING IN ANOTHER (EXCEPTING THOSE OTHERWISE EXEMPT)

Idaho Power Co. (incorporated in Maine, operating in Idaho).

Interstate Power Co. (incorporated in Delaware, operating in Illinois, Iowa, etc.).

Iowa Southern Utilities Co. (incorporated in Delaware, operating in Iowa).

Kansas Gas and Electric Co. (incorporated in West Virginia, operating in Kansas).

Consumers Power Co.[1] (incorporated in Maine, operating in Michigan).

Detroit Edison Co.[1] (incorporated in New York, operating in Michigan).

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[1] These companies are jurisdictional according to the Bureau of Power list of January 1, 1963; formerly they had been classified as intrastate. The companies maintain they are not jurisdictional and they have not sought FPC approval of their security issues.

Citizens Utilities, Inc. (incorporated in Delaware, operating in Arizona, Idaho, Vermont).

Montana-Dakota Utilities, Inc. (incorporated in Maine, operating in Montana, North Dakota, South Dakota, Wyoming).

Pacific Power & Light Co. (incorporated in Maine, operating in five other States).

Northwestern Public Service Co. (incorporated in Delaware, operating in South Dakota).

Western Power & Gas Co. (incorporated in Delaware, operating in Colorado).

Special situation: Holyoke Water Power Co. (Massachusetts).

This company is subject to FPC regulation with regard to security issuance because provisions of its charter make it not subject to Massachusetts public utility regulation.

Holding company subsidiaries

Utilities whose security offerings are subject to SEC review under the Public Utility Holding Company Act are not required to seek FPC approval thereof despite any of the foregoing conditions.

UNITED STATES OF AMERICA,
FEDERAL POWER COMMISSION.

BLACK HILLS POWER & LIGHT CO., DOCKET NO. E-7046, OPINION NO. 433—OPINION AND ORDER DENYING AUTHORITY FOR ISSUANCE OF COMMON STOCK (ISSUED JUNE 30, 1964)

(Before Commissioners Joseph C. Swidler, Chairman; L. J. O'Connor, Jr., Charles R. Ross, Harold C. Woodward, and Davis S. Black.)

Chairman SWIDLER. This case involves an application by Black Hills Power & Light Co. (Black Hills or applicant) for authorization under section 204 of the Federal Power Act to issue and sell up to 10,000 shares of common stock to executives and key employees under a restricted stock option plan approved by the Black Hills stockholders in April 1962.[1] In June 1962, options to purchase 7,400 shares were granted to 16 key officers and employees at a price of $37.25. Options on 2,600 shares were reserved for future use.

Briefly, the plan provides for the issuance and sale of up to 10,000 shares of optioned stock prior to February 1, 1982. Options for terms of up to 10 years may be granted at any time before February 1, 1972. The price for the optioned shares, which is fixed at the time of issue of the option, is to be not less than 95 percent of the market price of the stock on the date of the grant, the limit provided in the Internal Revenue Code of 1954 for realization of the full tax benefit under section 421. The options are exercisable only by the grantees during their respective lifetimes (or in the event of death by their heirs within 1 year); are not exercisable for 1 year from the date of grant; and are exercisable to the extent of 25 percent of the optioned shares for each year after the first year, provided the grantee remains in the employ of the applicant or a subsidiary. The plan is to be administered by a committee comprised of members of the board of directors.[2] This committee will determine when and to which employees options shall be granted.

The application was filed July 23, 1962, in accordance with our rules but without detailed information as to the justification for the plan. The Commission initially disposed of the application without hearing, denying approval of the applicant's plan by a vote of 3 to 2.[3] The Commission found that "* * * where a company proposes to sell stock for purposes other than the raising of needed funds, and particularly where the beneficiaries are top management officials of the company, we should authorize the proposal, if at all, only after a comprehensive showing that the proposal, in its mode of operation as well as basic intent, is reasonably necessary or appropriate to achieve some lawful object of the company and otherwise compatible with the public interest."[4]

On January 24, 1963, Black Hills applied for rehearing, indicating that it was prepared to show that the criteria of section 204 had been met. Rehearing was granted February 21, 1963, and a hearing was ordered so that both the applicant and the Commission staff might have an opportunity to introduce comprehensive evidence. The hearing was held in June 1963, and on November 26, 1963, the presiding examiner issued his initial decision (1) authorizing the issuance and sale of 7,400 shares upon condition that the option price be changed from $37.25 per share to not less than $43.60 per share, and (2) denying authorization for the remaining 2,600 shares without prejudice to the filing of further applications at such times as options for such stock are granted. Exceptions to the examiner's decision were filed by staff, and the applicant filed a reply to staff's exceptions.

The issues in this case are framed by the provisions of section 204 of the act, under which the Commission is employed to authorize the issuance of securities by a public utility. Section 204(a) provides:

"No public utility shall issue any security * * * unless and until, and then only to the extent that, upon application by the public utility, the Commission by order authorizes such issue or assumption of liability. The Commission shall make such order only if it finds that such issue * * * (a) is for some lawful object, within the corporate purposes of the applicant and compatible with the public interest, which is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and which will not impair its ability to perform that service, and (b) is reasonably necessary or appropriate for such purposes."

Under the criteria set forth in the quoted paragraph, the Commission must give consideration first to the object or purpose of the stock issue, and second to its use as a means of accomplishing that object or purpose. With respect to the object or purpose, the Commission must determine the following: (1) That it is lawful; (2) that it is within the corporate purposes of the applicant; (3) that it is compatible with the public interest; and (4) that it is necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility and will not impair its ability to perform that service. With respect to using a stock issue as a means of accomplishing that object or purpose, the Commission must determine that it is reasonably necessary or appropriate to that end. Unless the Commission can make these statutory findings, the application must be denied.

Although applicant indicates that it will utilize the net proceeds from the stock sales for additions and improvements to its properties, the stock option plan is not designed to secure additional capital. The fundamental and admitted purpose of the issue is to provide for additional compensation for key executives beyond present salaries by allowing optionees to purchase stock, at a discount and under favorable tax conditions, and to share in company profits through dividends and capital gains. The plan purports to provide an incentive for such personnel to remain with the company and for qualified new people to seek employment. The issue in this case is whether this plan is compatible with the public interest within the meaning of section 204.

The Commission staff raises serious questions with respect to (a) the compatibility of stock options with the public interest, (b) their consistency with the performance of the applicant's services as a public utility, and (c) the reasonable necessity or appropriateness of using stock options to accomplish the stated purpose of the plan. Staff's objections are directed both to Black Hills' specific proposal and to all restricted stock options plans for regulated public utilities.

The applicant presented three witnesses who urged the approval of stock options as a means of executive compensation. They stated that the option plan was adopted only after prolonged study of the need to retain and attract key personnel and of the possible alternative methods of providing the necessary incentive; and that it was approved at the annual meeting of stockholders held on April 10, 1962. Further, they noted that the plan has since been favorably received by the optionees. They testified that the option plan offers benefits to both the optionees and the company which are absent in increased salary compensation, and that the company is already paying salaries as high as its economics will permit. The witnesses emphasized that Black Hills is a small company, operating in a rugged terrain and in competition with the service furnished by rural cooperatives, as well as with natural gas service; that the company needs an aggressive management to insure its growth and prosperity; that, being a small company, key personnel have broad responsibilities, thus making the company dependent upon their services at the same time that their broad experience made them highly attractive to other companies looking for executive talent; and that Black Hills must compete for managerial and executive talent with companies paying higher salaries and offering employee stock options. They also presented testimony to show that consideration was given to the impact of the stock options on the company's financial situation; that, since the option price exceeds the book value of the outstanding shares, in their view there would be no impairment of the capital structure; and that the number of shares subject to options is small in relation to the number of outstanding shares, thus precluding the possibility of any serious dilution of the per-share earnings or of any substantial adverse impact on the cost of equity capital and the rates charged to the company's utility customers, pointing out that the proposed issue of 10,000 shares represents 2.22 percent of the approximately 450,000 shares currently outstanding.

Staff's presentation, while directed to the specific proposal by Black Hills, was designed also to show that public utilities generally should not be permitted to use restricted stock option plans. The staff witness took the position that the inevitable inability to determine the cost of such plans violates public utility accounting principles and frustrates regulatory supervision and control; and that because of the difficulty of evaluating the dollar impact of such plans, executives may be inclined to a philosophy in which they would be preoccupied with obtaining excessive compensation to the detriment of both consumers and shareholders. He stated that there is no direct relationship between executive efficiency and stock market prices for regulated utilities, so that it cannot be assumed that the stock

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[1] The recent amendments to the Internal Revenue Code, secs. 421–425, 78 Stat. 19, 63–71, placing further limitations on the terms of stock option plans for income tax purposes would necessitate some changes in the instant application.

[2] Article III of the plan provides that neither the members of the committee nor any member of the Board of Directors who is not an officer or employee of the company shall be eligible for options under the plan.

[3] 28 FPC 1121 (1962).

[4] Id. at 1125.

option type of compensation will encourage such efficiency.

The staff witness emphasized the hidden nature of option costs, the dominance of factors other than managerial efficiency in determining earning power and profits, and the possibilities of dilution as the primary reasons for denial of stock options to regulated utilities. He further testified that these public interest considerations warrant a denial of Black Hills' application even though in this case dilution is not a "particularly significant problem," because of the possibility that approval of one such plan was likely to encourage the filing of more ambitious plans with hidden and cumulative costs equally difficult to appraise.

For these reasons staff argues that such plans are not appropriate to compensate management and would impair the company's ability to perform the services of a public utility and are, therefore, not compatible with the public interest within the meaning of section 204(a).

The examiner, reviewing the testimony of the applicant's witness with respect to the need for the stock option plan and the advantages which prompted the company to adopt the plan, found the plan to be reasonably necessary or appropriate for its intended purpose. He accepted the testimony of the applicant's witnesses that the company is paying salaries as high as its financial situation warrants, making further increases impracticable. He further noted the impossibility of making a meaningful comparison of benefits between stock options and salary increases, since many benefits, other than the additional dollars received, must be considered in connection with the stock options. He concluded that even if it were possible reasonably to calculate the profit possibilities to the optionees and compare them with salary increases, it would be futile if the optionees in fact preferred the options; and in his judgment the evidence revealed that dollar for dollar the stock option plan is more attractive than a pay raise. Also, in terms of benefits to the company, he found that as a device for retaining key people the stock option plan has advantages not matched by a salary increase program of like dimensions.

On the question of dilution, the examiner found that there would be no adverse effect on the average net asset value of the company's stock, which at the end of 1962 was about $25 per share, by the granting of options to purchase new stock at $37.25. However, the possibility of some dilution of the earning power of the company's stock led the examiner to modify the option price to $43.60 as a condition of his approval of the plan. This is the price which he computed would, as new investment, return the same earnings as were realized on the company's rate base for the year 1962, the last year for which figures were available at the hearing. Finding that the company earned 6.33 percent on its rate base in 1962, and that its earnings per share for 1962 were $2.76, he concluded that the option price should be the amount of new investment which at 6.33 percent would produce earnings of $2.76; i.e., $43.60. It was his judgment that at this price the company's stock would continue to hold its value, other things being equal and the sale of the optioned shares at a discount would not detract from the company's ability to render service. With respect to the 2,600 shares not yet included in option grants, the examiner said that authority to issue and sell such shares should be withheld until such time as the company desires to grant the options, when the proper option price can be determined on the basis indicated above.

Staff's exceptions charge that the examiner misconstrued the issues and that he did not consider the important questions raised by it. Staff is especially concerned with his failure to consider the question of the inability to determine the cost of and the proper accounting for option costs in a regulated industry. Staff also cites his failure to consider the question of the relationship or, rather, lack of relationship between executive service and the stock prices which measure the reward under the option plan.

In our view the record in this case raises serious questions of the compatibility of stock option plans of public utilities with the responsibilities of a regulated enterprise under the Federal Power Act. We are not of the opinion that executive stock options are prohibited by section 305(a) of the act which makes it unlawful for officers and directors to benefit from the sale of securities. A public utility is free to apply for approval of such a stock issue if it believes that its proposal can be justified under section 204(a). Our objections go rather to the merits of the requirements of the act that security issues must be compatible with the public interest. As we view the evidence the applicant has not made out a case for approval under section 204(a). As the Commission recently held, "the plain purpose of section 204 is to prevent the issuance of securities which might impair the company's financial integrity or its ability to perform its public utility responsibility."[5] It is by this standard that the present application is to be judged and it is by this standard that applicant's plan fails.

Electric utilities are public service companies serving under franchises and certificates granted by agencies of Government and possessing the power of eminent domain and other special privileges not available to ordinary companies. While there is an increasing amount of competition between the various forms of energy, electric service maintains a monopoly position for many uses and, even where subject to competition from other energy sources, the rivalry is not of the kind that normally assures reasonable prices for goods and services in a free enterprise situation. For this reason electric utilities are subject to regulation; otherwise they could take advantage of their monopoly position to charge excessive rates and make exorbitant profits. The function of regulatory agencies is to exercise a positive influence on the welfare and growth of this industry which is fundamental to the progress of our entire economy by controlling rates and profits and by focusing the attention of management on their public service responsibilities. The incentives under stock option plans, however, tend naturally to divert management from their responsibilities to the public and to focus their attention on maximizing prices and earnings in order to push stock quotations ever higher.

In nonregulated industry the ostensible reason for stock option plans is simple.[6] It is to maximize profits. Whether they fulfill this purpose is another question, but the purpose is unchallenged. The maximization of profits over the long term is an important management responsibility. Indeed, in those where price is controlled by the free interplay of competitive forces, perhaps the outstanding measure of management's competence is to be found in its ability to produce the highest earnings and greatest return on the shareholder's investment. In regulated industry this purpose cannot be accepted. The goal here must rather be effectiveness in the performance of a public service and the measure of executive endeavor is and must remain not the judgment of the stock market on present and future profits but success in providing a service upon which our entire economy is dependent, not at the highest prices which can be obtained but at the lowest rates consistent with the health of the industry and its ability to care for the future needs of its customers. An overriding personal stake in the stock market is doubtfully compatible with the public service responsibilities of the management of a public utility. The electric power industry of today recognizes that it must perform its work with a broad regard for the interests of consumers and the general public, as well as the interests of stockholders and management. Stock option plans do not lend themselves to this balanced management attitude.

The record made in this proceeding affords no basis for concluding that there is any positive relationship between the companies in the vanguard of the electric power industry on the technology and policy levels and those which have adopted stock option plans. There is also no basis for concluding that such plans either lead to or have evolved from distinguished performance in the public interest. Presumably the lack of any such relationship is at least one of the reasons that although 57 percent of the companies listed on the New York and American stock exchanges have adopted stock option schemes, only 11 percent of the class A and B electric companies have employed this device.[7] This evidence of the consensus of judgment within the industry that stock options are not necessary or appropriate for public utilities is to be respected and weighed against the views of the management of the applicant in this case.

The record in this case reveals a number of specific objections to a stock option plan for a public service company. First, such plans disguise the extent of managerial compensation and thus make it easy for the top managers to receive excessive compensation. As the staff showed in this case, there is no practical method of accounting for stock options which will give a clear indication of their cost to the company. Over the years the accounting for costs has been made the foundation of knowledgeable regulatory control. Since there is no disclosure of service costs under these plans in the accounts of the utility, the use of the stock option form of executive compensation distorts the real cost of electric utility service. On the other hand, increases in cash salary payments are immediately evident. Entered into the books of account, they are disclosed and understood by investors, consumers, and regulatory officials alike.

Second, stock options usually prefer the top executives and ignore the important role of the lower and middle management group. On a companywide basis they may create a morale problem for the many which offsets their claimed incentive value to the few.

Third, such plans lead to executive compensation which is often irrational, erratic, and unrelated to the performance of the executive. General market trends and the growth of the economy in the company's market area may play a larger role in determining the value of the options than the efforts of the option holders themselves.

Fourth, as discussed above, such options tend to make management focus more on

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[5] Pacific Power & Light Co., opinion No. 354, 27 FPC 623, 626.

[6] A rich literature is accumulating on this intriguing subject. See J. A. Livingston, "The American Stockholder" (J. P. Lippincott Co., 1958); "The Mysterious Stock Option," Erwin N. Griswold, Dean, Harvard Law School, in "Tax Revision Compendium," Nov. 16, 1959, vol. 2, pp. 1327–1335, House Committee on Ways and Means; "Executive Compensation: Taxation of Stock Options," Vanderbilt Law Review 475 (1960); Leslie Gould, "Directors Responsibility: Two Schools of Thought on One Board," New York Journal-American, Apr. 6, 1960; Dean Erwin N. Griswold, "Are Stock Options Getting Out of Hand?" Harvard Business Review, November–December 1960.

[7] Ex. 12, schedules 1 and 2.

common stock prices than on the service obligations of the company.

Finally, the impact of such options is to dilute the equity of the company.

It is argued that applicant proposes only a small issue in relation to total capitalization. While initial plans, such as that of Black Hills, may be sufficiently modest to avoid serious dilution, stock options tend to be habit forming and the first plans are usually followed by more and bigger ones which cannot be rejected by management or the regulatory agency if future company officials are to be treated like their predecessors. Adoption of this course of supplementary executive compensation is almost irreversible and thus the initial decision is the crucial one, irrespective of the size or impact of the initial plan.

Black Hills' argument that the stock option plan is needed in order to retain top management staff can hardly be accepted since the record shows that without stock options the company has lost no employees with a salary in excess of $7,000 per year except by death or retirement.[8] Of the 3 options which have been granted for 1,000 shares or more, 1 of the recipients is 72 years old and 1 is 66. Of the remaining 13 recipients, 5 are between the ages of 55 and 65. It could hardly be contended that the options are needed to retain the services of these veterans. Options on only 1,850 shares of stock have been received by employees under the age of 50.[9]

What is clear from this evidence is that since most of the present options are to be granted to older employees additional stock options will soon have to be proposed, and authorizations requested, to attract and retain the services of younger men. Thus, the fact that the initial dilution would be relatively small in this case is not determinative, particularly where the cumulative effect may be substantial. Having once permitted the plan to go into operation, it would be doubly difficult, if not impossible, to find any future increment was in itself not compatible with the public interest.[10]

The growth and results of the only stock option previously approved by this Commission are instructive. The Montana Power Co.'s plan which had a limit of 100,000 shares when approved by the Commission in 1956 [11] had increased to 750,000 shares by January 1, 1962, equal to 10 percent of Montana's common stock. The record shows that if all these options are exercised Montana Power will forgo over $9 million in additional capital which the company would have received from the sale of the same stock at the market price rather than the option price.[12]

To illustrate the possible impact of the dilution problem further, the evidence in this proceeding also shows that on the average electric utilities stocks have increased in market value by 150 percent in the last 10 years. If the same trend is assumed for the future, an option granted today will be exercised 10 years from now at 40 percent of the then market price.

A further problem is presented by the timing factor of the option form of compensation. The general rule for regulated companies is that each generation of consumers should pay its own way as the costs are incurred and that the consumer of today should not be asked to pay for the services provided in earlier years nor should later generations of consumers pay for services performed currently. Stock options are a form of deferred compensation which impose a share of the burdens of compensating present management upon the stockholders and consumers at a later date when the options are exercised.

We find nothing in the presentation of Black Hills which indicates that theirs is an exceptional case or in any way immune from the foregoing objections.

We of course are aware that stock option plans have been accorded favorable treatment under the Internal Revenue Code and have been approved by two other Federal regulatory agencies [13] and by the regulatory commissions of 16 States. We note that at least three State regulatory agencies have refused to approve stock option plans for public utilities.[14] Our concern in this case is limited to a determination whether such plans meet the standard set by section 204(a) of the Federal Power Act. We find that applicant's actual experience in recruiting and retaining management without stock options, the comparison on the record of its salary scale with that of comparable companies, and the evidence as to the expected future life with the company of those who have received the bulk of the options, all fail to establish applicant's case for a restricted stock option plan. We further find that the fact that stock options involve a "no cost" method of accounting; that actual costs are hidden from the shareholders and consumers; that the reward may have little, if any, relationship to the value of executive performance; that a conflict of interest may be created in the duty of those optionees who establish the rate policy of the company; and that the normal growth of such options tends to dilute the equity of the company, establish that the use of the stock option as a device for executive compensation is not consistent with the proper performance by a utility of its public service obligation.

On the record in this case we conclude that the restricted stock option plan of applicant Black Hills is not compatible with the public interest. Accordingly, the application for authority for the issuance of stock will be denied.

The Commission finds:

1. Black Hills Power & Light Co., a corporation organized under the laws of the State of South Dakota and the applicant herein, is a public utility within the meaning of section 204 of the Federal Power Act, subject to the jurisdiction of the Commission, as heretofore described and set forth in the Commission's order issued November 2, 1962, in this docket, 28 FPC 785.

2. The proposed issuance and sale of up to a maximum of 10,000 shares of common stock, par value $1 per share, pursuant to the provisions of the above-described restricted stock option plan will constitute an issuance of securities within the purview of section 204 of the act.

3. The applicant is not organized and operating in a State under the laws of which the security issue here involved is regulated by a State commission within the meaning of section 204(f) of the act; and the proposed issuance of common stock, as described above, is, therefore, not exempt by virtue of that subsection from the requirements of section 204 of the act.

4. The proposed issuance of 10,000 shares of common stock pursuant to applicant's restricted stock option plan (a) is not compatible with the public interest, is not necessary or appropriate for or consistent with the proper performance by the applicant of service as a public utility, and will impair its ability to perform such service, and (b) is not reasonably necessary or appropriate for the accomplishment of the corporate purposes of the applicant.

The Commission orders:

The application by Black Hills Power & Light Co. for authorization to issue 10,000 shares of common stock pursuant to the restricted stock option plan is denied.

By the Commission:

Commissioner O'Connor dissenting filed a separate statement appended hereto.

Commissioner Woodward dissenting joins in Commissioner O'Connor's statement.

JOSEPH H. GUTRIDE,
Secretary.

BLACK HILLS POWER & LIGHT CO., DOCKET NO. E–7046 (ISSUED JUNE 30, 1964)

Commissioner O'CONNOR (dissenting). In the first of this two-stage proceeding I carefully explained what the legislative history and judicial interpretation dictate as the proper criteria for section 204(a).[1] I strongly urged that the very plan, here again rejected, met those criteria and that the Commission had exceeded its statutory authority in holding to the contrary. I have not altered my views. However, lest the absence of their repetition be misconstrued, I hereby reindorse them.

The thrust of my comments will be toward the highly speculative nature of the majority's statement, and at a significant, and unfortunate, consequence to which it may well lead.

The majority holds that stock options are incompatible with the responsibilities of electric utilities. As a result, they are hereinafter proscribed for those utilities.

The majority fears that options will result in higher power prices. Higher prices, they reason, by producing higher earnings, will ultimately produce higher market demand for common equity. Thus managers can, and would, effect market escalations. Notwithstanding this conclusion's variance with their statement that general market trends and area growth—and not individual efforts—produce market fluctuations, it is emphatically repudiated by the record upon which this opinion ostensibly rests. Testimony reveals that subsequent to the option's adoption by 77 percent of the Black Hills' shareholders; i.e., at a time when the majority anticipates higher rates, company managers voluntarily reduced rates in one service area, and, at the time of the hearing, had announced a further reduction in its general service rate.[2] The evidence simply will not support any inference that Commission authorization of the Black Hills option would inevitably have, or tend to have, effects detrimental to the public interest.

Moreover, one legitimately wonders how optionees of well-regulated utilities could violate their public trust to the extent sufficent to create market repercussions. Fallacious surplus accounts, alluring to the unsophisticated investor, are proscribed by our uniform system of accounts. Excessive rates of return, productive of larger dividends, are

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[8] Ex. 12, schedule 10: The reply brief of Black Hills indicates that the witness Walrafen resigned from his position as of Sept. 1, 1963. The fact that the applicant has been forced to go outside the record to find one lone employee who, for one reason or another, has left the company only serves to point up the weakness of the company's case.

[9] Ex. 3.

[10] Although the present plan is limited to 10,000 shares, applicant conceded in the hearing that there is nothing in the plan to prohibit their coming in with a supplemental application at any time.

[11] The Montana Power Co., 16 FPC 863 (1956).

[12] Ex. 12, schedule 7, sheet 5.

[13] Chicago & Northwestern Ry. Co., 295 ICC 277, 454 (1956); Middle South Utilities Co., SEC release No. 14367, 37 PUR 3d 461 (1961).

[14] Re Baltimore Transit Co., 4 PUR 3d 151 (Maryland PSC, 1954), affirmed 9 PUR 3d 1, 114 A. 2d 834 (1955); Re South Atlantic Gas Co., 13 PUR 3d 230 (Georgia PSC, 1956); Re the Brooklyn Union Gas Co., 24 PUR 3d 445 (New York PSC, 1958), affirmed 29 PUR 3d 388, 187 N.Y.S. 2d 207 (1959).

[1] Black Hills Power & Light Co., 8 FPC 1121, 1134–40 (1962).

[2] Record, vol. 1, p. 129.

proscribed by the general provisions of section 205(a). Inflated rate bases, by which reasonable rates of return could produce excessive dollars of return, and reasonable rate bases containing fees paid to controlling interests, are proscribed by section 3(13). Any violation of the uniform system of accounts would be noticed upon the filing of the company's first annual report, and any violation of section 205(a) would be exposed the first time a company initiated a section 205(e) proceeding, or the Commission initiated a periodic actual rate of return spot check. Violations of section 3(13) would be revealed in either section 205(e) or 206(a) proceedings. Slight violations of section 3(13) could escape unnoticed, but slight violations would have absolutely no effect on the market.

The majority also fears that stock option plans disguise their costs, the implication being that disguised costs lead to excessive costs. The majority defines "costs" several ways, on of which is as "capital foregone." "Capital foregone" represents the difference between the option price and the market price on the date of exercise, and is synonymous with "dilution." Referring to this dilution as a cost is more fanciful than accurate because the dilution resulting from the regulated issuance of stock options would cost consumers nothing and shareholders very little.

True costs, in the sense that more capital need be raised to generate the same income, are envisioned by the majority's indication that the exercise of an option will burden future consumers. Deciphered, this is an endorsement of staff's Montana Power Co. exhibit whereby they calculated the annual earnings requirement of the "excess shares" issued under the option.[3] Staff's exhibit reasoned that as n shares earned x dollars per share, the issuance of $n+$ shares, where the $+$ constituted excess shares, would continue to earn x dollars per share. The conclusion is fallacious. As staff witness Beidatsch recognized, the initial impact of minor dilution is on shareholders, not consumers.[4] Unlike the issuance of paid-for shares which create an investment and thus a return, a reasonable amount of excess shares would result in a corresponding, but minute, decrease in earnings per share. Before earnings could remain constant; i.e., the dollar-impact be shifted to consumers, rates must be increased. Thus, the unfortunate consequence of staff's exhibit is that return on equity becomes directly translated into return on investment for ratemaking purposes. This is a position to which the Commission has not committed itself but one which, if they believe that option-exercise will inevitably burden consumers, is indicated by the majority's statement. Aside from its undesirable consequences, the Montana Power Co. exhibit was premised upon assumptions too speculative for even witness Beidatsch to accept.[5] One of its assumptions, viz, that this agency would have authorized the additional 450,000 shares to be optioned, is by itself sufficient to dismiss its dollar-conclusions as meaningless.[6]

Thus, before stock options could create costs borne by consumers, two conditions must exist: First, the equity dilution must be so extensive that the market price of the company's equity is substantially depressed; and second, the applicable regulatory agency must determine that an increased rate of return is needed as compensation. Apparently conceding the desirability of the second condition, the majority indicates its helplessness to prevent the first. The rationale is that stock options are uncontrolable; once an initial application is approved, subsequent applications become impossible to reject. The majority envisions no consideration of degrees; no leeway to accept what is reasonable and to reject what is not. It thus becomes better to proscribe all options—even the unquestionably reasonable Black Hills option—than to attempt to identify and reject only the unreasonable or inappropriate applications.

Their position is totally meritless. There is no legal or practical restriction upon the denial of stock option applications. Whether a particular application be initial or secondary, it may be denied. Clearly, whenever its approval would result in the extent of dilution necessary to impair substantially the cost of capital, it must be denied.

The majority seeks to shore-up their position with the suggestion that, due to the age of the Black Hills' optionees, other Black Hills' applications are soon forthcoming. Again they ignore the evidence. Six of the fifteen optionees are under 64 years of age, which, assuming retirement at age 65, gives them an estimated future employment of from 21 to 29 years. These are not veterans soon to retire. Moreover, the present plan is without restriction as to the age, department, or length of service requirement for its optionees. The present optionees include line superintendents, the general sales manager, the sales production manager, the production superintendent, the distribution engineer, and the chief revenue accountant. Consequently, any intimation that the scope of the present plan is insufficiently narrow is inaccurate. Further still, there are 3,200 unoptioned shares under the present plan. Inasmuch as the average share per optionee below the level of senior vice president is 275, this indicates that 12 more options could be granted before another application need be filed. The majority's clairvoyance in the face of this evidence regrettably escapes me.

Commission approval of proposals which involve potential, de minimis dilution is neither unusual nor improper when, as here, there are counterbalancing considerations. Examples can be found in financing plans whereby bonds are issued with warrants to convert to common shares. Thus in January of 1960, this Commission approved a financing plan for Midwestern Gas Transmission Co. (Midwestern) whereby $1,000 first mortgage bonds were issued with warrants to purchase four shares of Midwestern's common stock at $15. The warrants could be exercised between 1964 and 1973, and were admittedly "sweetners" added solely to attract potential investors away from more secure investments.[7] Midwestern common is now selling around $19 per share.

Other straws to which the majority clings can be disposed of briefly. First, their apprehension that stock options ignore lower and middle management groups is curious in the context of Black Hills which doesn't have such groups. Moreover, it ignores the employee welfare and savings plan which, although less attractive than the restricted stock option plan, is open to all employees.[8] More curious, a unanimous Commission approved the employee welfare plan even though the shares were to be issued at 90 percent of their market value on the granting date. Thus, as of the date of issuance, 10 percent of the market value of the shares is likely to be foregone. Moreover, the majority's concern for the morale of this nonexistant group is touching, unconvincing, and hardly dispositive, and smacks of their position of rubber stamping subsequent applications. If a serious morale problem could be shown in any application, either initial or secondary, likely to impair the ability of the company to perform its public utility operations, obviously the application should be denied.

Their contention of "compensation unrelated to performance" is unacceptable for two reasons. First, stock values, they say, appreciate because of general market trends and area growth. True. Area growth, however, often appreciates because of readily available sources of cheap power, which, in turn, is often the result of efficient management. The majority has yet to contend that better management won't produce cheaper power. To do so would be astonishing, not only because of its patent invalidity, but also because it would hard press this Commission to justify its current project to measure the performance of public utility managers. Second, however, and with more ominous implications, cash salaries are no more related to performance than are stock option tax benefits. Thus, although the instant decision purportedly deals only with a method of compensation and not the amount, the "unrelated compensation" test will inevitably be read as a mandate to prescribe salary levels, and, in fact, the number of personnel a utility may employ. Such far-reaching regulation is ideologically impalatable to most individuals, but it is the inevitable conclusion—in fact, the next short step—from the majority's statement.

Equally weighty is their argument that if industry vanguards have no option plans, no industry component, regardless of how small, can justify one. The rebuttal is obvious: stock options are enticements to attract and keep qualified personnel, and industry vanguards do not need these enticements. Their standing offer of security, prestige, large salaries, and opportunities to work with other capable personnel are, in themselves, sufficient attractions. Any speculative elaboration on Black Hills' need is unnecessary, inasmuch as the record itself establishes it. At the time of the examiner's hearing Mr. L. Duane Walrafen was vice president and secretary-treasurer of Black Hills. He was also the chief accounting officer, and was described as having "primary responsibility for accounting, rates, financing, budgeting, forecasting, corporate records, stockholder relations, taxes, and Commission regulation."[9] He was then 39 years of age, and, although his salary had more than doubled in his 7 years at Black Hills, he admitted that he would be compelled to consider other offers. Our public files, of which I take official notice, now reveal that Mr. L. Duane Walrafen is a vice president of the Kansas Power & Light Co. Kansas Power & Light has a stock option in effect for its key employees.[10]

The majority's conclusion that all stock options are not prohibited by section 305(a) of the Federal Power Act does little to conceal their conclusion that all such options are prohibited by section 204. When the generalities relied upon to reject this application are weighed against the applicant's impressive presentation, it becomes clear

[3] "Excess shares" are defined as being "* * * the number of shares * * * exercised by optionees in excess of the number required to raise on the market on the * * * dates of * * * exercise the equivalent amount of capital contributed by the optionees." Staff schedule 7, sheet 1.

[4] Record, vol. 2, p. 330.

[5] Record, vol. 2, at 41–42.

[6] Unmentioned in the majority's statement is that Montana Power Co. common stock underwent a 3-for-1 split in 1959.

[7] Record, vol. 10, p. 1473, Midwestern Gas Transmission Co., Docket No. RP61–19.

[8] Approved 28 FPC 785 (1962).

[9] Record, vol. 2, p. 216.

[10] The Montana Power Co., which operates in the neighboring States of Montana, Wyoming, and Idaho, and the Washington Water Power Co., which operates in Washington and Idaho also have stock option plans in effect.

that no stock option will ever be approved for an electric utility under the jurisdiction of this Commission. No applicant will ever be able to rebut the hazy rationale of this decision. This is a regrettable outcome; one that is compelled by neither law nor reason. It is reached because of a vague apprehension, confirmed by neither the record nor the fabricated supports, that all optionees will inevitably cease functioning in the public interest. It is made with inadequate consideration of the fact that potential optionees can always acquire a personal interest in their company on the open market, and that the compulsory first offer requirement precludes any get-rich-quick scheme.[11] It is directed at the conflict-of-interest of stock owning utility managers, and never pinpoints the evils inherent in stock options. It minimizes the fact that smaller utilities need extra blandishments to attract and retain qualified personnel; that the cost of salaries are unquestionably borne by consumers whereas reasonable stock options seldom are; and that, at any rate, there is evidence that salary increases are seldom as attractive as stock options. In short, it has accentuated the problem faced by public utilities in employing and retaining qualified personnel. It admits the absence of equity dilution in this case, but relies upon an unfounded infirmity to prevent it in subsequent applications. Lastly, by giving section 204 the most stringent of interpretations, it unquestionably has obstructed the passage of pending legislation S. 1700 and H.R. 6790. These bills would amend section 12 of the Natural Gas Act to give us the identical security-issuance jurisdiction we now possess under section 204 of the Federal Power Act. If this legislation is passed, and the instant decision stands, the fate of the pipeline company stock option becomes fixed.

To a decision by which everyone loses, I must respectfully dissent. It is my firm belief that the Black Hills plan should be approved. I would, however, condition it to require the issuance of shares at 100 percent of their market value on the granting date, in lieu of the 95-percent price now proposed. This condition would preclude dilution as of this date, and would comply with the Revenue Act of 1964 whereby Congress reiterated its impetus to the adoption of these plans.

Commissioner Woodward joins me in this dissent.

L. J. O'CONNOR, Jr.,
Commissioner.

EXTENSION OF THE 1955 LEAVE YEAR FOR CERTAIN FEDERAL EMPLOYEES

Mr. MONRONEY. Mr. President, I send to the desk for appropriate reference a bill requested by the Department of the Interior to validate the action of the Acting Superintendent of Yosemite National Park in extending the 1955 leave year for certain Federal employees.

During a severe flood emergency in December 1955, the Acting Superintendent of Yosemite National Park recalled to duty several employees on annual leave and canceled additional leave requests. This made it impossible for several employees to use their annual leave before the end of the year when, if not used, it must be forfeited. To prevent the inequity to these employees, the Acting Superintendent issued an order extending the leave year to March 15, 1955. This order was later held invalid by the Comptroller General.

The Department of the Interior believes these employees should not be penalized for giving up their annual leave to provide disaster assistance.

I ask unanimous consent that the text of a letter from the Assistant Secretary of the Interior explaining the need for this measure, together with a copy of the bill be printed in the RECORD at this point.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2573) to validate the action of the Acting Superintendent, Yosemite National Park, in extending the 1955 leave year for certain Federal employees, and for other purposes, introduced by Mr. MONRONEY, by request, was received, read twice by its title, referred to the Committee on Post Office and Civil Service, 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 inasmuch as the administrative order issued by the Acting Superintendent of the Yosemite National Park recalling to duty certain Federal employees to assist in meeting the storm and flood emergency which existed in late 1955 and early 1956 was in the public interest, his action purporting to extend to March 15, 1956, the time within which leave available for the 1955 leave year could be used is hereby validated.

The letter presented by Mr. MONRONEY is as follows:

U.S. DEPARTMENT OF THE INTERIOR,
OFFICE OF THE SECRETARY,
Washington, D.C., July 30, 1965.

Hon. HUBERT H. HUMPHREY,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft of a proposed bill "To validate the action of the Acting Superintendent, Yosemite National Park, in extending the 1955 leave year for certain Federal employees, and for other purposes."

We recommend that the bill be referred to the appropriate committee, and we recommend that it be enacted.

The Acting Superintendent, Yosemite National Park, during a severe storm and flood emergency in December 1955, recalled to duty several employees on annual leave and denied requests for annual leave of other employees, thus making it impossible for some employees to use their annual leave before the date on which it had to be used or forfeited. To alleviate hardship on the employees, the Acting Superintendent issued an order which purported to extend to March 15, 1956, the period within which these employees could carry over and use their annual leave without forfeiture.

This action of the Acting Superintendent was held to be invalid by the Comptroller General in a decision dated July 7, 1958, No. B–136254. Although recognizing the practicalities of the situation that prompted the order, the decision concluded that the administrative order was invalid insofar as it concerned with the extension of the 1955 leave year. The Comptroller General advised that in the absence of legislation validating the order the leave account of each of the employees concerned must be adjusted as of the close of the 1955 leave year to reflect a forfeiture of any annual leave to his credit as of that time which was in excess of the authorized annual leave ceiling. Although the order extending the period within which annual leave could be used without forfeiture has been held to be without specific statutory authority insofar as the annual leave laws and regulations are concerned, the park was within the area included in the Presidential designation as a major disaster area during the period, thereby coming within the broad provisions of the act of September 30, 1950 (64 Stat. 1109).

Employees at Yosemite National Park are encouraged to take their vacation leave at times other than during the busy travel season when they can least be spared. Hence, the employees are denied leave during the summer months which many consider as the most desirable time for vacations, and much of their leave must be scheduled for the late fall and over the Christmas holidays.

When the disastrous flood of December 1955 struck Yosemite National Park, leaves previously approved were canceled and additional requests were disallowed. This was necessary in order to hold property damage to a minimum and relieve dangerous highway and public health situations. Much of the emergency work, for example, the removal of log and brush jams on the upstream side of the bridges, was highly dangerous. During this emergency all of the park's available personnel, equipment, supplies, facilities, and other resources were mobilized and used to the maximum to provide disaster assistance.

The proposed legislation affects 23 persons. Eleven persons have been separated from Federal service and eight of them were overpaid terminal leave. Seven have been transferred from the Yosemite National Park. The remaining five are still employed at Yosemite. The lists are as follows:

Employees overpaid terminal leave

Employee	Basis	Date	Overpaid			Voucher No.
			Hours	Rate	Amount	
Abbott, Oren D.[1]	Death	Nov. 31, 1959	28	$3.20	$89.60	44-1429
Bingaman, John W	Retirement	Oct. 31, 1956	8	2.69	21.52	44-3357
Charron, Jean B	do	May 31, 1957	6	2.75	16.50	44-4999
Clark, Peter A	do	Aug. 31, 1963	12	2.57	30.84	44-450
Clark, Samuel	do	Feb. 28, 1963	36	3.57	128.52	41-1622
Ellis, William J	do	Mar. 30, 1965	19	3.01	57.19	44-1332
Seasholtz, Julia K	Resignation	July 16, 1956	2	1.89	3.78	44-2404
Stevenson, William A	Retirement	Apr. 30, 1959	4	3.04	12.16	44-1480
Total					360.11	

[1] Terminal leave check issued to widow Beatrice T. Abbott.

[11] "Shares purchased upon exercise of an option may not be sold or transferred within 6 months of the date of issue of the certificate therefor, unless they are first offered to the corporation at the option price of such shares, and the certificate or certificates for such shares shall be endorsed to reflect such restriction." Art. V of the stock option plan. This restriction is also contained in condition 1 of each individual option.

Employees paid terminal leave without credit for invalid leave [1]

Employee	Basis	Date	Value of uncredited leave		
			Hours	Rate	Amount
Logeland, Selmer J	Retirement	Oct. 10, 1964	36	$3.17	$114.12
Quist, Fred E	do	Dec. 12, 1964	16	3.71	59.36
Rhoan, Alvin T	do	May 25, 1965	40	3.28	131.20
Total					304.68

[1] These 3 employees retired after the Comptroller General's decision of July 7, 1958, and the invalid leave was not included in their terminal leave payments.

Value of overstated leave of employees transferred computed at rate of pay on date of transfer

Employee	Grade	Hourly rate of pay	Amount
Gallison, Glenn D	GS-11a	$3.07	$9.21
Holmes, Arthur G	GS-7x	2.63	23.67
Murdock, Nelson	GS-12a	4.01	80.20
Nelson, Dan S	GS-11a	3.89	7.78
Seasholtz, Lloyd W	Ungraded	3.01	120.40
Sedergren, Oscar A	GS-12a	4.24	165.36
Westley, Volney J	GS-12b	4.59	91.80
Total			498.42

Value of overstated leave of employees still at Yosemite at rate of pay current July 26, 1965

Employee	Hours	Hourly rate of pay	Amount
Breckenkamp, William H	16	$5.44	$87.04
Byers, Ernest H	8	3.74	29.92
Castro, Stanley	21	3.67	77.07
Moe, Lester M	12	5.78	69.36
Waldron, Edwin J	36	3.38	121.68
Total			385.07

The leave granted without specific authority is not large in dollars and cents, $1,548.28. The savings to the Government while they cannot be measured exactly, are far in excess of this amount. We believe that the Acting Superintendent would have been remiss in his duties if he had not taken prompt action to utilize all available manpower to save lives and property as a result of the disaster. The employees who responded to the call of this governmental official who acted in good faith and in the best interest of the United States should not be penalized.

Accordingly, we recommend enactment of the proposed legislation which would validate the purported extension of the leave year in question.

The Bureau of the Budget has advised that there is no objection to the presentation of this proposed legislation from the standpoint of the administration's program.

Sincerely yours,

D. OTIS BEASLEY,
Assistant Secretary of the Interior.

EXTRA DUTY PAY FOR DISTRICT OF COLUMBIA SCHOOLTEACHERS

Mr. MORSE. Mr. President, I introduce, for appropriate reference, a bill giving the District of Columbia Board of Education authority to pay teachers for extra duties performed beyond the regularly assigned schedule of responsibilities. The bill applies to all teachers who may be called upon or volunteer to accept additional responsibilities. It will be recalled that I have consistently opposed legislation which would be limited in application to coaches and other specified personnel. I am, however, in full support of legislation which will apply to all teachers at any level of the school system who are assigned by the Board of Education to perform extra duties.

It is a generally accepted fact that school responsibilities are rapidly broadening. The District of Columbia public schools are now conducting many programs in the early morning hours, in the late afternoon and evening hours, and on Saturdays. I am advised that school sessions are planned for summer and other holiday periods.

In my judgment, this is the direction which education should be encouraged to take both nationally and locally. The new programs, however, cannot be fully implemented unless the District of Columbia Board of Education has the authority to employ teachers after regular hours and on days when school is not in session.

The following are some examples of possible extra duty assignments of elementary level teachers:

First. Assignment to sponsorships of cultural enrichment activities, such as library clubs, glee clubs, orchestra, science, dramatics, and so forth.

Second. Instruction for mothers in child care.

Third. Conducting Saturday classes for mothers of preschool children and their children preliminary to the entrance of these children in kindergarten.

Fourth. Conducting parent-education classes, for example, in mathematics, English, reading, and homemaking, as was done, I am advised, in the Young Elementary School last year when 300 parents voluntarily enrolled in classes in these subjects conducted by the school.

Fifth. Enlisting master teachers in demonstrations and teacher-training activities compensable as extra duties.

Sixth. Organizing and instructing after-school tutoring groups in areas of the city where children do not have adequate home conditions for study.

Seventh. Conducting excursions within and outside Washington to broaden the horizons of boys and girls who, in many cases, do not get out of their own ghetto neighborhoods.

In the secondary schools, programs similar to those described in the elementary schools are being developed and should certainly be expanded. In addition, the following categories of new programs, in my judgment, should be considered compensable:

First. Extending the schoolday for pupils and adults who wish to return for tutoring in special activities both academic and vocational. The District of Columbia public school system is developing the program at this time, but is handicapped because of its inability to employ regular staff to contribute to the program after school hours.

Second. Development of intramural physical education activities, particularly sports, for after school and holidays so that every boy will have an opportunity to participate directly in a sports activity under teacher guidance and supervision. I do not believe anyone seriously questions the fact that wholesome sports activities reduce the juvenile delinquency rate.

Third. A new high school running from 3:30 to 8:30 p.m. for dropout returnees is a most successful operation now underway at Spingarn High School. To adequately man classes in such fields as mathematics, science, history, and English, classroom teachers need to be employed beyond the regular assignment of duties.

Fourth. Organizing seminar groups for pupils with special talents for creative writing, research and science, study of social, political, and economic problems, participating in forensics, et cetera.

Fifth. Developing choral and orchestra groups on a citywide basis with rehearsals on Saturdays in centrally located schools. To develop this kind of program, regular teachers need to be employed on Saturdays. Many teachers are now giving time which they could be using for their personal benefits in order to rehearse the orchestra and choral groups.

Sixth. Preparation of teachers for work in impoverished urban centers through internship experience under the direction of master teachers.

The foregoing activities illustrate the range and variety of offerings which can be made available to the youth of Washington if the District of Columbia Board of Education has the authority to employ teachers for these extra duties. The bill I just introduced will provide broad authority to expand the school offerings, as well as to employ coaches and other specialists in extracurricular activities for their special programs.

The new programs and services which will be made available by the Elementary and Secondary Education Act, the Vocational Education Act, and the National Defense Education Act are strengthening the school services to the children of the Nation's Capital in a highly constructive manner. I hope that additional money for local school needs will be appropriated next year so that the Board of Education and Dr. Carl Hansen, our outstanding Superintendent of Schools will be better able to cope with the educational crisis that has been allowed to build up over a good many years through a denial of adequate appropriations by Congress.

The legislation I am proposing today will grant the District of Columbia Board of Education the authority needed to make maximum use of new Federal school funds granted to the District of Columbia.

Mr. President, I ask unanimous consent to have printed at this point in my remarks the bill and a very excellent letter I received on September 3 from Dr. Carl F. Hansen, District of Columbia

Superintendent of Schools, in which he makes a strong plea for extra duty pay for educators who work beyond the regular schoolday.

The VICE PRESIDENT. The bill will be received and appropriately referred; and, without objection, the bill and letter will be printed in the RECORD.

The bill (S. 2574) to amend the District of Columbia Teachers' Salary Act of 1955, as amended, introduced by Mr. MORSE, was received, read twice by its title, referred to the Committee on the District of Columbia, and ordered to be printed in the RECORD, as follows:

S. 2574

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 13 of the Act entitled "An Act to fix and regulate the salaries of teachers, school officers and other employees of the Board of Education of the District of Columbia, and for other purposes", approved August 5, 1955 (69 Stat. 521, 529; D.C. Code, sec. 31–1542), as amended, is amended by adding at the end thereof the following subsection:

"(d)(1) The Board of Education of the District of Columbia is hereby authorized to pay additional compensation, over and above the salaries in the salary schedules in section 1 of this Act, in the amounts hereafter fixed or prescribed in accordance with the provisions of this subsection, to classroom teachers in salary class 15, at the indicated levels, who are assigned to perform extra duties, on a continuing basis: *Provided,* That a teacher, to be eligible for such additional compensation, must also be assigned the standard load for a regular day school teacher at his respective school level. The Board of Education is further authorized, with the approval of the Board of Commissioners of the District of Columbia, on the written recommendation of the Superintendent of Schools, to fix or prescribe the amount of additional compensation for teachers who perform such extra duty.

"(2) Payment of such additional compensation shall be made monthly following the rendering of such service. Such additional compensation shall not be subject to deduction or withholding for retirement or insurance, and such additional compensation shall not be considered as salary (i) for the purpose of computing annuities pursuant to the Act entitled 'An Act for the retirement of public school teachers in the District of Columbia', approved August 7, 1946 (60 Stat. 875; D.C. Code, sec. 31–721 et seq.), as amended, and the Civil Service Retirement Act, or (ii) for the purpose of computing insurance coverage under the Act entitled 'An Act to authorize the Civil Service Commission to make available group life insurance for civilian officers and employees in the Federal service, and for other purposes', approved August 17, 1954 (68 Stat. 736), as amended. Such additional compensation may be paid for more than one activity assigned to a classroom teacher so long as such activities are not performed concurrently."

SEC. 2. The Board of Education of the District of Columbia is hereby authorized to make such regulations as may be necessary to carry out the purposes of this Act.

SEC. 3. This Act shall take effect September 1, 1965.

The letter presented by Mr. MORSE is as follows:

WASHINGTON, D.C.,
September 3, 1965.

The Honorable WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: The extra duty pay bill which passed the House of Representatives in the 86th Congress delegates authority to the Board of Education for the performance of extra duties on a continuing basis during hours beyond the regular school day and to fix or prescribe the amount of additional compensation for teachers.

The proposed bill submitted to the Commissioners specifies the amounts to be paid for certain extra duty assignments. The bill does provide, however, that the Board of Education, "may include other activities meeting the eligibility requirements stipulated in this subsection * * *" thus providing a fairly high degree of flexibility. However, it would seem fairly logical to go the whole way and allow the Board of Education to specify extra duties which may be compensable and to set the rates for such compensation.

Rate setting, I think, should be done by a most careful study of time and responsibility levels in the various activities. Where time can be equated with teaching loads, say to be the equivalent of teaching one class, a pay rate should be relative to the regular salary schedule. Thus, for example, if being head coach or being the director of forensics requires the equivalent of two periods of teaching, then for the duration of the season the pay rate should be two-fifths of the median salary for regular full-time teaching. This is done on the assumption that the normal teaching load is five periods per day.

Dr. Carroll is working on a possible schedule which I hope will be complete by the time hearings are called on the proposed bill.

The following are justifications for the extra duty pay bill:

1. Authority to employ teachers beyond the regular schedule of hours provides flexibility for the development of new programs.

With the increasing revenues particularly from impact aid and the education bill, the Board of Education is extending its educational offerings to late afternoon, evening, and Saturday periods, providing special classes, tutorial and remedial work, and creative activities in art and music to an extent which cannot be provided during the limited 9 to 3 period of the schoolday.

In order to make the program efficient, it is necessary to use the talents of regular teachers who are willing to accept additional duties and who should be entitled to extra compensation for such duties when they are related to the regular classroom functions.

2. The present method of supplying compensation for extra duties in such activities as athletics, newspapers, yearbooks, etc., is educationally unsound. The specific reason is that changes in schedules are required as seasons change. This creates disruption in the continuity of instruction. It puts the classes on the shuffleboard to be pushed around as schedules are changed particularly in the physical education section of the school program.

3. Payment for extra duties is widely practiced in the industrial field, although ideally, sufficient staff should be provided to make extra duty work unnecessary. Practically, this is not possible in the schools because of a shortage of personnel and funds. Moreover, the actual administration of a special staff for extra duty functions would be almost impossible to manage for the reason that short-term employment is not attractive to competent professional personnel.

4. There is equity in paying staff for work beyond the regular school hours and on nonschool days. Many teachers who do not have extra duty assignments use their extra time for outside employment which is not available to teachers who assume extra curricular duties. As long as teachers' salaries are substandard teachers must be permitted to accept outside part-time employment provided it does not significantly interfere with their regular work. As long as this policy is followed, teachers who work extended periods of time on extra duties should also be paid.

I should be glad to supply any further information or justifications that you may wish. I am deeply appreciative of your support in respect to all school programs and in this instance, specifically, the extra duty pay bill.

Very sincerely yours,
CARL F. HANSEN,
Superintendent of Schools.

STUDY OF STEEL MILL PRODUCTS IMPORTS

Mr. HARTKE. Mr. President, I submit on behalf of myself and Senators BAYH, BREWSTER, BOGGS, ALLOTT, CLARK, GRUENING, LONG of Missouri, SCOTT, MOSS, and YARBOROUGH, a resolution to require the Department of Commerce and other appropriate agencies to study the effects of the rapid rise in volume of steel imports, first, on our domestic steel industry, employment, income and tax revenues generated by the industry; second, on the possibility of unfair below cost pricing of steel mill product imports to the United States; third, on the impact of such imports upon the U.S. balance of international payments; and fourth, on the effect of Government efforts to restrict capital going to foreign countries to pay for these purchases.

The rise of steel imports is not a slight increase, Mr. President. Projected figures bring the imports of steel mill products by the end of 1965 to 10 million tons, compared to 3,163,233 tons in 1961. The tonnage for 1965 will be 55.5 percent above the 1964 level. The 10 million tons of imported steel for 1965 constitutes an increase of 216.1 percent over 1961 imports. Exports of steel mill products decline as the imports increase. The loss of steel, a major U.S. industry, from the substantial plus side of the trade balance figures is indeed alarming.

Of significance also are the import increases on some specific products. The Iron & Steel Institute reports percentage figures of exports to domestic production of certain products for 1964 and the first 7 months of 1965.

Imports of steel shapes and pilings moved from 10.6 percent in 1964 to 13.2 percent during the first 7 months of 1965.

Imports of steel sheets and strips doubled, rising from 3.4 percent in 1964 to 7.4 percent by the end of July 1965.

The ratio of steel plates imported to domestic production is 6.7 percent in the first 7 months of 1965, while the percentage for the year in 1964 was 5 percent.

Steel mill product imports from France, Italy, and the Netherlands in 1965 have already exceeded their totals for the entire 12 months of 1964. I submit that the rising levels of unemployment in France and in Great Britain constitute a probability that increasing quantities of foreign steel will be dumped in the United States at depressed prices which can only pose a serious problem to the continued level of domestic production.

The greatest significance to the national economy is that the absorption

of this great inflow of depressed European steel will, at current steel prices, cause a drain on U.S. balance of payments of more than 1.25 billion in calendar year 1965.

I ask that the Department of Commerce act immediately to assess the impact of such below price steel imports upon the maintenance of equilibrium in the balance of international payments of the United States and to advise this body of the effect on the domestic economy as well as the effect upon foreign economies of restrictions by our Government on the outflow of capital to pay for these products.

I ask unanimous consent for insertion in the RECORD of a table of figures prepared by the Business and Defense Services Administration, U.S. Department of Commerce, setting forth the tonnage and dollar values of steel exports and imports in recent years.

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

Tons and dollar value of imports and exports of steel mill products (U.S. Department of Commerce, BDSA)

Year	Imports (tons)	Imports (value)	Exports (tons)	Exports (value)
1957	1,144,685	$169,913,184	5,347,678	$996,698,526
1961	3,163,233	382,455,994	1,989,552	423,378,572
1962	4,100,039	484,276,983	2,012,590	423,976,780
1963	5,452,300	633,188,338	2,223,675	470,472,975
1964	6,439,508	748,820,068	3,435,204	621,421,928
1965 (1st quarter)	1,823,720	218,191,371	557,764	109,965,552
1965 (6-month total)	4,938,461	571,901,215	1,166,054	243,340,569
July 1965	1,094,171	119,203,346	187,578	39,374,345
Projected for total, 1965	10,000,000	(1)	(1)	(1)

	Percent
Percentage increase in exports, 1961 through 1964	72.7
Percentage increase in imports, 1961 through 1964	103.6
Projected percentage increase in imports, 1961 through 1965	216.1
Projected percentage increase in imports, 1964 through 1965	55.3

[1] Not available.

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

The resolution (S. Res. 149) was referred to the Committee on Finance, as follows:

S. RES. 149

Whereas imports of foreign steel mill products have increased from 3,163,233 tons in 1961 to 6,439,508 tons in 1964 and are currently running at an annual rate of nearly 10,000,000 tons;

Whereas with the exception of Canada, South America, Sweden, and Australia, all foreign suppliers of steel mill products have increased their shipments, at annual rates, to the United States during the first half of 1965 over the rates recorded in 1964;

Whereas in the first six months of 1965, steel mill product imports from France, Italy, and the Netherlands actually exceeded imports of steel mill products from these nations for the entire twelve months of 1964;

Whereas at current steel prices and at the current annual rate of steel mill product imports, such imports will amount to a drain on the United States balance of payments of more than $1.25 billion in 1965;

Whereas, economic contraction and rising unemployment in Great Britain and France threaten to divert increasing quantities of steel mill products to the United States at prices below United States market prices; and

Whereas, despite the increasing profits of the steel industry of the United States during the current year the rapid increases in both the absolute volume and the rate of increase of imports of steel mill products will, if present trends continue, pose a serious threat to the profitability of the steel industry and to the employment, income, and tax revenues generated by the steel industry: Now, therefore, be it

Resolved, That the President is requested to cause a study of imports of steel mill products to be undertaken by the Department of Commerce, utilizing other appropriate Federal agencies, with particular respect to: (1) the possibility of unfair, below-cost pricing of steel mill product imports to the United States; (2) the impact of rapidly increasing imports of steel mill products upon the profitability of the domestic steel industry and the employment, income, and tax revenues generated by that industry; (3) the impact of such imports upon the maintenance of equilibrium in the balance of international payments of the United States; and (4) the effects of efforts of the Government to restrict the outflow of private capital upon the demand for steel products in foreign countries affected thereby.

AMENDMENT OF VOCATIONAL REHABILITATION ACT TO ASSIST IN PROVIDING MORE FLEXIBILITY IN THE STATE REHABILITATION PROGRAMS—AMENDMENTS

AMENDMENT NO. 460

Mr. INOUYE submitted amendments, intended to be proposed by him, to the bill (H.R. 8310) to amend the Vocational Rehabilitation Act to assist in providing more flexibility in the financing and administration of State rehabilitation programs, and to assist in the expansion and improvement of services and facilities provided under such programs, particularly for the mentally retarded and other groups presenting special vocational rehabilitation problems, and for other purposes, which were ordered to lie on the table and to be printed.

ADDITIONAL COSPONSORS OF BILLS

Under authority of the orders of the Senate, as indicated below, the following names have been added as additional cosponsors for the following bills:

Authority of September 13, 1965:

S. 2516. A bill to amend the Administrative Expenses Act of 1946, as amended, to provide for reimbursement of certain moving expenses of employees, and to authorize payment of expenses for storage of household goods and personal effects of employees assigned to isolated duty stations within the continental United States: Mr. CLARK, Mr. COOPER, Mr. GRUENING, Mr. INOUYE, Mr. JAVITS, Mr. MCGEE, Mr. MONTOYA, and Mr. RANDOLPH.

Authority of September 20, 1965:

S. 2546. A bill to amend the Immigration and Nationality Act to impose a limitation upon the time for the institution of deportation proceedings, and a limitation upon the time for the loss of U.S. nationality: Mr. LONG of Missouri.

NOTICE CONCERNING NOMINATIONS BEFORE COMMITTEE ON THE JUDICIARY

Mr. EASTLAND. Mr. President, the following nominations have been referred to and are now pending before the Committee on the Judiciary:

Donald E. O'Brien, of Iowa, to be U.S. attorney, northern district of Iowa, term of 4 years—reappointment.

John T. Curtin, of New York, to be U.S. attorney, western district of New York, term of 4 years—reappointment.

Cecil F. Poole, of California, to be U.S. attorney, northern district of California, term of 4 years—reappointment.

Merle M. McCurdy, of Ohio, to be U.S. attorney, northern district of Ohio, term of 4 years—reappointment.

Philip E. Mangan, of Maryland, to be an Examiner in Chief, U.S. Patent Office, vice Hyman Freehof.

On behalf of the Committee on the Judiciary, notice is hereby given to all persons interested in these nominations to file with the committee, in writing, on or before Tuesday, October 5, 1965, any representations or objections they may wish to present concerning the above nominations, with a further statement whether it is their intention to appear at any hearing which may be scheduled.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Hackney, one of its reading clerks, announced that the House had passed a joint resolution (H.J. Res. 673) making continuing appropriations for the fiscal year 1966, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

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

H.R. 2091. An act relating to the establishment of concession policies in the areas administered by National Park Service and for other purposes;

H.R. 2358. An act for the relief of Tony Boone;

H.R. 2772. An act for the relief of Ksenija Popovic;

H.R. 4750. An act to provide an extension of the interest equalization tax, and for other purposes;

H.R. 8035. An act to authorize the Secretary of the Interior to accept a donation of property in the county of Suffolk, State of New York, known as the William Floyd Estate, for addition to the Fire Island National Seashore, and for other purposes;

H.R. 8283. An act to expand the war on poverty and enhance the effectiveness of programs under the Economic Opportunity Act of 1964;

H.R. 9417. An act to revise the boundary of Jewel Cave National Monument in the State of South Dakota, and for other purposes;

H.R. 10516. An act authorizing the disposal of vegetable tannin extracts from the national stockpile;

H.R. 10714. An act to authorize the disposal of colemanite from the supplemental stockpile;

H.R. 10715. An act to authorize the disposal of chemical grade chromite from the supplemental stockpile;

H.R. 10748. An act to authorize the transfer of copper from the national stockpile to the Bureau of the Mint;

H.J. Res. 309. Joint resolution to amend the joint resolution of March 25, 1953, to increase the number of electric typewriters which may be furnished to Members by the Clerk of the House; and

H.J. Res. 330. Joint resolution to authorize the disposal of chromium metal, acid grade fluorspar, and silicon carbide from the supplemental stockpile.

HOUSE JOINT RESOLUTION REFERRED

The joint resolution (H.J. Res. 673) making continuing appropriations for the fiscal year 1966, and for other purposes, was read twice by its title and referred to the Committee on Appropriations.

GREAT ECONOMIC ACHIEVEMENT: UNEMPLOYMENT DROPS WHILE WORK FORCE SOARS

Mr. PROXMIRE. Mr. President, there was no domestic economic problem to which John F. Kennedy addressed himself 4 years ago more emphatically than the specter of rising unemployment in a progressing and otherwise prospering society.

How clearly we recall those speeches in which the President would spell out the appalling statistics—the tens of thousands of new jobs the Nation would be required to create every single week—week after week—just to stay even with the avalanche of new workers coming on the market.

President Kennedy pleaded for programs to meet this apparently hopeless problem. President Lyndon Johnson has pressed these programs and other proposals including the war on poverty to legislative success.

The result is that the American people are now enjoying the happy spectacle of a nation not only able to create these tens of thousands of new jobs every week, but to do even more. The result: unemployment is actually declining. It has been dropping sharply.

It is astonishing that there are always many voices crying out when the economic situation is deteriorating, but few pay much attention when a truly remarkable development, an economic achievement of the first rank, takes place.

Imagine the speeches we would have today if unemployment had gone the other way, had increased in the past few years in the same proportion it has decreased. In that event we would today have had about 9 percent of our work force out of work, and the caterwauling would drown out every other problem.

That, of course, does not mean that we have solved our major economic problem: unemployment. It does mean that we are making excellent progress.

Yesterday the Wall Street Journal covered this remarkable economic development in an excellent front-page feature story. I ask unanimous consent that the article be printed in the RECORD.

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

WANING JOB WORRY—UNEMPLOYMENT DECLINES DESPITE SURGE OF YOUTHS INTO THE LABOR MARKET—MATURING POSTWAR BABIES FAIL TO LIFT JOBLESS RATE AS ANALYSTS HAD PREDICTED—A NEW LOOK AT AUTOMATION

(By Alfred L. Malabre, Jr.)

The economy is getting through the first year of a long-expected surge in the number of jobseekers with surprising—and encouraging—ease.

That's the judgment of many economists and employment analysts who previously had feared 1965 would see the start of a hard-to-halt increase in American joblessness. Their apprehension had been based largely on a demographic quirk: The first massive wave of the post-World War II baby crop would turn 18 in 1965. The flood of these youths into the labor market, it had been feared, would far outstrip the number of additional jobs the economy could provide. As a result, the country's already worrisome unemployment rate would climb sharply.

But—so far at least—things aren't working out that way. Unemployment in August, the latest period available, stood at a seasonally adjusted rate of 4.5 percent of the labor force, down from an even 5 percent as recently as February and 5.1 percent in August 1964. The latest rate, in fact, is as low as at any time during the present business expansion; in 1961, the first year of the current upturn, unemployment for the full year amounted to 6.7 percent of the labor force.

A HEARTENING DEVELOPMENT

"It's a most heartening performance," says Albert T. Sommers, director of economic research at the National Industrial Conference Board, a nonprofit business research organization based in New York City. "The unemployment rate this year is holding well below the levels many observers, including myself, had originally thought possible." A year ago, Mr. Sommers recalls, he had estimated that unemployment in mid-1965 would be "up in the 5 percent range."

The 1965 record is leading some economists to conclude the administration's long-sought "interim goal" of a 4 percent unemployment rate actually is coming into reach. "A year ago, I simply didn't believe it could be done," says a Labor Department analyst. "Now I'm convinced we can really get down to 4 percent, perhaps before this year is out."

To understand why 1965 has long been regarded as a crucial testing period for the U.S. economy, a few statistics are worth noting. Last year some 2.7 million Americans turned 18. This year, however, nearly two decades after the start of the postwar baby boom, 3.7 million youths are celebrating their 18th birthdays. And the number turning 18 will remain at the sharply higher level right through the next 10 years, Government population projections indicate.

GENERATING NEW JOBS

To accommodate these youths, as well as an increasing number of job-seeking women, U.S. employment must grow dramatically in the period beginning this year, Government studies have predicted. Simply to hold unemployment down at about the 4-percent level, according to these studies, the economy through 1965–75 must generate 1.5 million additional jobs each year. This projected increase dwarfs the actual growth of U.S. employment in 1954–64, a generally prosperous period. In that span, employment expanded by only 900,000 jobs annually.

The sharp rise in teenage jobseekers, moreover, comes on the heels of much fretting about the possible impact of automation on jobs. This fretting is based on the argument that automation cuts down employment, especially the relatively low-skilled laboring jobs most suited for many of the youths crowding into the labor force.

In the face of such pressures, why is the unemployment rate as low as it is?

The central fact appears to be that the economy is creating jobs at a rate many economists believed impossible a year or two ago. From 1961 to 1964 U.S. employment climbed by roughly 1 million jobs a year—hardly the sort of rise to prompt much optimism about future unemployment levels. This year, however, the job total is spurting by more than 2 million, nearly twice the 1961–64 rate. This speedup, which gives no indication of abating—the latest figures are for August—causes an ebullient Government economist to confess that "the recent performance comes as a most unexpected and most happy surprise."

THE FEDERAL ROLE

This happy surprise, of course, reflects in part the efforts of Federal authorities to keep the economy expanding through such devices as tax reductions and relatively low interest rates. There can be little doubt, for example, that the 1964–65 cuts in personal and corporate income tax rates have propelled consumer and business spending to heights that otherwise probably would not have been reached.

It is also clear that the country's intensifying military activity in Asia is tending to cut down joblessness. Increased military outlays, recent surveys by this newspaper have shown, are providing unexpected extra business to a wide range of companies. In addition, of course, rising draft calls are taking more young men out of the civilian labor market. A few days ago, defense officials issued a November call for 36,450 young men, the largest callup since the Korean war month of May 1953 and far above early 1965 rates of as low as 3,000 per month.

Obviously, the military's manpower requirements could alter quickly and drastically. If the fighting in Asia spreads, its manpower needs could swell so swiftly that the question of unemployment would evaporate. On the other hand, peace in Asia could put considerable new pressure on the country's civilian economy to generate jobs.

Beyond such unpredictable factors, however, there are important long-term developments tending to keep unemployment in check.

There are clear signs, for example, that among certain key groups the percentage of persons seeking work or working is declining.

As recently as 1947 some 54 percent of American teenage males were in the labor force. Largely because more youths are staying in school, however, this rate now is down to 43 percent and, Government economists are convinced, will continue to drop. The decline may even accelerate, some analysts predict, if such Federal "poverty" programs as the Job Corps and other training projects for teenagers prove successful. (A teenager in the Job Corps, who otherwise probably would be among the unemployed, is not classed in the labor force by Government statisticians.)

For very different reasons, the proportion of elderly men and women participating in the labor force also is dropping. Some 27 percent of U.S. males ages 65 and over work

or are seeking work, according to the Government. This is down from 47 percent in 1947 and from nearly 30 percent as recently as 1962.

Other groups whose participation rates are declining include men in the 55 through 64 age bracket and, since 1960, women in the 65 and over category. Economists attribute these declines to the proliferation of pension plans and other programs geared to make retirement easier.

To some degree, declining participation rates were taken into account in the Government studies indicating the economy must generate 1.5 million additional jobs yearly in 1965–75. At least some of the recent developments, however, come as a surprise to Federal planners. A big surprise: So far this year, the participation rate for women in the key 45 through 54 age group has been running behind the comparable 1964 levels. This is an abrupt change from earlier years. From 1947 to 1964, for instance, this group's participation rate soared from 32 to 51 percent.

JOBLESS RATE FOR LABORERS

The recent employment record also suggests that automation is not the destroyer of jobs it was once feared to be. For instance, the unemployment rate for laborers, a blue-collar job category that would seem a prime target for automation, has actually declined sharply—from 15.7 percent in 1961, at the start of the current expansion, to an estimated 7.6 percent at present.

To be sure, this year is only the start of a long period of rapid expansion in the labor force. "The big question is whether the economy can continue to absorb jobseekers as readily as it has done so far," says an economist who keeps tab on employment trends at the Federal Reserve Board. This analyst flatly doubts it can, unless military manpower needs rise substantially. "I think the unemployment rate is about as low as it's going to get," he declares.

One reason the pessimists doubt the economy can keep up its present performance is the threat of inflation. U.S. factories are operating at approximately 91 percent of full capacity, according to Federal estimates. At such a level, history shows, prices begin to move up rapidly, as inefficient, high-cost equipment is pressed into use. To counter the price spiral they believe is developing, these pessimists fear that the Government will be forced to seek measures that will restrict economic growth, such as higher interest rates.

HOEHN TO MAKE POLICY DECISION ON RESIDUAL OIL IMPORTS

Mr. PROXMIRE. Mr. President, twice in the last few days I have stood on the floor of the Senate to raise my voice in protest against the appointment of oil lobbyist Elmer Hoehn to the Oil Import Administration.

It is obvious to me from reading two articles that appeared in Monday's Oil Daily that this appointment is the death knell for increased oil imports and decreased consumer costs. The first article points out that the Oil Import Administration is now analyzing all data sent to it by the Office of Emergency Planning on residual fuel oil import controls. There is no doubt that the Oil Import Administration will also write up Interior's views on the need for continuing residual fuel oil import controls. And there is no doubt that ex-oil lobbyist Hoehn, who fought against higher imports as an executive for a tristate trade association, will play a large part in drafting the recommendation. Can anyone doubt that continued import controls will be recommended? This deck is stacked, and stacked with a vengeance, against the consumer.

The second article states that the pending Presidential proclamation on oil import controls may be held up until after the Canadian election November 8. In Secretary Udall's words "we may not promulgate it, or announce it, even if it is made in advance, until after an election that is being held in a country nearby."

Oil Daily goes on to say, "The only implication that can be drawn from Udall's remarks about delaying the Presidential order until after the Canadian election is that the draft order proposes to tighten up on the flow of oil from Canada into the United States and that this could become a political issue between the opposing parties in Canada before the election."

Mr. President, as the article points out, this second decision has been in the works for some time before Mr. Hoehn's appointment. But Hoehn certainly will feel at home. His appointment coincides almost to the day with this tacit admission that Canadian imports will be decreased.

In view of the substantial policy decisions involving the Oil Import Administration in the months ahead I again express my hope that the Hoehn appointment will be reconsidered.

Mr. President, I ask unanimous consent that the articles from Oil Daily headlined "Interior Is Planning Residual Recommendations for OEP," and "Udall Links Canada Election to Timing of New Imports Plan," be printed in the RECORD.

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

INTERIOR IS PREPARING RESIDUAL RECOMMENDATIONS FOR THE OEP

WASHINGTON.—The Interior Department is now analyzing all of the data sent to it by the Office of Emergency Planning—consisting of public statements filed with OEP last spring and summer—and expects now to file Interior's views on the need for continuing residual fuel oil import controls in the near future.

Material received by OEP after it launched its investigation last spring was transmitted to Interior for analysis as it came in to the OEP—but Interior never offered any comments on it.

On August 13, OEP sent Secretary Udall a letter urging that Interior expedite its analysis of all the material sent to it during the previous 4 months and advise OEP of its views and recommendations so that the matter could be resolved quickly.

On September 7, Interior Assistant Secretary Moore responded to OEP, saying all of the data involved was being analyzed by the Oil Import Administration. Moore told the Oil Daily that he expected a substantive response, with an advisory opinion, would go to OEP in the near future.

Some confusion developed over the OEP-Interior exchange of letters on residual controls at Secretary Udall's press conference September 23. In response to a question, Udall said he was not aware of a request from OEP for a special report on residual—but that his views and those of the department on this issue were well known.

Moore explained, however, that OEP's request has never been sent to Udall since it was a request for analysis that would have to be made by the staff. He said that when a final response is made to OEP it will be sent by the Secretary—and that should be fairly soon.

UDALL LINKS CANADA ELECTION TO TIMING OF NEW IMPORTS PLAN

(By Jim Collins)

WASHINGTON.—Interior Secretary Udall has let the cat out of the bag—that the pending Presidential proclamation on oil import controls may be held up until after the Canadian elections November 8.

Udall's comment about the Canadian election came in response to a simple question at his news conference September 23, asking him when he expected the new imports proclamation to be issued.

Responding, the Interior Secretary said: "Well, we are in the final stages on this now. I cannot give you a date at this time except to say that I am satisfied with the progress that we are making.

"It may be—and I don't want to comment further on that for obvious reasons—we may not promulgate it, or announce it, even if it is made in advance, until after an election that is being held in a country nearby—but I think that we are developing a very good program and I think that we are moving ahead about as we had expected."

He was asked if he was referring to an election in Venezuela. Udall replied: "Canada."

The only implication that can be drawn from Udall's remarks about delaying the Presidential order until after the Canadian election is that the draft order proposes to tighten up on the flow of oil from Canada into the United States and that this could become a political issue between the opposing parties in Canada before the election.

If Prime Minister Pearson's opponents, the Conservatives, want to use the U.S. oil imports control program as a political issue, Udall has given them a handle.

The Conservatives could point with pride to the fact that they succeeded in maintaining a control-free flow of Canadian oil into the United States when they were in power, but now the country faces restrictions on one of its most important growth commodities, petroleum, in a natural market, the United States.

Former Prime Minister Diefenbaker, opposing Pearson, could also make medicine out of the fact that a conference between U.S. officials and members of Pearson's cabinet was held in Ottawa early in September and at that time the U.S. officials discussed the "need" to put brakes on the growth of oil movements into the United States, particularly districts I to IV.

Linking that meeting with Udall's more recent remarks at his press conference, Diefenbaker might try to make it appear that Pearson's administration is willing to go along with a tighter control by the United States on Canadian oil shipments—but wants to keep it quiet until after the election is over in November.

HUMPHREY: ENERGETIC BACKSTOP

Mr. HARRIS. Mr. President, those in the past who looked upon the vice-presidency as a ceremonial office at best—and a place for political eclipse at worse—did not reckon on the skill, the energy and the dedication of HUBERT HUMPHREY. Nor did they reckon the determination of President Lyndon B. Johnson to make the vice-presidency a vital instrument of our Government.

Today we have a President and Vice President working in close harmony, in

an atmosphere of profound mutual respect. And the Nation as a whole is better off as a result.

An article in a recent issue of the Christian Science Monitor by Mr. Godfrey Sperling, Jr., examines this phenomenon in some detail. The article states:

A position that constrained and frustrated many a predecessor has found more than a match in Mr. HUMPHREY.

Implicit in the article is the fact that the position of Vice President has found a great admirer of Lyndon B. Johnson, Mr. HUMPHREY is quoted as describing the President as "a man of meticulous detail" who "spends hundreds of hours in building a friendly environment for legislation."

Because of the fascinating insights it gives of these two unusual American statesmen, I bring this article to the attention of the Senate.

Mr. President, I ask unanimous consent that the article be printed in the RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The article is as follows:

HUMPHREY: ENERGETIC BACKSTOP

(By Godfrey Sperling, Jr.)

WASHINGTON.—To be close to the Vice President for just an hour or two is enough to discover that this amazingly energetic man has in no way lost the spring in his step.

A position that constrained and frustrated many a predecessor has found more than a match in Mr. HUMPHREY.

"Completely satisfying, completely satisfying," he was describing his new life to this reporter, while, almost at the same time, he was showing us how a Vice President, too, can be an effective force in helping the administration push legislation along.

The phone was buzzing. Mr. HUMPHREY was talking to Congressmen, using all of his well-known persuasive powers to get enough petition signatures to wrest the Washington home rule bill out of committee.

SIGNATURE ACQUIRED

"My role is a backstop one," he told us, "when it comes to getting votes for legislation. The leaders in both Houses and Larry O'Brien carry the ball on this. But once in a while they call on me."

Out in the reception room, before we were ushered into the HUMPHREY office, the tide of legislative battle had been apparent.

Said one secretary, after Mr. HUMPHREY had hung up from a call: "The Vice President is really tickled. He got that Congressman to agree to sign."

Said another: "Yes, and this is one who had alread said 'No' to the Speaker, the majority leader, and, just a few minutes ago, to the President himself."

Said another: "I bet the Vice President will be kidding the President about this one."

Now in with Mr. HUMPHREY, we asked: What of the pending legislation? Would the Vice President make an assessment of those administration bills that were encountering difficulty? Quickly, Mr. HUMPHREY gave these answers, indicating first that he is keeping in the closest touch with Members of both Houses. He knows where all the votes are—or where they are buried.

Agriculture: "We'll come out of this with a fairly good program. There'll be a good feed-grain program, reducing the feed-grain surplus. There'll be a good wheat program. The main argument is about cotton. We want one-price cotton. This one is most difficult. But we'll come out all right."

THE VOTES ARE HERE

Immigration: "We've got this one. The long struggle to get rid of the national origins limitations now is over. When the legislation has passed you will find that the President has gotten the basic elements of his bill."

Repeal of 14(b) of Taft-Hartley: "It's a difficult one, but the votes are here."

Home rule for Washington, D.C.: "You can see that we are going to get this discharge petition through. And, out of the district committee, we have the votes to win this one."

His evaluation of the legislative session? "In all my experience," Mr. HUMPHREY said, "this has been the most productive." Further, he said it was a session that had been marked with the "least amount of bitterness" of any he had known.

DEALINGS WITH CONGRESS

He said that the Democratic leadership of MIKE MANSFIELD, JOHN W. MCCORMACK, and CARL ALBERT had been important in this legislative achievement. But he also credited EV DIRKSEN and TOMMY KUCHEL as GOP Senators who played important roles. "They naturally took different positions and led partisan battles," he said. "But, at no time were they ever obstructionists.

"But it really was the climate established by the President," he said. "The favorable climate for this legislation: this was all-important.

"We couldn't have gotten it all through had not the President made it possible, through his dealings with various elements in our society, through his dealings with Members of Congress."

Here Mr. HUMPHREY said that he would like to challenge those who describe the President as one who leans on those he would like to do his bidding, who twists arms to get people to agree to his wishes.

"I've known him a long time," said Mr. HUMPHREY, "and I've never seen this.

"Actually the President pats people on the back when they do a good job. He doesn't use the 'You must do this' approach.

"A MAN OF DETAIL

"He knows that you can't tell a Senator he must do something or other.

"The President," he said, "is a man of meticulous detail when it comes to legislation. He knows every bill and what is going on.

"The President spends hundreds of hours in building a friendly environment for legislation.

"Take medicare. The President spent hundreds of hours with leaders in Congress. He eased their apprehensions. Now, after the bill was passed, he is working to ease the apprehensions of the American Medical Association."

CLIMATE STRESSED

Further, he said, the President has a keen sense of anticipating where opposition might develop—and he moves in quickly, but in a quiet, friendly way, to prevent this from happening.

He said that the President had done this with the business community on certain legislation.

"It doesn't take much for us to lose our majority in the Senate," Mr. HUMPHREY said. Here he praised Senator MANSFIELD'S skill in keeping this a working majority. But he again talked of the importance of the "friendly climate" maintained by the President within Congress, on both sides of the aisle.

Of his own busy days, the Vice President said: "I don't think my staff in the White House has any idea what goes on over here in the Capitol—how many people I see, how much I have to do.

"Every day I see from 10 to 50 Members of Congress. Just yesterday I kept count and I saw 38 Members of Congress."

He said this was all on top of conferring with the President, keeping abreast of all the highly classified documents, working with members of the Cabinet, presiding in the Senate, being Chairman of the Space Committee, and sitting in with the National Security Council. And seeing visitors.

"I REALLY MEAN IT"

"I like being Vice President," he said. "People will say, 'You talk this way'—but I really mean it. I enjoy my work. There is an extra pleasure in conferring with Members of Congress and being with the President."

What of the next legislative session?

"I feel that next year we must refine and improve the legislation we have just passed—wherever this is needed. Also we need to tool up the Government—the executive branch—to carry out the assignments of these new programs.

"We need good people, many more good people, to carry out these assignments.

"We must have better management.

"These programs will cost a lot more money—yet they cannot go beyond a certain point. The President is hot as a pistol on this, on holding down the spending."

DECLINE IN PURCHASING POWER OF THE DOLLAR

Mr. DIRKSEN. Mr. President, if memory serves me correctly, it was Leon Henderson, Price Administrator during World War II, who often said that a little inflation was like a woman a little pregnant. This observation, like many other of Mr. Henderson's, lends itself well to further quips on the subject of budgets and deficits and the virtue or vice of continuous creeping inflation.

But to the housewife, inflation is the price of beef at the supermarket, and this is not funny. To the average man, inflation is the $10,000 insurance policy he bought 20 years ago which is not worth half that much today, and this is not funny. To the citizen over 65, inflation is his inability to live in dignity on a retirement income which seemed rather generous 25 years ago, and this is not funny.

The truth of the matter is that the sophisticated economics of the sixties, grounded in expansionary policies, have sacrificed the housewife, the average man, and the old age pensioner on the altar of growth; glorious, continuous, everlasting growth with higher and higher levels of Federal spending and lower and lower values of savings, of pensions, of pay checks, and insurance policies.

The effects of this information can be readily illustrated, using the experience of 1 month alone; the experience of June 1965.

For instance, $10,000 invested at 6 percent lost in buying power all it earned in interest during the 30 days of June 1965 alone.

For instance, $10,000 in life insurance lost $50 in general purchasing power during those 30 days in June alone.

For instance, $10,000 in a savings account bought $220 less at the corner grocery store after the inflation that took place during the 30 days of June 1965 alone.

For instance, all pensions, all wages, all dividends and all other income shrunk accordingly during those 30 days of June 1965.

As the Republican National Committee recently asked: "Why did it happen?"

Answered the Wall Street Journal:

It appears that many of those responsible for the preservation of the dollar have simply lost all comprehension of the meaning of money. In their unthinking and unending outpourings they behave as if they couldn't care less what happens to the dollar's purchasing power or to the national economy."

Mr. President, 2 weeks ago, a small pamphlet from the U.S. Department of Commerce crossed my desk announcing publication of the new Statistical Abstract of the United States for 1965. In the wonderful prose of the Department of Commerce, this year's Statistical Abstract is said to present, "authoritative and comprehensive statistics on the current economic, social, and political structure of the United States."

Taking them at their word, I ask unanimous consent to have printed in the RECORD, table No. 489 from this marvelous new Statistical Abstract. This table appears on page 356, and measures purchasing power of the dollar from 1940 to 1964. This table paints a far better picture of the "current economic, social, and political structure of the United States" than any number of spoken words could hope to do.

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

No. 489. Purchasing power of the dollar, 1940–64

[1957–59=$1. Beginning 1961, wholesale prices include data for Alaska and Hawaii; and, beginning 1964, consumer prices include them. Obtained by dividing the average price index for the 1957–59 base period (100) by the price index for a given period and expressing the result in dollars and cents]

Year	Monthly average as measured by—	
	Wholesale prices	Consumer prices
1940	$2.326	$2.048
1944	1.757	1.632
1945	1.727	1.595
1946	1.513	1.471
1947	1.232	1.285
1948	1.138	1.194
1949	1.198	1.205
1950	1.152	1.194
1951	1.034	1.106
1952	1.064	1.081
1953	1.079	1.072
1954	1.076	1.069
1955	1.073	1.071
1956	1.040	1.056
1957	1.010	1.021
1958	.996	.994
1959	.994	.985
1960	.993	.971
1961	.997	.960
1962	.994	.949
1963	.997	.937
1964	.995	.925

Source: Department of Labor, Bureau of Labor Statistics. Monthly data in Department of Commerce, Office of Business Economics; Survey of Current Business

ANNUAL CONVENTION OF STATE FIRST AID SQUADS OF VIRGINIA

Mr. STENNIS. Mr. President, on September 25, 1965, the distinguished Senator from Virginia [Mr. ROBERTSON] delivered an address to the annual convention of State First Aid Squads of Virginia.

In his speech, entitled "The Good Neighbor," the Senator from Virginia relates the history of volunteer fire companies and the more recent development of volunteer first aid and rescue squads. Through the use of interesting historical facts, related as only the Senator from Virginia can, and also through the presentation of current statistical data, the Senator from Virginia demonstrated the importance of the valuable and timely work being done by these splendid voluntary rescue units.

I believe that the remarks of the esteemed Senator from Virginia are worthy of consideration by each Member of this body, not only because of the attention they direct to the outstanding contribution of the rescue units, but also because they again illustrate so clearly the philosophy of our distinguished colleague who so ably represents the State of Virginia in this body. In his every endeavor, he is guided first and foremost by the Christian principle of unselfish service to our fellow man and, as he so well stated, "the spirit of self-reliance which enabled our forefathers to build a great Nation out of a wilderness."

I ask unanimous consent to have the remarks of the Senator from Virginia printed in the RECORD, and I commend them to every Senator.

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

THE GOOD NEIGHBOR

(Remarks of Senator A. WILLIS ROBERTSON, Democrat, of Virginia, before the annual convention of State First Aid Squads of Virginia, at the Natural Bridge Hotel, Natural Bridge, Va., Sept. 25, 1965)

It is an honor and a coveted privilege to address an organization whose members through unselfish service to their fellow man dramatize the Christian principle of a good neighbor.

Cynics are often heard to say that in this world we never get something for nothing. But you who volunteer as members of local first aid and rescue squads belie that statement, because you are giving your time and energy to perform errands of mercy for your fellow men, with no thought of reward except the inward satisfaction that comes from the performance of a good deed or the discharge of a voluntarily assumed civic duty.

I was especially glad to accept your invitation because the service you are performing in all parts of the Old Dominion makes me realize that the spirit of self-reliance which enabled our forefathers to build a great nation out of a wilderness is not dead.

In a sense, you deserve even more credit than the pioneer settlers, because they had no choice but to do things for each other if they wanted to survive, once they reached the New World. But you could have held back and said, "Let some government agency take care of the first aid problem."

In comparison with the political turmoil of our National Capital, the quiet beauty of a valley area where the massive peaks of the Blue Ridge invite the heavens to rest upon their stately columns is like the balm of Gilead. And it does my heart good, and strengthens my faith in democratic processes, to associate with men like you, because in the Halls of Congress hardly a day passes without a plea from some group to have the Federal Government take over, or at least pour out money for some function that the States and cities used to do for themselves.

Your volunteer rescue squads put these special pleaders to shame, for you are providing a striking example of how people can do things for themselves when they have the proper spirit.

I suppose the modern first aid and rescue squad is an offshoot of the volunteer fire department, which has been a part of the American scene since the Pilgrims built their first stockades.

In fact, ever since man discovered the uses of fire he has had to be on the alert to combat its dangers. Even the early civilizations of Greece and Rome depended upon volunteer firemen, and historians say that Emperor Augustus had a force of 7,000 firefighters. I don't know how many there were when Rome caught fire, during the reign of Nero, but evidently not enough. That fire burned for 9 days and destroyed about three-fourths of Rome.

Among the early American colonists, men used to volunteer to patrol the roads at night to guard against fire. George Washington was one of the pioneer volunteer firemen in Virginia. He helped organize the Friendship Veterans Fire Engine Company in Alexandria before the American Revolution. While on a visit to Philadelphia, he purchased a fire engine for 80 pounds and 10 shillings, and gave it to the Alexandria company.

After serving two terms as President, Washington retired to Mount Vernon, and renewed his enrollment in the Alexandria fire department.

On one occasion shortly before his death the first President was riding his horse through Alexandria when a fire broke out. Noticing that the fire apparatus was undermanned, Washington jumped from his horse and called to a number of bystanders: "Why are you idle, gentlemen? It is your business to lead in these matters." He took hold of the engine, and all who could find room followed his example.

I am happy to be listed as an honorary and life member of the historic Friendship Fire Company of Alexandria.

In 1934, as a Member of the House, I supported a tax bill which authorized corporations, as well as individuals, in computing net taxable income, to deduct contributions to volunteer fire companies. Later the Bureau of Internal Revenue expanded that provision to include volunteer first aid and rescue squads.

Again, in 1944, during World War II, we were considering a bill in the House to regulate the disposal of surplus Government property, and I offered an amendment adding volunteer fire companies to the tax-supported agencies entitled to priority to purchase surplus firefighting equipment.

Later, I secured a provision for the donation of ambulances and other first-aid equipment to these rescue squads.

Back in the horse and buggy days, when people were content to jog along dirt roads at a leisurely pace, there was not much need for rescue squads. Highway accidents were confined to an occasional runaway horse.

But when mass production brought the automobile within the means of nearly every family and we began building hard-surfaced highways across the entire country, we created traffic hazards that make first-aid squads more necessary and important than the volunteer fire brigades.

I dare say highway accidents alone would keep you busy even if there were no other types of accidents to required first aid.

During 1964 there were 47,800 traffic fatalities in this country, and I am sure you will not be surprised to hear that 1,047 of them occurred in Virginia. In the first 6 months of 1965 the records show that 480 persons were killed on Virginia highways.

I have no doubt these figures would be even higher if it were not for the prompt and efficient action of your members, and similar first aid squads across the Nation, in rushing to the scene of accidents to help get the injured quickly to hospitals.

The need for volunteer first aid and rescue squads is demonstrated more dramatically by a calculation made by the National Safety Council.

The Council found that in 1963 accidents of all kinds cause one death every 5 minutes, and one person injured every 3 seconds.

For motor vehicles alone, the rates were a death every 12 minutes and an injury every 20 seconds.

At work, the rates were a death every 37 minutes and an injury every 16 seconds.

At home, a death every 18 minutes and an injury every 7 seconds.

In 1963 the Department of Health, Education, and Welfare found that accidents of all kinds kill 95,000 persons and injure 45 million a year. This means that approximately one person in four sustains some type of injury each year. The figures may be slightly higher now than they were 2 years ago.

Although motor vehicle accidents are an important cause of death in all age brackets, they are especially significant in the group from 15 through 24 years of age. In this bracket, 38 persons per hundred thousand are killed in motor vehicle accidents annually, the highest rate for any group less than 75 years old.

Only three conditions exceed accidents as a cause of death. They are heart disease, cancer, and vascular lesions affecting the central nervous system.

After delving into these statistics I had a new realization of the importance of your volunteer first aid and rescue squads, not only to the communities in which they are organized, but to the thousands of tourists who visit Virginia's historic spots and scenic attractions each year.

I want to make a special mention of Capt. Julian Wise of Roanoke, who in 1928, founded the Roanoke Life Saving and First Aid Crew—the Nation's first of such organizations. Today, they are nationwide. In Virginia, there are now 101 squads, with about 3,500 volunteer members.

But the real pioneer of this movement was the Good Samaritan, of whom Christ spoke nearly 2,000 years ago. I am sure that you remember the story, in the Gospel according to St. Luke, about the man who was traveling from Jerusalem to Jericho, when he fell among robbers. They stripped him and left him wounded by the side of the road.

Then we are told of travelers who went their way without lending a helping hand to the wounded man. But a Samaritan was moved to compassion. He bound up the man's wounds, placed him on his own beast and took him to the nearest inn.

The Samaritan gave the innkeeper some coins and instructed him to take care of the wounded man. The Samaritan also assured the innkeeper he would stop on his return journey and make up any deficit in the wounded man's bill.

In the busy world of the 20th century you men are doing exactly what the Good Samaritan did on the road to Jericho, and, while you do not expect material rewards for your service, we can be sure that your generosity and compassion for your fellow man is not going unnoticed by the God who watches over all of us, and has given to the civilized world its present concept of a good neighbor.

PROSPERITY BOOMS BUT FARMERS KEEP GETTING LESS

Mr. PROXMIRE. Mr. President, in recent months, there has been some increase in food prices. Many thoughtless people might blame that on the farmer. The fact is that the farmer now, and for a number of years—in fact, throughout the current unparalleled prosperity, has been taking it on the chin.

As the housewife's prices have increased, the amount the farmer receives has been going down. The farmer has not only received a smaller share, he has also been getting less absolutely.

Just think of it—retail food prices have been going up every year without exception since 1959, and farm prices—what the farmer receives for that food—have been going down every year without exception since 1959.

One of the finest farm publications in the country, the Wisconsin Agriculturalist & Farmer in its September 25 edition tells this story briefly, but eloquently.

As the Agriculturalist sums it up:

> The retailer asked more and got it. Farmers on the other hand have taken less. They have not had the bargaining power that rests in the hands of the food chains.

I ask unanimous consent to have the editorial entitled, "Farmers Keep Getting Less" printed in the RECORD.

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

FARMERS KEEP GETTING LESS

The U.S. Department of Agriculture measures the retail cost of food by what it calls the "farm food market basket." This includes typical foods that a housewife might purchase during the year. The retail cost has gone up every one of the last 6 years.

Year:	
1959	$985
1960	991
1961	997
1962	1,006
1963	1,013
1964	1,015

The farm value—the price received by farmers—for these items has been going down.

Year:	
1959	$377
1960	383
1961	380
1962	384
1963	374
1964	373

The farmer's share of the housewife's dollar shrunk from 43 percent in 1954 to 38 percent in 1959. It is now 37 percent.

People in the food industry have often tried to explain away these trends by saying that retailers have fixed costs, such as labor, transportation, packaging, rent, and so on. They point to rising costs. So they say retailers cannot reduce prices in the store when farm prices go down.

But the price to the housewife has gone up at almost a constant rate, as this chart shows. This in spite of the fact that the downward trend of farm prices had varied from year to year.

RETAIL PRICES

Years:	Percent
1959 to 1960 increased	0.6
1960 to 1961 increased	.6
1961 to 1962 increased	.9
1962 to 1963 increased	.7
1963 to 1964 increased	.2

FARM PRICES

Years:	
1959 to 1960 decreased	3.6
1960 to 1961 decreased	.8
1961 to 1962 increased	1.0
1962 to 1963 decreased	2.6
1963 to 1964 decreased	.3

The argument of fixed rising costs isn't the answer. Farmers have had fixed costs that were rising too.

We will not argue that the retailer should not have gotten more money for the food he sold. But it is clear that retail stores have been able to counteract rising costs by charging higher prices—even when farm prices went down.

The retailer asked more and got it. Farmers on the other hand have taken less. They have not had the bargaining power that rests in the hands of the food chains.

SHRIVER'S INDEPENDENT AUDITS BRING UNUSUAL EFFICIENCY TO ANTIPOVERTY PROGRAM

Mr. PROXMIRE. Mr. President, almost everyone applauds the objectives of the antipoverty program, but some on this floor and elsewhere have criticized its administration. This was particularly true this year, when the antipoverty bill and conference report came before the Senate.

Mr. President, how can a Senator or any other interested citizen appraise a vast, complex, new program like this? If the program were a business operation, the first thing an experienced businessman would do would be to call in a competent, reliable, independent auditor, or a private accounting firm to go over the operation and identify the waste, the extravagance, and if there is any—the illegal or even criminal activity.

Why not apply this to the antipoverty program?

The answer, Mr. President, is that this is exactly what Director Sargent Shriver has done.

As Lyman Bryan, director of the Washington office of the American Institute of CPA's has written:

> Sargent Shriver, Director of the OEO, brought to Government a good deal of experience acquired in private business and a healthy respect for the skills of accountants. His decision to use independent auditors was based on personal knowledge of their skills and an unusual awareness of an opportunity for outside accountants to perform a significant public service.

Mr. President, I ask unanimous consent to have printed in the RECORD the Bryan column published in the September 1965 issue of the Journal of Accountancy. Incidentally, the Journal is the official organ of the American Institute of Certified Public Accountants.

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

WASHINGTON BACKGROUND—ANTIPOVERTY: THE ACCOUNTANT'S RESPONSIBILITY

Being against poverty is like being against sin. Hardly anyone disagrees with the basic sentiment expressed. On the antipoverty question, however, the fighting starts early, as to the action, the timing, the methods, and the targets.

The current Federal antipoverty program is the case in point. Federal policy is clear. With nearly $2 billion already allocated, and with a clear-cut Presidential and congressional mandate in favor of the general idea, the most difficult problem of the administering Office of Economic Opportunity now will be to achieve maximum use of massive resources. It has again enlisted accountants to help it do so.

Washington Background (June, p. 26) has already reported that, by administrative

action, accountants would be involved in the program, particularly in the case of pregrant attestations of accounting systems of certain grantees. This current column announces a more recent and far larger involvement, in the case of audits (after award) of grants to certain private nonprofit grantees under the Community Action Program of the OEO (described in vol. II, Financial Instructions, CAP Guide, Office of Economic Opportunity).

The cited document contains the following proviso, conveying the OEO action:

"Audits shall be conducted in accordance with generally accepted auditing standards by independent certified public accountants or by independent public accountants who are licensed by a regulatory authority of a State or other political subdivision of the United States."

These audits will apply to several hundred grants (averaging well into six figures) already made or about to be made during the current year. The program is expected to accelerate. Some typical recipients would include settlement houses, youth planning groups and vocational training centers. Grantees are responsible for engaging the auditors. Up to 90 percent of the funds, in each such grant, are Federal. Some grantees are newly created. Others have operated for years. Since the program is in the antipoverty area, all fees to grantees will be closely perused by the agency.

Sargent Shriver, Director of the OEO, has attracted congressional respect during his period as Peace Corps administrator. He brought to Government a good deal of experience acquired in private business and a healthy respect for the skills of accountants. His decision to use independent auditors was based on personal knowledge of their skills, and an unusual awareness of an opportunity for outside accountants to perform a significant public service.

Commenting after the earlier announcement in June Washington Background, Mr. Shriver said: "I am gratified to learn of the accounting profession's awareness of the challenges presented to it by the President's antipoverty program * * *. I am particularly happy to learn of the arrangements that are being planned between the AICPA and the OEO Audit Division, to facilitate appropriate audits of OEO private nonprofit grantees."

Here Mr. Shriver was referring to the then-pending establishment of an AICPA committee on relations with the Office of Economic Opportunity (reporting to a senior committee). Created by President Thomas D. Flynn following the agency's decision to use independent auditors, it is designed to help the agency create an environment in which independent audits can be most effective. Eugene C. Moyer, Washington, D.C., chairman of the committee, has already held preliminary meetings with his committee and with OEO officials, with additional exchanges scheduled as this is written.

The intriguing and challenging responsibility for establishing and maintaining sound financial controls over Federal grants in the OEO program rest primarily on Nathan Cutler, director of audits for OEO and his underlying professional staff. In this context, Mr. Cutler has also cited the particular importance of independent audits, followed by his own agency's comprehensive review and use of such reports, as a key factor in the community action program.

Two general volumes of instructional guides (both available from OEO) have already been produced, and still others are in process. Some changes will inevitably occur in existing instructions, to reflect changes in the program and to take advantage of added experience.

The agency is also planning use of outside accountants in certain related compliance areas. As background for further decisions, the American Institute has noted a general policy, summarized by the statement that "compliance work should be encouraged, as long as the accountant's area of responsibility is clearly defined, and where the accountant's skills equip him for the task." Chairman Moyer's committee will, of course, discuss all existing and future OEO guidelines as to the independent audit program with Mr. Cutler and his staff, as one of the characteristic functions of AICPA committees working within Federal agency programs involving independent auditors.

Given the clear Federal decision to appropriate money in a massive campaign to stimulate a "war on poverty," and given OEO's decisions as to how and in what ways this money can best achieve statutory objectives, the independent auditor will be significantly involved in helping OEO to see that private nonprofit grant recipients establish and maintain effective accounting.

LYMAN BRYAN.

NELSON'S FIGHT FOR APOSTLE ISLANDS AS NATIONAL RECREATION AREA WINS RECOGNITION

Mr. PROXMIRE. Mr. President, my colleague from Wisconsin, Mr. NELSON, has made a superlative fight to make the Apostle Islands a national recreational area. These beautiful islands lie a scant 450 miles from Chicago, just off Ashland, Wis., in Lake Superior. Lovers of the out of doors will find few places in the world with more delightful, wild beauty.

As the Chicago Tribune wrote just last Sunday:

They're lonely, beautiful, and only 450 miles from Chicago, the Apostle Islands. There are 22 of them, virtually uninhabited, thick with evergreen and hardwood, alive with deer and bear * * * the islands in the first green of spring, in the cool fullness of summer, or the many-colored radiance of autumn are well worth a visit.

I ask unanimous consent to have the article written by Jeanne Barry and published in Sunday's Chicago Tribune printed in the RECORD.

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

APOSTLE ISLANDS: WILD, BEAUTIFUL—LAKE SUPERIOR'S 22 GEMS

(By Jeanne Barry)

BAYFIELD, WIS.—They're lonely, wildly beautiful, and only 450 miles from Chicago: the Apostle Islands. There are 22 of them, virtually uninhabited, thick with evergreen and hardwood, alive with deer and bear. They occupy that part of Lake Superior that lies off Bayfield, at Wisconsin's northernmost tip. Exciting plans are now afoot to make them a national recreational area. Regardless of how that comes out, the islands in the first green of spring, in the cool fullness of summer, or the many-colored radiance of autumn are well worth a visit.

The drive to Bayfield is over superlative toll and freeways (U.S. 51 or Wisconsin 13). As soon as you cross the 45th parallel just north of Wausau, central Wisconsin's rolling green countryside ever so subtly takes on the look of the north. The evergreen, the pines, the spruce, and white birch are grander and more frequent. The air is keener, and there's a just-discernible change in the quality of light. The ribbon of road becomes progressively empty and on either side are the woods—lovely, dark, and deep.

Bayfield, the jumping-off place for the islands, is a jaggedly attractive town of some 980 persons, with steep hills and quiet streets and a breathtaking view of the largest body of fresh water in the world. Any place you stay in Bayfield, in cabins, motels, or an inn, you can see the sparkling waters of Lake Superior. The gull's wheel and the gull's cry are part of each day's delight.

Almost everybody's headquarters seems to be an aging inn and restaurant run by Vic and Irene Greunke. A sign over the door reads "Fishing spoken here," and sets the friendly tone and outdoors quality of the whole region.

Talk centers on the vagaries of the lake and the condition of the fishing (one neophyte went trolling in the bright blue waters, hooked 11 trout and a lifelong affinity for the sport), and the prospects for hunting. The deer season opens in mid-October and lasts for a month. Deer are abundant and bear can be seen.

Besides the sportsmen, the commercial fishermen steam out into the cold, blue water seeking the great whitefish for which the area is famous. A ruinous period for the commercial fishermen began 12 years ago when the lamprey eel slithered from the ocean into Lake Superior and destroyed the trout.

Bayfield's fishing fleet of a couple of hundred boats was reduced to a current 20. However, the fight against the lamprey is bearing fruit, and a kind of wild ecstasy can be detected in Bayfield voices: "The trout's coming back," they say. The commercial catch of this fish is still rigidly limited, but the outlook is optimistic. Mute evidence of what happened can be easily seen. A large dockside building, once a fishery, is marked: For Rent or Sale. And fishing boats with names that sang of high hopes or adventure, or honored a lady, lie askew in a kind of graveyard-by-the-lake, overgrown with sandspit grass and spiky magenta knotweed.

The best way to see the islands is to start with the largest, Madeline, and spend a day or stay overnight. Two small ferries, the *Nichevo* and the *Har Gow*, make the 3-mile run at frequent intervals from the Bayfield docks. Each carry 9 cars and as many as 150 passengers.

Madeline is the only one of the islands with a permanent population. It varies from 1,000 in the summer to 250 in the winter. A visit to the museum at LaPointe on the island will orient the visitor historically. The Chippewa (Ojibway) ranged the island from around 1490 and called it the Island of the Golden Breasted Woodpeckers. Then came the French Voyageurs, the early hunters, trappers, fur traders, loggers, and fishermen. Some place Etienne Brule's visit to Madeline as early as 1618, 2 years before the Pilgrims landed at Plymouth Rock. The museum's mementos include a recent acquisition: a contraband whisky still that was left anonymously one moonlight night on the museum's frame porch. Visitors include old fishermen and loggers, one of whom noted in passing that they only used the big potato masher exhibited when the group was small. "When the camp was really crowded, we'd use somebody's wooden leg," he said.

A drive on the 50 miles of road that crisscross the island reveals startlingly beautiful second growths of pine and hardwood and vista after vista of sparkling water, framed in pine boughs. It's a good idea to park on Hagen Road and wander down to the picturesque cove named after the island's oldest fisherman, John Hagen, who died recently after fishing the waters for 65 years. Time was when he and his brother used to

bring in as much as 2,600 pounds of lake trout in a day, and the cove was alive with boats and hungry herring gulls. Today, next to the gone-to-rust gear, are a few wisps of torn net and an occasional loon. Almost everywhere around the island are miles and miles of deserted golden sand. Those of us used to Lake Michigan off Chicago found the clarity of Lake Superior a joy. While its average August temperature is 47, the shoals around the island were warm and delightful to swim in. A word of caution: If you wish to stay overnight on Madeline, reservations are important. There is one hotel and about two dozen cabins sprawled over the 13,000-acre island.

Each of the islands, a few of which are privately owned, has something to recommend it.

Stockton is one of the loveliest, with water-worn caves and extensive beaches. One has sand that sings as you scrunch along it.

The northernmost of the islands is Devil's, and it's only when the lake is calm that the Chippewa visit it. An important Coast Guard station, Devil's Island has felt the full fury of Lake Superior's awesome storms and looks it: Pounding water has battered some of the deepest and most dramatic cave formations to be seen anywhere. In fair weather or foul, the Coast Guard mans the station, flashing a comforting beacon to Duluth or Ashland-bound freighters.

Off Bayfield, the lake is rapidly becoming a favorite with sailors. There's nearly always a fair wind during the day.

You take the Kennedy Expressway to the Northwest Tollway, and that to the Wisconsin line. A freeway carries you to U.S. 51 or Wisconsin 13. The going is easy on either of them.

THE STRANGE TACTICS OF EXTREMISM

Mr. KUCHEL. Mr. President, recently I was asked by the American Political Science Review to comment on an excellent book written by Harry and Bonaro Overstreet entitled "The Strange Tactics of Extremism." As I stated in my review which appeared in the June 1965 issue of the American Political Science Review this is "a needed, perceptive, and readable book." I ask consent that this review be printed in the RECORD.

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

REVIEW OF "THE STRANGE TACTICS OF EXTREMISM" BY HARRY AND BONARO OVERSTREET

(Reviewed by U.S. Senator THOMAS H. KUCHEL)

Harry and Bonaro Overstreet's "The Strange Tactics of Extremism" is a needed, perceptive, and readable book. It is a needed book because American society is once again under attack—as it has been at various times in our history—by a small, dedicated handful of zealots, in whose breasts flames the most virulent of hatred, who would advance their own distorted views of public policy and their own thirst for personal power by playing on the fears of, as well as seeking to intimidate, some of their fellow citizens. The know-nothings, the Ku Klux Klan, the Communists, and now the multiple front elements of the radical right: all have had, and some continue to have, their moments on the American scene. Public awareness of their real aims, and an aroused recognition of the danger have meant, and hopefully, will always mean, their sure demise.

It is a perceptive book because the Overstreets are no strangers to the strategies and tactics of those whose anachronistic views of the world about them leads them to jeer at almost anyone who seeks progress in this age of science and space. Three books and years of research on communism and the tactics of Marxism-Leninism provide an excellent background to analyze and explore the tactics of the radical rightist movement.

It is a readable book because the Overstreets are the Overstreets and they seek to communicate their thought and their findings to the many rather than to the select few. They write not merely for the professional students of radical groups but for the laymen in cities and towns across America who, if they are to help preserve our Nation, must be provided with the intellectual tools which will expose the fallacies in the thinking of those on both the far left and the far right.

The Overstreets are biased. So am I, for they believe, as I believe, in the concept of a democracy in a republic. They believe, as I believe, in the values of free and decent discussion. They have faith, as I have faith, that an American people, given the facts, will, in the long run, come to grips with the problem and make the right decision. Most Americans, I think, share this bias. The current problem is: What must we as Americans do to preserve a system of free discussion when it is undermined by radicals on both ends of the political spectrum.

Before one can act with wisdom, one must understand. The Overstreets assist in providing that understanding, as they take you through the labyrinth of ideology and tactics as practiced by Robert Welch and the John Birch Society, Dan Smoot in his report, Carl McIntire and his 20th Century Reformation Hour, Myers G. Lowman and his Circuit Riders, Edgar C. Bundy and his Church League of America, and Billy James Hargis and his Christian Crusade.

Prof. Revilo P. Oliver, associate editor of the John Birch Society magazine, American Opinion, believes, according to the Overstreets, that President John F. Kennedy was assassinated because he was falling behind in "delivering the assigned quota of conspiratorial gains" (p. 239). Is this too far removed from Robert Welch's incredible statement that Dwight D. Eisenhower, the last Republican President, was "a conscious agent of the Communist conspiracy"? Of course not.

The Overstreets note early in the book (p. 17) that both Lenin and Hitler set down their aims and tactics for all the world to see, but few paid attention until acts were committed, and by that time it was almost too late. The Overstreets want us to begin our homework on the radical right now, and note that "the materials we need to read are being published in our midst every day of the week. The problem we have to cope with is that of our own unawareness of the need to learn" (p. 18). They state that while the John Birch Society "is in the American scene, it is not of it: certainly not in the relationship it defines between leader and led" (p. 36). To its leader, Mr. Welch, democracy is "a perennial fraud" (p. 36). As my colleague, Senator MILTON YOUNG, Republican, of North Dakota, noted when he revealed some of the activities of the John Birch Society, a high percentage of those whom Mr. Welch attacks are "middle-of-the-road, and even conservative, Republicans" (p. 42).

The Overstreets ask what is the worst that men can say of extremism? Their tentative answer is in accord with the values of Western man which have slowly been attained over the ages and that is that "extremism * * * pronounces a death sentence upon honest communication" (p. 54). They analyze the nature of the extremist communication and skillfully reveal the illogic of its structure and the misleading innuendo which is drawn from the irrelevant fact. In this regard, perhaps the understatement of the book is that "one key to Welch's success is his remarkable power to use the tools of scholarship without letting them cramp his style" (p. 85).

The tactics of the far right are similar to those of the far left: The reading rooms, the periodicals, the radio and TV programs, speakers bureau, all serve to inculcate the faithful; the letter writing and petition passing serve to keep them busy, and the fronts to confuse the opposition and attract the willing dupe. The radical right is against, rather than for something. Thus, they oppose the United Nations, NATO, the income tax, civil rights, the Supreme Court, Radio Free Europe, and the Peace Corps, and so on. They deal in stereotypes rather than problems (p. 123). Perhaps the radical right's basic disservice is, as the authors note, that he treats the term "communism" as a spacious container that can be made to hold all the religious, social, political, and economic attitudes and policies of which he disapproves (p. 191).

The Overstreets correctly make it clear that conservatism should not be equated with radicalism of the right, any more than liberalism should be equated with communism. They note that "at the risk of being repetitious, we would stress again that not everyone who sees danger in the growth of centralized government or who opposes Federal housing and aid to education is thereby proved to be an extremist. What counts is the manner in which these issues are interpreted" (p. 212).

The radical rightist is against any area of agreement between America's two great political parties, he seeks to politicalize every aspect of life as does the totalitarian, he seeks to infect related groups in society and create intolerance to all who oppose his aims, he believes in secrecy, and also in a double standard of conduct (pp. 224–225). The Overstreets urge conservatives to learn what the radical right can do as the liberals were educated to what the radical left could do in the 1930's and 1940's. What is the best way to do this? Ask the radical rightists "to substantiate every charge they make and * * * then (give) the fullest possible publicity * * * to their responses" (p. 249). The authors note that the schools, the PTA's, the mental health movement, and the public libraries have long been particular right-wing targets (pp. 266–267). To protect these institutions from the onslaught of the extremists, and to expose the contradictory nature of extremist beliefs, the Overstreets advocate full and free discussions. They note that labeling the radical right as fascist or anarchic is not only emotional, but incorrect. If any label can be applied to these extremists it is that of anarchic totalitarianism (p. 268). The radical rightist line conclude the authors "is not underwritten by any coherent theory. It is a product of anger, not of thought; of anger, and of a will to be on top of some heap. It expresses a determination to climb up and to pull down" (p. 268).

While noting that the strength of the Nation is in its liberal-conservative or conservative-liberal center, perhaps the authors place too great a stress here and there on the liberal or the conservative in American society. Such labels even though we admit their lack of preciseness connote an emphasis on and commitment to ideology which I do not believe exists. I hope also that the authors will some day undertake a further work dealing with extremism in our society and attempt to determine the causes of the frustrations which have provided the material upon which such groups thrive.

Of particular interest to educators, and a sentiment with which this reviewer concurs, is the Overstreets' admonition to those in charge of our schools that perhaps our young people should have more familiarity with "the great words of our tradition so that they will have, all their lives, the supportive companionship of these words when they need them" (p. 296). The authors are thinking of the Declaration of Independence and the Gettysburg Address. While such a plea might sound corny to some who have devoted their lives to the fine points of analyzing the governmental processes and dealing with the sophisticated methodologies of the behavioral sciences, it is time all of us realized that there is more to government in a free society than the analysis of particular issues or the statistical predictability of particular decisionmakers. There is a spirit of freedom which must be conveyed in terms of our past if we are to keep faith with the future. That is the challenge of the Overstreets, not only to their fellow Americans, but to all who seek, through service and through instruction, to set an example for the young men and women of our land.

The radical reactionary right in the United States poses a danger for our country. It is constantly seeking to undermine faith in government and in public servants. Anyone who disagrees with its fanatical beliefs is in danger of false and venomous attack and abuse. The time for all decent, reasonable citizens to stand up against radicals, left and right, is certainly here. The Overstreets have shown how this stand can be intelligently, responsibly, and patriotically taken.

THE NATION'S CAPITAL AS A REPORTING LABORATORY FOR GRADUATE JOURNALISM STUDENTS

Mr. MANSFIELD. Mr. President, several weeks ago I made reference in the Senate to a program for Washington student correspondents which was being planned at the Medill School of Journalism of Northwestern University. I am delighted to learn that these plans are now complete. Next spring we will welcome to Washington graduate students from the school who will be reporting as accredited correspondents for several small daily newspapers.

This exceptional program will not only give these young journalists a profound experience in the gathering of the news as it is generated in the Capital of the Nation but it will also provide the smaller participating newspapers with working correspondents in this city. The young reporters will have access to the Senate galleries as any other accredited correspondents and they will also cover the White House and Federal agencies.

The student journalists will be under the guidance and supervision of Prof. Neil V. McNeil who has been highly instrumental in arranging for this project which has had such wide acclaim and acceptance in journalistic circles. I should like to congratulate all those who have participated in the planning of this excellent program and to wish the young "Washington Correspondents" a most successful tour of duty here next spring.

Mr. President, I ask unanimous consent that a press release describing the program be included at this point in the RECORD.

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

NEW JOURNALISM PROGRAM AT NORTHWESTERN UNIVERSITY TO MAKE NATION'S CAPITAL A REPORTING LABORATORY FOR GRADUATE STUDENTS

A select number of graduate students in Northwestern University's Medill School of Journalism will become "Washington correspondents" for several smaller daily newspapers in the spring quarter 1966. At the same time they will be earning academic credit toward their master of science in journalism degrees.

The plan to send students to report affairs in Washington, D.C., was announced today by Ira W. Cole, dean of the school. It is believed to be the first of its scope in Washington.

Dean Cole said that Northwestern is instituting this program in an attempt to better educate student journalists about the increasing interconnection between Federal programs and local problems.

"The plan is not intended," Dean Cole added, "to develop Washington correspondents. It can't be done in the time we have nor is it our purpose to do so. Our purpose, instead, is, hopefully, to provide the student with knowledge of programs, plans, people, and places to get information which will be of value to him when he starts reporting 'back home.'"

The students, he said, will act as "regionals" covering Congress, the White House, and Federal agencies with specific attention to the problems and interests of the geographical area of the newspapers they represent.

The cooperating newspapers have agreed to take copy from the student-correspondents who will be on tap to answer queries and cover whatever the paper wants, as well as covering Washington as a "beat" for the papers.

In preparing the experimental program, officials in Washington were contacted to see how it would be received.

President Lyndon B. Johnson, after reviewing the plan, instructed his press secretary to give the project "proper consideration."

Senator MIKE MANSFIELD (Democrat, of Montana), the Senate majority leader, called the proposed program "a fine idea." He added:

"The experience of covering Federal news under professional supervision for actual use should be especially valuable for young journalists. It is one thing to read about 'The news conference,' etc., and another thing entirely to pull information from a reluctant official and prevail upon a reluctant editor to use it.

"This kind of training is essential, it seems to me, in keeping the press as sharp, perceptive, and necessarily cantankerous as it is today. Nothing is more important in the long run to the health of the Nation."

Senator EVERETT M. DIRKSEN, the Senate minority leader, said the project as planned seemed to him to have "great merit." "The experience that these young journalism students would have in the Nation's Capital would be invaluable and not only give them the right kind of seasoning but a far better understanding of the operations of Government agencies and those interrelationships between the White House, Congress, and the agencies which is so necessary to intelligently do a reporting job."

Officials of 10 agencies and departments have agreed to cooperate in the program, taking part in seminar-type meetings with the students.

The students also will be able to use the facilities of the House and Senate press galleries. "There was unanimous agreement" among the five members of the committee of Washington correspondents which sets policy for the galleries "that the idea is commendable and that the students taking part should have access to the two galleries," Robert N. Branson, chairman, said.

The National Press Club's board of governors endorsed the plan, William M. Blair, president, said. He added: "We have long sought to find a means of accommodating and even gearing some of our program to students and younger reporters. We are grateful to you for enabling us to make a start."

The students will be supervised by Assistant Prof. Neil V. McNeil, who will be in Washington with the students. McNeil, a former Washington correspondent, said 10 graduate students will be accepted for the Washington work. They will live, work, and study in Washington from mid-March to mid-June.

The project is an outgrowth of class programs developed by the late Prof. David Botter, of Medill, who in the late 1950's and early 1960's, took groups of graduate students to Washington for a week or 10 days' work. Professor Botter, a former Washington correspondent, headed the editorial department of the school until his death 2 years ago.

AMERICAN EDUCATORS VISIT AFRICAN INSTITUTIONS OF HIGHER EDUCATION

Mr. BAYH. Mr. President, it seems to me that ultimate peaceful solution of many international tensions and problems will depend upon the acquisition of increased understanding and knowledge by the peoples of the world. It is especially important that the newly emerging nations develop higher educational systems which will enable them to train their own leaders in science, the arts, politics, education, and other fields.

I was pleased to learn that recently three distinguished American educators, under the sponsorship of the U.S. Department of State and the Great Lakes Colleges Association, visited nine African nations to investigate the possibility of American colleges establishing cooperative programs with African institutions of higher education. Although the official report of this group is not yet available, one of the educators, Dr. William E. Kerstetter, president of DePauw University, Greencastle, Ind., recently made some very interesting comments on his findings during the month-long tour. Especially revealing are President Kerstetter's description of his discussions with Jomo Kenyatta, President of Kenya, and his evaluation of the contributions by the Peace Corps, AID, and other American programs to African education.

Mr. President, I ask unanimous consent that the complete article describing this important visit and containing excerpts from Dr. Kerstetter's remarks be printed at this point in the RECORD.

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

GREENCASTLE, IND.—Jomo Kenyatta, incarcerated in 1953 for his connection with Mau Mau activities in Kenya, is president today of the large East African nation where he was held captive over 6 years.

Last month Kenyatta and his government rolled out the red carpet for DePauw University president Dr. William E. Kerstetter and two American colleagues during a 5-day visit there.

Kerstetter and two more Midwestern educational leaders were in Africa throughout August as specialists in higher education for the U.S. State Department.

They visited nine African nations, exploring ways private American colleges and African schools could cooperate in the business of higher education. The trio returned to the United States a week ago.

Minister for Education Peter Mbiyu Koinange accompanied Kerstetter and his party to Kenyatta's country home some 15 miles outside Nairobi. Introduced to the 76-year-old president and his wife, the three Americans and the two African leaders spent the next hour discussing mutual educational needs and directions.

"One of his most fundamental concerns," Kerstetter said, "is that in the present and foreseeable future it is imperative young Africans secure their undergraduate work—where facilities permit it—in African colleges and universities."

"He pointed out to us that the young people's absence, if they go overseas to study then stay for graduate work, may continue for 5 to 8 years. He believes they are exposed to the danger of being separated from their own culture and background to which they may not then return."

Kerstetter quoted Kenyatta as suggesting, on the other hand, that "if they do take their undergraduate work in Africa they by then have matured enough presumably to have roots deep in their own nation and thus go fruitfully to other nations and return as dedicated and competent leaders to their own country which urgently needs them."

American-educated Koinange, whose temporary exclusion from a Kenyan-British constitutional parley in London in 1960 nearly torpedoed the talks, is representative of the high caliber of educational leader coming to the front in Africa, Kerstetter observed.

"I was surprised at the high degree of sophistication and efficiency of African educational leaders, many of whom have been educated in the colleges and universities of America and the United Kingdom. Some of them would be presidents of leading universities in America."

Most African nations recognize a significant difference between Britain and American education to this point, Dr. Kerstetter said, because the United Kingdom has had almost exclusive influence in these emerging nations.

"But," he predicted, "there is a very keen recognition of the American conception of education. Therefore, it looks to me that American influence is becoming very strong at a very rapid pace and has a very important contribution to make to African education."

Dr. Kerstetter spent 3 days in Nigeria. He cited a University of Illinois project as characteristic of the notable work being carried on by American institutions.

"At Njala, Nigeria, Illinois is establishing and developing an impressive agricultural college. Here I discussed the program with a number of able and dedicated specialists from the university faculty who are spending not less than 2 years there each.

"The program is supported by the U.S. Agency for International Development, as are many other educational programs in Africa. I was struck by the almost completely humanitarian aspects of the university's work and commitment there."

The impact of American efforts to assist Africa with its educational problems is being multiplied in a number of ways.

"The Christian missionary movement has, in a sense, been expanded in that the Peace Corps, the Agency for International Development, several foundations and many schools in the United States have undertaken extensive programs in development of educational institutions of many kinds—liberal arts, sciences, agricultural and teachers colleges," the President said.

One African official in an emerging nation confided to Kerstetter that the nation's struggling high school education program would collapse were it not for the Peace Corps. Everywhere, in fact, Kerstetter said he found lavish praise, gratitude, and good will for the Peace Corps program.

"Yet, with these manifold efforts, there is an urgent need for lightning-like progress in these developing nations so that if possible almost overnight they can meet the demands of international life in the modern world," the President said.

The trio's itinerary, arranged by the State Department, hopscotched the three educators across Sierre Leone, Liberia, Nigeria, Ethiopia, Kenya, Uganda, Malawi, Egypt, and Tanzania.

Their wrapup reports will go to the State Department and the Great Lakes Colleges Association which is comprised of a dozen private Midwestern colleges. Practical application may come at DePauw which is in the process of developing an African Studies Center.

AN OFFICIAL RESIDENCE FOR THE VICE PRESIDENT

Mr. SMATHERS. Mr. President, national interest in efforts to provide an official home for the Vice President of the United States recently prompted Bert Collier, an editorial writer for the Miami Herald, to look into history and report on the changing role of the office of Vice President.

Mr. Collier's article, published in the September 20 edition of the Miami Herald, gives in a brief space some interesting capsule commentary on the Vice-Presidency.

I ask unanimous consent that the article by Bert Collier be printed in the RECORD.

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

AN UPGRADING FOR THE VICE-PRESIDENCY—AND IN THE PAST, IT'S BEEN A REAL NEED

(By Bert Collier)

The efforts of Senator GEORGE SMATHERS to provide an official residence for the Vice President have stirred considerable interest. The Florida Senator says it has attracted more comment than anything he has proposed in some time.

As explained at a public hearing last week, the bill would make the present quarters of the Chief of Naval Operations, on the grounds of the Naval Observatory, the No. 2 White House.

This is an attractive Victorian mansion of 33 rooms and spacious grounds on Massachusetts Avenue, in the heart of Washington's Embassy Row.

It is fully adequate for official functions and it has the immense advantage of being available for immediate occupancy, without great expense and/or costly studies and construction.

Senator SMATHERS' purpose is to upgrade the office of Vice President and recognize its growing importance.

He is not the first to try this. Both President Coolidge and President Eisenhower recommended official quarters for the Vice President and almost a score of bills have been offered over the years. All of these, calling for surveys and preliminary planning, died without action.

The dignity of an official residence, with a permanent staff and a gradual accumulation of tradition, as Senator SMATHERS sees it, would help give the office the status intended by the Founding Fathers.

It had that status in the beginning. The first two Vice Presidents stepped up to the Presidency and both John Adams and Thomas Jefferson performed brilliantly in both jobs. It is ironic that the office began its slide into the shadows under Thomas Jefferson, who well understood its importance.

After the eclipse of Aaron Burr, Jefferson accepted George Clinton of New York for this position. Vice President Clinton was so inept he plunged the Senate into parliamentary snarls when he presided. He once asked Senators to let him know in advance when they intended to make long speeches so he could remain cozily by the fire in the Senate cloakroom.

Clinton, who carried over to the Madison administration, didn't even bother to show up at his second inauguration.

Andrew Jackson's first Vice President was Richard Menton Thompson, who wore flaming red vests and claimed to have killed Tecumseh. The Senate doorkeeper called him "the most vulgar man of all the vulgar men in the world." He had three slave mistresses and after retiring from office became an innkeeper.

Six men wanted to be Vice President under President Grant and a contemporary politician called them "a very common lot." The job went to "Smiler" Schuyler Colfax who quickly got involved in the Credit Mobilier scandal. Revealed as a stockholder in that incredible confidence scheme, Colfax said he bought the shares with a $1,000 bill he found one day by the side of his breakfast plate.

Grant's second try was Henry Wilson, who began life as Jeremiah J. Colbaith and for some unknown reason changed his name. He went to North Carolina as a carpetbagger and organized former slaves as "Heroes of America." This Vice President, too, was enmeshed in Credit Mobilier.

When Rutherford B. Hayes was informed the GOP convention had picked William Almon Wheeler to be his running mate, the future President exclaimed, "Who in the world is he?"

Chester Alan Arthur, who became President when Garfield was assassinated, was a protege of Roscoe Conkling, political boss of New York. Arthur ran his errands like an office boy. But when they fell out, Conkling charged that he "enjoyed nocturnal conferences at which decanters were frequently emptied."

The Vice-Presidency began an upward turn when Grover Cleveland tapped Adlai Ewing Stevenson, grandfather of our late envoy to the United Nations. It continued upward through Garret Augustus Hobart, who was McKinley's assistant President, and the dynamic Teddy Roosevelt.

There was a setback under Wilson when Thomas R. Marshall wasn't even told how sick the President was during his long illness.

But a Nixon, a Johnson, and a HUMPHREY have given the office new dimensions and it is not likely to fade again.

Senator SMATHERS told his colleagues last week he is tired of the stale old jokes and wants to see the Vice President recognized as the "deputy President in every sense of the word."

His bill is a good start in that direction.

LIONS IN ALASKA

Mr. BARTLETT. Mr. President, Port Lions might seem to be a strange name for a town on Kodiak Island, many thousands of miles distant from the home of the king of the beasts.

But the people of the village had good reason for selecting that name, for to them, members of Lions Clubs throughout the Nation are kings among men.

Residents of Port Lions used to live at Afognak, on an island of the same name adjacent to Kodiak. On March 27, 1964, the village was first crushed with tons of water and then smashed by debris sucked seaward by retreating waves. The pattern was repeated three times.

When the sea, churned into a fury of awful proportion by the great earthquake, had spent its energy, the villagers returned to their homes from high hills behind the town. Only 15 of 38 homes were still usable.

Then came the job of digging out and the agonizing decision to rebuild or relocate.

Federal help was available for rebuilding, but not for moving to a new and safer site.

By this time another type of flood was reaching officers of the Anchorage Lions Club—offers to help from fellow Lions across the Nation.

It was decided to make the relocation of Afognak a Lions' project.

The result is Port Lions, a modern village of new homes, public utilities, boat facilities, a school, and a church.

The Lions did not do it all by themselves. Many organizations, Federal agencies, and individuals, including the industrious villagers, took part. The list is too long to credit here all who did help, but special mention should be made of the Salvation Army, the Mennonite Disaster Service, the U.S. Navy, the Bureau of Indian Affairs, the Federal Housing Administration, and the Public Health Service.

At a time when we hear a lot of talk about man's inhumanity to man, their assistance stands out as a shining example of man's concern for his fellow man.

Herb Hilscher, a member of the Anchorage Lions Club, has written an excellent article about Port Lions in the October 1965 edition of Pageant magazine.

I was honored last week to have presented to me a bound copy of this issue of Pageant by Don Berry. Mr. Berry is one of 26 directors of Lions International. He was here from his home at Juneau, Alaska, for the meeting of the international board, which was climaxed by the Lions International banquet last Friday evening.

Mr. President, I ask unanimous consent that the Pageant article be printed in the RECORD.

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

TOWN ON THE BRINK OF EXTINCTION—HOW 723,000 LIONS SAVED AFOGNAK

(By Herb Hilscher)

If you think that the milk of human kindness has run dry, visit Port Lions, Alaska. Here you can have your faith in your fellow man renewed.

With deep emotion, Harry Knagin, 40-year-old chairman of the village council, explains it this way:

"For many years we had lived a quiet, uneventful life in the little town of Afognak—just as the generations before us had lived.

"Then disaster struck—last year's Good Friday earthquake and tidal waves—and our whole way of life was wiped out, along with most of our homes. We were stunned, bewildered. We didn't know where to turn.

"A few days later Providence, in the guise of 23 Lions Club members from Anchorage, arrived in a snowstorm. They told our council that they wanted to build us a new town—new homes, everything. And they would pay for it.

"We learned that afternoon that many of these Lions had lost their own homes or had suffered great damage to their businesses. Yet they wanted to help us—people they didn't even know.

"After the Lions had left, my wife and I walked back to our temporary quarters," Knagin says. "We just stood there. I saw her not too clearly. I was having trouble with my eyes. Then it occurred to both of us at the same moment.

"We lighted new candles in front of our family icon of the Virgin Mother and Child hanging on the wall. We crossed ourselves three times. Then somehow we felt better. Our voices came back to us. We were very thankful for the good people God had put into this world."

The Knagins and other villagers were thankful then, but they are even more thankful today. Their new town is a reality—the bustling, growing community of Port Lions, a planned village of 40 homes.

I was privileged to visit this new community, and as I walked up and down the well-designed streets, I felt proud to be a member of the Anchorage Lions Club that had helped to get this project underway.

Surveyors were completing their sights and driving beribboned stakes for the new $200,000 school that would overlook the village and the fishing boats moored in the harbor. Backhoes were noisily digging trenches for the town's water system. Crews of workmen were hooking up pole lines and cables for the power grid of the village. Dynamite blasts reverberated from the other side of town where sewer lines and a treatment plant were being put underground. On Hillside Drive volunteer workmen were framing in the Russian Orthodox Church, which will be a replica of the beloved, onion-domed church at Afognak, which was destroyed by the earthquake.

Some 40 sacred icons and holy pictures were rescued from the old Afognak church, and these temporarily adorn a one-bedroom home next to the church. Serge Sheratine, the 72-year-old white-haired lay reader, chants services here on Saturday nights, on Sunday mornings, and on holy days—just as he has been doing for the past 16 years.

Everything is brand new in Port Lions, whereas everything in Afognak had been old. That ancient settlement lay about 12 nautical miles across an arm of the Pacific Ocean, facing the open sea. It was built there generations ago behind a dangerous, roaring reef and stretched for nearly 6 miles along the beachline. At one time more than a thousand Aleuts lived there. But in recent years the young people did not return to the old village after schooling elsewhere. They moved to towns in Alaska that offered more excitement. The remaining 178 residents of Afognak lived quietly in their small cabins and frame houses, depending mostly on fishing for their income.

Then came the quake. It began at 5:36 p.m. on March 27, 1964. For 4½ minutes the earth convulsed. Then the sea drew away from the land, leaving the reefs bare. The ocean floor was without water for 2 miles. The fishermen of Afognak knew what that meant. A tidal wave. How far it would sweep ashore, no one knew.

Frightened mothers wrapped their children in their warmest clothes. Grabbing blankets, tossing food into boxes, piling their possessions into cars and trucks, the citizens of Afognak set off for the mountains behind the village.

The first tidal wave came in successive 3-foot rollers. In less than an hour the highest tide marker was under water. In a rampaging torrent rollers crossed the road, smashed homes, crashed into the lagoon and the lowlands. Before it spent its fury, the ocean surged 6 feet deep over the land.

Suddenly the ocean reversed itself and became a monstrous suction pump. What the waves had not destroyed, the retreating sea and debris obliterated en route back to the broad expanse of the Pacific.

Two hours later the second tidal wave came—in rollers like the first. It leveled off at more than 9 feet above high-water mark. The third and largest wave—more than 12 feet high—crashed ashore shortly before midnight.

Most of the people of Afognak stayed in the mountains for 3 days, huddled in the snow and cold, waiting fearfully for even more gigantic waves. On the radio they learned that Kodiak had been virtually swept clean and that Valdez and Seward had fared little better. The land mass of their part of Alaska had sunk from 6 to 7 feet into the sea.

When the villagers finally returned to the beach, they found that 23 of their 38 homes were totally destroyed or uninhabitable.

While the homeless moved in with relatives or friends and started digging through mud, snow, and debris for salvageable articles and possessions, the Afognak village council met to decide what could be done to rebuild the town.

The council soon found itself enmeshed in redtape. Government agencies, the villagers were informed, could only rehabilitate the homes that were destroyed or damaged. Federal agencies could not move the population of an entire village to a safe location as long as portions of the village were still habitable.

As soon as word of the quake and tidal waves reached the outside world, offers of assistance to earthquake victims poured in from all over the United States. Communications from Lions Clubs asked which specific towns they could aid.

"The hearts of people everywhere opened up to Alaska," said Ross Wood of Anchorage, Lions governor of district 49. "Telephone calls and telegrams came to me around the clock. Everyone offered help."

Wood met with the Governor of Alaska and various public service agencies.

"Where can we be of most help?" Wood asked. "We have offers of money, men, and materials, but we don't know where to start."

Out of these meetings came the answer, Afognak.

With the help of their own Alaskan members, assistance from outside Lions Clubs, and skilled community planners from the Bureau of Indian Affairs, FHA, the Public Health Service, and the Salvation Army, the Lions Club decided that Afognak's entire population could be moved and a new town built for them.

Then the 23 Lions flew to Afognak to present their plan to the village council.

The villagers realized it would mean abandoning their village graveyard, their history and heritage, and starting tradition anew.

But it would also mean that they would live in a modern village, with a master plan for power, sanitation, and water system, a new school, airstrip, facilities that they had never had.

"There wasn't a dry eye at the meeting when the citizens unanimously accepted our offer," Wood related. "For some of the old-timers we could see it was a heartrending decision."

A site on high ground at Settler's Cove on Kodiak Island, 12 miles from Afognak, was chosen for the new village. It had a southern exposure, good drainage, a sheltered harbor, a sizable stream, good tall timber, and protection from heavy storms.

The grateful townspeople voted to name the new town Port Lions.

Building a new community far off in western Alaska posed many problems. Lumber, windows, bathtubs, water heaters, furnaces, insulation, nails, wiring, sewer pipes—all were at least 1,500 miles away. Lions International put out a call for materials, fittings, furniture, and equipment to build a village of 40 homes. The response was tremendous.

Tents, utensils, and equipment came on loan for the construction camp. U.S. Navy vessels at Kodiak brought over heavy equipment. The Salvation Army furnished hard hats. And a crew of nine carpenters and helpers from the Mennonite Disaster Service arrived from Canada, Ohio, and Iowa. The Lions paid their air fare to Alaska.

Until the homes at Port Lions were ready for occupancy, the Mennonites gave almost $400,000 in labor time toward building the new village. Every 2 weeks a new group of Mennonite volunteers came to Alaska to help in the project.

Afognak fishermen had always made the bulk of their yearly income in July and August, fishing for salmon and king crab. After the quake canneries and the nearby king crab plant at Port Wakefield came to the rescue. Lowell Wakefield, who has hired two generations of Afognak residents, told them, "Any resident of Port Lions who wants to work has a job waiting at Port Wakefield."

While some fished, others worked on the new village. They labored around the clock until they could no longer stand, and then slept in utter exhaustion. They worked through the rainy fall and into winter.

Early in December, in snowy, blustery weather, the Alaska Command of the Salvation Army spent $8,400 to hire barges to move all the Afognak villagers' possessions from the old site to the new Port Lions—and 40 families moved into their new homes. On December 11, 1964, dedication ceremonies were held in the community hall, with Orthodox services chanted by Serge Sheratine.

When the townsite was chosen, lot locations had been drawn out of a hat, and each family was given several house plans to choose from, according to the needs and the size of the family. A four-bedroom family home contained 1,056 square feet, a bachelor's home 480 feet. But the bachelor's establishment was so designed that, if he married, additional units could be added.

Although none of the homes were completely finished when the families moved in, all were livable. Since only two homes at Afognak had had inside plumbing, bathroom fixtures, colored bathtubs, and toilets were a new experience. Residents immediately ordered interior paneling, storm doors, weather stripping, furniture, Bibles, and encyclopedias.

Living in a new community with so much yet to be done has put new life into the residents. "As long as construction lasts, every boy in town can have a job as a helper," Harry Knagin says. "We've been fortunate that our two schoolteachers, Rex Roby and Art Hamilton, have trained the youngsters so well and have given them an incentive to work and make something of themselves."

The most active group in town is the Port Lions 4–H Club. The girls carry out projects in photography, sewing, cooking, and handcraft, and the boys are now carving house numbers for the homes in Port Lions. This is bringing them club spending money, and they are anxious for more customers. A busy entrepreneur is 12-year-old Janice Nelson, who is making a nest egg for college by baking homemade bread for the village residents.

Are there any complaints in the new village? The Honda motor bike crowd (there are 10 of these chariots in town and more on the way) complain that the 2-mile road to the new airport gets mighty tiresome as the only speedway to burn up gas and tires. And Bill Anderson, a 47-year-old bachelor who lives in the last house on Hillside Drive and Birch Street, can't get used to the long distances. "My house is more than 1,000 feet from the harbor where I anchor my fishing boat," Bill says wryly. "I've never walked that far in my life. I'm going to have to get me a motorcycle or a truck."

The 39 kids presently in school in Port Lions want a popcorn stand or a soda fountain. But they'll have to wait, the city fathers say. Grading the streets and putting up mercury vapor lights seem more important.

In the meantime, Mrs. Mullen's new general store and grocery will handle everything from disposable diapers to ax handles—just as the old store did in Afognak. And, if tradition holds, it will be the only store in town for some time to come.

Another tradition has been continued in the new village: Port Lions does not have a jail. Somehow Afognak never required one, and the Port Lions village council is not going to provide such a luxury until its need has been established.

The villagers are proud of their new town. They take pride in their spic-and-span homes—the first new homes most of them ever had. They take pride in their new church, school, and airport.

Mrs. Oscar Ellison, who operates the local radio transmitter for airplane dispatch to Kodiak, and whose husband was the village council chairman at Afognak, has her own philosophy about what happened.

She was calling Kodiak to send a plane for me when she said, "You know, the Lord takes away and the Lord gives. We thought we could never survive the Afognak disaster. But thanks to the thousands and thousands of good people the Lord put into this world, Port Lions is a living example of the warmth and capacity of the human heart."

WHITHER STATE GOVERNMENT: RESPONSIBILITY OR OBLIVION?

Mr. KUCHEL. Mr. President, I have long been concerned regarding the responsibilities carried out by our State governments. Earlier in my public service, I was honored to be a member of each house of the California Legislature, and, after the Second World War, State controller. If the careful balance between Federal and State relations and the principle of federalism is to survive in the United States, each of the 50 States of this land must be concerned not merely with States rights, but with States responsibilities. Recently the Los Angeles County Bar Association asked for my views on this question and I was happy to comply. They appear in the October 1965 issue of the Los Angeles Bar Bulletin. I ask consent that the article which I submitted be printed at this point in my remarks.

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

WHITHER STATE GOVERNMENT: RESPONSIBILITY OR OBLIVION?

(By THOMAS H. KUCHEL, U.S. Senator)

At the outset of the Godkin Lectures at Harvard University in 1962, Nelson Rockefeller noted Harold Laski's remarks concerning the future of American federalism. Professor Laski's comments, made in 1939, the New York Governor said, all but consigned the "Federal principle" to the proverbial "junkpile." Rockefeller concluded that "it has become clear that the true source of decisions is no longer at the circumference, but at the center of the State."

Certainly, in taking a look at the past 25 years, it is a fact that the Federal Government has assumed more and more of the responsibility for those programs that the States could not financially support, or were reluctant to pursue.

Nonetheless, State budgets have doubled and tripled in an effort to keep up with the demands of a growing urban population; and some States, in fact, have shown the way to the Federal Government by launching ambitious State-run and State-financed public service programs. But the prophets of the coming downfall of the States are still with us.

Ferdinand Lundberg, in his work, "The Coming World Transformation," remarked:

"The general change in this system is going to be one from federalism to a unitary government, with power that is now local, regional, and particularly concentrated increasingly and finally, definitely in the Central Government. In view of the American bias against big and concentrated government such a prediction may seem farfetched. But it will be under the repeated pressure of crises of various kinds, arising from social, economic, and foreign policy problems, that the mood may confidently be expected to change. Such crises will relate to unemployment, one-sided educational opportunities, family disintegration, overpopulation, minority persecutions, medical care, housing, uncontrolled crime, and other problems."[1]

U.S. News & World Report echoed similar sentiments in a recent issue:

"States of the United States, once recognized as independent in most matters, at this time find themselves nearing the end of the road as political entities able to set their own courses.

"Individual States, in effect, are found to be going the way counties went in an earlier period. States find themselves becoming chiefly agencies for administration of national highway, school and welfare programs rather than policy-shaping entities.

"States find that the Federal system in which a national government of limited power would cooperate with States of broad power is changed. More and more it's an all-powerful Central Government in which State power is narrowly limited."[2]

Even such a presumedly "conservative" columnist, as David Lawrence, said in his column of August 3, 1965, that "the real answer may come through a system of regional governments by which the entire State and

[1] New York, Doubleday & Co., 1963, p. 167.

[2] "End of Road in Sight for the States?" U.S. News & World Report (Washington, D.C.) Mar. 29, 1965, p. 41.

local structures of taxation would be reconstituted, reserving to the Federal Government certain fields, with specified categories left to the local governments." [3]

Mr. Lawrence makes his startling suggestion, not to strengthen the central government, but to cope with already increasing centralization and what he believes to be the ineffectiveness of State governments in carrying out their functions because of the diversity of resources upon which they can draw.

Clearly, this type of criticism cannot be dismissed simply as the isolated opinion of a small segment of the intellectual community. These arguments too often have some validity; and it is important, if we are to preserve and strengthen the Federal concept, that a concrete and logical defense of the "shared sovereignty" and "dual responsibility" theories of government be implemented without delay.

It is not enough to stand still and cry for the preservation of States rights. These can only be meaningful if they are permanently married to the concept of State responsibility. And unless the States are willing to meet this responsibility, it is clear that the Federal Government and/or the local governments will continue to play an increasingly expanding role in the Federal system.

Governor Rockefeller makes this point in commenting:

"For if the States ignore or evade their responsibility to act * * * there will be alternative [recourse] to direct Federal-local action. If State inaction creates a vacuum, the Federal Government, under the pressure of public opinion, will fill it. Even without State inaction, however, there is ever-present danger of direct Federal-local action bypassing the States. And any such tendency would be a giant step toward unitary, monolithic government." [4]

The danger, then, to federalism is identified. The question remains—are the States combating the danger; and if not, what are the difficulties?

Part of the problem faced by the States today is the changing character of the world. Modern developments in science and technology, and improved methods of communication and transportation have contributed to reducing markedly the size of the world. Distance becomes less important; and under these circumstances, government is compelled to function in larger units than was formerly necessary.

Because of this technological contraction of the world, it becomes increasingly difficult to deal with problems on the basis of fragmented solutions. Roads are a good example of this phenomenon. California has been a leader in building and maintaining an excellent system of State highways. But with the demand for a connecting system of transcontinental interstate thoroughfares, it is obvious that the Federal Government must step into the picture and provide the planning and finance for a comprehensive national road system, representing a national interest.

Public health is another area where the State was once the dominant Government agency. But here, again, centralization has effected a change. William Riker discusses this in his book on federalism.

"Every locality has its public health officers; but the crucial programs seem to be in the hands of the National Government. Owing to the explosion of medical knowledge in the last century, public health has become a concern of all levels of government. Initially, local and State governments undertook to report deaths and to regulate the response to epidemics, e.g., vaccination and isolation.

"Later, as the facts of disease transmission were recognized, pure food and drug statutes were passed by most governments, including the Federal. Since national markets existed for most foods and drugs, Federal supervision of these matters largely superseded State supervision. As industrial diseases and hazards were recognized, safety programs were established to deal with them; and since most of the industries were national (e.g., mining), so were the safety and health programs. As drug manufacturing came to be recognized as a major health factor, inspection and supervision programs were established, chiefly under Federal agencies since the drug market, too, is national in nature." [5]

"SHARED RESPONSIBILITY" THEORY TAXED

The States, then have been confronted with the increasing pressures of a complex and changing world. Often, this pressure has imposed a burden on the equilibrium of the "shared responsibility" concept that is at the heart of the Federal structure in this country. This burden is not the fault of the States, nor is it the fault of the National Government. It is simply a trend that has existed and will continue to do so in the future.

The important question is, are the States adjusting to, and compensating for, this trend? To date, most of the States have not answered this question satisfactorily. It is one thing to recognize a changing world, but it is quite another thing to be ready to change with the world.

To begin with, most of the States have been painfully slow to revise obsolete and outdated State constitutions. Even if a State has demonstrated a desire to meet its public service responsibilities, it cannot hope to perform these functions efficiently while operating under an outmoded constitution. Too often, State executive power is fragmented by impossible constitutional limitations. Other State operations are bogged down in a similar dilemma that results in a low-level response to growing State problems. Prof. John J. Flynn of the University of Utah College of Law comments:

"Most State constitutions are relics of the era of popular mistrust and hostility toward government * * *. Executive power is fragmented among several popularly elected officials with the result that affirmative executive action is impossible. In fact, one may question whether most States have a 'chief executive' at all, since most State constitutions vest an individual with the title of 'Governor' but with little or no power to carry out the responsibilities the popular mind attributes to that title.

"Attempts to analyze the crippling provisions of State constitutions that render the fulfillment of State responsibilities impossible would be endless. State constitutional provisions governing the judiciary, elections, apportionment, taxing and finance, State administrative agencies, corporations, local government, and an infinite number of other basic fields of State government read like the statutes of the latter part of the 19th century rather than the constitution of a modern and viable State government." [6]

Another problem that only a few of the States have been willing to tackle is in the area of tax reform. Contrary to popular conception, State expenditures rose from 12 percent of the gross national product in 1958 to more than 14 percent in 1962. During the same period, the Federal share remained steady at 16 percent.

The reasons behind this increase in State expenditures are not difficult to define. In the past few years the States have had to bear the brunt of the population explosion—an explosion which has called for drastic increases in the cost of State-sponsored education, welfare, and health facilities. The problem of finding means to finance these expanding State responsibilities has been severely complicated by the refusal of many of the States to update their tax systems. California is no exception. Tax reform is a priority in the Nation's largest State. Some interesting facts concerning California's present tax structure are revealed in a study made by the California Assembly's Interim Committee on Revenue and Taxation:

"California's rate of population growth has been three times the average of other States. Our growth of roughly 60 percent between 1950 and 1962 compares with 19.6 percent in the 47 other States, 18.1 percent in the other industrial States taken together, and 16.7 percent in New York, the only other State of comparable size today.

"As a result of this population boom, it would be reasonable to assume a similar trend in comparative State tax burden as between California and these other States. This has not been the case.

"According to the Census Bureau data, the increase in California's State tax burden between fiscal 1951 and fiscal 1962 was 6.1 percent. This compares with an all-State average of 26.3 percent, an industrial State average of 33.9 percent, and an increase of 47.2 percent in New York, where it can be reasoned that, except for growth, the problems of State government are of a magnitude similar to those in California." [7]

We know from this kind of study that California's tax system urgently requires a complete overhaul. But we are still faced with the question of how to juggle the tax structure to meet sufficiently the responsibilities of California while maintaining equitable assessments for all levels of the population. This is never an easy problem to deal with; but whatever workable formula is finally achieved, we, in California, must insure that the tax climate will continue to encourage future industrial development.

California and her sister States must begin to take a more realistic look at their fiscal position. In the past decade, the growing burden of public service programs on the State and local level have resulted in an increase in State and local expenditures of 128 percent. This desperate need for additional money has been further complicated by a limited tax base; and of course, by the reluctance of the States to grapple with the problem of fiscal reform.

GRANTS-IN-AID CONCEPT

Some relief has come in the form of Federal grants-in-aid programs. Most of these programs have been properly administered. Some have been abused, but the fact is that the grant-in-aid concept has been largely responsible for strengthening the delicate balance of shared sovereignty that is at the core of the Federal system. Governor Rockefeller supports this noting:

"One of the major factors in preserving the balance in the Federal system—and averting

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[3] Lawrence, David. "A New Regional Administration System," New York Herald Tribune, Aug. 3, 1965.

[4] Rockefeller, Nelson A. "The Future of Federalism," Cambridge, Harvard University Press, 1962, pp. 42–43.

[5] Riker, William H. "Federalism: Origin, Operation, Significance." Boston, Little, Brown & Co., 1964, p. 80.

[6] Flynn, John J. "The Crisis of Federalism: Who Is Responsible?" American Bar Association Journal, March 1965, vol. 51, pp. 231–232.

[7] California Assembly Interim Committee on Revenue and Taxation. California's Tax Structure: 1964. January 1964, vol. 4, No. 8, pp. 25–26.

the growth of arbitrary central authority, while meeting essential social and economic needs requiring Federal participation—has been the Federal program of grants-in-aid to the States.

"Rather than promote arbitrary central authority, the grant-in-aid has served to strengthen the weaker States fiscally, to equalize opportunity for participation in social programs, and to establish certain minimum standards of performance. A State like Wyoming draws almost one-third of its budget from such grants. The comparable figure for New York State is barely 8 percent." [8]

It is clear that Federal financial support to the States will continue in the future. Exactly how that support will be manifested is a question now under careful study.

One interesting proposal recently suggested by Mr. Walter W. Heller, the former chairman of the Council of Economic Advisors, would make direct Federal payments to the States with little or no strings attached. This is a revolutionary approach, but it is one that certainly deserves competent study. Some factors favorable to such a program are expressed in a recent article by Alan K. Campbell:

"The program is designed to take advantage of the superior revenue base of the National Government. The factors which lead to this recommendation include the rapidly growing tax burden in the State and local parts of the governmental system, the superior and more progressive tax system of the National Government, recognition of the growing interdependence of the American governmental system, and the fiscal policy needs of the National Government." [9]

But we are forced to return to the fact, that Federal aid to the States, in a form such as the Heller proposal, would not correct the basic problem of State finances. Rather, such an approach may only serve to delay the need for the States to push ahead with comprehensive programs of fiscal reform. At the same time, this failure of the States to find a fair means of financing reflects their equally stubborn reluctance to modernize their State constitutions, and ultimately, their entire governmental structure.

Another area where the States have not always fully met their responsibilities is that of State legislative apportionment. On June 15, 1964, the Supreme Court of the United States handed down six decisions dealing with reapportionment in as many States. The first case, *Reynolds* v. *Sims* [10] promulgated a rule for apportioning all State legislatures:

"* * * we necessarily hold that the equal protection clause requires both houses of a State legislature to be apportioned on a population basis." [11]

This decision, too, righted a wrong. Since 1900, the Alabama Legislature, based under its own State constitution on a population basis in both houses, had failed to reapportion itself. In this instance I do not believe the Supreme Court had any choice but to apply the principle of one man, one vote in accordance with the equal protection clause of the 14th amendment to the Constitution. The legislature's failure to act in terms of the constitutional mandate of its own citizens was inexcusable.

In *Lucas* v. *Forty-fourth General Assembly of Colorado* [12] decided the same day, the Supreme Court applied the one-man, one-vote principle to an apportionment which had been approved by a majority of the people of Colorado who voted in a statewide referendum. Students of constitutional law can argue that the Court, under these circumstances, did not have to reach the same result. But it did, and one can argue that a constitutional vacuum did clearly exist since that greater charter failed to specify the representational relationship which should exist between the citizens of a State and their State legislature.

ONE MAN, ONE VOTE VERSUS MAJORITY RULE

The heart of this issue is not what type of reapportionment but what type of representation is desired at the State level. In the discussions on this issue there has been a great deal of confusion between one man, one vote and majority rule, and between both and effective representation for our citizens under the equal protection clause. Mr. Justice Stewart, for example, in dissenting in *Lucas* v. *The Forty-fourth General Assembly of the State of Colorado* notes that representative government is:

"A process of accommodating group interest through democratic institutional arrangements. Appropriate legislative apportionment, therefore, should ideally be designed to insure effective representation in the State's legislature * * * of the various groups and interests making up the electorate." [13]

That is a reasonable and realistic position in accord with some of the best thinking of modern political science. Certainly in many States, as was true in Colorado, there are distinct regions and interests based on economics or geography which do not lend themselves to a strict "one-man, one-vote" rule.

Grouping people as mere census statistics does not solve the representation problem. Almost all American legislators at the local, State, and Federal levels are elected in the single-member district where the winner takes all. Certainly, it is just as possible in a State where there is vigorous two-party competition as in a State which is "safe" for one party to deprive members of the losing party of "one man, one vote" in the sense of representation.

Perhaps only proportional representation—which I do not advocate for other reasons—would resolve this issue in a realistic way. "One man, one vote" certainly does not.

The objective of the so-called Dirksen reapportionment proposal which I coauthored was to guarantee that when a majority of voters of any State, by a "one-man, one-vote" expression, have so declared, one house of their State legislature—and only one—may reflect factors other than population. (I might add that the language of the proposed amendment specifically limited these factors to "population, geography, or political subdivisions.") Should the voters reject such a plan, both houses would be apportioned on a strict population basis. Further, if the current legislature chooses not to submit such a plan, strict population apportionment will automatically prevail in each chamber. On August 4, 1965, in the Senate that proposal, although attaining well over a majority, failed by a vote of 57 to 39 to secure the two-thirds vote necessary for submission of a constitutional amendment. Senator DIRKSEN has now submitted a slightly revised version which conceivably will be considered later in this session or early in the next.

Regardless of action by Congress and the States on the Dirksen amendment, I do not foresee any "massive retreat" from the advances made for better urban representation under the sundry court decisions. There is no doubt in my mind but that the Dirksen amendment, if added to the Constitution, would be implemented only in those States where the need for balanced representation is so great as to transcend party and factional interests.

I have long been impressed with the wisdom uttered by Justice Brandeis when he dissented in *New York Ice Co.* v. *Liebmann:*

"To stay experimentation in things social and economic is a grave responsibility. Denial of the right to experiment may be fraught with serious consequences to the Nation. It is one of the happy incidents of the Federal system that a single courageous State may, if its citizens choose, serve as a laboratory; and try novel social and economic experiments without risk to the rest of the country. This Court has the power to prevent an experiment. We may strike down the statute which embodies it on the ground that, in our opinion, the measure is arbitrary, capricious or unreasonable. We have power to do this, because the due process clause has been held by the Court applicable to matters of substantive law as well as to matters of procedure. But in the exercise of this high power, we must be ever on our guard, lest we erect our prejudices into legal principles. If we would guide by the light of reason, we must let our minds be bold." [14]

STATE EXPERIMENTAL LABORATORY

Both in governmental organization and in the policies which it seeks to carry out, a State should have the opportunity, if its people so desire, to serve as a laboratory and to experiment with the relationship between the elected and the electorate which might best fit its needs. Thus, Congress has a duty to render a decision on basic policy by submitting a constitutional amendment dealing with apportionment to permit the people in each State to decide on a continuing basis what form of legislative representation they desire. The people may, if they desire, choose the criterion of "one man, one vote." It is possible that because of overriding historic, geographic, economic, and other factors in their State, that they would wish to select a system of apportionment which adequately takes such factors into account. But let the choice be the people's provided, of course, that the system selected does not violate other constitutional and statutory guarantees such as those prohibiting discrimination because of race, color, religion, national origin, or sex, among others. Any reapportionment provision of the Constitution, must, of course, continue to be subject to judicial review in its use by the people of the several States as to reasonableness and as to fidelity with constitutional guarantees.

The basic choice is: Will we let the people decide? My answer is that we should, and I hope before too long, we will.

We have been discussing here some of the problems the States have had to face. We have seen that some of the States have not always met these problems with the proper response. But this is not to say that these problems cannot be tackled in the future. The fact is that the survival of the Federal concept depends on just how effectively the States meet their responsibilities in the coming decade. It is encouraging to know that today there is evidence that the job can be done.

In Michigan, Governor Romney was instrumental in the adoption of a new and modern State constitution. The Governor discussed some of the factors which helped mold that new constitution in an article in the National Civic Review:

[8] Rockefeller, op. cit., pp. 43–44.

[9] Campbell, Alan K. National-State-Local Systems of Government and Intergovernmental Aid. The Annals, May 1965, p. 98.

[10] 377 U.S. 533.

[11] Id. at 576.

[12] Id. at 713.

[13] Id. at 749.

[14] 285 U.S. 262 (1932).

"I have no doubt that Michigan would still have its horse-and-buggy constitution if it were not for our political and financial crisis that resulted in payless paydays back in 1959. That aroused Michigan people to the fact that there were some very fundamental shortcomings in the way their State government was doing business and that the tools the constitution provided its public officials were simply not honed for the job they were expected to do. The most important of these deficiencies was the hamstringing of State and local government and bad legislative apportionment." [15]

The States can also cope with the problem of a Rube Goldberg tax structure. This fact is emphasized in a comment of Governor Branigin of Indiana:

"Since we enacted new tax legislation in 1963, we are no longer in a financial bind. We estimate a $60 million surplus at the end of this biennium, a $30 million surplus at the end of the next biennium." [16]

Some States have even shown the way in coping with the massive requirements of an expanding urgan population Governor Rockefeller explains what the State of New York has been doing:

"I offer further proof by referring simply to the magnitude of certain programs of the government of the State of New York—and their comparative relation to matching efforts by the Government of the United States:

"In education: State aid to elementary and secondary education in the State of New York totaled $753 million in the 1961–62 fiscal year, or $87 million more than the President requested of the Congress for the whole Nation in 1961 (and, as you know, what was requested on the national level far surpassed what was appropriated).

"In power development: The State Power Authority of New York has built more hydroelectric generating capacity on the Niagara and St. Lawrence Rivers in the past 10 years, with the funds of private bondholders, than all the hydroelectric dams of the TVA system." [17]

The point is that with a progressive State administration the job can be handled and the burgeoning growth of the Federal Government contained. These are a few examples of the kind of State action that is required if we expect to preserve the States as individual political entities. The States must be preserved. They contribute the keystone to the governmental process in this Republic. The functions they perform and the responsiveness to constituent desires they embody cannot be replaced by one central government or even several regional governments. As an American, I devotedly approve our constitutional system.

We have noted that improved transportation and communication has served to encourage the development of larger governmental units; but regardless of how many technological advances are made, we can be sure that Maine will never be quite like Utah and California will never be quite like Georgia. Each State will continue to have its unique problems and the solutions to these individual and distinctly separate problems are best found in separate, responsible State governments. George C. S. Benson, the president of Claremont Men's College, touches on this in the following manner:

"Not only national bureaucrats but also national legislators may fall into the error of excessive uniformity. However manifest the evils of alcoholism, it is clear that nationwide prohibition was perhaps a noble, but certainly a misguided, experiment * * *. National legislation of this sort, however, is less likely than national legislation, nationally administered, which attempts to apply uniform economic rules to sections differing widely in psychological, agricultural, climatic and industrial milieu. Soil conservation benefits reasonable in one State are sheer extravagance in others * * *. A system of public assistance grants which is workable in Connecticut has proven almost ludicrous in Louisiana and Colorado." [18]

SAFEGUARD AGAINST TYRANNY

States perform an important role in the administration of unlike geographic areas. But that is only a small part of their total contribution. They also serve as a safeguard against the hazards of a tyrannical central government. In their dual sovereignty role, they protect individual liberty. They serve as experimental laboratories testing new concepts at the State and local level. Finally, at the State and community level a testing ground is provided for the development of political leadership in both the legislative and executive arena.

The decentralization of government under the States has many advantages. The primary advantage is the growth of individual freedom.

Under our federal system, each citizen has an opportunity to participate in government at every level—National, State, and local. Today, we find that federalism is under attack. Ultimately, it will be up to the States—to the people—to insure the defeat of that attack. To succeed, the States must step forward and assume the responsibility of government; otherwise, they will lose the power to govern and the result will surely be an expanding weakness akin to oblivion. They must begin to take that step today, for the longer they wait the more difficult the step will become. Historically, the road to centralization has always been easier to travel than the road back.

BIG BROTHER—LAW ENFORCEMENT EAVESDROPPING

Mr. LONG of Missouri. Mr. President, the New York Civil Liberties Union recently published an article by John J. McAvoy on law enforcement wiretapping and eavesdropping. It is a most interesting and timely discussion of this subject.

I ask unanimous consent that the article which appeared in Civil Liberties in New York be printed in the RECORD.

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

[From Civil Liberties in New York, June, 1965]

COURT ORDERS DON'T MAKE "BUGS" AND WIRETAPS CONSTITUTIONAL—STOP POLICE EAVESDROPPING

(By John J. McAvoy)

The next time you let off steam after an annoying telephone conversation, you'd better think twice about your language. If you should happen to have used one of the phones the police have turned into a constant transmitter, even when it is in its cradle, your choice afterthoughts will be shared by some eavesdropping policeman down the street, or in another part of the city.

This is only one of the more dramatic illustrations of relatively new police techniques of investigation that encroach on our fundamental, and constitutionally protected, right of privacy. Wired and wireless transmitters, concealed in homes, hospitals, and private offices all over the country, make "Big Brother" a reality.

The danger of these devices to a free society is becoming more recognized as the frequency of their use is better known. The Senate Judiciary Committee has been conducting hearings on the question of the violation of constitutional rights by wiretapping and the use of concealed microphones. And here in New York, where a 1942 statute authorizes police eavesdropping, if done under court order, three cases have presented the opportunity for a new review of the problem by the State courts and the U.S. Supreme Court.

There is a complex pattern of Federal and State constitutional provisions, of statutes and judicial opinions for the courts to consider, and the outcome of review is hard to predict. But it seems certain that some of the constitutional questions will be answered.

Among the cases now in various stages of trial and appeal are *People* v. *Pugach*, *People* v. *Grossman*, and *People* v. *Habel*.

Burton N. Pugach was convicted in 1960 of violation of the Sullivan law. An unregistered pistol was found in his possession when he was searched after his arrest on an assault charge. That charge was based on conversations between Pugach and others which were overheard by the police through a microphone secretly installed in his law offices under a court order obtained in (questionable) compliance with the New York Code of Criminal Procedure. The eavesdropping had continued for a number of months, and Pugach's telephone also was tapped.

BUG NOT MENTIONED

The district attorney disclosed the wiretap, but did not disclose the "bugging" of Pugach's office until after the trial and appeal on the Sullivan law conviction. Recently Pugach sought a review of his conviction, challenging the arrest and the admissibility into evidence of the gun discovered in the search, on the grounds that "probable cause" for arrest depended on a conversation overheard by eavesdropping.

People v. *Grossman* involves essentially the same question. Two electronic listening devices were installed by the police for 5 months. Court orders for eavesdropping had been obtained after 3 months of investigation which had included other wirings and "buggings." In both instances the transmitter was installed and concealed by the police by breaking into private offices at night.

POLICE DIVIDEND

On the basis of conversations overheard through one of the "bugs," a search warrant was obtained which, when executed, disclosed two unregistered guns in the automobile owned by Grossman. Neither "bug" had been installed on property of Grossman's, and appear to have been installed to investigate two other persons for another crime. The information thus obtained might be characterized as a "dividend" received by the police.

In the third case, *People* v. *Habel*, one eavesdropping device was installed, under court order, in the offices of local 1101

[15] Romney, George. Reform without Crisis. National Civic Review, March 1965, p. 128.

[16] The Christian Science Monitor. Apr. 28, 1965, p. 3.

[17] Rockefeller, op. cit., p. 13. The comments on education were made prior to the passage of the secondary and elementary education bill of the 89th Congress.

[18] Benson, George C. S. "Values of Decentralized Government—1961" in Essays in Federalism. The Institute for Studies in Federalism, 1961, pp. 11–12.

of the Communications Workers of America; another in an office of the Teamsters Union, and a third in a hotel room. In addition, the police used a portable recording device on the person of an informer, and an induction coil device was used to listen to a telephone conversation between one of the defendants and the informer.

A DIRTY BUSINESS

Thirty-five years ago, Justice Holmes condemned eavesdropping as "dirty business." And so it remains. But if the issue is studied more carefully, there are arguments for police eavesdropping that must be answered.

The first obstacle a civil libertarian has in showing that these devices are not lawful is that they are relatively free of any charge of hiding the truth. Likening electronic eavesdropping to coerced confessions misses one vital difference: coercion makes confessions terribly unreliable. In many instances, there will be unreliability in recordings too. But if one assumes that nothing but the truth is recorded, what are the legal and policy objections to discovery of this truth, and its use by the police to prevent crime, catch suspects and convict them?

One of the first objections to secret eavesdropping by the police is the failure to inform a suspect of the right to remain silent that is formalized in the fifth amendment. This amendment began as a protection applicable only in criminal trials, but the strength of its policy has extended it to all sworn statements. Once society finds it offensive to force a man to get on a stand and say things which would convict him, the same values prohibit the use of statements obtained by police through eavesdropping.

RIGHT TO PRIVACY

Another serious constitutional objection is the deterioration of the right to privacy, and the consequent impact on the first amendment right to free speech. The answer that is usually given to objections based on the first amendment is that criminal speech is not protected. This misses the point: we do not protect criminal suspects from unreasonable search because the materials likely to be found are not subject to seizure; we do it because it is the only way we can be sure that the innocent are free from such intrusion. We should also be protected from eavesdropping on any and all conversations, for commonplace eavesdropping will deter free conversation.

It could be argued that authority should be given to the state to open the mail of persons suspected of crimes. Yet this is so offensive that discovery of such conduct by the authorities brings widespread condemnation. The reason again is a judgment based on the inseparable values of free speech and privacy.

A third major avenue of constitutional challenge is the fourth amendment. In New York this is particularly appropriate because the only permissible eavesdropping or wiretapping without the consent of the parties involved is that done pursuant to court order, or in an emergency period during which the order is to be obtained. Two Supreme Court cases are particularly important to this argument. In the first, *Olmstead* v. *United States* (1928), the Supreme Court indicated that it did not believe wiretapping or eavesdropping were unreasonable searches or seizures as contemplated by the fourth amendment. This decision is modified to an uncertain degree by *Silverman* v. *United States*, which held that such conduct, if accompanied by trespass into a home, office or other private property, does violate the fourth amendment.

Wiretapping, even by court order, is prohibited by Federal statute and, despite previous State court decisions, it seems certain that evidence obtained in this fashion is excluded in State as well as Federal trials.

Thus far, however, neither the New York Court of Appeals nor the U.S. Supreme Court, has expressly considered the effect of the statute authorizing eavesdropping orders. In February, Justice Nathan R. Sobel of the Brooklyn Supreme Court, in the Grossman case mentioned above, held that eavesdropping, even if done under the statute, violated the fourth amendment, if accomplished through trespass. In Habel the trial court upheld the eavesdropping, even though the devices were installed by trespass. Both cases undoubtedly will be appealed.

Police departments and prosecutors' offices argue for these devices with great sincerity, and often they recognize the "problem" of privacy. Our legislatures and public officials, however, feel that they must provide the public with the safety it demands. We are a statistics-minded society, and law enforcement personnel, from the policeman on the beat to the Attorney General, have learned that those who have control over their professional advancement judge the "efficiency" of law enforcement by arrests and convictions. And we should make no mistake about it: there are likely to be more arrests and convictions if the police are permitted to use electronic listening devices.

Unfortunately, the grinding of these administrative axes does not induce a dispassionate discussion of the direction law enforcement activities are taking and their consequences for individual liberty.

Our Bill of Rights was an expression of a people which had suffered from having no voice in government. There was great consciousness of the need for protection against officialdom. Today, however, so many people have an interest in the status quo, and a formal role in the selection of government officials, that to insure that status quo they are willing to forego certain individual prerogatives, privacy among them.

NOT ENOUGH OUTRAGE

Eavesdropping, with its attendant deteriorating effect on the right to privacy, does not outrage enough Americans. Inured to the compromises a complex society requires, there is no challenge made to successive official claims to the "need" to sacrifice individual interest to the claimed social one. Yet, many authorities, including Joseph D. Lohman, former sheriff of Cook County, Illinois, and present dean of the University of California School of Criminology, have said that wiretapping and eavesdropping are not effective in dealing with organized crime.

One of the serious obstacles to a proper consideration of this subject is that argument has been conducted in a fact vacuum. There is no public disclosure of the number of eavesdroppings ordered, and information is retrieved only when it suits the arguments of law enforcement officials. Just as the priests and medicine men in primitive societies were most secretive about the efficacy of their prayers, and resisted any thoughtful analysis of their practices, prosecutors today say that a disclosure of the details of these methods and a thorough study of them would destroy their efficacy.

Recently, however, NYCLU put together a couple of separate arguments made by law enforcement officials on behalf of eavesdropping. Some interesting statistics resulted.

ONLY 20 PERCENT ARRESTED

Last February, John Shanley, supervising chief inspector of the New York City police, appeared before the Illinois Crime and Investigating Commission to testify on the effectiveness of wiretapping. Inspector Shanley noted that 221 arrests had resulted from court-ordered wiretaps during 1963 and 1964 in New York City.

On March 2, 1964, the New York Law Journal carried an article by Elliot Golden, chief assistant district attorney of Kings County in New York. Golden reported that there were 451 court-ordered wiretaps obtained by the New York City police in 1963 and 671 such orders in 1964.

Information as to how many multiple arrests resulted from particular wiretaps is unavailable. Also unavailable, since the police and prosecuting offices haven't chosen to make it available, is the number of these arrests that resulted in convictions.

TO BE LET ALONE

Disregarding the time-lag factor in arrests, it appears that at least four out of every five court-ordered wiretaps simply result in the invasion of privacy without ever leading to arrests, let alone convictions.

In his dissent in Olmstead, Mr. Justice Brandeis observed: "The makers of our Constitution undertook to secure conditions favorable to the pursuit of happiness * * *. They conferred as against the Government, the right to be let alone—the most comprehensive of rights and the right most valued by civilized man."

After all the rest has been said, perhaps the things that makes eavesdropping so objectionable is its flagrant implication that somehow, somewhere we may have lost our right to be let alone. That the intrusion will be done secretly makes it more objectionable, not less.

GI'S APPLY FOR TRANSFER TO VIETNAM

Mr. BAYH. Mr. President, I would like to direct the Senate's attention to an article appearing recently in the New York Times entitled "2,000 GI's at Bases in Europe Apply for Transfer to Vietnam."

It is gratifying to learn that more than 2,000 members of the U.S. Army in Europe have applied for these transfers. These men, eager to be stationed where they can actively defend the freedoms we sometimes take for granted, reflect the traditional attitude of Americans that when a call to arms is sounded for a good cause it must be and is answered.

The people of this country have shown resolute willingness to support a course of action required to protect the freedoms they cherish. They have repeatedly stood ready to make the sacrifices necessary to make this world a better place in which to live.

These soldiers show that same willingness to act. Answering President Johnson's recent call for a military buildup in Vietnam, these men have asked to be a part of the added forces.

Already serving their country in important positions, they have asked to be given extra responsibility—to be placed in a combat situation. These soldiers are to be commended for their eagerness to serve despite the dangers they might confront. They set an example for us all.

I ask that the article to which I referred previously be printed in the RECORD.

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

[From the New York (N.Y.) Times, Aug. 24, 1965]

TWO THOUSAND GI'S AT BASES IN EUROPE APPLY FOR TRANSFERS TO VIETNAM

(By Thomas J. Hamilton)

HEIDELBERG, GERMANY, August 23.—More than 2,000 voluntary applications for transfer to Vietnam have been received from members of the U.S. Army in Europe, a spokesman said today.

The spokesman said the applications had been received and processed by headquarters here under a policy of transferring officers and men to Vietnam on the basis of individual applications.

Of the 2,000 applications, 500 have been approved and the Department of the Army has issued orders for the transfer of applicants to Vietnam, according to the spokesman. He was unable to say how many had actually left for Vietnam, or when. However, assignments on the basis of individual applications started last year.

The spokesman said the Army had inaugurated a policy of transferring some individuals from Europe directly to Vietnam when they are due for rotation. The spokesman said, however, that no transfer under the new regulation had yet taken effect. Previously, a serviceman in Europe could not be transferred to such a theater as Vietnam without serving an intervening stage in the United States.

Since the great increase in the U.S. commitment in Vietnam began, some West German newspapers have discussed the possibility that U.S. forces in West Germany would be sharply reduced after the West German election on September 19.

However, the spokesman insisted that the Department of Defense was standing by its statement that no units or equipment of U.S. forces in Europe would be diverted to Vietnam, and that the numerical strength on July 30, 1966, would be exactly equal to that of last month.

On the other hand, the buildup of U.S. Army strength in Europe that began with the intensification of the Berlin crisis in 1961, which raised the total to about 275,000 men, has been dropped. The total is again about 230,000, the average for the 3 years preceding 1961, the spokesman said.

He explained that one armored battalion, three artillery regiments, and one armored cavalry regiment assigned to Europe at that time were returned last year after the Berlin crisis eased off.

OTHER REDUCTIONS EFFECTED

Other reductions have been effected in the U.S. Army area command, composed of noncombat troops in West Germany, and in communications zone personnel in France, the spokesman said.

In addition, the number of German civilians used for guard and security duty has been reduced from 87,000 in September 1963 to 71,000 under economy orders issued by Secretary of Defense Robert S. McNamara at the end of 1963, it was explained.

Some U.S. field commanders have expressed concern over these reductions on the ground that troops are now having to spend time on housekeeping duties instead of devoting the time to training.

The Army spokesman insisted that the reductions had not affected the combat readiness of the five divisions that make up the 7th Army. These, he said, are spending 200 days a year in the field as before and have shared in the new items included in the Army modernization program.

HERBERT E. WOLFE—MAN OF THE WEEK

Mr. SMATHERS. Mr. President, the city of St. Augustine, Fla., and the Catholic Church recently jointly celebrated the 400th anniversary of the founding of St. Augustine and the establishment of the Catholic Church in America.

I was privileged to participate in the observance on September 8, 1965—400 years to the day from that moment in history when Pedro Menendez de Aviles, admiral of the Spanish Fleet, came ashore at St. Augustine.

The anniversary ceremonies, however, do not end the commemoration. A vast program of restoration, begun in 1959, is continuing both in the old city and on the grounds of Mission Nombre de Dios.

Much of the success of efforts to date is attributable to Herbert E. Wolfe, chairman of the Federal quadricentennial committee and the St. Augustine Historical Restoration and Preservation Commission.

Such is the energy of Herb Wolfe that I am confident that the restoration of St. Augustine will equal or surpass that of Williamsburg, Va., when it is completed.

Mr. President, the September 12 issue of the Orlando Sentinel's Florida magazine paid well-deserved tribute to Herbert E. Wolfe as "Man of the Week." I ask unanimous consent that the article be printed in the RECORD.

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

ST. AUGUSTINE TURNS BACK HISTORY'S PAGES: 400TH BIRTHDAY

(By Elvis Lane)

Herbert E. Wolfe, a 67-year-old self-made millionaire, has an intense, almost patriarchal interest in the history of St. Augustine, the city he has called home since 1917.

Though he claims not to be a reader, his knowledge of early St. Augustine is as detailed as a history book. "Of course I read newspapers and magazines," Wolfe said, but his tireless effort to restore part of his adopted home to its traditional charm leaves little library time.

Wolfe is chairman of two commissions—one Federal, the other State—to restore part of the oldest city in North America to the way it looked in the beginning. And this year, the 400th anniversary of St. Augustine, his civic posts have kept him especially occupied.

It was about 10 years ago that Wolfe first became interested in St. Augustine's restoration.

"The city was losing its charm," he recalled. "Its attractiveness was based on its age and these landmarks from the past had to be restored and preserved."

At the time, Wolfe didn't exactly know how this was to be done.

LeRoy Collins, while Governor, appointed Wolfe chairman of the St. Augustine Historical Restoration and Preservation Commission. Next, President John F. Kennedy named him Chairman of the Federal Quadricentennial Committee for St. Augustine.

For the past few years Wolfe and countless others have been toiling to see that St. Augustine was, in Wolfe's words, "restored for posterity so that today's and tomorrow's generations can enjoy the city."

The quadricentennial celebration of St. Augustine started in late August this year. Its primary purpose is to focus national and worldwide attention on the Hispanic origins of the United States. Here are the major projects which have been accomplished to do this:

The National Park Service has restored the town's massive fort—Castillo de San Marcos—along with its moat and defense lines. The State of Florida has provided funds so that the north end of the city, behind the old city gates, now appears as it did in Colonial times.

And the diocese of St. Augustine has erected on the grounds at the Mission of Nombre de Dios a research library, a votive church and is in the process of building the tallest cross in the Western Hemisphere. When finished, this stainless steel cross will be 20 stories high. At night the cross, rising like a conquistador's sword wrought into a cruciform and illuminated by powerful floodlights, will be visible from 14 miles away.

It was on what is now these mission grounds that Pedro Menendez de Aviles, admiral of the Spanish Fleet, stepped ashore on September 8, 1565, to found the first settlement in what is now the United States—55 years before the Pilgrims landed at Plymouth Rock.

And, immediately after the landing, Father Lopez de Mendoza, before an altar of logs, said mass.

That was the first mass in the United States.

Restoration work actually began in 1959 and much already is completed. But St. Augustine is prepared to continue restoration work, perhaps for 20 years if necessary, to get the job done.

Some 200 houses are earmarked for restoration or reconstruction. The layout of the old city is ascertained from maps dating back to 1763, accurately locating the sites, size, and shapes of the old houses.

Any private buyers or renters of the 200 restored homes and buildings will have to agree to maintain them in their original form.

Wolfe is proud of all the activity connected with the quadricentennial celebration. But most of all he is elated because St. Augustine is finally receiving its just historical recognition.

"From now on St. Augustine will attract more and more tourists," he predicted. "About 800,000 people will visit our city this year. And soon that figure will reach a million."

Wolfe still professes surprise that he, of all people, was named chairman of both the Federal and the State committees to commemorate St. Augustine.

He really shouldn't be surprised. Because his life has been a constant record of accomplishment. And for this reason he was a logical choice for such work.

The 6-foot, 190-pound Wolfe was born near Nashville, Tenn. He was the eldest of nine boys in a family which he described as "quite poor."

But everything he is today, the white-haired Wolfe said, he owes to his parents, Edward F. and Mattie Phelan Wolfe. "They taught me honesty, devotion and how to work hard." They were devout Methodists, as Wolfe is today, and he can remember always "going to church on Sundays."

"We had a blind horse named Alex who pulled the buggy to church," Wolfe recalled. "The rest of the week Alex pulled a plow."

Wolfe was 20 when his father decided to move to Florida. He settled near St. Augustine and commenced raising potatoes. "My father thought all of us boys would have a better future here than we did in Tennessee." Wolfe related. "And he was correct."

Five of the nine Wolfe sons, in addition to Herbert, are still living. They are: Claude, owner of an appliance business in Orlando; Fred, operator of a building supply firm in Clermont; W. F., a farmer at Hastings; O. D., a motel operator at St. Augustine, and Wilburn, a farmer near St. Augustine.

TRUCK OWNER

Wolfe married the year he came to Florida and his bride was the former Virgie May Parrish. They have three children: Marshal E. Wolfe, Helen Wolfe Ross, and Charles C. Wolfe.

Wolfe never stopped raising potatoes after his arrival in Florida until this year. "I'll miss it," he said. "And that's a good business for a young man who is willing to work," he insisted. "But he really has to be willing to work."

But Wolfe did more than raise potatoes. When he was 25, he bought a secondhand truck. He already owned a shovel. That, he recalled, was his start in the construction business.

"I'd shovel rock from railroad gondolas into my truck and deliver it to road-building crews." Soon he owned two trucks. And by World War II his construction firm was doing business throughout the South and was large enough to construct airfields.

Until 1934, St. Augustine had only one bank. That year Wolfe organized the Exchange Bank of that city. He has, in turn, been the bank's president, its chairman of the board, and a director. He later organized two other banks in Florida, one at Hastings and the other at Palatka.

He also started the Rogers Manufacturing Co., Inc., at Nashville, which produces heavy trailers and truck bodies. And, in 1943, he established the H. E. Wolfe Ranch in St. Johns County. It consists of 6,500 acres and has 4,500 head of beef cattle.

These are just part of Wolfe's many activities. He's president of the board of trustees at Florida Southern College at Lakeland, a vice president of a railroad, and a director of an insurance company. In 1948, he was mayor of St. Augustine. The list could continue for several more paragraphs. The amazing thing is how does Wolfe find the time to do so much?

"As a boy I learned to work from sunrise until late at night," he explained.

Of his many and varied interests, Wolfe can't decide which he likes the best.

"I'm like the man who put fish on top of his watermelon," he narrated. "It didn't spoil the watermelon because the man liked both fish and watermelon."

TRUE VALUE

Wolfe is somewhat reluctant to admit that he is a millionaire.

"Today's prices are inflated," he insisted, as if that would explain that his wealth is overstated. "If prices were at their true value, I don't really know what I'd be worth." Wolfe did not attempt to clarify what he meant by true value.

But he did say that it is much harder to become a millionaire nowadays than it was when he was a young man.

"It requires more capital to start and today is the era of the big corporation," he said. "It's more difficult for a person to compete, much less get started on his own."

Also, the young men of today aren't used to the hard work and the long hours as the youth of his generation were, Wolfe continued. But why should they be? he asked.

LUXURIES

Even with an average job the young men of today can obtain luxuries that were unheard of when he was in his early manhood, Wolfe stressed. They can usually buy a home and that home will have a bathroom. They can also own a car, a TV set, purchase air-conditioning.

Times have changed, Wolfe pointed out, and so have demands and answers.

"I've always agreed with Senator HARRY BYRD's economic philosophy and I have been opposed to HUBERT HUMPHREY's views," he commenced. "Yet, I'd vote for HUMPHREY to be President over Senator BYRD."

The reason? Wolfe smiled. "HUMPHREY knows what is needed today and what must be done now," he answered. "BYRD's philosophy is good for the past generation."

Has Wolfe succeeded in getting everything he has sought?

Not quite. Every autumn he journeys to Wyoming to hunt. So far he has bagged elk, moose, deer and antelope. But no bear.

"Maybe I'll shoot a bear this fall," he said.

THE GI BILL: KNOCK OF OPPORTUNITY NEEDED FOR COLD WAR GI'S NOW

Mr. YARBOROUGH. Mr. President, when President Franklin D. Roosevelt signed the original World War GI bill, he said:

It gives emphatic notice to our servicemen that the American people do not intend to let them down.

As support of the American people increases for the presently pending cold war GI bill, I urge that the 89th Congress not let down our cold war veterans. One of the most vocal opposition forces to the cold war GI bill has been the Veterans' Administration, yet in the September 1965, issue of the American Federationist magazine, Mr. Driver hailed the original GI bill as the "loudest knock of opportunity ever heard in America." Similarly the cold war GI bill would be the loudest knock of opportunity heard in the entire lives of our cold war veterans.

Mr. President, I ask unanimous consent that this article entitled, "V–J Day Plus 20: The Veteran Today," beginning on page 1 of the Federationist, be printed at this point in the RECORD, to illustrate the inconsistant position that the Veterans' Administration and its Administrator have taken on GI bills. It is time the Administrator got back on the side of the veterans.

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

V–J DAY PLUS 20—THE VETERAN TODAY

(By William J. Driver)

Twenty years ago the unleashing of the power of the atom signaled the end of one stage in man's history and the beginning of another.

The power of the atom did more than end World War II. It opened possibilities of either a brilliant future in which cheap, unlimited power would help free the world's weary laborer or a flaming future in which swift, unlimited destruction would turn our globe into a cinder.

But there were few in September 1945 who worried about the full implications of atomic power. There were more immediate problems. Our military force, once numbering 16 million men and women, was being dismantled at a record pace. At the peak of demobilization, over a million men a month were passing through the separation centers.

Meanwhile, factories created specially to feed the insatiable maw of war were faced with cancellation of orders, a rapid drying up of demand and, at best, the painful prospect of reconversion to meet the uncertain demands of the postwar economy.

Would there be enough work to satisfy the job hunger of so many veterans? Or would veterans who, on the average, had spent 2½ years overseas compared to their fathers' 10 months during World War I, be interested in the prosaic problems of making a living? Could you keep them at the lathe after they had seen Casablanca, Naples, Rome, Honolulu, Tarawa, Saipan, and Hill 309, as well as Paris?

There were some who viewed the returning stream of veterans with deep concern. These alarmists recalled that the Black Shirts who shouted for Mussolini and fascism and the private Stahlhelm army whose violence paved the way for Hitler were composed largely of disgruntled war veterans. One sociologist foresaw dangerous days ahead. "Veterans," he warned, "have written many a bloody page of history and those pages have stood forever as a record of their days of anger."

Now, 20 years later, we see that those who in 1945 viewed the unfolding of the American dream with foreboding and fear were wrong—as they have so often been in the past history of this Nation.

The doubters of the post-World War II era were very wrong. For, instead of the energies of veterans turning to anger and a reliance on trained trigger fingers, they were turned to a mighty effort to open wider the door of opportunity.

Helping them in this effort was the most remarkable series of laws for veterans ever enacted in the world. In ancient Greece and Rome, the best a maimed veteran could expect was a special place to beg at the marketplace. The new laws for veterans passed during World War II were almost as much an advance over the prewar concepts of veterans' benefits as the first veterans' pensions provided by the Pilgrims in 1636, were over the alms treatment accorded veterans in the ancient world.

The cornerstone of these new laws was the Servicemen's Readjustment Act of 1944, better known as the GI bill. As he signed it, President Roosevelt said that "it gives emphatic notice to our servicemen that the American people do not intend to let them down." The key to this new concept of veterans' benefits was one familiar to Franklin D. Roosevelt, for it was a reflection of his own philosophy. It was part and parcel of the same optimistic view of man that was reflected in his support of landmark labor legislation. The GI bill belonged to the same family tree as the Wagner-Connery Labor Relations Act and the Fair Labor Standards Act. That family tree thrives on a native American word called "opportunity."

Opportunity to organize and to grow was at the core of the Wagner Act. Opportunity to earn a living wage was the essence of the Fair Labor Standards Act. And opportunity was the very foundation of the GI bill.

Opportunity was found in each major section of the new law. Through its educational provisions, veterans could return to school to strengthen old skills and abilities or to learn new ones. Through its housing provisions, veterans could build homes and find decent places for their families to grow. And, through provision for temporary unemployment pay and job retention rights, veterans had the opportunity to regain their old positions or receive an allowance that permitted them to find a job commensurate with their abilities and training.

The GI bill was the loudest knock of opportunity ever heard in America. How did veterans respond to that knock?

First, almost half of all World War II veterans—nearly 8 million of them—decided to improve themselves by advancing their education and training.

Second, World War II veterans expressed their faith in America by securing more than $45 billion in GI home, farm, and business loans.

Third, far from exhausting the maximum "52–20" benefits available during the initial period of unemployment, veterans reacted in a typically hardheaded fashion, asking: "Why accept $20 a week from the Government when jobs are available at $100 a week?" The average veteran used but 19 weeks of his allowance out of a total potential of 52 weeks. He wanted work, not handouts.

But how about achievement? Did the performance record match the expectation?

The answer is that the record more than matched the expectation. The labor force has been enriched by 383,000 veteran-trained construction workers, 288,000 metalworkers, 138,000 electricians, and 61,000 printers and typesetters, and tens of thousands of others with a myriad of skills. These workers helped build American production during a cold war period when the Nation's ability to produce received its greatest challenge and achieved its greatest record.

A similar record of achievement is found in the home loan program. Twenty-one years ago, when the loan provision was included in the GI bill, there were some who were frankly skeptical. Would veterans who had passed through so many unsettling experiences turn out to be responsible homeowners willing to meet the monthly mortgage payments?

The end result confounded both the out-and-out pessimists who foresaw failure and those lukewarm optimists who expected but passable success. Altogether, 6.7 million home loans, and 300,000 other loans with a face value of $65 billion were guaranteed or made by the VA under the World War II and Korean GI bills. Nearly 3 million loans have been paid in full.

Recently I received a letter from the president of a New York savings and loan association which recounted the experience of his organization with veterans' loans. It was a typical experience. For he told me that total claims during a period of 19 years against the association's insurance fund for losses represented but eighty-nine thousandths of 1 percent on the original amount of the insured GI mortgages. This, he said, is an "extraordinary" record.

Veterans are an extraordinary group of Americans.

How has the typical veteran fared since that bright day in Tokyo Bay 20 years ago when the Japanese emissaries met General MacArthur on the U.S.S. *Missouri*?

Some have found unusual success. For example, President Lyndon B. Johnson is a decorated veteran and one who has the unusual distinction of having also voted in Congress for the GI bill.

There are three characteristics that World War II veterans seem to share generally. One is "overachievement." During the postwar period, when veterans were flooding the Nation's schools and colleges, educators considered them to be the most ambitious, hard-working, and effective students in their experience. A recent study of "Who's Who in America" reveals that those qualities were not restricted to the campus and trade school. A sample of this volume of influential Americans showed that a high proportion of veterans educated with the help of the GI bill has risen to leadership rank in the union, business, scientific, cultural, and political worlds. Since World War II, veterans are far below the average age of "Who's Who" listings, the proportion of GI bill-trained veterans reflects the same overachievement that won them distinction in the classrooms—and on the battlefield.

The second characteristic of veterans is that, in large measure due to GI bill training, their average earnings exceed those of nonveterans of the same age group. Census statistics show that veterans make from $2,000 to $3,000 more each year than their nonveteran contemporaries and this gap is increasing each year.

The third characteristic is perhaps the most important. The average veteran is a workingman. In fact, about half of all employed males are veterans. A high proportion of veterans is still in the labor force and their employment rate is far above average. Their comparative youth, vigor, and higher than average education would help explain an extraordinary record of employment and contribution to the national economy. But, in my estimation, "motivation" has been the key element.

Recently the VA published the results of a unique training program for veterans wounded so seriously during the war that they could not even leave their homes for vocational training. The VA felt that somehow these men should be reached and helped. A program was designed to use whatever remaining faculties the veteran possessed, even if only the power to move two fingers. A troublesome question remained. Would these men, all of whom were guaranteed compensation payments, be willing to undergo what was often a period of painful training?

We found that these veterans welcomed our initiative, not because of the extra income that their self-employment training might bring, but because they were eager for the chance to do productive, satisfying work. As one terribly disabled veteran said on completion of his homebound training program: "I have found something greater than greatness. I have found something to do."

This, in my view is the essence of the typical American veteran 20 years after V–J Day. He is a man who wants above all to work together with his fellow Americans in building a better land. He is a man who knows firsthand the gruesome face of war and who has a vital stake in a world of peace. All in all, he is a man very much like his fellow workers in the most productive labor force in the world.

The veteran sees himself as do his fellow workingmen—first as an American and secondly as a veteran or member of a profession, skill group, industry or organization.

For the Nation's nearly 22 million veterans, as for her 18 million union members, it is, and always will be, "America first."

"If it weren't for the GI bill, I'm sure I wouldn't be Administrator today."

This comment came from the first career civil servant to head the giant Veterans' Administration. William J. Driver is a veteran of both World War II and the Korean conflict. He joined the VA in 1946 and earned a law degree by attending night classes under the GI bill. He also holds a degree in business administration and a masters degree in public administration.

GI loans guaranteed or insured[1] *(1944–65)*

	Percent
Number of loans (6.7 million):	
Outstanding	53.3
Paid in full	44.0
Terminated with claims	2.7
Amount of loans ($62 billion):	
Outstanding	49.1
Repaid	48.2
Terminated with claims[2]	2.7

[1] Guaranteed by VA, program has been almost entirely home loans.

[2] Loss is smaller than even this low rate. When holders foreclose, title usually goes to VA which then sells property and takes back mortgage; such salvage reduced cumulative net loss to only $41.3 million.

Source: Veterans' Administration.

HOW ABOUT THE NON-NEGRO POOR?

Mr. ROBERTSON. Mr. President, I ask unanimous consent to have printed in the RECORD at this point an article from the October 4 issue of U.S. News & World Report entitled "How About the Non-Negro Poor?", which constitute more than one-half of those in that category but for whom at the present, no briny tears are being shed.

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

HOW ABOUT THE NON-NEGRO POOR?—AN UNTOLD STORY

(NOTE.—Do poverty and rioting always go together? The record does not support that idea. The United States has twice as many poor whites as poor nonwhites. The impoverished Negroes—making most demands and getting most attention—are a small minority.)

Poverty among Negroes is often given as a reason for riots which have rocked city after city of the United States.

The impression appears to be widespread that the Nation's poor are mostly in Negro ghettos, which, says a Negro psychologist, Dr. Kenneth B. Clark, "now represent a nuclear stockpile which can annihilate the very foundations of America."

Negroes are demanding—and getting—influential roles in antipoverty programs. "Poverty action" blocs in big cities are being organized by activists of the Negro-rights movement.

LO, THE POOR WHITES

Statistics of the Federal Government show, however, that there are more than twice as many poor whites as poor nonwhites in the United States.

Also brought out is this fact: Descendants of the American Indians, who were holding the country when the white men arrived, are poorest of all—far worse off than Negroes.

In 1963, the last year for which details by color are available, the Social Security Administration reported that there were 23.9 million poor whites and 10.7 million poor nonwhites in this country.

Negroes make up about 92 percent of the nonwhite population; American Indians, 2½ percent. Japanese, Chinese, Filipinos and other nonwhites among whom poverty is not a great problem account for the remaining 5½ percent.

MEASURE OF POVERTY

The gage of poverty used by the Government was income below about $3,100 a year for a four-person family. For an individual, the figure is $1,540.

No "insurrections" such as those staged by Negro mobs in Los Angeles, New York, Chicago, Philadelphia, Rochester and other cities have occurred among the non-Negro poor. In that category are, for example, the American Indians; Puerto Ricans in slums of New York City; Mexican-Americans in the Southwest; jobless whites in the Nation's largest depressed area, Appalachia, and the "refugees" from Appalachia who live under conditions of dire poverty in Chicago and other cities.

Questions arise: How do these people differ from rioting Negroes in outlook and in "rights" and opportunities? What is their attitude toward society? Toward family responsibilities? Toward police? Are efforts made to organize them for "protests" against poverty?

To get answers, members of the staff of U.S. News & World Report investigated conditions and attitudes among the non-

Negro poor in various parts of the country. Their reports follow:

AMERICAN INDIANS

Without question, the American Indians are the most poverty-stricken ethnic group found in the United States.

Surviving now are about 550,000 Indians. Of these, an estimated 380,000 live on or near reservations, with a median family income of $1,500—less than half the median family income for Negroes, and about one-fourth the median figure for all U.S. families.

Unemployment on most reservations runs 40 to 50 percent. Indians lack the education and skills needed to compete for jobs. There are exceptions—such as the Indians of the Mohawk tribe who earn high pay as structural-steel workers. But the exceptions are few.

HOVELS, SHANTIES, SHACKS

Nine out of ten dwellings in which Indian families live on or adjacent to reservations—where summers usually are blistering hot, winters bleak and cold—are far below minimum standards for urban housing. They are hovels, shantylike hogans, tar-paper shacks.

Compared to non-Indian babies, the Indian child born on a reservation has one one-half the chance of reaching his first birthday. Life expectancy for reservation-dwelling Indians is two-thirds of the U.S. average.

Indians are not "wards of the Government." They are American citizens, free to work and live where they please. But efforts by the Government to integrate Indians by encouraging them to move to cities have not been very successful.

Of the estimated 170,000 who have left reservations to take jobs in cities and towns, not many have prospered. Most live in slums. About one-third of the Indians who have been persuaded to relocate in cities wind up back on a reservation.

A PROUD RACE

Unlike Negroes, Indians are not much interested in racial "integration." They are proud of their ancestry, willing to let the white man go his way while they go theirs.

Since most Indians find it hard to adjust to the white man's ways, those who do remain in cities tend to live close together. They do not complain of "segregation."

Indians, it is found, do have some advantages over poverty-stricken whites and Negroes. A number of special Government programs have been set up to aid Indians. Among such programs:

The U.S. Public Health Service provides complete medical attention for Indians on reservations. Indians who live nearby are eligible, too.

Education of most Indian children is wholly or partly subsidized by the Federal Government.

The Government manages the timber and mineral resources of Indian-owned lands, valued at $6 billion. Some tribes—Navajos, for example—reap profits from oil, uranium and timber.

Some vocational training is provided and some assistance is given in finding jobs.

Special inducements are offered to employers who will locate plants near Indian reservations.

POVERTY NOT LICKED

In the last 15 years, more than $2 billion has been spent by the Government to help Indians. This exceeds the total spent for that purpose in the preceding 150 years.

Yet, by and large, Indians remain desperately poor. Along with the problems of poverty, they sometimes find themselves discriminated against by whites in some parts of the West.

But no demonstrations are organized for "Indian rights."

PUERTO RICANS

Hundreds of thousands of Puerto Ricans have come north in search of a better life. Many, however, have been unable to escape from the clutches of poverty.

Among big cities, New York has the largest concentration of Puerto Ricans—about 750,000. Most of them are poor.

Problems faced by Puerto Ricans are described in a paper presented recently by three officers of the Puerto Rican Bar Association of New York:

"Seeking the pot of gold at the end of the rainbow, the Puerto Rican has gambled away his customs, norms, and mores. He has accepted the challenge of living in a new environment which is regulated by different standards of behavior, many foreign to his own. He has thrust himself from a rural environment to a highly complex urban society, which has, as an added barrier, a different language of communication.

"The migrant Puerto Rican has inherited from earlier migrants to the urban metropolis of the United States the slum dwellings, the unskilled jobs, the high rate of unemployment, the prejudices and other maladies inherent in the lives of the poverty stricken."

Many Puerto Ricans in New York City suffer the same privations that were blamed for Negro riots in the summer of 1964—rat-infested tenements, lack of job opportunities, a ghetto existence. Puerto Ricans, however, have not vented their frustrations in demonstrations and large-scale violence. Why?

Joseph Monserrat, a Puerto Rican whose job is to help fellow Puerto Ricans adjust to the pressures of big-city life, says this:

"One thing to remember about Puerto Ricans is that as yet we do not have ingrained in us the fact that we are a minority. In Puerto Rico when you hear people talking about 'la minoria'—the minority—they are talking about the losing party in an election; they're not talking about a group of people."

PREFER TO NEGOTIATE

The direct-action methods that militant Negro leaders advocate in drives to achieve gains for Negroes are shunned by most leaders of New York City's Puerto Ricans.

"Historically, we have been negotiators," one Puerto Rican commented. "We tend to feel that negotiation, rather than direct action, is a more appropriate approach to the solution of our problems."

From Julius Hernandez, who for years has been prominent in New York City's Puerto Rican community:

"Puerto Ricans haven't rioted because our attitude is different from that of the Negro. With us, racial prejudice is not a factor. The Puerto Rican just hasn't experienced it the way the Negro has.

"Also, we have strong family ties, a respect for the father and the older members of a family. I think that strong parental influence has been the main force in preventing disorderly outbursts by Puerto Ricans."

"Police brutality" is a charge often heard among Puerto Ricans, as among Negroes. But many Puerto Ricans, according to Mr. Hernandez, feel that "the police department is doing everything possible to achieve better relations."

MEXICAN-AMERICANS

People with Spanish surnames—most of them Mexican-Americans—number more than 3.5 million in the 5 States where the census makes this distinction. The States are California, Texas, New Mexico, Arizona, and Colorado.

A great many of these people are classed, by Federal standards, as poor.

In California, they lag behind both whites and Negroes in education and housing.

Most authorities agree that anarchy of the type that erupted in the Los Angeles Negro district of Watts is not likely to explode among Mexican-Americans—although there have been clashes between gangs of Mexican-American youths and police in the past.

It is pointed out that in the Southwest, which was pioneered by Spanish-speaking explorers, the Spanish language still is widely used and found in historical and place names; as a result, many Mexican-Americans do not consider themselves in a minority group.

THEY FEEL THEY BELONG

Also, a sociologist said, strong family ties give Mexican-Americans a "feeling of belonging," often lacking among impoverished Negroes. Attitudes toward religion, including opposition to divorce, are said to contribute to family unity.

Because his skin color does not set him apart, the Mexican-American usually is not subjected to overt discrimination. José Castorena, an employee of the California Fair Employment Practice Commission, says that "most Mexicans probably are able to find housing anywhere they can afford it." Antonio Rios, president of the Los Angeles County Community Service Organizations, comments that "the Mexican group tends to mix with others very easily." This means, according to Cruz Reynosa, deputy director of the State FEPC, that "it is very easy to drop the Mexican ways."

Through the years, many Mexican-Americans in Los Angeles have felt, as one put it, that "the police are there to protect the white Anglo-Saxon community and to see that Negroes and Mexican-Americans don't get out of hand."

It is generally conceded, however, according to Mr. Rios, that, of late, "a better feeling exists between police and the Mexican-American community."

THE TEXAS WAY

Texas, which has more than 1.5 million Mexican-Americans, provides examples of the kind of assimilation that eliminates reasons for protests, demonstrations, or riots.

San Antonio, for instance, is 45 percent Mexican-American. Many of the city's "Latinos" are poor, but this does not cause tension.

"The Mexican-Americans here," said one, "do not take to the streets to protest something. As voters, they feel they can get better results at the polls."

"Success" stories seemingly have much to do with the nontruculent attitude of the Mexican-American poor. One such story was told recently by U.S. District Judge Reynaldo Garza, a Mexican-American who was appointed to the Federal bench in 1961. The story was about a Mexican girl who entered the United States by swimming across the Rio Grande.

As Judge Garza told it—

"My family once hired a Mexican maid who had first come to my home as a wetback. She was dripping wet. I had to get her papers for her. Today, this maid and her husband live in Los Angeles, own an apartment and store, and the wife has a chauffeur to drive her around. Keep in mind that this was a little wetback who came to my house in 1946. Is not that a success story? It is happening all over the country. Where else in the world would people have such an opportunity?"

Negroes, Judge Garza said, should give the Civil Rights Acts of 1964 and 1965 "a chance to work." He added:

"I do not subscribe to the philosophy that we should placate people because they have been kept down too long. All wrongs can be righted within the framework of government."

POOR WHITES

Problems of poverty among Negroes have been dramatized again and again—not only in riots that have flared suddenly, but by massive "demonstrations," carefully organized.

There have been no "poor white" riots, however. No huge demonstrations have been organized to draw attention to the plight of poverty-stricken whites.

Millions of people in this category live in rural areas. Appalachia is one example, with its total of 1.2 million poor families.

Many millions more live in cities, most of them in neighborhoods that are congested and deteriorating, though not called "ghettos."

One of the largest concentrations of poor whites is in Chicago. An antipoverty official there says that a majority are "refugees" from the mountain regions of southern Appalachia.

A northside Chicago neighborhood called Uptown has long been the "port of entry" for newcomers from Appalachia. The story of the poor whites of Uptown was told by Raleigh Campbell, executive director of the Council of the Southern Mountains, Inc., a private organization.

A WHITE EXODUS

When automation and the decline of coal mining hit southern mountain areas after World War II, white inhabitants began to leave.

At first, Mr. Campbell said, they tended to move into such nearby cities as Cincinnati and Dayton, looking for unskilled or semiskilled jobs. There still are large numbers of poor-white mountain people in those cities. But in the last 10 years, as jobs became more and more scarce, many moved to larger cities, notably Chicago. They ran into the same problem—no jobs.

Thousands headed for Chicago's Uptown, where they might find kinfolk and old friends.

What are their problems? One, of course, is unemployment. Another is housing.

"The housing is unbelievable," Mr. Campbell said. "The people are crowded into small apartments. The furniture is old and dingy. Rents are extremely high. But the people live there because the apartments are available without leases and tenants can pay by the week."

Another problem is education. Many of the white parents are functionally or completely illiterate. This affects their children, who fall behind in school.

"Impoverished Negroes here are in some ways better off than the poor whites," Mr. Campbell said. "Negroes know the city and can take advantage of some of its services. They are urbanized. The poverty-stricken southern white comes in with no idea of what to expect. He doesn't even know how to use public transportation here."

UNWANTED WELFARE

According to Mr. Campbell, the attitude of the mountain people toward welfare handouts appears to be unusual. He said:

"You hear that the hillbillies come to Chicago to get on the welfare rolls because they can make more from welfare than they can earn in the mountains. But the public-aid department says that fewer Appalachians are on welfare than other groups.

"Some of them in Chicago do finally give up and go on welfare. But many of them say 'No' to welfare and struggle on."

Do the Appalachians indicate any desire to organize and demonstrate?

No, said Mr. Campbell, adding:

"They have pride in their background and in each other. They try to help one another. Many of them are succeeding on their own, and then moving out."

Summing up, you find:

1. The non-Negro poor, for the most part, do not consider themselves oppressed or abused.

2. They are not organized to exert pressure or demonstrate. They have no such nationwide organizations as the National Association for the Advancement of Colored People, the Congress of Racial Equality, the Urban League.

3. The kind of resentment that sparks riots is not widespread among the non-Negro poor. The chief reason appears to be that a white person, no matter how poverty stricken, can move up the ladder more easily than a Negro.

A GALLANT LEADER OF A COURAGEOUS STATE

Mr. BARTLETT. Mr. President, on October 8 Alaska Gov. William A. Egan will celebrate his 51st birthday. Later in the year he and his wife, Neva, will mark their silver wedding anniversary. Also, he will begin his 25th year of public service.

The Governor's autumn of anniversaries comes at the end of what has been a big year for Alaska. With significant aid from the Federal Government, Alaska has moved impressively toward complete recovery from the 1964 earthquake.

Oilfields of record quantity have been discovered, and plans have been launched to enlarge the State's timber operations. Fishing, the State's basic industry, enjoyed a banner year, as did Alaska's ever-growing tourist trade.

Yes, it was a big year for Alaska, and Governor Egan played an important role in the events that made it big. It is fitting that the Governor celebrate three personal milestones at the end of a year which will be remembered as a milestone in the history of the State he loves so well.

President Johnson called him "a gallant leader of a courageous State."

An equally correct description of the Governor is included in a fine article in the October 1965 edition of Harper's magazine entitled "The Most Powerful Governor in the United States of America."

As a youth, Bill Egan flew with Bob Reeve, a famous glacier pilot, on trips to airdrop supplies to isolated camps. Egan pitched supplies from the plane as it flew low over the campsites.

Reeve was quoted as saying:

Bill Egan had the best eye and steadiest hand of all the boys who flew with me. A damn good man. A real Alaskan.

I ask unanimous consent that the article be printed in the RECORD.

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

THE MOST POWERFUL GOVERNOR IN THE U.S.A.

(By Murray Morgan)

(NOTE.—Alaska's new constitution (which he helped write) gives Bill Egan a unique armory of political weapons—a report on how he is using them and what he wants to win for his fledgling State.)

The most powerful Governor in the United States is a shy man, self-made, a smalltown grocer, immensely popular with his constituents but little known outside his home State: William A. Egan of Alaska. He's the only Governor Alaskans have ever elected.

Bill Egan's strength is as the strength of 10 other Governors because he is girded with a State constitution which, in the words of an Alaskan newspaper editor, "would make a sabertooth out of Dagwood Bumstead." The constitution, which Egan helped write, is (according to who is talking) either the most effective existing instrument of American government—or a license to totalitarian rule. "This constitution would be all right if the Governor was a combination of Winston Churchill, Mahatma Gandhi, and Herbert Hoover," says a Republican legislator who covets Egan's job, "but what we've got is another damn Pat Brown."

"Alaska needs strong central government," says Henry Hedberg, a former Seattle newspaperman who has become labor's chief lobbyist in the 49th State. "Big State, small population, and only a tiny pool of trained administrators. I don't see how Alaska could have recovered from the quake if we hadn't had a system that gives the Governor power to get things done."

Among the things the Governor can do is appoint all but one of the State officers. The exception is the secretary of state, who campaigns independently for nomination in the primary but in the general election runs unobtrusively on the ticket with the party's gubernatorial nominee. After election he tends the Great Seal.

The Governor names the attorney general, who in turn appoints the State district attorneys. The Governor appoints the judges at both trial and appellate levels. All State financial records are kept by appointees of the Governor and inspected by appointees of the Governor. There is no independent auditing or investigating force.

The constitution calls for Alaska to be redistricted every 10 years—and for the Governor to do the job. (The first redistricting since statehood is now in progress.) Egan receives advice from a committee (which he appointed) but he is not obliged to follow their recommendations. The legislature does not pass on redistricting; the Governor simply draws the lines, and the legislators' only appeal is to the courts.

"Under this system, the legislature is neutered," complains Representative Bruce Kendall, blunt, broad-faced Republican from Anchorage, one of two men who have served in every session since statehood. "When the Governor feels a sneeze coming on, the legislature opens its mouth in anticipation."

In person, Egan is the antithesis of a dictator. A short man with a big head and thick body, he gives a first impression of embarrassment; he moves nervously as he talks, bouncing around in his chair, nibbling at the small end of a pen as if it were a cigar. But once he has settled down into conversation, his nervousness recedes, and when he is talking about Alaska, his large brown eyes normally brooding, light up with enthusiasm. He is a great persuader.

SHELIKOF TO MOSCOW

Bill Egan not only dominates the legislature, he sometimes pursues a foreign policy independent of Washington, D.C. His ventures into diplomacy have all been to protect the fishing industry, Alaska's greatest source of revenue, and his adversaries have included the Japanese, the Russians, the U.S. Department of State—and the canning "interests" of the U.S. mainland.

In the spring of 1962, a Japanese herring fleet was reported approaching Shelikof Strait, a body of water 20 to 30 miles wide, which separates bleak Kodiak Island from the Alaska Peninsula, the finger of land pointing westward to the Aleutians. Alaskans consider the strait an inland sea, all

American; the Japanese consider it international.

Getting no response from the State Department when he asked them to warn the Japanese away, Egan mobilized the "Alaskan Navy." He manned the State fish and game department's patrol boats *Teal* and *Widgeon* with National Guardsmen and State police officers and ordered them to intercept the invading fleet. Capt. E. L. Mayfield of the Alaska State police flagged down, boarded, and ordered into port the 65-foot herring catcher *Ohtori Maru* on charges of "willfully and unlawfully operating a commercial fishing enterprise in Alaskan waters."

Tokyo protested. The State Department stalled. Inconclusive hearings were held in Alaska State courts. The Washington Post editorialized that, "Whatever the final outcome, Governor Egan needs to be taught a lesson to the effect that international relations are handled by the Department of State." But the Japanese withdrew from the disputed waters, Alaska's claim to Shelikof Strait, if not confirmed, at least remained open, and it was the State Department which seemed to have learned most from the incident.

When a dispute with Russian fishermen in 1963 reached the stage where Alaskans were thumbing through arms dealers' catalogs for surplus bazookas and machineguns to mount on their crab boats, the State Department named Egan to a negotiating team. Their mission to Moscow fared well. The Russians not only signed a statement of agreement on general principles; they promised to send negotiators to the United States to work out specific ways of avoiding new conflicts—and they wanted the sessions held not in Washington but in Juneau. The State Department, with some misgivings, agreed.

After 2 weeks of table-hanging negotiations and reciprocal vodka and whiskey receptions—some on the Russians' big, white, ocean-going tug *Orel*, others in the Governor's handsome colonial mansion overlooking the narrow harbor and the restless fishing boats—the negotiators came up with an agreement under which the Russians agreed not to use tangle nets where they might foul up American crab pots. Egan said of the confrontation, "It was the first occasion in which Soviets were willing to sit down with any fishing group in the world and talk over problems and work out a solution."

Last year in another unorthodox maneuver, Egan defied American packers on the mainland by inviting Japan to buy the entire catch of pink salmon on Prince William Sound. The Alaska Packers Association of San Francisco and the New England Fish Co. of Seattle had said they would close their canneries on the Sound unless Alaskans accepted a 2½-cents-per-pound cut in the price of the fish. The Japanese paid the higher price, while Seattle and San Francisco screamed treason. Most Alaskans—who regard the out-of-State packers with the affection of a Dublin tenant for an English landlord—were delighted that the local fishermen had found a counterweight to the economic power of the canners. This spring the New England Fish Co. reached an early agreement with the Prince William Sound fishermen on the price for pink salmon.

Egan's latest diplomatic moves have been designed to prevent Japanese fishermen from catching on the high seas huge numbers of red salmon that would otherwise return to the streams of Bristol Bay to spawn. On his initiative (or that of the State Department) the Coast Guard this June increased its patrol of the area east of the 175th meridian in which the Japanese are treaty-bound not to fish, and they caught one poacher. Egan has even threatened to keep the salmon home by damming Bristol Bay.

Japan accused Egan of "seeing ghosts"; Seattle fishermen (who each summer go to Bristol Bay in large numbers to exploit the red salmon run) called the dam idea "madness"; and scientists expressed doubt that the bay, if dammed, could support the captive salmon in the grand style to which the wide Pacific has accustomed them. But Egan, who learned his poker in smalltown, high-stake Alaska, kept his hole card face down, while scattering hints of where the dams might be placed, how they might be financed, and how the captive salmon might be artificially fed with carcasses from the annual fur-seal harvest.

Nearly everyone (even the delighted local fishermen) believes Egan is bluffing in his proposal to turn Bristol Bay into a giant rearing pond for salmon. No one can be positive. For one thing, Japanese fishing interests have suddenly begun to emphasize their interest in salmon conservation. The 1965 catch in Bristol Bay was unexpectedly large, and Egan has not mentioned the dams in recent speeches.

What the State Department thinks about Egan's fishing diplomacy has not been expressed for publication. "My relations with State are, uh, correct," Egan replied when I asked him about Washington reaction. Then he bobbed his head in a characteristic gesture of pleased embarrassment. "Of course, there are a couple of Under Secretaries who probably wish the Governor of Alaska were somebody else.'

Some Alaskans worry that Egan will overreach himself—and "get us scalded," an Anchorage editor predicted glumly. He added, however, a typical postscript:

"It's hard to criticize him for what he's done. At least he's for Alaska. We're accustomed to being sold out back in Washington."

All criticism of Bill Egan is tempered this way. Although the Alaska constitution looks like a license to steal, no one has ever questioned his integrity. The worst his foes find to say about him is that he is stubborn and opinionated—"an unsuccessful smalltown grocer," says an influential publisher. (Egan's friends contend that he made more as grocer than he does as Governor.) "A prisoner of political attitudes ground into him in boyhood and early manhood," says a political rival. "A good man but without grasp," says a businessman. Each adds, "Of course I like Bill. He's a friend of mine."

It would be hard not to like Bill Egan. He is a friendly man with a quiet, self-deprecating style of humor. He never forgets a name and seems to know everyone in Alaska, which is the more remarkable considering that Alaska's quarter-million population is scattered over an area equal to that of all three Pacific coast States, plus Texas.

Alaska is a land of small towns. Even Anchorage, the metropolis, which seems certain by its fast growth to dominate the State politically, has only 48,000 inhabitants, with another 50,000 in the suburbs. It is hard for residents of the south 48 to realize how small are the towns of familiar name in the 49th State. Fairbanks up by the Arctic Circle has a populaton of 14,500; Ketchikan down at the tip of the Panhandle, 6,800; Juneau, the capital, 7,000. No other community has more than 5,000 and fewer than a half dozen more than 1,000.

Twice in recent years Anchorage has sought to have the capital transferred there, arguing that Juneau, isolated off in southeastern Alaska, is inconvenient at best, often inaccessible by air (the Alaskan way of travel), out of touch physically and spiritually with the new Alaska of the mainland. Each time, the small towns coalesced into alliance against the largest, and defeated the proposal. Juneau, with its two movie houses, numerous bars, its mountain-guarded harbor and short highways ending in wilderness, is typical of many small Alaskan towns, and Bill Egan is typical of small-town Alaska.

He was born in 1914 in the old gold rush port of Valdez, a picturesque community spread out on the moraine of a great glacier that empties into Prince William Sound. His father, a hardrock miner, was killed in a snowslide on Easter Sunday, 1921, and though his mother kept the family together, Bill was no stranger to hard times. His struggles with money have left him with a quick sympathy for the workingman—but a cautious approach to government spending.

Egan was graduated from Valdez High School in 1932. That ended his formal education, but like many Alaskans he is an omnivorous reader. (Those long winter nights.) After school he worked in a CCC camp, clerked in a grocery, packed supplies on his back over Valdez Glacier to a mine. His favorite job was acting as a bombardier when Bob Reeve, a glacier pilot, would bomb isolated camps with supplies—groceries, lumber, and sometimes boxed dynamite.

"Bill Egan had the best eye and steadiest hand of all the boys who flew with me." Reeve recalled recently. "A damn good man. A real Alaskan." (Egan is a lifelong Democrat; Reeve, a Republican of such ray serene that his house in Anchorage still sports a defiant Goldwater poster.)

What money Egan earned from odd jobs and the family grocery he spent on books, magazines—and a plane of his own. The plane was destroyed in a hangar fire in 1939 to the relief of the pretty schoolteacher, Neva McKendrick, whom he later married. He was already in politics, having been elected to the Valdez town council in 1937, and—a few weeks before the wedding—to the legislature.

During his freshman term in the house, Egan introduced the first bill demanding a territorial referendum on statehood for Alaska. It was sidetracked, but he persisted through successive terms in house and senate, battling against the well-financed machinations of W. C. Arnold, the able lobbyist for the salmon canners, who feared statehood would load them with new regulations and taxes. During the war Egan dropped out of the legislature and served as an enlisted man in the Army and the Air Corps. While still in the service he was elected mayor of Valdez in absentia, then went back to the senate.

When in 1955 the territorial legislature at last voted to force the statehood issue by calling a convention to draw up a proposed constitution, Egan felt his work was done. He stated his intention to give up politics and tend the grocery store in Valdez. But he couldn't resist, as a last fling, running for delegate to the convention. Not only was he elected, but the 54 other members chose him as president.

FAIRBANKS TO DISTRICT OF COLUMBIA AND BACK

The delegates who assembled in the Fairbanks suburb of College (home of the University of Alaska) to write the proposed constitution were widely diverse. They ranged from bankers to fur trappers, from sourdoughs to cheechakos (newcomers), from white Anglo-Saxon Protestants to Russian Orthodox Eskimos. But they were in substantial agreement on one thing: they objected to the divided authority that characterized territorial government.

The U.S. Congress controlled Alaska's purse strings; its Governor was appointed by the

President; the most important regulations were issued by the Interior, Agriculture, and Commerce Departments in Washington, and the most important economic decisions were made by the salmon canners in Seattle and San Francisco. Alaskans were positive they weren't masters of their own destiny but they couldn't decide exactly who was. "In territorial days," Bill Snedden, publisher of the lively Fairbanks News-Miner recalls, "responsibility was the pea in a thimble game."

After 75 days of work under President Egan, the convention produced a document in which the lines of authority stood out stark as utility poles. They ran straight to the Governor's desk. This was just what Alaskans wanted. They voted overwhelmingly in favor of the constitution, and approved a "Tennessee plan" campaign to win statehood. The strategy got its name from the plan used first by the territory of Tennessee, later by six other territories, in convincing Congress they were ready for admission to the Union. A shadow delegation, popularly elected, consisting of two senators and a representative, went to Washington to lobby for a statehood.

Democratic since New Deal days, Alaskans chose Bill Egan and former Territorial Governor ERNEST GRUENING (an FDR appointee) as Tennessee plan Senators, and RALPH RIVERS as Representatives. They opened offices in Washington and, along with the territory's voteless delegate to Congress, BOB BARTLETT, they mounted the campaign which finally got a statehood bill passed in 1958.

Egan planned to run for the Senate but BARTLETT and GRUENING filed first. To avoid the risk of splitting the party with a primary fight, Egan settled for the statehouse. Democrats go into Alaskan elections with a heavy advantage in registration and Egan, an untiring campaigner, has never lost an election.

ANCHORAGE TO CHICKEN

As Governor, Egan has advocated progressive social legislation. For example, Alaska has the Nation's strongest civil-rights laws. It is true there are few Negroes residents outside the military, but approximately one-sixth of the population is Eskimo, Indian, or Aleut. The State's statutory prohibitions against discrimination in places of public accommodation and in employment are rarely violated. Nevertheless, Alaskan Eskimos and other native peoples are disadvantaged. Living in small communities, their children attend one-teacher schools and few finish high school. At home they find jobs scarce and in town they must compete with the better educated. Hence a considerable portion of the native population must live virtually outside the money economy.

Labor legislation also is liberal; a union lobbyist told me at the last legislative session, "There's not much more we can ask for for at this time. We're here to guard what we've won and to wait for the economy to catch up."

The economy is Egan's biggest problem. The tax base is narrow and there is not much money to power the governmental machine. Federal funds for repairing damage done by the Good Friday earthquake of 1964 are currently stimulating the economy, and the State looks hopefully to the development of new oil discoveries as a source of increased taxes in the near future. But until the oil fields are producing, Egan has to guard the State budget carefully.

"The Governor is a very slow man with a buck," one of his assistants remarked ruefully. "He's a paper-clip counter at heart."

This attitude toward the State's funds may reflect his own financial woes, caused in recent years by medical bills, the ruin of his Valdez home and a business building he owned there, in the tidal wave after the earthquake, and the flooding of a cabin in which furniture saved from the quake was stored. He usually walks to work from the Governor's mansion, and when he uses the State car, which is seldom, he drives it himself and competes on equal terms in the downtown scramble for parking. He avoids elevators in the dowdy old capital because he feels he is more likely to have a chance to chat with constituents on the stairs. When staying in hotels around the State he seldom has meals sent to his room. "People who wouldn't come to the office to tell me their problems will stop by my table," he says.

In the course of incessantly flying around the State, he works diligently at meeting people. At a reception I once heard him ask on a first-name basis about people in Haines, King Salmon, Atka, Anchorage, Kotzebue, Circle, and—so help me—a town called Chicken. I asked if there really was such a place. He bobbed his head. "Oh, yes. It was named by some prospectors during the gold rush. They had shot a ptarmigan and were going to call the Camp Ptarmigan." He ducked his head again. "None of them could spell it."

Egan is currently acting much like a politician heading into another campaign. The constitution he helped draft prohibits more than two full terms for a Governor, but because the regular inauguration date is December and President Eisenhower's proclamation of statehood was not made until January 1959, Egan's first term fell a month short of being technically full. As a result most politicians and lawyers in Alaska think he is technically eligible for a third term and that he will run again in 1966. He will probably be opposed in the Democratic primary by Anchorage attorney Wendell P. Kay.

Republican possibilities include Lowell Thomas, Jr., who lost a close race for Congress in 1964, former Territorial Governor Mike Stepovich, and Representative Bruce Kendall. They are already hammering away on the third-term issue (which may irritate some fellow Democrats as well). Here is a typical comment from one of them: "Bill Egan is called the father of this constitution. It's a hell of a note when he has to twist his offspring's arm all out of shape in order to hold power."

ALL GREAT WORLD CAPITALS

For his part, Egan avoids any statement about his intentions, though he concedes that he enjoys public service and that there are no apparent openings except the governorship. Senator BOB BARTLETT, whose term expires in 1967, is in the full flower of his effectiveness and popularity. Senator GRUENING, though in his seventies, is untiring and unretiring. RALPH RIVERS has announced he will run again for Congress. Egan's talk is not that of a 51-year-old resigned to private life:

"Alaska has come through the formative years of statehood," he told me one day at breakfast in the Anchorage Westward. "I don't think any of us comprehend the full importance of the role Alaska is destined to play in the future. I mean the near future. Alaska is the aviation crossroads of the world. The next generation of planes, the supersonic transports, will put us within a few hours of all great world capitals."

He spoke of "limitless" resources now catching the attention of the world; of pioneering ventures in the establishment of international industries; of the Japanese pulp interests building plants that employ Alaskans and pay Alaska taxes; of Japanese fisheries associating themselves with American canners to operate facilities on Prince William Sound; of the resulting interest of American capital in Alaskan resources.

"Alaska is no longer looked on as a cold storage container," he said earnestly. "The thaw has started. In the near future Alaska will be on the front burner."

The Governor undoubtedly expects to be stirring the pot.

NO LETUP IN RADICAL RIGHT PROPAGANDA EFFORTS

Mr. McGOVERN. Mr. President, there is seemingly no end to the hairbrained propaganda schemes of the radical right.

Yesterday I received a letter from an organization which calls itself the Americanism Educational League, under the signature of former FBI counterspy Herbert Philbrick, soliciting tax-deductible contributions to finance the distribution on college campuses of 500,000 copies of John Stormer's propaganda trash, "None Dare Call It Treason." My Senate colleagues will undoubtedly remember this as the book so widely circulated by rightwingers during the 1964 campaign. It is filled with distortions, phony charges, misleading references, and base falsehoods. In a word, it is an insult to the intelligence of the thoughtful, reasonable American citizen. I have no doubt but that most college students will file it where it deserves to be filed, in the nearest wastebasket.

But, Mr. President, I fail to understand why an organization such as the Americanism Educational League which engages in this kind of outright political propaganda should enjoy a Federal tax exemption. Why should other taxpayers subsidize the operations of this radical political outfit? I urge officials of the Internal Revenue Service to take immediate action to remedy this situation.

In yesterday's Washington Post, Rowland Evans and Robert Novak thoughtfully discuss this latest propaganda project of the radical right. I ask unanimous consent that this excellent column, entitled "The Birch Book," be printed at this point in the RECORD, together with Mr. Philbrick's letter.

I also ask unanimous consent that a fine editorial from the Minneapolis Tribune, condemning the destructive tactics and strategy of the John Birch Society, be printed in the RECORD.

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

[From the Washington (D.C.) Post, Sept. 27, 1965]

THE BIRCH BOOK

(By Rowland Evans and Robert Novak)

The ever diligent rightwing has concocted a new scheme for peddling propaganda among American college youth under an indirect subsidy from none other than the Federal Treasury.

The Federal subsidy stems from the fact that an obscure rightwing organization in Inglewood, Calif., called the Americanism Educational League enjoys a Federal tax exemption as an "educational" organization.

Contributors to AEL can claim their contributions as a Federal income tax deduction.

The league is now soliciting tax-deductible contributions to finance the distribution on college campuses of half a million copies of "None Dare Call It Treason" by John Stormer. An extremist Birchite warning of an imminent Communist takeover in the United States, this book was bought by the millions by rightwing backers of Barry Goldwater during the 1964 campaign.

The campus distribution of this propaganda is no isolated endeavor of a few Californians. It exactly coincides with a major project of the John Birch Society itself in pushing "None Dare Call It Treason" among college students. Thus, the Federal Treasury is in the unwitting position of underwriting the far right's top propaganda campaign of this autumn.

Until recently, the Americanism Educational League was one of the oldest (founded in 1927) but least effective of the proliferating rightist groups. That was before millionaire Walter Knott, proprietor of Knott's berry farm in Orange County, Calif., and generous benefactor of rightwing causes, took a personal interest. Fueled by Knott's ample funds, the league surged forward.

Last week it displayed its new zeal by mailing out a fund appeal for the Stormer book project in a letter signed by former FBI counterspy Herbert A. Philbrick, who now makes his living as a rightwing lecturer.

Philbrick's letter, expressing a desire "to stimulate millions of students into reading and discussing important books on individual liberty and freedom," seems innocuous enough to the uninitiated. What they wouldn't know about is the John Birch Society link.

For instance, it is not coincidental that the September national bulletin of the Birch Society reveals that each Birch chapter is being issued 25 copies of "None Dare Call It Treason" for distribution on U.S. campuses. Birch members are urged to give copies of the Stormer book to college students and describe it as different than the "optimistic and deceptive trivia he is so likely to find in most of the academic halls today."

The John Birch Society has reason to love "None Dare Call It Treason." In a concluding chapter titled "What Can You Do?" Stormer cautions the readers not to form their own organizations but instead to join "well established national organizations—such as the John Birch Society. He even lists the society's mailing address. In fact, Stormer occasionally lectures for the Birch-sponsored American Opinion Speakers Bureau.

The irony for U.S. taxpayers is that the tax-exempt status of the Americanism Educational League is being used to reinforce the society's campaign to put "None Dare Call It Treason" into the hands of college students.

Philbrick's letter emphasizes the tax-deductible feature. He urges: "Please use the enclosed postage paid return envelope today to speed your maximum tax deductible contribution toward this worthy project."

The enclosed envelope stresses: "All contributions are tax deductible."

Other rightist "educational" organizations have lost their tax-exempt status on the solid grounds that a substantial portion of their activities is political, not educational. Accordingly, the Americanism Educational League may be endangering its own tax exemption by peddling a product so blatantly noneducational as Stormer's book.

But even if the Government this very day brings proceedings against the league aimed at stripping away its tax exemption, the entire process would consume 6 months to 2 years (exclusive of court appeals).

Moreover, this could have no effect whatever on deductions claimed by individual taxpayers on contributions made now in behalf of the Stormer book project. There is just no remedy. Uncle Sam is stuck with part of the tab for dispensing the rightist propaganda.

[From the Minneapolis (Minn.) Tribune, September 9, 1965]

WE AND THE JOHN BIRCH SOCIETY

Into each life some rain * * * etc. Our bit of pitter patter for the day came in the form of a note (anonymous) from a newcomer to the upper Midwest who had, he (or she) said, planned to subscribe to the Tribune but then decided against us because of our editorial policy.

All newspapers occasionally lose readers for that reason, but in this case the policy ascribed to us was something of a shocker.

We have, our once-potential reader avers, been engaged in subtly creating "an aura of dignity around" and in otherwise supporting the John Birch Society.

It is fairly certain that if anyone is more surprised by that allegation than we, it must be the local members of the society.

Once and for all, for the benefit of other newcomers to the area—and even at the risk of losing some Birch Society member-readers—let's have it clear: We think the society's views, its aims, and the tactics by which it seeks to achieve its aims, need to be aired continually and thoroughly, and exposed to public examination. Just as the views, aims, tactics, etc., of organizations operating out of the other (leftward) extreme of the political spectrum need to be aired and examined.

But * * * at the same time, we have yet to hear of a proposition put forward by such organizations, left or right and including the Birch group, with which we agree. Often, it is true, their aims are couched in lofty and seemingly venerable terms. But just as often their tactics and strategy are destructive of their stated aims and of the fundamentals on which our society has been built.

AMERICANISM EDUCATIONAL LEAGUE,
Inglewood, Calif., September 20, 1965.

DEAR FRIEND: One morning this October, hundreds of thousands of college students throughout America will awake to find at their door a copy of John Stormer's best-selling book, "None Dare Call It Treason." These young people will have been exposed to one of the most important books since J. Edgar Hoover's "Masters of Deceit."

Before the semester ends they will be competing for over $6,000 in prizes in an essay contest based upon this book. The purpose of the contest is to encourage students to consider material which is critical of, as well as favorable to "None Dare Call It Treason," in the confident expectation that, when carefully weighed, the powerful arguments contained in this book will enable the students to make intelligent, far-reaching conclusions.

This fall the Americanism Educational League is sponsoring the first in a series of essay contests designed to stimulate millions of students into reading and discussing important books on individual liberty and freedom. A plan for distributing 500,000 copies of "None Dare Call It Treason" on approximately 700 college campuses is now in progress.

I am enclosing a brochure in order that you may better understand how the contest will be run. This same brochure will be distributed to the students along with the book.

The cost of conducting the essay contest is only 25 cents per student or $125,000 for 500,000. This includes the cost of the books, the brochures, and the prizes. The number of students will be increased according to money received in excess of $125,000.

As you can imagine, a program of this magnitude requires planning well in advance, therefore, necessary funds must be received immediately. The money we receive during the next few weeks will determine whether we can proceed with the distribution of 500,000, 1 million, or 2 million books, or must sharply curtail our plans.

Please use the enclosed postage paid return envelope today to speed your maximum tax deductible contribution toward this worthy project.

There is no more important work than seeing that the youth of America are aware of the issues facing us today. Your contribution can help distribute the book that has been more effective in exposing communism than any other book in the last 30 years.

Sincerely,

HERBERT A. PHILBRICK.

REINSURANCE FOR PRIVATE PENSION PLANS

Mr. HARTKE. Mr. President, since the closing of Studebaker in South Bend I have been very much concerned with the need for a reinsurance program to prevent the loss of benefits from private pension plans when plans are abruptly terminated.

In an address before the Chicago Actuarial Club on April 19, 1965, Mr. Howard Young, the actuarial consultant for the United Auto Workers, probed into the issues involved in such a reinsurance program and provided an excellent summary of the bill I introduced this year, S. 1575. In answering critics of such a proposal, Mr. Young brings to the fore his own constructive criticisms, recognizing in particular the necessity for intensive debate and study of the matter.

Mr. President, Mr. Young's reasoned approach to this publicly neglected problem of private pension plans is worthy of much consideration. Therefore, I ask unanimous consent that his speech be printed in the RECORD.

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

FEDERAL REINSURANCE OF PRIVATE PENSION PLANS [1]

(By Howard Young) [2]

For some years now, there have been proposals that the Federal Government establish a reinsurance program for private pension plans to assure payment of benefits even if the assets of the plan are inadequate to provide such benefits due to termination of the plan. In 1964, a bill was introduced in the Senate by Mr. HARTKE and others: Senator HARTKE reintroduced the bill, with minor modifications, on March 18, 1965, as S. 1575.[3]

* * * * * *

The establishment of pension plans, and the periodic improvement of such plans, results in most plans having assets at any particular time which are less than the value of

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[1] A talk prepared for presentation to the Chicago Actuarial Club, Apr. 19, 1965.

[2] Actuarial Consultant, International Union, United Automobile, Aerospace & Agricultural Implement Workers of America, UAW.

[3] A corresponding bill was introduced in the House (H.R. 6944) by Mr. BRADEMAS.

benefits accrued to that time.[4] While some people have suggested that this problem be avoided by confining changes in the plan to affect only benefits which will accrue in the future and to fully fund all benefits as accrued, this is somewhat like suggesting that the best way to protect a valuable jewel from possible loss is never to wear it. A large part of the value of the jewel lies in the ability to display it, even if this entails some risk of loss.

Similarly, the major value of a group pension plan—as opposed to a collection of individual annuity programs for a group of people—lies in the ability to modify the plan to meet changing conditions, and to act as a mechanism for transmitting income from current to prior generations of workers, thus eliminating the features which involve risk would also prevent the most significant utilization of private pension plans.

In explaining the partially funded status of a pension plan, I frequently compare it to the situation of owning a home with a mortgage. If the house is sold before the mortgage is fully amortized, not all of the purchase payment is payable to the owner of the house; he only receives his funded portion of the equity. Similarly in pension plans, at any time only the funded equity is available to the owners (participants and beneficiaries) of the fund. The analogy can be carried one step further: if the mortgage mechanism were never used in purchasing a home, the problems of foreclosure would be avoided, but few of us could enjoy the advantages of homeownership. Similarly, if the unfunded liability mechanism were not utilized, few employee groups would have adequate pension benefits.

Unfortunately, the magnitude of the termination problem is not known. Little data is available on the true relationship between assets of pension plans and the reserves needed for accrued benefits. Even for the plans which terminate, such data is not generally available. Furthermore, as Frank Griffen showed in his recent study,[5] the usual basis of reporting such data does not give a realistic picture.

While it is my belief that for most plans a significant gap exists between the value of plan assets and the amount required to provide accrued benefits, I support the Cabinet Committee's recommendation[6] that there is need for research in this area.

Finally, there seems to be growing feeling—although it is of necessity based on immature data—that technological change will increase the rate of business sales, mergers, and terminations with a consequent increase in the rate of plan terminations. Thus we have a problem which is likely to grow in importance.

* * * * *

All of us are familiar with the Studebaker closing in South Bend. The insistence of the UAW on "funded" pension plans at least resulted in the ability to assure lifetime benefits to all persons over age 60. There was even a little money left over, which will be distributed to those age 50 to 60. However, the commitment to fund past service liabilities over 30-year periods was obviously not adequate to assure full benefits.

In this case "funding" may not even have been the best answer. The fact that Studebaker will continue to exist as a corporation and probably make money, raises the possibility that a corporate guarantee of benefits would have been of greater value. One cannot be sure, however; the remainder of the corporation might go out of business next year. Certainly, for the more typical case, the existence of an independent fund is the best assurance employees can currently get that benefits will be paid.

I only raise questions about the assumption that "funding" is the best answer, because it must be viewed in light of the alternatives. At the present time, for the usual case, "funding" is best. However, if a reinsurance mechanism were available the need for "funding" would be much less. In addition, the usual quid-pro-quo for "funding"—the fact that the corporation has no liability other than its annual contributions—is difficult to rationalize when compared to the other areas in which the corporation's decision to cease operations will presumably cause some future cost: for example, loss on sale of plant and equipment.

The Studebaker situation is cited not only because it is well known, but also because it was the stimulus to Senator HARTKE's action. He cited this when introducing the bill in 1964, and when submitting S. 1575 this year.

* * * * *

I have prepared an outline of S. 1575. If you will look that over, it will give you a general idea—without getting into every detail—of the proposal.

An even faster—and less detailed—description of the bill would be the following:

1. All employee plans would have to pay a reinsurance premium to continue to get special tax treatment.

2. After the plan has been reinsured at least 3 years, certain benefits would be guaranteed even if the assets were inadequate due to losses or termination of the plan because the employment unit is shut down.

3. There is a maximum amount which would be guaranteed for any individual, and there are provisions for covering only older employees if that seems necessary to keep the costs of the program at a reasonable level.

Let us now take a longer look at some of the more important provisions.

First, the requirement for compulsory participation. Aside from the usual objections to new Federal programs, the major cry here has been against the requirement that all plans be reinsured.

The fact is, of course, that very few employee groups can be certain they will never need help from the reinsurance fund. It is quite likely that A.T. & T. and GM and a handful of others will never cease operations; but where do we go from there?

Who would have thought in 1950 that Packard—"the symbol of excellence"—would be out of business by 1955? Insurance texts on investment policy point out that in 1900 street railways (trolley cars) were considered among the most secure investments; today few are in existence. It is easy to imagine that a "dream company" such as IBM might be hard put to maintain its employee benefit programs, and even its existence, if some technological discovery by a competitor were to open new areas of data processing.

In other words, as in all forms of insurance, coverage is needed simply because we cannot be sure whether or when a loss will occur.

There is another argument for requiring all plans to pay the reinsurance premium. In our interdependent economy, the closing of a plant is frequently the result of actions by others. The decision of a major purchaser to shift its business will often result in the shutdown of a supplier. The decision of a large company to operate on a smaller profit margin or to expand into new areas will often result in the shutdown of competitors. Thus all employment groups must bear some cost of the shutdown of any group.

Second, the coverage of asset losses. This is a relatively minor problem since the only loss covered is one that occurs when assets must be liquidated to pay current benefits. Very few plans ever have to sell assets to pay benefits; this can generally be accomplished by using current income.

The provision is very interesting, however, because it reminds one of the Federal Deposit Insurance Corporation (FDIC): a reinsurance arrangement for banks. I did some research on the arguments which were advanced in the 1930's against FDIC; they sound very much like those currently being advanced against reinsurance of pension funds. To quote only two sources:

"At the inception of the FDIC, it was criticized as violating recognized principles of insurance, since the rate of assessments is not scaled to the apparent risk of loss among those insured and assessments are paid on deposits in excess of $10,000 even though they are not accorded protection. It was argued that the protection afforded depositors would make it unnecessary for banks to maintain high standards in order to attract business, thereby encouraging lax banking methods.[7] Opponents of the plan have advanced several arguments against deposit insurance. One is that it will encourage bad banking and inefficient administration of local instituitons by removing the necessity for each bank to preserve itself through good management. Another, that the present plan of assessment places an unfair burden upon large metropolitan banks. This is, their likelihood of failure is less than that of smaller, less diversified rural banks, and so their contribution to the fund should be relatively less."[8] The current appraisal—as one of these same sources points out—is that "FDIC has become a prized and permanent feature of the country's financial structure."[9]

Third, the coverage of unfunded liabilities. A primary concept is that the bill would guarantee benefits, not the unfunded amount shown in the plan actuary's valuation. Since the premium is intended to be proportional to the amount reinsured, standards would be established as a basis for determining the amount. The plan actuary would not be required to use these standards in determining current contributions; they would only be required for the purpose of determining the reinsurance premium.

To establish these standards an Advisory Council is to be appointed by the President. It would also consider the difficult questions of premium rates—on which the bill establishes a maximum—and of the possible limitation of coverage to classes of older workers if needed to keep the premium within the limits established.

The bill also addresses itself to the question of partial terminations, where there is a shutdown of only one of several employment units covered by a single plan. It is proposed that an appropriate portion of the assets be "spun off" for the benefit of this unit, with the reinsurance fund assuming any excess liabilities. The remainder of the units could continue to operate their plan independently of the group which had been terminated.

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[4] The concept of an employee's accrued benefit is not always explicitly defined in a pension plan, but generally it represents the benefit payable to someone currently retiring (as a normal retiree) with the same prior employment record as the employee.

[5] Pension Security and Funding Regulation by Frank L. Griffen, Jr. The Proceedings of the Conference of Actuaries in Public Practice, vol. XIV, 1964–65.

[6] Public Policy and Private Pension Programs by President's Committee on Corporate Pension Funds, etc., January 1965.

[7] Money and Banking by Whittlesey, Freedman, and Herman, The Macmillan Co., New York, N.Y., 1963, p. 528.

[8] Financial Institutions, by Robinson and others, Richard D. Irwin, Inc., Homeward, Ill., 1960, p. 149.

[9] Op. cit., Whittlesey, p. 528.

No requirement is established with respect to funding of past service liabilities; although the minimum IRS requirements would, of course, have to be met to maintain qualification. This has created controversy, even among those who are strongly in favor of the bill.

The main argument in favor of requiring funding is based on the assumption that the risk of termination increases with the passage of time. If this is true then the rate of claims would increase each year and soon require very high reinsurance premiums. As in the case of permanent life insurance, funding would alleviate this by reducing the amount at risk as each plan grows older.

My own feeling is that we need more facts. I have been persuaded by some of my economist friends that the true situation may be that after the first few years the probability that a business firm terminates actually decreases.

There are those who feel that funding is not an unmixed blessing. It limits the flexibility of designing programs. It also ties up a substantial amount of assets. The $225 billion level of anticipated pension fund assets by 1980 raises questions concerning the availability of good investments for other forms of saving.

In any event, it must be recognized that the goal is security of benefit expectations and a realistic recognition of costs. Funding is merely a means to that end; if other mechanisms—particularly the reinsurance proposed—can achieve the goal, then our present ideas about the need for funding must be reassessed.

* * * * *

There can be little doubt that the need exists for a new pension mechanism to meet the termination problem. It also seems clear that the Federal Government should establish the program because the cost is one which should be spread to all employment units whether or not they are willing to recognize their own need and obligation to participate.

Whether S. 1575 is the answer should be a subject of intensive debate. In introducing the bill Senator HARTKE himself said "I do not claim that the bill I present is the one and only ultimate answer to the need. But it is at least an effort to devise a means to prevent the kind of situation which too often occurs with the departure of a defunct business." [10]

Actuaries and others should work toward the development of a sound solution, rather than expending energy on denying the problem. If the private pension system is to survive, a means must be developed to assure those currently providing money to pay benefits that their benefits will in fact be paid when they reach retirement age.

FEDERAL REINSURANCE OF PRIVATE PENSION PLANS ACT

(NOTE.—The following is a brief outline of the bill, S. 1575, as introduced by Senator HARTKE on March 18, 1965. It is intended to indicate the major features of the proposal rather than to serve as a comprehensive summary.)

I. PLANS COVERED

(a) Only "IRS qualified plans," excluding certain self-employed and owner-employee programs, are eligible.

(b) All eligible plans would be required to reinsure in order to maintain future "qualifications."

(c) During first 3 years after establishment of a plan, or of a "substantial amendment," reinsurance would not be in effect.

II. ASSET PROTECTION

(a) If assets must be liquidated to pay current benefits, reinsurance would cover loss.

(b) Premium rates could vary by class of assets: Government bonds, common stocks, etc. No other variation in premium rate.

(c) Maximum annual charge to any plan is one-quarter of 1 percent of assets.

III. LIABILITY PROTECTION

(a) If there is a "partial" or "complete" termination due to cessation of one or more operations in one or more facilities.

(b) Uniform premium rate for all plans not to exceed 1 percent of unfunded liabilities.

(c) If it is not practical, financially or administratively, to reinsure benefits for all participants, priorities may be established.

1. Those retired prior to claim for reinsurance, and those over "normal retirement age."
2. Those over "early retirement age."
3. Those over age 45.
4. Those over age 40.
5. Others.

IV. LIMITS ON BENEFITS REINSURED

(a) Employee's monthly income up to lesser of $500 per month or 50 percent of best 5-year average monthly wage.

(b) Survivor benefits (monthly income or lump-sum), an amount "reasonably related" to the employee's limit.

V. MECHANISM

(a) Operate as a "program" in Department of Health, Education, and Welfare.

(b) Disbursements to be made from premium income and loans from U.S. Treasury.

(c) Funds not currently needed to pay benefits are to be invested in securities guaranteed by the United States.

(d) An Advisory Council to be appointed by President to advise on:

1. Premium rates.
2. Determinations of assets and unfunded liabilities.
3. Imposition of priority classes.

WORK OF SENATOR SPARKMAN AND SMALL BUSINESS COMMITTEE BENEFITS SOUTHERN CATTLE INDUSTRY

Mr. TALMADGE. Mr. President, the livestock and cattle industry is becoming increasingly important throughout the South. Experts forecast that the combination of favorable climate, rising population, and falling railroad freight rates from the Midwest on feed grains will mean increases in sales for the southern livestock industry which may go as high as $3 to $4 billion. As this trade develops, the South will attract new industry—investments in packing plants, storage, supply facilities, banking, and insurance, which will be needed to support the growth and marketing of cattle and livestock.

A recent decision by the Interstate Commerce Commission, allowing railroads to charge lower and more competitive rates into the South for feed grains in their new "Big John" aluminum freight cars, will be one of the foundations of the boom.

The President of the Southern Railroad Co., Mr. D. W. Brosnan, has remarked that livestock production, made less costly by these new rates "will take off like a rocket."

I ask unanimous consent that an article which appeared in the Journal of Commerce on September 13, 1965, and which gives more details as to this ICC action, be printed in the RECORD for information following my remarks.

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

(See exhibit 1.)

Mr. TALMADGE. Mr. President, the South will need to find markets for this new production. We will be looking to the increasing population of our own States and to the rest of the Nation as a market. Beyond this, however, lie profitable and attractive export markets. Western Europe alone has almost twice the population of the United States, while its beef consumption is only one-half of our own. Wholesale prices for beef in some parts of Europe are nearly double those in Chicago. The Department of Agriculture has estimated that the market open to U.S. beef in Europe may thus be as high as $170 million per year. Furthermore, this market is increasing in proportion to the spectacular increases in prosperity there. An example of what the American beef industry can do to serve this market was the shipment of 1,873 live cattle from the port of Mobile, Ala., to Italy in February. This was the largest cargo of live animals ever to be exported from this country.

As the Senator from Alabama [Mr. SPARKMAN] pointed out on the floor of the Senate earlier this year, the authorities, such as Mr. Jay Taylor, chairman of the 1964 U.S. Beef Mission to Europe, and Mr. Charles Shuman, president of the American Farm Bureau Federation, agree that small farmers and businesses as well as large ones can take advantage of exports of both live cattle and dressed beef. In short, trade in beef is the kind of economic development which will help everyone and harm no one.

With great foresight, Senator SPARKMAN began investigating these possibilities over a year ago. Since then, ocean freight rates on beef have been reduced 20 to 25 percent, and airfreight rates have been reduced 25 to 30 percent to Western Europe and the Mediterranean areas. Aircargo rates on live cattle, which were $1.39 per pound in the summer of 1964, have been cut down to 38 to 41 cents. Together with the "Big John" domestic rate reductions, these improvements in foreign transportation rates can be a turning point in the economy of the entire South.

The story of Senator SPARKMAN's leadership in this field is worth telling at some length. After calling attention to the potentials for beef exports last year, the junior Senator from Alabama consulted with the executives of the beef, livestock and shipping industries and with the Government agencies involved, in order to decide whether Senate hearings would serve a useful purpose.

As a result, when hearings were held in February 24 and 25, 1965, they took place in an atmosphere of cooperation in which all could join to improve our trading position in these commodities. The success of this approach was quick to show itself in the rate reductions which, of

[10] CONGRESSIONAL RECORD, Senate, Sept. 18, 1965.

course, improved the prospects of establishing permanent trade on a commercial basis, to the benefit of both the beef industry and the shipping lines.

The respect that the steamship industry has for the Senate Small Business Committee and its chairman was again shown by the fact that when a general rate increase went into effect in April of this year, the rates on beef and beef products were exempted and allowed to remain at the lower levels. Further, when the rates were scheduled to expire on September 30, they were extended for several months at the chairman's request, and the indications are that they will not be returned to the higher levels in the foreseeable future.

The figures available for the first 4 months of 1965 show that beef exports were 66 percent above last year's totals and live cattle exports were up over 68 percent. This movement amounts to the largest breakthrough in beef exports since before World War I. If our industry is able to consolidate and broaden these gains, our country could be on its way to winning major new markets abroad for American beef. In the face of difficulties which this country has had on the waterfront this year, these are remarkable achievements.

However, the Senator from Alabama was not content with this. Senator SPARKMAN made several speeches to the Senate, informing the Members of these developments, and seeking to enlist their active support. He has also met with the leaders of the national farm, beef, and livestock industries to obtain their advice and counsel.

On September 9, Senator SPARKMAN held another hearing to review the political bariers to agricultural imports set up by the European Common Market. These are matters that will be dealt with in the trade negotiations about to begin in Geneva. In view of the importance of these issues, the Senate Committee on Agriculture and Forestry, under the chairmanship of the Senator from Louisiana [Mr. ELLENDER] joined in the sponsorship and support of this meeting. The U.S. negotiators who appeared before the Sparkman-Ellender inquiry were urged to take a strong stand on beef and beef products.

In addition to being a member of the Agriculture Committee, the junior Senator from Georgia has been selected as one of the Senators who will accompany our negotiators in Geneva. I can thus say that the work of the Senate Small Business Committee will be most helpful, both in mobilizing congressional support for our beef industry, and in putting together information and statistics in its hearings and interim report. Both will be of use in the hard bargaining that will take place.

In another milestone, the National Provisioner magazine published its first issue especially devoted to exports on September 11, 1965. This leading publication of the meatpacking and allied industries noted that these industries are just beginning to enter international trade and that "the export course is not fully charted."

The magazine states that the industry will be looking forward to the help and guidance of the Senate Small Business Committee, and, particularly, to its forthcoming interim report. I ask unanimous consent that the lead editorial from this issue entitled "Exports Ahoy" also be printed following my remarks.

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

(See exhibit 2.)

Mr. TALMADGE. Mr. President, I am pleased to say that in my opinion, Senator SPARKMAN is making an historic contribution to reducing the barriers and encouraging the expansion of U.S. beef exports. He has done much to make the Senate, and indeed the Nation, aware of the vast and profitable potential. He has already brought about substantial improvements in the level of freight rates. And he has encouraged the steamship and beef industries to search actively for ways of increasing this trade in an atmosphere described by the president of an important steampship organization as one of "concert rather than acrimony." The State of Alabama, the South, and the Nation should be grateful for the gifted and continuing leadership of the Senator from Alabama in this field.

EXHIBIT 1

[From the Journal of Commerce, Sept. 13, 1965]

PRODDED BY HIGH COURT: ICC REVERSES SELF ON "BIG JOHN" RATES

(By Gus Constantine)

WASHINGTON, September 12.—In reversing itself—under the pointed prodding of adverse Federal district and Supreme Court decisions—on Southern Railway's "Big John" grain rates, the Interstate Commerce Commission stated plainly for the first time a willingness to consider the effect of future traffic on a carrier's costs in judging whether proposed rates will be compensative.

"While recent and pertinent cost experience often furnishes an appropriate guide," the Commission said, if a carrier's costs "have been high because of low volume of traffic, the use of such costs to determine the reasonableness of a proposed rate, the very purpose of which is to increase the carrier's business, should of necessity be weighed most carefully."

PAST TRAFFIC

On the basis of past traffic, the Commission had found Southern's proposed 60 percent slash in grain rates some 16 percent too low on the first go-around. A Cincinnati Federal District Court later disagreed, however, and on appeal, the Supreme Court sent the case back to the agency for another look.

Using the new criterion, the Commission not only found the full Southern reduction justified, but also found similar rates asked by rival carriers for application in normal-size freight cars unlawful.

"In any event, it should be emphasized that we are here judging rates for the future," the Commission said.

The intriguing phrase, in which the agency appeared to be saying that the record before it could not adequately tell the story of what it would cost Southern to ship the grain, was repeated in a concurring opinion by ICC Vice Chairman John W. Bush.

And just to prove that the Federal agency's conclusion could lead to tantalizing consequences, Mr. Bush used the phrase to tell the Commission that it should have also approved the rates asked by rival railroads.

What had, in fact, weakened the cost record, was that it had been built up for traffic conditions which Southern was trying to alter radically.

Southern contended that it had a low volume of traffic because itinerant truckers, bringing profitable freight from the South across the Ohio and Mississippi, were able to haul back grain at rockbottom prices. Its proposal was designed to meet such competition and increase its volume of traffic, a fact which would obviously lower its costs.

"While recent and pertinent cost experience often furnishes an appropriate guide," the Commission said, if a carrier's costs "have been high because of low volume of traffic, the use of such costs to determine the reasonableness of a proposed rate, the very purpose of which is to increase the carrier's business, should of necessity be weighed most carefully."

Southern Railway was naturally elated over the victory. President D. W. Brosnan said the Interstate Commerce Commission "deserves the highest praise and thanks of the American people" for its approval.

"This is regulation in the public interest, benefiting all consumers, and particularly the grain-deficit South and farmers in the grain-surplus Midwest," the rail executive added. He predicted that livestock production, made less costly by the rail rates for feed grains, "will take off like a rocket."

The South, historically a greater consumer of grain than it is a producer, relies heavily on shipments from Ohio, the Midwest, and the Southwest. The grain has poured through the Mississippi and Ohio River gateways, where millers and processors do a thriving business converting it to grain products before it is shipped across the two rivers into southern markets.

Southern began its battle to haul the grain directly into the South in 1961, when it came up with the lightweight aluminum hopper car which later came to be known as the Big John.

It proposed to ship the grain, without any transit, 450 tons (five cars) at a time. Another feature of the proposal, which eventually was to stir heated controversy was that grain coming from anywhere closer than 6 miles would be charged 2.40 per ton. It was designed to draw grain from long distances, and drew howls from interests located in the nearby Tennessee River ports.

In its latest decision the Commission also had to grapple with its earlier conclusion that this rate feature created a prejudice to Tennessee River interests. While it had earlier ordered this condition corrected, its new conclusion is that such action is unnecessary.

It so concluded by ruling that receivers on the Tennessee River ports were served by large barge operators with many of the customers not even on rail lines. It also decided that there was not enough proof to substantiate claims that truckers would be hurt.

The case presumbaly is now over. It has swung the full circle—approval by ICC's rates and practices division, partial reversal by the full Commission with the requirement that the rates be raised 16 percent, a rebuff of this stand by an Ohio Federal court, a decision by the Supreme Court to throw the whole matter back into ICC's lap, Commission action the same as that taken by the division in the first place.

But the new element with its revolutionary implications for transportation ratemaking, is the Commission's reasoning that "in judging rates for the future, reasonable prognostications should be given weight."

EXHIBIT 2

EXPORTS AHOY

As noted by several writers in this special export issue, the first ever published for the U.S. meat industry, the American Meat Institute and U.S. Department of Agriculture were in strange waters for this country when

they embarked on their joint market development program in Europe a little more than a year ago.

Except for byproducts, little exporting had been done by the U.S. industry, and that by a relatively few of the approximately 1,700 federally inspected plants whose products are eligible to enter foreign commerce. U.S. packers didn't know "the language" of the overseas traders, nor they ours, and many other barriers were encountered.

All is not now "smooth sailing" ahead, but a good start has been made to acquaint Europeans with U.S. product and the U.S. industry with the needs and desires of the overseas trade. And as reported in the story beginning on page 33, this promotional effort is being stepped up in the weeks ahead.

The export course is not yet fully charted, naturally, but U.S. packers interested in exporting now can turn to a number of sources for aid in getting started. They are prescribed and listed in this issue.

More help and direction is on the way. The Senate Small Business Committee, headed by Senator JOHN SPARKMAN, Democrat, of Alabama, is planning to issue an interim report soon on its investigation of ocean freight rates and other barriers to expanding exports of U.S. beef and beef products, which began last February with hearings in Washington, D.C. It will contain recommendations for packers.

Dr. Alvin Carpenter of the University of California is to report to the AMI and USDA at the end of October on his economic analysis and forward projection of the European market with respect to the beef demand 5 to 10 years ahead.

Many valuable suggestions should emanate from the U.S. variety meats conference in London late this month.

We'll continue to do our part to keep you informed. Exports ahoy.

"GRANT PROGRAMS FOR FISCAL 1966" BY GENEVIEVE O. DANE

Mr. MORSE. Mr. President, the July-August 1965 issue of American Education, a publication of the Office of Education of the Department of Health, Education, and Welfare, contains an article by Mrs. Genevieve O. Dane, entitled, "Grant Programs for Fiscal 1966."

This article and the tables which follow it, which detail the Federal money which is available for education through programs administered by the U.S. Office of Education, is one which I believe can be most helpful to all senatorial offices for the reason that in short compass there is set forth a most comprehensive picture of the current Federal effort under the various acts which the Congress has authorized in the field of education.

Mr. President, I ask unanimous consent that the article and the tables to which I have alluded be printed at this point in my remarks.

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

GRANT PROGRAMS FOR FISCAL 1966

(By Genevieve O. Dane)

(NOTE.—Mrs. Dane is Chief of the Budget Management Section of the U.S. Office of Education. Her position makes her familiar with the processes by which Federal money flows from the Office of Education to local schools, colleges, and universities, and students and teachers.)

During fiscal year 1966 more than $3 billion in Federal funds will flow from the Federal Treasury through the U.S. Office of Education to schools and colleges, to teachers and students, and to libraries and librarians. These funds are authorized under 19 laws, the earliest enacted in 1890 and the latest in 1965.

Despite the span of years they cover, the laws have similar features:

They have a single purpose: to help the people of this country get the education they need.

They recognize the diversity of the Nation and the national commitment to Federal-State-local cooperation in education.

They make funds available in one of three forms—grants-in-aid, loan, or contracts for work done.

They define in precise terms the channels through which funds are to reach recipients. Most laws spell out the amount of money that may be appropriated for a given purpose and the formula the administrative agency is to use in distributing it.

They designate both the recipient and the immediate beneficiaries. Most of the early laws and many of the later ones designate the State education agency as the recipient of grants-in-aid, though college and university students and students in vocational education are the beneficiaries. Since World War II a few of the laws name colleges and universities as recipients, others name local educational agencies, and one or two others permit payments to individuals or institutions other than colleges.

Under such circumstances one might think it would be a fairly simple matter to get the funds to the beneficiaries in a hurry. In fact, it is a complicated process, a process the public generally calls redtape.

In any transaction involving Federal dollars redtape is not only necessary but protective. It insures the beneficiaries of grants that they will get their share, that they will be free of Federal control. And it insures the Congress that its intent is being followed.

Such redtape takes time. Speed in getting the money into circulation is important, for most legislation specifies that funds must be spent in the year for which they are appropriated, but speed is not the first consideration. The first consideration is that both the Office of Education, as the administrative agency, and the recipient meet the requirements of the law, requirements that are specific and time consuming. Let me illustrate.

After the Congress enacts legislation authorizing aid, it must enact separate legislation appropriating funds. Not until the appropriation has been made can the Office get the administrative wheels rolling. The Office must then get legal interpretation of the intent of the Congress in certain words or phrases, issue regulations under which it will administer the law, employ or reassign staff members to handle the work, prepare and publish application forms, and in the meantime answer endless queries.

In addition the Office must get together the data required by the formula or formulas the law prescribes for allocating the funds. (The laws direct the Office to get these data from the Census Bureau, U.S. Department of Commerce.) A formula may be based on total population, a particular segment of the population, or it may be based on both population and income per capita or on some other measure of need.

By writing such formulas into legislation the Congress makes sure that Federal aid goes where it is most needed. Take two examples. Under Public Laws 874 and 815, which provide assistance to areas affected by Federal programs, the formula is based on the number of children who live on or who live with a parent employed on Federal property. Under Public Law 874 the rate of payment is based on expenditure from local revenue for current operating expenses by a comparable community in the same State. Under the Vocational Education Act of 1963 the formula is based on population and per capita income, which means that a State with a large population between the ages of 15 and 65 and low per capita income gets proportionately more funds than a State with a smaller population and a higher per capita income.

Legislation requires the beneficiaries of Federal aid as well as the Office to comply with the terms of the act under which the grants are made; this means that the beneficiaries too must take action before they receive a Federal grant or loan. A State education agency, for example, may have to obtain authority from its legislature to accept Federal funds. If the legislature is not in session, the agency must wait on authority. If the law requires the State to match Federal funds, the agency may have to wait for the State to appropriate them.

Some laws, the Smith-Hughes Library Service Act, and Vocational Education Act of 1963, for example, require the State to submit a "State plan"—a description of the program to be supported with details on how the funds are to be used—to the Commissioner of Education for his approval. Such a plan is, in effect, a contract between the State agency and the Office of Education.

When such details have been cleared away and the Office has computed the amount to be allocated to each recipient, funds can go out.

Assume for the moment that funds are to be distributed under the National Defense Education Act of 1958—an act that authorizes programs involving State education agencies, local school districts, colleges and universities, college students, individual contractors for research (title VII). Assume too that the recipients have complied with all requirements. The Commissioner of Education certifies to the Secretary of the Treasury the amount to be paid to each. In turn the Treasury makes the payments to the State agencies for their own use and for local schools; to colleges and universities for fellowships, institutes, research, and student loans; and to a few individuals under contract.

A new letter of credit system makes it possible for the recipient to draw on the U.S. Treasury Department on a monthly basis for his actual cash requirements for Federal activities. This procedure eliminates large cash balances in States or universities which accrued under the old procedure of making advance payments.

The distribution of funds does not, however, end here.

Some of the laws, particularly those enacted since World War II, provide for some flexibility in administration. Three different types of provisions apply to grants: They authorize the Commissioner of Education (1) to reallot funds that States do not claim or cannot use in the year for which they were appropriated; (2) to divide funds equitably among qualified applicants if the appropriation is insufficient to satisfy all justifiable claims; or (3) to rank applicants on an objective basis before dividing insufficient funds.

Federal funds are not intended to supply all the funds required for a specific job. To make sure that Federal grants do not cause States or local districts to slacken their efforts, the Congress sometimes writes a maintenance of effort clause into the law requiring a State or local community to spend as much for a given purpose as it spent the preceding year, or the States to match funds or to pay a specified proportion of the cost of a project.

By all counts, Federal grants in past years have stimulated the States to make greater efforts for education. Year after year they have overmatched Federal funds.

Federal money for education: Programs administered by the U.S. Office of Education, fiscal year 1966

Program	Authorization	Purpose	How disbursed	Federal share [1]	Who may apply	Administrative office
Smith-Hughes Act	$7,161,455	Provide for vocational education and teacher training in agriculture, trade and industry, and home economics.	Grants	50 percent	Public schools through State boards of vocational education.	Division of Vocational and Technical Education, Bureau of Adult and Vocational Education.
George-Barden Act:						
Title I	29,991,000	Extend Smith-Hughes Act to include distributive occupations, fishery trades, and vocational guidance.	do	do	do	Do.
Title II	5,000,000	Develop training programs for health occupations	do	do	do	Do.
Title III	15,000,000	Train highly skilled technicians	do	do	do	Do.
Vocational Education Act of 1963	159,750,000	Maintain, extend, and improve vocational education programs; develop new programs.	do	do	Public schools through State boards of vocational education; contracts with private, commercial institutions.	Do.
Research and training	17,750,000	Develop research and training programs, and experimental and pilot programs for special needs.	do	No specific minimum, matching required.	State education agencies, colleges and universities, local education agencies.	Division of Adult and Vocational Research, Bureau of Research.
Work-study program	50,000,000	Provide part-time employment for young people to help them begin or continue vocational training.	do	100 percent 1st 2 years, 75 percent next 2 years.	State education agencies	Division of Vocational and Technical Education, Bureau of Adult and Vocational Education.
Residential schools		Prepare young people for employment	do	100 percent	Public schools through State boards of vocational education.	Do.
Appalachian regional development program.	8,000,000	Construct vocational education facilities in the Appalachian region.	do	50 percent	State education agencies	Do.
Manpower Development and Training Act.	[2]	Train skilled workers in all sections of the Nation	do	100 percent	Persons referred by State employment services.	Do.
Higher Education Facilities Act of 1963:						
Title I: Community colleges, technical institutes.	[3] 101,200,000	Construct or improve academic facilities at public community colleges and technical institutes.	do	Up to 40 percent	Public community colleges and technical institutes.	Division of College Programs, Bureau of Higher Education.
Other undergraduate facilities	[4] 358,800,000	Construct or improve undergraduate academic facilities	do	Up to 33⅓ percent	Public and private, nonprofit colleges and universities, except community colleges and technical institutes.	Do.
Title II. Graduate facilities	60,000,000	Construct or improve graduate academic facilities	do	do	Public, private nonprofit, and cooperative graduate centers of high learning.	Division of Graduate Programs, Bureau of Higher Education.
Title III. Construction loans	[5] 190,750,000	Construct or improve undergraduate and graduate academic facilities.	Loans	Up to 75 percent	Public and private, nonprofit colleges and universities, cooperative graduate centers, boards of higher education.	Division of College Programs, Bureau of Higher Education.
State administration	3,000,000	Help States administer program under title I	Grants	100 percent	State commissions set up to administer the program.	Do.
Endowment of colleges of agriculture and mechanic arts.	14,500,000	Support instruction in agriculture and mechanic arts in land-grant colleges.	do	do	The 68 land-grant colleges	Do.
Library Services and Construction Act:						
Title I. Extension of services	[2]	Extend and improve public library services	do	Matching grants based on State per capita income.	State library administrative agencies	Division of Library Services and Educational Facilities. Bureau of Adult and Vocational Education.
Title II. Construction	[2]	Aid construction of public libraries	do	do	do	Do.
Aid to federally impacted areas:						
Public Law 874. Maintenance and operation:						
School districts	[2]	Aid school districts on which Federal activities have placed a financial burden.	do	100 percent	Local school districts	Division of School Assistance in Federally Affected Areas, Bureau of Elementary and Secondary Education.
Federal agencies	[2]	Aid Federal agencies such as Department of Defense in providing schools for children who live on Federal property.	do	do	Federal agencies operating schools	Do.
Public Law 815. Construction: School district.	[2]	Aid school districts in providing minimum school facilities in federally impacted areas.	do	do	Local school districts	Do.
Federal agencies	[2]	Aid other Federal agencies in building schools for children living on Federal property.	do	do	Other Federal agencies	Do.
Technical services	[2]	Provide funds for technical services in the construction of schools in federally impacted areas.	Payments to HHFA	do	Not applicable	Do.
National Defense Education Act of 1958:						
Title II. Student loans:						
Contribution to loan fund	179,300,000	Provide for low-interest loans to college students	Loans	90 percent	Accredited nonprofit institutions including any accredited business school or technical institute.	Division of Student Financial Aid, Bureau of Higher Education.
Loans to institutions	[6]	Provide for loans to colleges and universities that cannot meet matching obligation.	do	100 percent	Colleges and universities and other institutions taking part in student loan program.	Do.
Cancellation of loans	[2]	Reimburse institutions for their portion of principal and interest canceled for teachers.	Grants	do	Participating institutions	Do.

Title III. Strengthening of instruction:						
Public schools	90,000,000	Strengthen instruction in critical subjects in elementary and secondary schools.	100 percent	50 percent	States get allotments; school districts apply to State.	Division of Plans and Supplementary Centers, Bureau of Elementary and Secondary Education.
Loans to private schools		Improve instruction in critical subjects in private schools.	Loans	100 percent	Nonprofit private elementary and secondary schools.	Do.
Supervision and instruction	10,000,000	Strengthen supervision and administration in State education agencies.	Grants	50 percent	States get allotments	Do.
Title IV. Graduate fellowships	(2)	Prepare more teachers	do	100 percent	Prospective college teachers working for Ph. D. degrees.	Division of Graduate Programs, Bureau of Higher Education.
Title V-A. Guidance, counseling, and testing: State programs.	24,500,000	Provide for guidance, counseling, and testing in public elementary and secondary schools; testing in private schools.	do	50 percent	States get allotments	Division of Planning and Supplementary Centers, Bureau of Elementary and Secondary Education.
Title V-B. Counseling institutes	7,250,000	Improve qualifications of guidance workers and counselors in schools and colleges.	Contracts	100 percent	Accredited public and private nonprofit colleges and universities.	Division of Educational Personnel Training, Bureau of Elementary and Secondary Education.
Title VI. Language and area centers	14,000,000	Increase amount of study of uncommon languages and area subjects and improve quality of instruction.	do	50 percent	do	Division of Foreign Studies, Bureau of Higher Education.
Foreign language fellowships		Train college teachers of modern foreign languages and area studies.	Grants	100 percent	Persons trained in modern foreign languages with the exception of French, German, Italian, and European Spanish.	Do.
Research and studies		Support research on improved instruction in modern foreign languages and teaching methods.	Contracts	do	Colleges, universities, professional associations, public school systems, and individual persons.	Division of Higher Education Research, Bureau of Research.
Title VII. Media research	5,000,000	Support research on educational uses of television, radio, motion pictures, and other media.	do	Some matching required.	Grants: Public or nonprofit institutions; individual persons. Contracts: Public agencies; individual persons.	Division of Research Training and Dissemination, Bureau of Research.
Title X. State statistical services	2,800,000	Improve statistical services of State education agencies	Grants	50 percent	State education agencies	Division of Data Sources and Standards, National Center for Educational Statistics.
Title XI. Institutes for advanced study.	32,750,000	Improve qualifications of the elementary and secondary school teachers.	Contracts, stipends.	100 percent	Colleges and universities	Division of Educational Personnel Training, Bureau of Elementary and Secondary Education.
Education of the handicapped (Public Law 88-164, title III):						
Teacher training	19,500,000	Prepare teachers and others who work with handicapped	Grants	do	State education agencies, colleges, and universities.	Do.
Research and demonstration	6,000,000	Promote research and demonstration on the education of the handicapped.	do	do	State education agencies, local school districts, nonprofit private organizations, public groups.	Division of Elementary-Secondary Research, Bureau of Research.
Captioned films for the deaf	1,500,000	Provide cultural and educational services to the deaf through films.	Contracts	do	Usually by invitation	Division of Research Training and Dissemination, Bureau of Research.
Cooperative research program:						
Arts and humanities	(2)	Support research on education in the arts and humanities at all levels.	Contracts, grants.	No specific minimum matching required.	Colleges, universities, State education agencies, private or public groups, or individuals.	Division of Laboratories and Research Development, Bureau of Research.
Curriculum	(2)	Support research on the improvement of curriculum	do	do	do	Division of Elementary-Secondary Research, Bureau of Research.
Research and development centers	(2)	Support research on the major problems of education	do	do	Colleges, universities, other public and private agencies, institutions, and organizations.	Division of Laboratories and Research Development, Bureau of Research.
Research on comparative education (special foreign currency program), (Public Law 480) Research.	(2)	Use counterpart funds for educational research of value to the United States and other nations.	Contracts	No specific minimum matching required, but there must be some.	Ministries of Education and colleges and universities abroad.	Division of Higher Education Research, Bureau of Research.
Travel	(2)	Finance travel necessary to complete comparative education studies conducted abroad.	do	100 percent	American or foreign researchers, institutions abroad.	Do.
NDEA related Fulbright-Hays fellowships.	(2)	Improve competence of prospective teachers of modern foreign languages and area studies.	Grants	do	Graduate students through the National Defense foreign language fellowships committee at home institutions.	Division of Foreign Studies, Bureau of Higher Education.
Foreign language training area studies:						
Faculty members	(2)	Improve competence of faculty members of NDEA language and area studies centers.	do	do	NDEA center faculty members through center directors.	Do.
Elementary and secondary school teachers.	(2)	Improve competence of elementary and secondary school teachers of foreign languages and area studies.	do	do	Teachers and supervisors of modern foreign languages and area studies with 5 years' experience.	Do.
Seminars	(2)	do	do	do	Teachers of foreign languages and area studies in secondary schools or colleges with 2 years' experience.	Do.

See footnotes at end of table.

Federal money for education: Programs administered by the U.S. Office of Education, fiscal year 1966—Continued

Program	Authorization	Purpose	How disbursed	Federal share [1]	Who may apply	Administrative office
NDEA, etc.—Continued						
Foreign language training area studies—Continued						
Curriculum specialists	(2)	Provide foreign curriculum specialists to U.S. schools to help strengthen language-area studies programs.	Grants	100 percent	Local school agencies and State education agencies.	Division of Foreign Studies, Bureau of Higher Education.
Economic Opportunity Act of 1964:						
College work-study program	(2)	Provide part-time employment for needy college students.	do	90 percent	Colleges and universities	Division of Student Financial Aid, Bureau of Higher Education.
Adult basic education	(2)	Provide literacy programs for adults to help them obtain employment.	do	100 percent	State education agencies	Division of Adult Education Programs, Bureau of Adult and Vocational Education.
Civil Rights Act of 1964:						
Institutes	(2)	Provide training on problems incident to desegregation	Contracts	do	Colleges and universities	Office of Equal Educational Opportunities.
Grants to school boards	(2)	Aid school boards in hiring advisers and training employees on problems incident to school desegregation.	Grants	do	School boards and other public agencies responsible for operating public schools.	Do.
Educational television (Public Law 87-447).	(7)	Aid in the acquisition and installation of transmitting and other type equipment necessary for broadcasting.	do	50 to 75 percent	Nonprofit organizations, public colleges, State educational television agencies, and education agencies.	Office of Educational Television, U.S. Department of Health, Education, and Welfare.
Science clubs (Public Law 85-875)	(2)	Encourage students interested in science to pursue their interest outside of class in science clubs.	Contracts	100 percent	State education agencies; colleges and universities.	Division of Plans and Supplementary Centers, Bureau of Elementary and Secondary Education.
Cuban refugee program:						
Aid to Dade County, Fla	(2)	Assist schools in providing education for great numbers of refugee children.	Grants	About 50 percent	Dade County, Fla	Division of School Assistance in Federally Affected Areas, Bureau of Elementary and Secondary Education.
Student loans	(2)	Aid refugee college students to continue their education	Loans	100 percent	Cubans who became refugees after Jan. 1, 1959.	Division of Student Financial Aid Bureau of Higher Education.
Professional training	(2)	Provide refresher training for physicians and teachers	Contracts	90 percent	Refugee physicians and teachers	Division of Educational Personnel Training, Bureau of Elementary and Secondary Education.
Civil defense adult education	(2)	Provide information on civil defense procedures to the public.	do	100 percent	State agencies (by invitation)	Division of Adult Education Programs, Bureau of Adult and Vocational Education.
International exchange service	(2)	Train foreign participants on programs sponsored by the Agency for International Development.	Grants	do	Teachers and school administrators from other countries.	Division of Educational Personnel Training, Bureau of Elementary and Secondary Education.
Elementary and Secondary Education Act of 1965:						
Title I. Programs for the disadvantaged.	(2)	Support educational programs in areas having high concentrations of low-income families.	do	do	State education agencies	Division of Program Operations, Bureau of Elementary and Secondary Education.
Title II. Library resources	$100,000,000	Support provision of school library resources, textbooks and other instructional materials.	do	do	Local education agencies	Division of Plans and Supplementary Centers, Bureau of Elementary and Secondary Education.
Title III. Supplementary centers	100,000,000	Support supplementary educational centers and services.	do	do	do	Do.
Title IV. Research	(2)	Construct national and regional research facilities	Grants, contracts.	Some matching required.	Public and private research agencies	Division of Laboratories and Research Development, Bureau of Research.
Title V. Strengthening State education agencies.	25,000,000	Improve leadership resources of State education agencies.	Grants	100 percent	State education agencies	Division of State Agency Cooperation, Bureau of Elementary and Secondary Education.

[1] Proportion of the costs the Federal Government will pay.
[2] Not specified.
[3] Includes fiscal year 1964 unappropriated authorization of $50,600,000, which is available for reappropriation in fiscal year 1966.
[4] Includes fiscal year 1964 unappropriated authorization of $179,400,000, which is available for reappropriation in fiscal year 1966.
[5] Includes fiscal year 1964 unappropriated authorization of $70,750,000, which is available for reappropriation in fiscal year 1966.
[6] $25,000,000 authorized from fiscal year 1959 through duration of the act.
[7] $32,000,000 authorized for fiscal years 1963 through 1967 plus unobligated balance of administrative funds.
[8] Construction aggregate of $100,000,000 for 1966 through 1970.

Mr. MORSE. Mr. President, as chairman of the Education Subcommittee and on behalf of my colleagues, I congratulate Mrs. Dane upon having prepared this excellent summary and I commend the Commissioner of Education and the editorial staff of the publication. I feel sure it is a publication which will command an increasing readership across the country.

The PRESIDING OFFICER (Mr. HARRIS in the chair). Is there further morning business? If not, morning business is closed.

HEMISFAIR 1968 EXPOSITION, SAN ANTONIO, TEX.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 9247) to provide for participation of the United States in the HemisFair 1968 Exposition to be held in San Antonio, Tex., in 1968, and for other purposes.

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

There being no objection, the Senate resumed the consideration of the bill.

MRS. MICHIKO MIYAZAKI WILLIAMS

Mr. MANSFIELD. Mr. President, I ask unanimous consent that the pending business be temporarily laid aside and that the Senate turn to the consideration of Calendar No. 745, H.R. 1274.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 1274) for the relief of Mrs. Michiko Miyazaki Williams.

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

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed.

Mr. MANSFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an excerpt from the report (No. 760) explaining the purpose 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 the bill is to waive the excluding provision of existing law relating to one who has been convicted for violation relating to the possession of narcotic drugs in behalf of the wife of a U.S. citizen member of the U.S. Navy.

ORDER OF BUSINESS

Mr. MANSFIELD. Mr. President, what is the pending business?

The PRESIDING OFFICER. H.R. 9247.

Mr. MANSFIELD. Mr. President, I ask unanimous consent that I may proceed for 3 minutes without regard to the rule of germaneness.

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

LADY TRUCK DRIVER

Mr. MANSFIELD. Mr. President, as my colleagues in the Senate know, timber is a very important resource in Montana and the associated logging and sawmill operations provide a great deal of employment, especially in western Montana.

It has come to my attention that there are two lady logging truck drivers hauling logs in the Flathead. Driving a logging truck is not a task for the timid. I am informed that these ladies perform most adequately along with their male counterparts. A recent issue of the Hungry Horse News, published in Columbia Falls, printed a feature story on one of these ladies, Mrs. Gloria Lewis. Mrs. Lewis is the mother of five and maintains a home for her husband Arlin. The other logging truck driver is Mrs. Janice J. Pinson of Eureka.

These women are carving a place for themselves in what is thought of as being a man's world. There is considerable talk about equality of the sexes; this is an example of where a woman is doing a man's work and doing it well.

Mr. President, I ask unanimous consent to have two news stories printed at the conclusion of my remarks in the CONGRESSIONAL RECORD, one from the Hungry Horse News, Columbia Falls, September 17, and the other from the Missoulian, Missoula, September 21.

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

[From the Hungry Horse News, Sept. 17, 1965]

LADY DRIVER PILOTS BIG LOGGING TRUCK TO FLATHEAD MILLS

(By Mrs. Gladys Shay)

There are two lady logging truckdrivers hauling logs to Columbia Falls.

Picture story features Mrs. Arlin (Gloria) Lewis, 36, who resides with her family 2 miles west of Columbia Falls.

The other lady logging truckdriver is Mrs. Janice J. Pinson, Eureka. She drives a 1965 Mack to haul logs from the Steep Creek Sale No. 37 to Plum Creek.

Mrs. Lewis, blonde, blue-eyed and mother of five children, first drove trucks about 2 years ago. At that time, she helped her husband move cement trucks to Helena. In September 1964, she started driving logging trucks.

FROM SPOTTED BEAR

Hauls are from the Jungle Creek, Spotted Bear District, logging site up the South Fork and to the North Fork. The South Fork trip is approximately 150 miles round trip and the North Fork haul averages 88 miles round trip. Mrs. Lewis leaves home by 6 a.m. and "if all goes well" is home between 7 and 7:30 p.m. Lewis logs for John Bras in the South Fork. North Fork hauls are for Ervin Miller.

Mrs. Lewis takes logs to Plum Creek Lumber Co., and Superior Buildings Co., Columbia Falls and C & C Plywood Corp., Kalispell.

The 5-foot-6-inch lady driver admits she doesn't like housework. She is fully aware that driving a logging truck entails more than sitting behind a steering wheel. There is mud and/or dust to crawl and wade in as she assists with loading or unloading logs; cables and binders to check on loads and alertness for possible engine or tire trouble.

Cecil Hudson, Far West Gas & Oil, shares logger views of Mrs. Lewis as "tending to business." Comment heard was "she can really rake them gears in and never scratch one."

There are mishaps typical and familiar to all truckdrivers. Mrs. Lewis has met situations (she calls it "doing what I can do") and there is much-appreciated help from logging truckdrivers.

FROM MILES CITY

The family originally came from Miles City area and resided in Polson and Dayton vicinities before moving to Kalispell 4 years ago. Their home was moved to make way for new B & B Shopping Center, Kalispell. The Lewis family moved to present 12 by 64 trailer home, June 7, 1965. They own 78 acres adjacent to the Ladenburg property and have the Electro-Batch plant.

Family consists of Sherry Ann, 16 years old, September 16; Ronald, 14; David 13; Darla, 12; and Karen, 10 years old. Ronald and David rode logging truck with their mother throughout the summer. Sherry Ann does housework and cooking and there is help from all.

Mrs. Lewis wears practical jeans, shirt and high boots while driving trucks. Her family emphasizes "she doesn't look that way all of the time," and husband jests she should have photo without the truck.

Which all goes to prove—femininity reigns.

[From the Missoulian, Sept. 21, 1965]

A JOB FOR A LADY

COLUMBIA FALLS.—Driving one of those lengthy trailer trucks piled high with immense rough logs is, too, a job for a lady.

And blonde, blue-eyed Mrs. Alin (Floria) Lewis can prove it.

Wearing high boots, jeans, and a sweater, the 5-foot, 6-inch mother of 5 children pilots the truck from forest to sawmill on round trips averaging 88 to 150 miles a day.

Loggers say she tends to business and "can really rake them gears in and never scratch one."

Mrs. Lewis, whose husband is a logger in the northwestern Montana area, has been driving logging trucks a full year now. She first drove trucks 2 years ago, helping her husband move cement trucks to Helena.

The former Miles City woman admits she doesn't like housework and much of this is done by a daughter, Sherry Ann.

The other children, who help a lot, are Ronald, 14; David, 13; Darla, 12; and Karen, 10. The boys rode with their mother on the truck this summer.

"WHAT CITIZENSHIP MEANS TO ME"—ESSAY WRITTEN BY JUDY ELLIS

Mr. MANSFIELD. Mr. President, while on a trip to Montana a week or so ago, I happened to stop off at Lincoln, which is in high country west of Great Falls and Helena. While there I saw an essay which had been written by Judy Ellis, who last year was an eighth grader at Lincoln Elementary School, but who now attends Helena High School in Lewis and Clark County. The title of the essay is "What Citizenship Means To Me." I think it is such a fine essay that I ask unanimous consent that it be printed at this point in the RECORD.

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

WHAT CITIZENSHIP MEANS TO ME

Citizenship. What does it mean to me? The dictionary might define this word in a short, cold way, but to me the best meaning is stated in the few lines of our "Pledge of Allegiance."

"I pledge allegiance." When I say this I think that, although I am only 13 years old, and but one of the many people in America, I as an individual citizen promise my ability to the Nation of which I am so proud.

"To the flag of the United States of America and to the Republic for which it stands". And when I say this I know that Americans have a past to be proud of. The flag stands as a symbol and as a permanent record of history. For to me, nothing tells the story of the development of our country quite as meaningful as "Old Glory." The 13 stripes show, of course, our first colonies. The very beginning of a nation. The colors of the stripes tell the story of the people who built our Nation. White is purity, bravery, glory, and sorrow. Red is the blood of so many wars fought to save a struggling nation. The stars are the progress of each State as an individual and as a republic set against a background of blue representing our Constitution.

"One Nation under God." One Nation of people, red and yellow, black and white, all living as equals in the sight of God.

"Indivisible." Bound together by people with a will and a way. As long as these people exist so will our Nation, forever tall, proud, and most of all, free.

"With liberty and justice for all." No matter who you are or where you work and live in America, you are an American. You are your brother's keeper and you live and learn together. Everyone with equal rights. No matter if your forefathers came on the Mayflower or were here to greet the immigrants. No matter if you were issued your citizenship papers last week or were born here in America.

So, I am a very proud American, will my all to the symbol and the Nation with a proud somewhat bitter, but rewarding past. To the people regardless of background, all living under God, who emerged from the long struggle of development as a united nation never to be divided. Each man equally sharing the same rights and duties with liberty and justice forever and ever.

HEMISFAIR 1968 EXPOSITION, SAN ANTONIO, TEX.

The Senate resumed the consideration of the bill (H.R. 9247) to provide for participation of the United States in the HemisFair 1968 Exposition to be held in San Antonio, Tex., in 1968, and for other purposes.

Mr. YARBOROUGH obtained the floor.

Mr. MANSFIELD. Mr. President, will the Senator yield without losing his right to the floor?

Mr. YARBOROUGH. I yield.

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

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

Mr. DIRKSEN. Mr. President——

The PRESIDING OFFICER. The Senator from Texas [Mr. YARBOROUGH] has the floor under the unanimous-consent agreement.

Mr. YARBOROUGH. Mr. President, I yield to the distinguished minority leader without losing the floor.

Mr. DIRKSEN. Mr. President, I ask unanimous consent that I may proceed without regard to the germaneness rule.

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

FORTHCOMING RETIREMENT OF RICHARD LANGHAM RIEDEL, PRESS LIAISON, U.S. SENATE

Mr. DIRKSEN. Mr. President, Richard Langham Riedel, affectionately known for 47 years as "Richard," and I think even more affectionately as "Dick" to Members of the U.S. Senate, thousands of Washington correspondents and to several Presidents of the United States, will retire at the close of the present session of Congress. As liaison between the press and the Senators, he has served in that capacity longer than any other person in the history of the U.S. Senate.

Mr. Riedel's work as press liaison consists of arranging interviews between the Senators and the correspondents, including members of the Press, Radio and Television, Periodical and Press Photographers Galleries, working in close cooperation with their able superintendents and staffs. If a Senator is so busily engaged on the Senate floor that he cannot come to see the correspondent, then Richard interviews the Senator. He is known for his diplomacy, his meticulous accuracy, and his verbatim relay of the answers. The correspondents and Senators have always been aware of and appreciated the fact that he has never violated a confidence or quoted anything said off the record.

While President Johnson was majority leader of the Senate most of the time he was unable to leave the floor during a session. Consequently, hundreds of times Richard relayed questions and answers for correspondents of the most important newspapers, wire services, and radio and television networks. President Johnson attributed a measure of his popularity and good relations with the press not only to George Reedy, who was then his press secretary, but to Richard Riedel. When he was majority leader, President Johnson once told his press conference that at one time he held a position similar to Richard's at the House of Representatives. While leader he paid Richard a beautiful tribute on the floor at the close of one of the sessions.

Gould Lincoln, the distinguished political writer of the Washington Star, is the only member of the Senate Press Gallery who was a member when Richard came to the Senate in 1918. There were only 200 members then. Of course, radio and television were unheard of. Now there are almost 2,000 members of the galleries. Richard became a page at 9 years of age and continued in that position for 4 years. The work grew and broadened to such an extent that years later he was given the title of Press Liaison to indicate the scope of his work. Eventually as many as three assistants have been needed to help him. Richard has enjoyed the personal friendship of literally thousands of correspondents throughout the years. He has a first-name acquaintance with all of them, including many editors and columnists whom he knew as young reporters before they became famous.

World War I was in progress when Richard went to work at the Senate. Woodrow Wilson was President; Thomas R. Marshall was Vice President. The Versailles Treaty debate, Fordney-McComber and Smoot-Hauley tariff bills and the debates on Muscle Shoals—TVA—and on Boulder-Hoover Dam were covered with Richard's help.

There have been nine Presidents during Richard's service at the Senate. Five of them were his friends before they became President: Harding, Coolidge, Truman, Kennedy, and Johnson. He was also acquainted with Presidents Theodore Roosevelt and William Howard Taft.

The first Senators from five new States have served in the Senate during Richard's tenure: Oklahoma, Arizona, New Mexico, Hawaii, and Alaska. Two Civil War veterans were Members when Richard came: Francis E. Warren, a Union veteran, and John H. Bankhead, Confederate. Over the years Richard has known 564 Senators, counting among his closest friends William E. Borah, Henry Cabot Lodge, the grandfather of the Ambassador, Hiram Johnson, the La Follettes, John Sharp Wiilliams, Boise Penrose, Thomas Walsh and James Hamilton Lewis, Charles McNary, Matthew M. Neely, Kenneth McKellar, and many others. Of the present Senators, 16 were not yet born in September 1918.

Perhaps the single most notable event in Richard's career came at one of the most tragic moments in the history of the country, an event which brought grief to the world. On the afternoon of the assassination of President Kennedy, it was Richard who took the sad news to Senator EDWARD M. KENNEDY, then presiding over the Senate, that his brother, the President, had been shot. At the request of the combined radio and television networks, Richard described the tragic moment before an audience of millions.

Retirement will give Mr. Riedel, now only 56, many challenging opportunities, among which will be to write a book about his Senate experiences and to give a lecture on events he has seen, illustrated with a dormitory color film of 16 millimeter movies he has made over the past quarter century. Richard is a deacon of Calvary Baptist Church, Washington, D.C., and vice president of his local PTA. A dedicated conservationist, he and his family can resume their travels to the wilderness areas of the country, using a camping trailer. His home, Horizons West, overlooks the Blue Ridge Mountains from Centreville, Va., where he lives with his wife Angela and daughters, Angela Lynn, 8, and Kathleen Cody, 5, and their venerable dog Mix, 13.

It is a great testimony to a young man, and he is still a young man, that he should have been in the Senate service for a period of 47 years. I can personally testify to his courtesy, unfailing kindness, and his desire always to serve to the best of his ability. The Senate will lose one of its most valued staff members.

I shall be personally sorry to see him go, but probably he has other plans, and this is the time to embrace them.

And so I say: Well done, Richard. From now on, take it a little easier. We are sorry to see you go.

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

Mr. DIRKSEN. I yield.

Mr. MANSFIELD. Mr. President, I join the distinguished minority leader in the remarks he just made about Richard Riedel.

When Congress adjourns later this year, a most faithful and able employee will be leaving the Senate after an extraordinary 47 years of service. I refer to the retirement decision of Richard Riedel who has been for many years the liaison man between the press corps and the Senate floor. Mr. Riedel completed 47 years of service on yesterday.

This is a most unusual record even for the Senate, and it should not pass unnoticed.

Richard, as Mr. Riedel has been known by everyone for as long as I can remember, began his career as a Senate page on September 27, 1918, during the Presidency of Woodrow Wilson. He was only 9 years old then. He served as a page until he was 13 and then stayed on as a liaison man between the press and the Senate floor, a post which he holds today. From his unique vantage point, he has watched history as it has been made in the Senate during the terms of Presidents Wilson, Harding, Coolidge, Hoover, Roosevelt, Truman, Eisenhower, Kennedy, and Lyndon B. Johnson. By personal count, Richard has known 564 Senators during those years. And of the present Members of the U.S. Senate, 16 were not born yet when Richard became a page.

Throughout this long and noteworthy career, his service has been marked by his high regard for the Senate as an institution and his unfailing courtesy toward Senators, the press, and his fellow employees. I have been on the receiving end of this courteous treatment, and I am grateful for it. I think it is this sense of responsibility toward the Senate and his associates, more than the length of his tenure here, that has made Richard Riedel's contributions so notable and valuable.

So, Richard, I join with your many friends in wishing you many pleasant years in retirement. Come back to see us when you can. You are always welcome here.

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

Mr. DIRKSEN. I yield.

Mr. SALTONSTALL. I wish to add my words concerning Richard Riedel and my expression of sorrow upon his leaving.

I believe one of my earliest memories of my work in the Senate was to hear him whisper in my ear that I was wanted in the President's room by one of the reporters. He always did it in a helpful, courteous way with a soft voice, to make one feel he was wanted by the reporter in question when Mr. Riedel transmitted his message to me.

I knew Richard Riedel before he was married. I met his good wife in one of his earliest years, it might be said, on their honeymoon.

I know he is now raising a family. I am confident he is a good father, and good and courteous to his wife and children, as he was to the Members of the Senate.

I shall miss him and his faithful, conscientious work to make all of us acquainted with what goes on in the world through the reporters' room and doing it in a way to make us know we were wanted without being a burden on us.

I wish him many happy years in whatever he may want to do.

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

Mr. DIRKSEN. I yield to the Senator from California.

Mr. KUCHEL. I can only reecho what has been said. In a real sense all the Members of the Senate reflect the same feelings which have just been uttered.

Forty-seven years as a servant of the people in the Senate is a long time, particularly when the years of service have been rendered by a fairly young man.

Richard has demonstrated an abundant loyalty to this institution and its Members. He has ever been kind and thoughtful in the discharge of his duties.

As our responsible leader has indicated, Richard has a patience which indeed is almost the patience of a saint.

In his years of service in the Senate he has seen American giants stride across this Chamber. He has, in truth, had a front row aisle seat on a moving panorama of history.

As he leaves he takes with him, for him and for his family, the very fond and affectionate regard of Members of the Senate, who together hope that his years in retirement will be fruitful, healthful, and happy. We wish him Godspeed.

On behalf of the minority leader I yield to the Senator from Kentucky.

Mr. COOPER. Mr. President, I regret very much the retirement of Richard Riedel, a valuable member of the staff of the Senate.

I remember that when I first came here in 1947 for a 2-year term, Richard Riedel was one of the first persons I met. A new Member needed information. He needed the kindness that Richard Riedel showed, and I became, I believe, his friend.

Throughout all the time I have known him he has always manifested that patience and kindness, and yet absolute devotion to his duty.

He may have been patient and kind, and yet he never failed to be loyal also to the press, because when he was told it was not convenient at the time he would always come back to remind Senators. He always had an obligation to those in the press.

I knew his mother, and I shall never forget his devotion to her throughout the years when she was well and then, again, when she was sick.

I had the occasion to meet his wife before they were married. I have marked, as have others, the joy of a life together.

I believe Senators will admit it is men like Richard Riedel who make this body what we always like to think it is; that men like him make it a place of honor and a place of integrity.

I am sorry he is retiring. I join Senators in wishing him continued happiness, continued success, and continued work in some endeavor that I know will be worthy.

Mr. McNAMARA. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield to the distinguished Senator from Michigan without losing my right to the floor.

Mr. McNAMARA. Mr. President, it comes as quite a surprise to learn that Richard Riedel is retiring from the Senate. I am conscious of his long years of service. I can add little to the comments that have been made by previous speakers; they have said everything I would say in relation to Richard's lengthy, faithful service to the Senate. They have expressed the wish that he will enjoy healthy and happy years from this time forward. I add my own sincere wishes in that respect.

I, too, have had the pleasure of meeting Richard's wife and family. They are a fine, distinguished American family.

Richard has been a most useful member of the Senate staff. He has always shown good humor. I believe I can make that statement without fear of contradiction.

All of us wish him nothing but the best for the future.

Mr. PROXMIRE. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield to the Senator from Wisconsin without losing my right to the floor.

Mr. PROXMIRE. I am happy to join in paying tribute to Richard Riedel. He tells me he is 57 years old. He looks to be 37. Considering that he has served in this body since 1918, that is hard to understand.

He has served as liaison between the Senate and the press corps, for whom he works, longer than any other member of that corps, with the exception of Gould Lincoln.

As I grope for a word to describe Richard Riedel, there are many that come to mind. He is the soul of courtesy. He is exceedingly thoughtful. But I suppose the one word that epitomizes his approach more than any other is gentility. He is truly a gentle man.

It has been a great pleasure to work with Richard Riedel. My only regret is that he is leaving the Senate service after having served with great distinction for so long a time.

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

Mr. YARBOROUGH. I yield to the Senator from Ohio without losing my right to the floor.

Mr. LAUSCHE. I regret that Richard Riedel is leaving the Senate. I have been a Member of this body for 9 years. I have had the opportunity to observe your fine virtues and characteristics. You have never been hesitant about helping me, Richard, whether I asked you or did not ask you. I have always observed that you have acted not in the way of a laggard, walking, but running in the performance of your tasks. You

have been patient; you have been helpful. I am deeply grateful to you for it.

You have served 47 years in Congress. That long term of service bespeaks your character most highly. You could not have remained here that length of time unless you had been made of solid, good timber.

My most conspicuous recollection of you, however, will be your appearance on television on the day that President Kennedy lost his life. You made an impression upon me that day that was far in excess of any of the impressions made by others who were telling about the death of our President.

My recollection is that you told of the task which was yours of approaching the Chair of the Presiding Officer of the Senate and telling a brother of the President, who was presiding, what had happened. You made a most impressive presentation.

I wish you success in whatever work you will follow. I thank you for your fine services to me. Finally, my best wishes go to your family, as well. Good luck to you.

Mr. BARTLETT. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield to the Senator from Alaska.

Mr. BARTLETT. Mr. President, I consider myself fortunate to have entered the Chamber at this time as tributes are being paid to Richard Riedel. I desire to associate myself with other Senators who have spoken about him upon learning of his impending departure, and who have wished him well in the days after he leaves the employ of the Senate.

Speaking for myself, I shall say that Richard has smoothed my path and made my burden much lighter. It is not only that he has done these things since I came to the Senate in 1959; but for many years before that—14 years before that, to be exact—when I was a Delegate in Congress from the Territory of Alaska, and when I was required to come to this side of the Capitol every so often in furtherance of legislation. From the very outset Richard Riedel was courteous and helpful to me.

I find it difficult to believe that he is 56 years of age. I find it difficult to believe that he has worked on Capitol Hill all these years. I know that the period ahead of Richard will not be inactive.

We wish the very best of health and happiness to Richard and his family.

The PRESIDING OFFICER. The Senator from Texas is recognized.

Mr. YARBOROUGH. Mr. President, we regret to see Richard Riedel leave this Chamber.

In my 8 years here, I have seen him perform with all the courtesy, agility, and intellectual capacity that have been ascribed to him.

When I learned, within the past 48 hours, that he was to retire, I was astonished to learn that he is old enough to retire. He moves with the vigor of youth. His life exemplifies the opportunities for employment and service in the Senate.

He started to work on the Senate floor at the age of 9. The minimum age for pages is now 14 years.

I congratulate Richard upon his long and successful service to a very vigorous establishment that puts great demands and exaction upon its employees.

Richard is a man in good health. He came to the Senate when two Civil War veterans—Francis E. Warren, a Union veteran, and John H. Bankhead, Confederate—were Members of the Senate.

Over the years Richard has known 564 Senators, approximately one-third of all Senators who have served this country from the formation of the Government and the adoption of the present Constitution.

Texas, at the time Richard entered the service of the Senate, had Charles A. Culberson, who served the Senate for 24 years. There was also Morris Sheppard, who served the Senate for 30 years, the longest period of time that any person from Texas had ever served the Senate.

We congratulate you, Richard. We have read with a little trepidation that you plan to write a book about the Senate. There was a time a few years ago when a politician, hearing that there was a book to be written about him, threw out his chest with pride. However, in recent years when a politician hears that a book is to be written about him, he hopes that the person intending to write the book will merely forget about it.

I have heard that Richard will show a documentary color film. I do not know what the film will record since pictures may not be taken in the Senate Chamber. However, I assume that a man who has served with one-third of all Senators who have ever served this body, including such illustrious Senators as William E. Borah, Henry Cabot Lodge, the grandfather of the Ambassador, Hiram Johnson, the La Follettes, John Sharp Williams, Tom Connally, of my State, the present President, Lyndon Johnson, the late beloved President, John F. Kennedy, and some Senators and Vice Presidents who were not quite as voluble or articulate as some of the latter ones—one of these would be Cal Coolidge—will have sufficient material.

Richard will have plenty to tell and much to show in his film.

We wish you continued years of vigor and good health. I personally thank you for all the courtesies you have shown me since I first came to the Senate. When I first came to the Senate 8 years ago, you came up and whispered in my ear that those in the press room wanted to see me. It was said with all your enthusiasm, as though I was about to be awarded three honorary degrees at one time.

Richard has made every Senator feel a little taller and a little lighter as he walked out for some expected event.

We congratulate you for all that you have done for the Senate of the United States over your long period of service.

Mr. TOWER. Mr. President, I join my colleagues in expressing a great sense of respect for Richard Riedel. We express our appreciation to him for the service he rendered and our regret at his leaving.

I have known Richard to be a man of profound and strong religious conviction. I have always been grateful for his kindness and courtesy to me and for the very great help that he was to me when I first entered the Senate. He has contributed vastly to my education. I, along with others, am profoundly sorry to see him go. We do express to you, Richard, our appreciation and Godspeed.

Mr. BYRD of Virginia. Mr. President, I was surprised today to learn of Richard Riedel's intended retirement in the immediate future.

I knew Dick's service to the Senate exceeded my time here, but I did not know he had been here 47 years.

As a resident of Virginia, he is a constituent of mine, and as a man who has shown me so many courtesies my friendship for him started on the day I came to the Senate.

His youthful appearance and the vigor with which he goes about his duties belie his long experience.

It is an experience which I know he cherishes. It has endeared him to more than 500 Senators and 9 Presidents.

Certainly he has earned retirement. As one who loves his family, his home, the beauties of Nature, and all of the good things of life, I know he will make the most of it.

He and his fine family have my very best wishes.

Mr. CARLSON. Mr. President, it seems almost unbelievable that Richard Riedel, affectionately known by all of us as Dick, is retiring as press liaison after 47 years in the service of the U.S. Senate. Dick looks much too young to have served this long.

Dick was appointed as a page when he first came to the Senate at 9 years of age and has been closely associated with Members of the Senate and the press since that time.

At the time Dick became a page, Roy Roberts, editor and publisher of the Kansas City Star, was serving as a correspondent in the Press Gallery. He took a very special interest in Dick as a youth and their close friendship still continues. Every time I visit with Roy Roberts in Kansas City, he asks me about Dick and how he is getting along.

The friendship that developed between Dick and Roy Roberts is typical of the friendships he has made with Members of the Senate and members of the press during these many years of service.

We are going to miss his friendly greeting and loyal service, but I do wish for him many years of well-earned and well-deserved retirement.

Mr. LONG of Louisiana. Mr. President, I very much regret that Dick Riedel is retiring and will not be with us on the floor of the Senate in the years immediately ahead. We hope he will come back and visit where he served so long.

When the Senator from Louisiana took his oath of office he became the first Member of the Senate to have been born subsequent to the time that Dick Riedel went to work for the Senate.

Since that time there have been a number of other Senators—I suppose now there are 17 Senators in the body, including our distinguished Presiding Officer, the present occupant of the chair—born subsequent to the time Dick Riedel went to work for the Senate.

He has become an institution and has rendered yeoman service for all of us. We wish him the happiest retirement and we dislike to see him depart from the Senate.

He has been extremely courteous, considerate, and kind to me, all members of the Press Gallery, and all who work for the U.S. Senate.

We shall miss him very much.

Mr. AIKEN subsequently said: Mr. President, I am informed that during my absence from the Chamber earlier today, there were a great many kind and appreciative words said about Richard Riedel, who is retiring as one of our very fine assistants in the Senate, after 47 years of service. I should like to add my voice to those who have expressed their appreciation for the fine work which Richard has done for us, and to express the hope that he and his wife, Angela, and their children, will from now on have time to do many of the things they have always wanted to do.

There is much more I could say about Richard, were I to take an hour.

Mr. MORSE subsequently said: Mr. President, the announcement to which the Senator from Vermont has referred comes as a complete surprise to me. I wish to take just a moment to comment upon it.

I did not know that Richard Riedel was retiring from the staff of the Senate. I should like to have these brief remarks added to the tributes paid to him by other Senators.

In my many years in the Senate, I could not have received more courteous and helpful treatment from a member of the staff than that which I have received from Richard Riedel. He is a wonderful man, a man who is deeply religious and practices his Christian faith. I have nothing but great admiration for his character, for his dedicated service to the Senate, and for his fine citizenship. He has a fine family, and I wish to say that one could not be a more devoted husband and father than Richard Riedel. The Senate will suffer a great loss in the loss of his services. I never knew about it until the moment the Senator from Vermont spoke. In fact, I shall chastise Mr. Riedel a little for not letting me in on the secret in advance.

But he is a fine friend. I am exceedingly fond of him, and I am very sorry to hear he is leaving the service of the Senate.

Mr. DOUGLAS subsequently said: Mr. President, I did not learn of the coming retirement of our good and faithful press liaison officer, Richard Riedel, until this afternoon.

I am sorry that Richard Riedel is leaving us, but I want to wish him well and to state my own appreciation for his perceptive and dedicated service to the Senate over almost half a century. Even those of us who would reform certain aspects of Senate practice deeply value the Senate as a remarkable institution of democracy and we recognize that the staff of the Senate contributes in enduring and important, but often unsung, ways to the operation of this body. The maintenance of liaison between Senators and members of the press is of crucial importance and Mr. Riedel has managed this with care and with understanding.

Richard Riedel brought to his service to the Senate not only a perfectionism, but a deep affection for the history and traditions of the Senate. I would like to relate one small illustration. The room in which Senators meet with reporters after Richard has arranged such discussions is, of course, the President's room just off the Senate floor. While the room has been used only for ceremonial purposes and for press meetings in recent years, Richard, in effect, has been custodian of the fact that every President since perhaps Lincoln has been in the room as President. After the election of President Kennedy, Richard was properly conscious—and I would guess somewhat worried—that there was a present gap in the history of the room.

During a visit of the President to the formal opening of the new Senate reception room in the east front, in the early months of his term of office, Richard Riedel prevailed upon the President to briefly visit the President's room and so continue the history of it. While a relatively small matter I think it illustrates Mr. Riedel's perfectionism and dedication for which we all praise him.

Despite his 47 years of service here, Richard Riedel is a young man still, and especially so in heart. May he and his family enjoy these coming years richly as he and they so clearly deserve.

Mr. JAVITS. Mr. President, Richard Langham Riedel, who has served the Senate for 47 years, will be retiring at the end of this session of Congress. He has set a record in his tenure as liaison between Members of the Senate and the press. I wish to take this opportunity to congratulate and thank him for his devoted and able service to Senators, as have a number of other Members.

Typical of the esteem in which Dick has been held by both Senators and the members of the press corps is a letter which he has received from the editor of the Buffalo Evening News, in the State I represent. I ask unanimous consent that this fine tribute be printed in the RECORD at this point in my remarks.

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

BUFFALO EVENING NEWS,
September 27, 1965.

Mr. RICHARD RIEDEL,
Press Liaison, U.S. Senate,
Washington, D.C.

DEAR DICK: Roland Powell, our new man in Washington, was thoughtful enough to tell me about your retirement after 47 years' service with the U.S. Senate. That is a real record, considering all the comings-and-going that the intervening years have witnessed. Many a Senator could be mighty proud, were he able to claim it.

This is just a word to thank you for kindnesses in the past and to express all good wishes for health and happiness.

Sincerely yours,

A. H. KIRCHHOFER.

Mr. JAVITS. Mr. President, I wish Dick and his family all the best for many years.

Mr. YARBOROUGH. Mr. President, I ask unanimous consent that I may yield to the distinguished Senator from Alaska [Mr. BARTLETT] without losing my rights to the floor.

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

AMENDMENT OF SECTION 510 OF THE MERCHANT MARINE ACT, 1936—CONFERENCE REPORT

Mr. BARTLETT. Mr. President, I submit a report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 728) to amend section 510 of the Merchant Marine Act, 1936. 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 September 24, 1965, pp. 25024–25025, 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. BARTLETT. Mr. President, on August 26 the Senate passed, as amended, H.R. 728, a bill to extend and broaden the vessel exchange program under the Merchant Marine Act, 1936. There were several differences between the bill as it passed the House and the measure as it passed the Senate and the Senate asked for conference. During the last 2 weeks the House and Senate conferees have met twice to work out differences in the bill and the House accepted the conference report on September 24.

In conference the Senate accepted the House amendment relating to the sale of vessels traded in or otherwise acquired by the Department of Commerce. The House amendment, however, was modified as recommended by the Maritime Administration to assure that the amendment would not interfere with the sale of vessels for nontransportation use and for other purposes.

The House accepted the Senate amendment proposed by Senator WILLIAMS of Delaware relating to the valuation of vessels traded in and exchanged out. This Senate amendment was also modified in conference to broaden its application to include the valuation on vessels exchanged in and to clarify the basis of valuating vessels traded in before October 1, 1960.

The third area of disagreement involved the conditions under which tankers in the reserve fleet could be exchanged out. Under the provision as agreed to in conference, the bill would permit tankers to be exchanged out but only if converted for use as dry bulk carriers or container ships and for certain liquid bulk carriers. The legislation would prohibit the use of these tankers as carriers of petroleum products such as

crude oil, gasoline, or kerosene. But the legislation would permit the tankers to be taken from the reserve fleet and converted into nonpetroleum type liquid bulk carriers for the purpose of carrying other liquid cargo such as liquefied gases including butane, menthene, propane, or liquid sulfur, phosphoric acid, or other chemical products.

The House receded from its amendment that would restrict the tanker to use in the domestic trade or prohibit the use of the vessels in any construction or reconstruction of another vessel.

The Senate, however, accepted the House amendment which would permit these tankers to be used as tankers or otherwise on the Great Lakes without conversion. But under no other instance may these tankers be exchanged out without a commitment for a major conversion.

The principal point at issue so far as the Senate is concerned related to an amendment offered by the Senator from Delaware [Mr. WILLIAMS] and accepted by the Senate. That amendment was altered in conference as to the language, but not as to principle.

The Senate conferees returned with the principle of the Williams amendment intact. It is my understanding that this language is satisfactory to the Senator from Delaware.

Mr. WILLIAMS of Delaware. Will the Senator yield?

Mr. BARTLETT. I yield.

Mr. WILLIAMS of Delaware. Mr. President, it is my understanding—and I have examined the language—that this amendment involves a slight change in the language itself. It does not in any way change the intent of the amendment as it was offered and as it was agreed to by the Senate.

Mr. BARTLETT. The intent is not altered at all. The language which we have before us now is somewhat more protective of the Government interest.

Mr. WILLIAMS of Delaware. That is my understanding. With that explanation, I am perfectly willing to go along with the modified language because the main objective of the amendment offered at that time was to make sure that under all circumstances the interest of the U.S. Government would be protected in any future trades, and that the Maritime Commission would try to get the most advantageous deal from the standpoint of the taxpayers when the Commission traded these ships out of the merchant marine fleet. The Commission was not supposed to trade them out at a ridiculously low level and then give an exaggerated value on a ship that was being taken in.

I stated that I believe that the trading of merchant marine vessels should be carried on in the same manner as that of a private businessman if he were trading cars. The private businessman would try to protect the interest of the corporation for which he was working. In this instance the Maritime Commission is working for the American taxpayers, and should try to protect their interest in all transactions.

Mr. BARTLETT. That desire, incorporated in the original language of the Senator, was agreed to by the Senate and has been preserved in the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

HEMISFAIR 1968 EXPOSITION, SAN ANTONIO, TEX.

The Senate resumed the consideration of the bill (H.R. 9247) to provide for participation of the United States in the HemisFair 1968 Exposition to be held in San Antonio, Tex., in 1968, and for other purposes.

Mr. YARBOROUGH. Mr. President, H.R. 9247 is a companion bill and similar to S. 2167, coauthored by my colleague from Texas [Mr. TOWER] and me. Hearings were held before the Senate Committee on Foreign Relations on Tuesday, August 17, on our measure.

The complete report of the testimony heard before the committee is printed under Calendar No. 756 at pages 7 through 41. The majority report of the Committee on Foreign Relations is printed in the report along with the minority views of two members of the committee.

The purpose of this legislation, to provide for the participation of the United States in the HemisFair 1968 Exposition to be held in San Antonio, is stated as threefold.

These purposes are:

First, to honor and display the diversified culture of Pan America, including the history, art, industry, commerce, and economic development of each of the nations of the Western Hemisphere, their interrelationships and common ties, and the contributions to their development from Europe, Asia, and Africa.

Second, encourage, coincident with the Olympic Games being held in Mexico City in 1968, tourist travel in and to the United States, stimulate foreign trade, and promote cultural exchanges; and

Third, commemorate the 250th anniversary of the founding of historic bilingual San Antonio, the gateway of Latin America.

Mr. President, though both the crown and the Spanish missionaries had earlier posts and settlements in Texas, the first enduring Spanish settlement was San Antonio, founded officially in 1718. The year 1968 will be the 250th anniversary of that founding. But the purpose of the exposition is far beyond mere commemoration of the 250th anniversary of the founding of San Antonio.

The bill to provide for participation is necessary for another very important reason. As will be stated later, the city of San Antonio and the State of Texas have already committed and appropriated over $54 million to the project, and delegations from that city and State have gone through many of the nations of Latin America, to Central America, to Mexico, to a majority of the nations of South America, and have had an enthusiastic response to the proposal for the HemisFair.

But, Mr. President, it requires a national act to induce participation of those nations. They are very proud of their independent status, and if the HemisFair is sponsored by the State alone, and not by the Federal Government, it will not be considered an international fair. It is referred to in some of the papers filed as a domestic exposition. It is not purely a domestic exposition, such as the great State fairs of Iowa and Texas and some others, or the trade fairs we have within the United States, or a national automobile show. It is a domestic international exposition, meaning that it is held within the boundaries of the United States, but is international in character.

There exists at the present time a very fine organization which has some control over international fairs. That organization is the Bureau of International Expositions, the BIE, with offices in Paris, France. If the BIE does not approve an exposition or fair, the nations of the world generally will not participate in it.

The last international exposition held in the United States which was approved by the Bureau of International Expositions was the Seattle Exposition, authorized by an act of Congress in 1958 and commenced in 1962. The Seattle Exposition was a very successful exposition. It was in the black; it made a profit, one of the few modern world expositions, held in this country, at least, which made a profit.

We have reason to believe, from preliminary statements, that the BIE, in its meeting in October or in its final meeting in November of this year, will approve the proposed exposition. There are, however, a number of things necessary to obtain the approval of the BIE. The proposed exposition must be approved by the nation in which it is to be held, and it must have substantial financial support from the interests of the locality where it is to be held. In this case, the city of San Antonio has voted a $30 million bond issue, and the business interests of San Antonio have pledged some $7 million in private funds. The Legislature of Texas has already voted $4.5 million, and placed the State approval upon it, and there is a tentative promise that the legislature will in the future, if the project becomes federally approved, add an additional $3 million to its contribution, making $7.5 million from the State itself.

The governments of the mother countries of the first settlers of San Antonio and Texas have indicated great interest in the exposition. After Spain built its original fort out there in 1718, and brought in the first settlers from the Canary Islands, the flag of Spain waved over the fort and the city for more than 100 years before Mexican independence was established. Thereafter, San Antonio was the center of government, the capital of the Mexican province of Texas, and the Mexican flag flew over San Antonio. It was, in addition to being a military center, a center of cultural and religious activities, and the real capital of Texas in all respects.

The people of Spain and the people of Mexico have shown great interest, because of their contributions to the growth of San Antonio. It is called a bilingual city. It is now one of the 15 most populous cities in America. Hundreds of its residents speak Spanish.

There was a time when San Antonio might well have been called a trilingual city, because under the census of 1870, more people in San Antonio spoke German than spoke either Spanish or English; and during that era, by act of the legislators of Texas, the Texas laws were published in three languages: English, Spanish, and German.

So the cultural background of the city is varied. It is an ideal location for an exposition such as the proposed HemisFair. The people there have shown their interest by voting the bond issue previously mentioned, by which they will tax themselves $30 million to put this fair on.

The proposed HemisFair has another purpose, in addition to the commemoration of the events we have narrated. It has the purpose, also, of improving our international relations. I read from the report from the U.S. Information Agency. The USIA commented:

> The Agency favors the enactment of this legislation. The purposes of the HemisFair and the activities would, in our judgment, enhance Western Hemisphere friendship and understanding.

The Treasury Department has written that it views with interest the foreign travel promoting aspects of the fair, in the light of administration policy to encourage foreign travel in and to the United States, "in order to reduce the deficit in our foreign travel account, and to assist in the achievement of equilibrium in our international accounts."

The pending legislation is study legislation. All it does is authorize a study. In addition to approving the proposed exposition as an international fair, it also authorizes the executive department to study the HemisFair, after approval, to see to what extent, if any, the U.S. Government will appropriate money for such purpose.

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

Mr. YARBOROUGH. I yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. Do I understand correctly that the bill merely authorizes the making of a study?

Mr. YARBOROUGH. That is correct.

Mr. LAUSCHE. And from that study must come a recommendation to the Congress of what Federal participation shall be, and a recommendation as to what amounts shall be authorized for the participation?

Mr. YARBOROUGH. The Senator is correct, insofar as financial participation by the United States is concerned.

The authorization would mean that the U.S. Government would invite other nations to participate in the fair. That we must do, or those foreign nations will not feel they are participating in something that is truly an international fair.

Mr. LAUSCHE. I note that section 5 states:

> The President shall report to the Congress during the first regular session of Congress which begins after the date of enactment of this act with respect to (1) the findings derived from the study referred to in section 3.

Mr. YARBOROUGH. That is correct.

Mr. LAUSCHE. It further states:

> Together with such recommendations as the Secretary of Commerce and the President may deem appropriate concerning the most effective manner of representation of the United States at the exposition.

Mr. YARBOROUGH. That is correct.

Mr. LAUSCHE. The Senator construes that language as I do, to mean that next year—would it be next year?

Mr. YARBOROUGH. We hope it will be, yes. Because unless the exposition is approved by the BIE in Paris this year, we shall have an entirely different situation. We do not know what the future will be, but we may suppose, from the preliminary reports, that we shall have Bureau of International Expositions approval, because there is no conflict anywhere in the world, and the San Antonio area has never had a truly international exposition before.

Mr. LAUSCHE. The bill, as now written, does not authoize the expenditure of any money for buildings.

Mr. YARBOROUGH. No; the only expenditure authorized is the expenditure for the study. That provision is contained in the last paragraph. It is section 6. It is the expenditure for a study.

Mr. WILLIAMS of Delaware. Mr. President, will the Senator yield?

Mr. YARBOROUGH. I yield.

Mr. WILLIAMS of Delaware. Referring to the authorization for the study, the bill as it was reported by the Committee on Foreign Relations struck out section 6. That section was deleted.

Mr. YARBOROUGH. Yes.

Mr. WILLIAMS of Delaware. The bill before us now carries that authorization. Would the Senator be willing to accept the bill as it was reported by the Senate Committee on Foreign Relations?

Mr. YARBOROUGH. I should like very much to be able to say "Yes" to the Senator's question. I would like to accept the report of the committee, but let me state to the distinguished Senator from Delaware that we find ourselves in a predicament. We are near the end of the present session of Congress. The preliminary BIE meeting will be held in Paris in October.

We did not ask the House to pass the bill with section 6 in it. We accepted the deletion of section 6 by the Committee on Foreign Relations. We face a factual situation. If we accept an amendment deleting this section, the House may say "No," and insist on a conference. The conference committee might not meet. The possibility is that we could be delayed a year or more. If the United States were to issue these invitations, the countries would come. We know that.

We know that many Latin-American nations are coming in, even if the United States did not participate, because the $54 million which the city of San Antonio, the State, and private interests are putting up would so far exceed any Federal participation that the fair would certainly go on.

The main purpose of section 2(b) is to authorize the President, through the Secretary of Commerce, to make a study of possible U.S. participation in the fair.

The bill would, right now, if enacted into law, by section 2(b), authorize and request the President by proclamation, or in any other manner he may deem proper, to invite the States of the Union and foreign countries to take part in the exposition.

The delegation from San Antonio has been to Latin America and has been assured that some nations plan to participate in this great HemisFair exposition. Technically, this is an international exposition, not a world's fair. It has a different classification under the BIE in Paris. This will be the HemisFair for the Western Hemisphere and, thus, if we accepted the amendment, and later a deadlock developed with the House, the whole fair might well be lost, because it would be 1968 before another meeting of the BIE would be held, after the October and November meetings. The HemisFair officials wish to start construction out of the $54 million in State, city, and local money which has been pledged.

The fair will be located in an old Spanish section of San Antonio, near the downtown area, and within easy distance of all downtown hotels. Approximately 86 percent of the buildings in that area have already been demolished.

Thus, time is of the essence.

We fear that if there is a change in the House bill, with the possibility of a conference, the opportunity of meeting BIE approval may not be obtained, although every requirement of BIE has been met, except Federal Government approval of the fair.

Mr. WILLIAMS of Delaware. I appreciate the position of the Senator from Texas, but I believe that he is unduly alarmed. If we accept the amendment, and it would be agreeable to the Senator from Texas to do so, as the Senator in charge of the bill, why have a conference? The House can accept the Senate amendment. If the Senator from Texas, representing his great State, which is involved in this fair, is willing to accept the amendment, there should be no controversy with Members of the House.

Mr. YARBOROUGH. Mr. President, I suggest the absence of a quorum, without losing my right to the floor.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. YARBOROUGH. 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. YARBOROUGH. Mr. President, in stating the purpose of the HemisFair, I was stating that no agency of the U.S. Government is opposed to it. They all favor it. Let me emphasize that the only authorization in this proposed legislation is for a study—nothing more.

Any funds for building would have to go through the full authorization and appropriation process in the future, after Congress has had the opportunity to

study the recommendations of the Secretary of Commerce.

The bill would authorize the President to issue invitations to foreign nations and all the States of the Union to participate, and would also authorize the President, through the Secretary of Commerce, to start the study to determine whether the United States itself will come in and have an exhibit or a building, or participate in some way.

Two separate points should be mentioned: First, the President's endorsement on this bill as a hemispheric fair. That is done in this bill, but participation in the future is not. The bill merely provides for a study, and provides expressly that the only expenditure of funds authorized is $250,000 for a study.

The Department of Commerce now has a bureau which has been set up to cooperate with the BIE—that is, the Bureau of International Expositions. This bureau studies these fairs, and would then study this bill, to show if any U.S. money should be put in. No U.S. money is authorized here, except funds for the study.

Mr. LAUSCHE. Mr. President, will the Senator yield for a question?

Mr. YARBOROUGH. I yield to the distinguished Senator from Ohio.

Mr. LAUSCHE. That is, the only authorization for the expenditure of money in the bill is that of allowing an expenditure of $250,000 to make a study?

Mr. YABROROUGH. That is all the authorization in the bill.

Mr. LAUSCHE. Neither Senator from Texas [Mr. YARBOROUGH and Mr. TOWER] construes any language in the bill to authorize the expenditure of any money for the construction of a building or buildings?

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

Mr. YARBOROUGH. I yield to my colleague.

Mr. TOWER. My colleague from Texas and I have both discussed this project. We have no understanding that there is any authorization beyond the $250,000 for a study. I do not think I would support any measure that provided for a blanket authorization. This is absolutely only an authorization for a study. There is no authorization for the construction of a building. If there is to be such an authorization, we must come back to the Senate and ask for an authorization.

Mr. LAUSCHE. Section 2, beginning on line 13, reads:

> To implement the recognition declared in the first section of this act, the President, through the Secretary of Commerce, shall cooperate with the State of Texas with respect to, and determine the extent to which the United States shall be a participant in and an exhibitor at, the exposition.

The Senator from Texas [Mr. TOWER] does not construe this language to be an authorization for the construction of a building. Is that correct?

Mr. TOWER. I do not see any way the language could be so construed. I think it should be construed as follows: If the administration should determine that participation of the United States was feasible, practicable, and desirable, the administration would then have to come to Congress and ask for a further authorization before any money could be spent for any such purpose.

Mr. YARBOROUGH. Mr. President, I concur in the interpretation of the proposed act as just stated by my colleague from Texas.

Mr. LAUSCHE. I invite the attention of the two Senators from Texas to lines 21, 22, and 23, on page 4, in section 5 of the bill. Section 5 provides:

> The President shall report to the Congress during the first regular session of Congress which begins after the date of enactment of this act with respect to (1)—

I shall not read (1) because I have already read it. Then, with respect to (2)—

> the amount of appropriations which are necessary to accomplish such representation.

It is my understanding that neither Senator from Texas, sponsors of the bill, construes the language of lines 21, 22, and 23 to authorize an appropriation.

Mr. TOWER. I would say quite to the contrary. The language is very specific that included in the President's report will be contained the amount the President deems necessary in any recommendation that is made. In other words, the bill directs the President to have a study made. If participation is decided upon, as well as the extent to which money is required, the authorization will have to come up for consideration by the Congress.

Mr. LAUSCHE. I knew the Senator from Texas would be true to his fiscal philosophy of being against open-ended authorizations.

Mr. TOWER. I have consistently been against back-door spending, and always will be, whether it be related to spending in Texas or not. I assure the Senator that this is the way I construe the bill. I think it is the only way that any lawyer or judge could construe it. I do not see how there could be any difference of opinion on it.

Mr. YARBOROUGH. Mr. President, I have concurred so often in what my colleague has stated this afternoon that, lest I be misunderstood, let me say there is nothing unconstitutional in open-ended authorizations, and is not considered as back-door spending.

However, there is nothing in the bill providing for such authorization. This bill is not an open-ended authorization, but provides a very limited authorization for a study. The bill directs the President to send it back to the Department of Commerce, the business branch of the Government. Then it comes back with a report as to such recommendations as the Secretary of Commerce and the President shall make. It requires the business branch of the Government to report.

Mr. LAUSCHE. Then, Mr. President, I am justified in concluding that before any authorization for construction of a building or buildings is made, the proposal would have to come back to Congress with the recommendation of the Secretary of Commerce and the President, and the authorization would have to come from Congress. Is that correct?

Mr. YARBOROUGH. And if they do not recommend participation, we are stopped there. We must have their recommendation and then come before the Congress of the United States.

Mr. WILLIAMS of Delaware. Mr. President, if the Senator will yield, I am glad the Senators from Texas have responded as they have to the questions of the Senator from Ohio. That clears up one point. There is another point which I would like to have cleared up.

Section 6 of the bill as reported by the Foreign Relations Committee was deleted. The purpose of that section was to provide an authorization of $250,000. The bill reported by that committee provided no such authorization. The House bill provides for $250,000.

I would prefer to strike out that authorization and take the Senate bill, but in order to expedite consideration of this matter, I am wondering if the Senator from Texas [Mr. YARBOROUGH], as manager of the bill, would be willing to amend the bill by striking out the figure $250,000 and inserting in lieu thereof $125,000? If so, I would be willing to go along and let the matter go to conference.

Mr. TOWER. Mr. President, would the Senator consider $150,000?

Mr. WILLIAMS of Delaware. No. If it had called for $300,000, I might consider cutting it in half. I would rather stand by the Senate bill, but I appreciate the position of the two Senators from Texas, and I would like to expedite action on the bill. In recognition of the frankness with which they have discussed the bill, I would be willing to go along with a figure of $125,000.

Mr. YARBOROUGH. The House provided what I think is the very modest amount of $250,000 for this purpose. That amount was stricken out by the Senate Foreign Relations Committee. There were representatives of the Department of Commerce before the committee. They were told to take this money out of the Department budget. The Department, of course, would have trouble trying to pull money out of other projects for this purpose.

Mr. President, in line with all the colloquy that has taken place and the statements which have been made, I am willing to accept the amendment in an effort to expedite action.

Mr. WILLIAMS of Delaware. I appreciate that. I know it was the feeling of the committee that the Department had adequate funds.

Mr. President, I send an amendment to the desk on behalf of myself and the Senator from Ohio [Mr. LAUSCHE].

The PRESIDING OFFICER. The amendment offered by the Senator from Delaware for himself and the Senator from Ohio will be stated.

The LEGISLATIVE CLERK. It is proposed, on page 5, line 2, to strike out the figure and insert in lieu thereof "$125,000."

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The bill is open to further amendment.

HEMISFAIR 1968 FOR ALL THE AMERICAS

Mr. YARBOROUGH. Mr. President, since the beginning of recorded history, international fairs and expositions have served to advance international cooperation and understanding. A major element in the emergence of the people of Europe from the Dark Ages into the light of the modern world, was the trade fairs which promoted commerce and travel, and which served to awaken a whole civilization.

Today our relations with the nations of Latin America are troubled. There is much misunderstanding between the people to the south of the Rio Grande and the Norteamericanos. There is need for the people of this hemisphere to understand each other, to appreciate the unique qualities of each Western Hemisphere nation, and to understand the difficulties which each faces. There is especially a necessity for the people of this country to know more about their neighbors, because as the most powerful nation in the hemisphere we bear a tremendous burden for the future development of this part of the world, and we cannot discharge this responsibility well unless Americans gain more knowledge and insight into the history, beliefs, culture, and problems of the other Western Hemisphere nations.

The San Antonio HemisFair 1968 Exposition was conceived from the beginning with these realities in mind. The fair is designed to enhance the existing brotherhood between New World nations, reaffirm common ties, increase understanding, and fortify world peace. It will honor and display the diversified cultures of Pan America, including the history, art, industry, commerce, and economic development of each of the nations of the Western Hemisphere, their interrelationships and common ties, and the contributions to their development from Europe, Asia, and Africa.

BACKGROUND OF HEMISFAIR

The development of the HemisFair idea by the people of San Antonio has been characterized from its inception by the fullest communitywide support. San Antonio business firms and individuals have pledged nearly $8 million in underwriting to provide financing for preopening expenses. In 1964 the voters of San Antonio voted by 3½ to 1 for a $30 million bond issue to facilitate the city's participation. The State of Texas has appropriated $4.5 million of an expected $7.5 million for its participation. Total financial support to date for HemisFair has reached $54.2 million.

The exposition has secured from the city of San Antonio a lease on 91.3 acres in the central business district, two blocks from the Alamo. Demolition is 86 percent complete on the site.

The theme of HemisFair is the "Confluence of Civilizations." This theme will be developed generally through four categories of exhibits: "The Legacy" or the past, "The Harvest" or the present, "The Promise" or the future, and "The Folklore." I ask unanimous consent to insert at this point in the RECORD a description of the general layout of the fair and the ways in which the different themes will be developed.

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

EXCERPT FROM STATEMENT OF MR. WILLIAM SINKIN, VICE CHAIRMAN, BOARD OF DIRECTORS, HEMISFAIR, 1968

The fairgoer will enter the exhibit through the Plaza de Libertad, a tree-shaded court of liberty with sculptures of the great liberators of the Americas, each donated by his own country. Unfolding chronologically the history of the Western Hemisphere represented by its migrations, settlements, discoveries, conquests, and the history of its ancient civilizations, the exhibit will contain the greatest assembly of pre-Columbian art and sculpture the world has even known.

In the great Hall of the Legacy, through the medium of a 360-degree motion picture, the literature, languages, architecture, and sciences of the old cultures, and the religions and economic development of the hemisphere will be shown.

The "Way of the Harvest," in a series of variable spaces, through the media of photographs, sound, and animated exhibits, will portray the cultural, scientific, educational, technical, and recreational development of the Americas with emphasis on special programs to improve living standards, to combat poverty, and to exploit natural resources.

The "Promise" area of the exhibit will emphasize mutual aid, technical cooperation, cultural and scientific exchange, and progress through international organizations. In this area, too, will be displayed the growing interfaith relationships among the religions of the hemisphere, the philanthropic medical missions, prevention of disease, education in new areas, urban and regional planning with emphasis on better housing, cities of the future, and life in space.

Finally, the fairgoer will arrive at the Plaza de Folklorica, the people place, where the Cadena de Amistad, or chain of friendship will be displaced through the folk art, handicrafts, music, and dancing from the past to the present and projected into the future.

EXCERPT FROM STATEMENT OF ALLISON B. PERRY, ARCHITECT, DIRECTOR OF DESIGN AND ARCHITECTURE, HEMISFAIR 1968

The central business district of San Antonio lies in the center of an area surrounded by an interstate highway loop system. HemisFair visitors will arrive by automobile from the north, south, east, and west and utilize this expressway system to arrive in the downtown area. The site of the fair is two blocks from the Alamo in the heart of the central business district. The San Antonio River, on the bank of which the town was founded in 1718, flows from north to south, with the downtown river bend, which we call Paseo del Rio, beautifully landscaped, developed with wide walks and bridges. Restaurants, shops, nightclubs, park areas, and the Arneson River Theater all front on the river in the Paseo del Rio area. Commerce and Market Streets are an important one-way pair in the town plan linking together all the major open spaces in the downtown area, from the colorful Mexican Market to Military Plaza, with the Spanish Governor's Palace to the Paseo del Rio area, with the giant cypress, cottonwood, and pecan trees, through La Villita, terminating at the HemisFair site which will be the permanent civic center of San Antonio. We are going to extend the river channel between Commerce and Market Streets east to a point where the river will flow into a lagoon within the convention center complex. A transportation terminal, including boat marina, bus terminal, auto parking, and a heliport will complete the Commerce-Market Street development.

HemisFair site development will include the $10 million convention center complex which will start construction January 1, 1966. The theme area for the fair lies in the center of the site, with foreign national exhibits, the U.S. exhibit, the State of Texas exhibit, and the San Antonio Tower developed within this area. The U.S. exhibit should properly be the theme exhibit of HemisFair, depicting the flowing together of civilizations in the Western Hemisphere, the welding together of peoples to form a nation, the legacy of the past, the harvest of the present, and the promise of the future. A waterway will meander through the grounds, which are heavily endowed with large shade trees and some small clusters of 100-year-old early Texas adobe houses which will become small exhibit structures during the fair. It is planned that trees, waterway, these permanent pavilions and plazas will make up a permanent garden area after the fair for the city of San Antonio. HemisFair rides and amusements will be developed east of the theme area with an outdoor stadium seating 10,000 persons for outdoor shows and athletic events. Over 1 million square feet of exhibit pavilions will ring the perimeter of the site containing the industrial exhibits, restaurants, and concessions. Adequate parking is insured with 6,000 cars east of the fair property line in a future expressway right-of-way which will be cleared but not yet built in 1968, as well as the parking structure with a 2,000-car capacity and nearby parking lots with a total capacity of 2,500.

Mr. YARBOROUGH. Studies have shown that a fair of this type has a 750-mile radius area of primary attendance. The 750 miles surrounding San Antonio contain a population of 34 million people. In addition, the Olympic Games will be held in Mexico City during the summer of 1968, bringing tens of thousands more people from all over the world into the area. A conservative estimate indicates an attendance of 7.2 million visitors to the San Antonio exposition.

PURPOSE OF THE LEGISLATION

The purpose of the present legislation is twofold. First, it constitutes recognition of the exposition by the U.S. Government. This is necessary in order to secure approval by the Bureau of International Expositions in Paris. HemisFair has scrupulously followed all the requirements of BIE approval. Recognition by the U.S. Government is the final step.

HemisFair is on the BIE agenda for its October meeting. It is crucial that this legislation be enacted now, in order to allow sufficient time for foreign governments to plan their participation.

I might add that HemisFair will be the first exposition since the highly successful Seattle Fair to have BIE sanction. The Seattle Fair is the only one I know of which finished in the black financially, and an important factor in this was the BIE approval which encouraged participation by foreign governments.

The directors of HemisFair have been encouraged by foreign interest thus far and are hopeful that many foreign governments will participate. This legislation authorizes the President to invite

the several States of the Union and foreign countries to take part in the exposition.

The second purpose of the bill is to authorize the President, through the Secretary of Commerce, to determine the manner in which, and the extent to which, the United States shall be a participant in, and an exhibitor at, the exposition. The exposition has offered the United States the place of honor at HemisFair 1968 by establishing a theme exhibit at the center of the grounds, and by deeding to it, without cost, approximately 3 acres on which to build this pavilion.

The legislation is favored by the administration. The report from the U.S. Information Agency contains the following comment:

> The Agency favors the enactment of this legislation. The purposes of the HemisFair and the activities would, in our judgment, enhance Western Hemisphere friendship and understanding.

The Treasury Department has written that it views with interest the foreign travel promoting aspects of the fair, in light of administration policy to encourage foreign travel in and to the United States "in order to reduce the deficit in our foreign travel account, and to assist in the achievement of equilibrium in our international accounts."

I wish to emphasize that all this legislation authorizes is a study, nothing more. Any funds for building will have to go through the full authorization and appropriations process, after Congress has had a chance to study the recommendations of the Secretary of Commerce.

I wish to emphasize that whatever investment the Federal Government might eventually make in participating in the fair will be a permanent investment, one which will be available to the Federal Government for use after the fair is over. In this regard, I would like to quote briefly from the testimony of William Sinkin, the vice chairman of the board of HemisFair:

> The legacy of HemisFair will endure long past the closing of its gates. The U.S. Government pavilion will be put to permanent use first through the facilities of a Latin American trade mart by corporations and financial institutions whose interests lie in Latin America in expanding markets to the south. An inter-American electronic information center will provide the means by which commercial and governmental organizations will have rapid and direct access to the most current information available. A technical-vocational training center will contain a technical and vocational library in Spanish, Portuguese, and English, and promote exchange programs in education.
>
> This Latin American center will provide a release for the tremendous resources of the United States on a people-to-people level. Businessmen will take advantage of the training facilities for supervisory and middle-management personnel in inter-American business and commerce. Medical men and women will have a permanent facility for the training of doctors, nurses, and technicians in working against sickness and disease throughout the hemisphere.
>
> Journalists, performing artists, architects, and planners will have a medium for permanent exchange of cultural and social ideas and programs. These and many other permanent uses of the U.S. pavilion will fulfill the promises of HemisFair, located in the bilingual, bicultural, centrally located city of San Antonio.

Mr. President, the people of San Antonio are determined to see that the Federal Government gets its money's worth out of its investment. The people of the city will cooperate fully with the Federal Government toward putting the Federal pavilion to the good uses of the Government. There will be many potential uses to which the building may be put.

From the very beginning, the emphasis of HemisFair has been on permanency, and the people of San Antonio are determined, as is evidenced by this request for a planning grant, to see to it that the investment of the Federal Government is fully protected by making certain now that there will be a sound, definite, and permanent use for this building after the fair.

The HemisFair 1968 Exposition will pay back to the people of the United States much more than it will cost them as taxpayers. It can promote more harmonious relationships with the other nations that inhabit this hemisphere with us, by providing a vehicle to bring about the experience of mutual understanding. No price tag can be placed on this.

And in a more hard-boiled dollars and cents way, if Congress should later authorize the construction of a Federal pavilion, the building will be put to use by the Federal Government for its own purposes after the fair is over. There can be no doubt but that this will be a sound investment.

Mr. TOWER. Mr. President, there is no city in the Western Hemisphere so entirely pan-American in flavor, atmosphere, and culture as the beautiful Texas city of San Antonio on the banks of the San Antonio River.

As I am sure all Americans know, San Antonio is the home of the Alamo. Founded originally as an outpost of the Empire of Spain, it fell under Mexican influence and today is a romantic blend of the cultures of all the nations of the Americas. It is a city of missions and monuments to inter-American good will.

But it is a city which has not forgotten the space age; a city very much a part of the present, with its many important defense installations, including Brooke Army Hospital, the medical headquarters for the Nation's space effort. So charming is that city, in fact, that many retired military officers and their families return to San Antonio to spend their retirement years. It is a city Texans are rightfully proud of.

The people of San Antonio, and all Texans, are planning a 1968 celebration to mark the 250th anniversary of the founding of the city by the King of Spain. They are enthusiastically organizing a fair of the Americas, a "HemisFair," as they have so aptly named this exposition. HemisFair will be a unique and distinctive world showcase displaying the diversified cultures of the Americas, including their industry, history, commerce, and arts.

While HemisFair is the product of the efforts of private citizens of San Antonio, it is receiving enthusiastic support and financial backing from the State of Texas. It is also fitting, I believe, that it should receive the support of all the States, since it is so distinctively American in nature and design. To this end, I was proud to be a cosponsor, along with Senator YARBOROUGH, of this bill to give official U.S. recognition to the fair and to determine the appropriate degree of U.S. participation. The Committee on Foreign Relations, after considering this measure most carefully has recommended that it be passed.

Today I urge the full Senate to give the same careful consideration to our sound reasons for support of HemisFair.

Not only have the HemisFair plans received enthusiastic community support, they have also received impressive financial backing. About 200 San Antonio business leaders have subscribed $25,000 or more to underwrite promotion and developmental costs of the fair. All 26 San Antonio banks have joined the effort, loaning the fair corporation $4.5 million, and pledges from the business community now total around $8 million. It took the 1962 Seattle World's Fair 2 years to reach its underwriting goal. I think it is significant that it took less than 6 months for the people of San Antonio to reach their goal. In addition to this private effort, the city has approved a $30 million bond issue, and the State has appropriated $4.5 million for its pavilion.

The 250th anniversary of the founding of the city, which is being commemorated by this fair, is also, by coincidence, the year the Olympic games are to be held in Mexico. This provides a natural opportunity for the United States to attract participants and spectators to the games, north into our country.

There are many reasons why U.S. participation is desirable, but one important reason, which I think has been given scant attention, is the foreign relations value and good will effects which HemisFair will promote.

Latin culture is very much a part of the Texas way of life and I welcome the occasion of HemisFair for my State to share with other States this cultural advantage which we have long enjoyed.

I think that HemisFair will provide a basis for increased respect and understanding between the United States and the countries of Central and South America. Let us not put ourselves in the position of being too little and too late with these countries. Perhaps belatedly, we are coming to recognize their strategic importance, and this chance for further cultural exchange should not be passed up.

I urge all Senators to vote for passage of this bill, and to mark April 6, 1968, on their calendars. That is the date for the opening of the fair, which will run for 6 months. I hope every one of my colleagues can join us at HemisFair.

I would like to note further that I think one of the principal benefits that will be derived by the people of the United States from the HemisFair will be the good will and increased commercial intercourse that will be stimulated by this fair.

I believe that the HemisFair can serve a useful and beneficial function at a time when it is critical that we have the

best possible relationships with our hemisphere brothers.

The PRESIDING OFFICER. 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 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. LAUSCHE. I regret that I shall not be able to support this bill. Also, I regret the fact that my judgment collides with the judgment of two Senators whom I hold in high regard. I will state my reasons why the Federal Government and the Congress ought to put a stop to the techniques that has developed in many communities when they have a sesquicentennial, a centennial, or other important celebration, by promoting what is known as an international exhibit, and through that promotion request that the U.S. Government go into the community and build a permanent structure for local use.

This technique began about 1959, when Seattle, Wash., celebrated its 100th anniversary. It conceived the idea of a 21st century scientific exhibit, and as a part of the plan decided to promote and develop a civic center.

The local people voted the expenditure of money to build the stadium and exhibit halls. The State of Washington appropriated money to build a State office building.

They came to Washington and received an authorization and appropriation for the construction of an $8.5 million building by the taxpayers of the United States, to finally become an exhibit hall for Seattle.

The moneys that the city appropriated were used to construct permanent buildings of usable quality, and moneys that the State government appropriated provided similar moneys for a permanent State building. Into the State of Washington the Federal Government sent about $9 million.

Then someone conceived the thought of a World's Fair in the State of New York for 1964 and 1965. At first New York wanted $35 million to be used for the building of a Federal structure to house the U.S. exhibit. After considerable argument, participated in by the Senator from Delaware [Mr. WILLIAMS], myself, and some other Senators, that amount was whittled down to $17.5 million.

The New York fair was not an international exposition as defined by the International Organization mentioned by the Senator from Texas [Mr. YARBOROUGH].

The Bureau of International Expositions authorizes 1 fair every 10 years which lasts for 6 months. The reason for that rule is that they do not want nations all over the world called upon to participate annually in expositions.

The New York fair has gone on, and it is rather amazing to see the arguments that have developed about that operation.

I would like to read a report carried in the San Antonio Express, Monday, August 16, 1965, about the New York fair:

World's fairs in the foreseeable future will not be the same as the result of the experiences of the major industrial exhibitors at the New York fair.

The cost to companies such as General Motors, Ford, Chrysler, General Electric, International Business Machines, and Du Pont now stands at between $1 and $3 for each person visiting their pavilions.

"Our marketing team must ask itself if an investment of this size could not be better spent in another way," a pavilion manager said Sunday.

"My own feeling is that the decision is already made. I feel our company will not make such a large investment in a fair for the next 10 years—and probably beyond that time."

A cross section of the major exhibitors on Flushing Meadow sounded out during the past 2 weeks shows that they are of the same mind. The unanimous opinion is that their companies will sharply curtail participation in future fairs as far in the future as anyone can see.

The direct effect of the experience of the New York fair has already been felt.

Chicago has canceled plans to bid for a new world's fair in the mid-1970's. Long Beach, Calif., has abandoned the substantial effort it had made to recruit support for a fair within this decade. The Montreal World's Fair, already scheduled for 1967, has encountered unyielding resistance in its attempt to obtain substantial participation by American industry.

The three major automobile manufacturers in the United States invested just under $100 million in the New York fair.

That is hardly believable, but that is how much money they spent at the fair. I shall not read the remainder of the article, but I ask unanimous consent that it be printed in its entirety in the RECORD at this point.

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

PAVILION COSTS CITED: INDUSTRIAL EXHIBITORS WARY OF FUTURE FAIR SPENDING

(By Robert Alden)

NEW YORK.—World's fairs in the foreseeable future will not be the same as the result of the experiences of the major industrial exhibitors at the New York fair.

The cost to companies such as General Motors, Ford, Chrysler, General Electric, International Business Machines and Du Pont now stands at between $1 and $3 for each person visiting their pavilions.

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The three major automobile manufacturers in the United States invested just under $100 million in the New York fair. Collectively, they are only willing to spend $2 million in the Montreal fair.

High costs and disappointing attendance are the factors that led to the disenchantment of the major industrial exhibitors.

Some of the managers say they feel that the day when it paid for companies to invest heavily in fairs is over because the public no longer approaches the fair with wide-eyed wonder.

"They've seen it all on television," an exhibit manager remarked. "They no longer come to us receptive or, more accurately, as receptive to our advertising message as they once were. As a result, our exhibits are not as effective a tool to sell our company and our product as we would have wished."

Another exhibitor had a different view.

"I don't think we should try to overanalyze the situation," he said. "In my opinion, the big fair is simply pricing itself out of the market.

"Labor costs on the fairgrounds were high in 1939. They are much, much higher today. We cannot put up a building, maintain it, and then tear it down after two seasons and make our advertising investment pay.

"We always have to compare the benefit we get from a multimillion-dollar fair investment with what we could get if we made the same investment in magazine, newspaper, or television advertising and make our judgment on that basis."

Not only the industrial exhibitors have been disenchanted by their participation in the New York fair.

Even the most successful of the foreign exhibitors—Spain—has been appalled by the costs encountered. What was to have been a $2 million investment is now well over $7 million. Spanish Government officials say they will be wary of future fair commitments.

In sum, any fair in the future will have a hard job convincing exhibitors that making a substantial commitment to an international exposition represents a worthwhile venture.

Mr. LAUSCHE. Mr. President, the article discusses the prohibitive and practically confiscatory and, one might even say, criminally excessive costs that exhibitors had to pay to get a little work done in their pavilions.

That was one of the situations.

However, millions of people went to New York, and they profited by it. The Federal taxpayers invested $17½ million in the Federal building. What its use will be in the future, I do not know. If it is to have a use, it will be a use for New York State, not a use by the taxpayers of the United States.

The 1964–65 New York World's Fair comes to an end. We are now discussing the San Antonio fair. I reluctantly discuss this subject and put it as pointedly as I do.

When the witnesses for the fair came before the Foreign Relations Committee, they testified that the people of San Antonio had voted the approval of a $30 million bond issue as a part of the Hemis-Fair Exposition to be held in 1968.

I asked a witness who was testifying whether, when the $30 million bond issue

was submitted to the voters, an explanation was given of how the money would be spent. The answer was "Yes."

I then asked how it was to be spent.

I received the answer that it would be spent in the development of a civic center; $10 million for buying land and $20 million for the construction of buildings for the civic center of San Antonio.

I asked the witness, "Will this money be spent for stadiums and auditoriums?"

The answer was "Yes."

I asked, "Will these exhibits be for permanent use?"

The answer was "Yes."

As I recall, the Senator from Texas [Mr. YARBOROUGH] confirmed that proposition when he said that buildings have been torn down. Of course, they have been torn down to develop what we in Cleveland have—a civic center, on which we spent millions of dollars to build a stadium and an auditorium above ground, and an exhibit hall below ground. The people of Cleveland put up the money for those additions.

The witness testified that the State of Texas was to spend $7.5 million. I asked the witness for what purpose. His answer was that the money would be spent for the construction of Texas State buildings to be occupied by Texans as office quarters and as a useful structure—again, a part of the civic center.

I do not know what the eventual recommendations will be. But let us assume that the amount recommended will be $10 million for a building of the U.S. Government for a 6-month show. I cannot subscribe to that.

But, Mr. President, one would think that would be the end. It is not. I have received letters from the distinguished senior Senator from Florida [Mr. HOLLAND]. Florida has conceived the idea of having a cultural center that will exhibit materials of interest to the people of the Western Hemisphere. Florida proposes to call its exhibit the Interama.

The Texas exhibition is to be called the HemisFair. The exposition held by the State of Washington was called the 20th Century Scientific Exhibit.

Does the distinguished Senator from Colorado [Mr. DOMINICK] know how much Florida wants for a building? Fifteen million dollars.

So the costs of such buildings have been: Washington, $8,500,000; Texas, $10 million; Florida, $15 million. One would think that would be the end. But it is not.

In 1967, there will be the proposed Montreal International Exhibit. Mr. President, how long can this go on? If Washington, Texas, Florida, and New York have asked for such buildings as gratuities, perhaps the distinguished senior Senator from Wisconsin [Mr. PROXMIRE] had better go back to his State and suggest that the city of Madison conceive of a sesquicentennial or a centennial celebration and say that it is to be an exposition of scientific research and development on the boundary of Canada, and secure for the people there a $10-million Federal building.

The technique is excellent for a centennial or a sesquicentennial. I wish I had known about this method in 1953, when Ohio had its sesquicentennial. Our celebration in that year was by planting trees in our State. We covered the grounds with grasses, trees, and shrubs, to reestablish the cover of the land that once it possessed, before it became denuded by the cruel hand of man. I organized the State from top to bottom to plant trees, grasses, legumes, and shrubs.

Had I been told at that time that I could have come to the Federal Government to get $10 or $15 million for a building, I might have been tempted to do so; but I say to the Senator from South Carolina [Mr. RUSSELL] that I do not think I would have yielded to such a temptation. Such a practice is not sound; it is not justified.

South America is to participate in the San Antonio fair. Twenty-one nations comprise South America. Practically every one is the recipient of our bounty. The countries of South America are having trouble feeding their own people and having trouble in surviving. We are providing them with money. Yet we are inviting them to build an exhibit at the San Antonio fair. I assume that the ultimate result will be that we will, in some way, indirectly, finance the construction of that building.

Mr. President, I regret that I have had to make this statement. I have made it only because I believe implicitly that we cannot continue endlessly to promote such exhibitions every year or every second year. The practice ought to be stopped.

The letter describing the proposed Florida exhibit states that Florida owns land worth $100 million, on which it is proposed to build the Federal structure. If Florida has land worth $100 million on which to build such a structure, it would seem that Florida could build its own structure.

Mr. President, I will not vote for the measure for the reasons I have just stated.

Mr. WILLIAMS of Delaware. Mr. President, I concur in the remarks of the distinguished Senator from Ohio. In line with them, I ask unanimous consent to have printed at this point in the RECORD the minority views from the committee report, signed by the Senator from Ohio [Mr. LAUSCHE] and me.

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

MINORITY VIEWS

We do not concur with the recommendation of the Foreign Relations Committee that the Senate approve S. 2167, as amended, a bill to provide for participation of the United States in the HemisFair 1968 domestic exposition to be held in San Antonio, Tex., in 1968.

While we recognize the merits of such domestic expositions, we are deeply concerned about the frequency of Federal participation in local fairs of this type.

Domestic expositions can play a limited cultural and economic role in the field of foreign affairs, but the Federal Government should encourage such enterprises with caution and discretion.

Our international commitments include enormous amounts of Federal funds for military expenditures and foreign aid. This fact requires the Government to review with great care the priorities for which Federal money should be spent. It is quite clear that the promoters of this HemisFair of San Antonio are looking forward to a substantial appropriation of Government money to be invested in this enterprise, an amount in excess of approximately $8½ million. The United States has given generously to two domestic fairs in the past several years, one in Seattle and one in New York, and is now being asked to give to three more—the San Antonio, the Florida State show, and the genuine international exhibition to be held in Montreal, Canada, in 1967.

The participation of the United States in the "Century 21" Exposition in 1962 in Seattle, Wash., and the New York World's Fair in 1964–65 involved expenditures of $9.9 million and $17.5 million, respectively. At each of these fairs the Federal Government constructed huge and costly exhibition halls.

The proponents of the HemisFair of San Antonio point out, in support of their cause, that the people of San Antonio have approved a $30-million bond issue, and the State of Texas has appropriated $4.5 million with an additional $3 million expected for next year, as their contribution to this exposition commemorating the 250th anniversary of the city.

The $30 million in San Antonio is to be used for the acquisition of land and the construction of a large civic center. The funds appropriated by the State are also to be used in constructing buildings of a permanent nature. Although the promoters want a Federal building which will continue to be of utility after the conclusion of the HemisFair, experience from the Seattle Fair indicates that a structure built for exhibition purposes is not suitable for permanent use by the United States. It is practically certain that such a Government building will only be used for local functions in the future although financed by the taxpayers of the United States.

Thus, what begins as a celebration of local interest becomes a massive plan whereby the Federal Government is called upon to provide funds to promote the construction of facilities to be used as a part of a permanent civic center. The Federal Government is committed to and must contribute to the Universal International Exposition in Montreal, Canada, in 1967.

To make the cost still less defensible requests have already been received for U.S. participation in an added "Interama" exposition in Florida. Plans are now also being initiated for a U.S. World's Fair in celebration of the 200th anniversary of the United States in 10 years.

This multitude of past investments and future asked-for committals has serious implications and unjustified costs.

The high expenses incurred by the promoters of the New York fair, both public and private, have served to make large investors review their plans for participation in the Montreal fair scheduled for 1967. An invitation to foreign nations from the President of the United States would only encourage foreign governments to make an investment they can ill afford since this is hardly an appropriate time for Latin American capital to be invested in the United States. An invitation to participate in the San Antonio fair, therefore, would not be met with such enthusiasm, and those nations who do decide to participate would, in all likelihood, not be able to meet their expenses. In the end, it would be the American taxpayer who will carry the financial burden. This can hardly be called a way in which to improve our balance-of-payments standing, as the promoters suggest.

In the case of HemisFair and other State expositions, a direct relationship is involved between the exposition and a series of urban civic renewal projects. This urban renewal is already supported by Federal funds. Therefore, this same money is indirectly in-

volved in the promotion of this exposition. Further Federal commitment might very well result in an angry outcry from other cities carrying out urban renewal, and it would place the U.S. Government in the awkward position of being discriminatory.

American endorsement in any international undertaking has profound ramifications throughout the world. Certainly international fairs involve an aspect of foreign policy. If our foreign policy is to be effective, we must make sure that it does not lose its influence. Overindulgence in one type of commitment will only result in the lessening of its impact.

For the foregoing reasons, we oppose passage of the bill.

FRANK J. LAUSCHE.
JOHN J. WILLIAMS.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 9247) was passed.

Mr. TOWER. Mr. President, I move that the Senate reconsider the vote by which the bill was passed.

Mr. YARBOROUGH. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. YARBOROUGH. Mr. President, I ask that the consideration of S. 2167 be indefinitely postponed.

The PRESIDING OFFICER. Without objection, Senate bill 2167 is indefinitely postponed.

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

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

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Bartlett, one of its reading clerks, announced that the House had agreed to the amendments of the Senate to the amendments of the House to the bill (S. 1766) to amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to make or insure loans to public and quasi-public agencies and corporations not operated for profit with respect to water supply and water systems serving rural areas and to make grants to aid in rural community development planning and in connection with the construction of such community facilities, to increase the annual aggregate of insured loans thereunder, and for other purposes.

The message also announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 10871) making appropriations for Foreign Assistance and related agencies for the fiscal year ending June 30, 1966, and for other purposes; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. PASSMAN, Mr. ROONEY of New York, Mr. NATCHER, Mrs. HANSEN of Washington, Mr. COHELAN, Mr. LONG of Maryland, Mr. MAHON, Mr. SHRIVER, Mr. CONTE, Mr. ANDREWS of North Dakota, and Mr. Bow were appointed managers on the part of the House at the conference.

CHANGE OF REFERENCE

Mr. MAGNUSON. Mr. President, I ask unanimous consent that Senate Concurrent Resolution 59 be rereferred to the Committee on Commerce and that the Committee on Foreign Relations be discharged from further consideration of the resolution.

The PRESIDING OFFICER. Is there objection?

Mr. MAGNUSON. Mr. President, I have checked this action with all committee chairmen and with the leaders.

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

NATIONAL VOCATIONAL STUDENT LOAN INSURANCE ACT OF 1965

Mr. MORSE. Mr. President, I move that the Senate proceed to the consideration of Calendar No. 743, H.R. 7743.

The PRESIDING OFFICER. The bill will be stated by title.

The LEGISLATIVE CLERK. A bill (H.R. 7743) to establish a system of loan insurance and a supplementary system of direct loans, to assist students to attend post-secondary business, trade, technical, and other vocational schools.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Oregon.

The motion was agreed to, and the Senate proceeded to consider the bill which had been reported from the Committee on Labor and Public Welfare, with an amendment, to strike out all after the enacting clause and insert:

That this Act may be cited as the "National Vocational Student Loan Insurance Act of 1965".

STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

SEC. 2. (a) The purpose of this Act is to enable the Commissioner (1) to encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions (as defined in section 17), (2) to provide a Federal program of student loan insurance for students who do not have reasonable access to a State or private nonprofit program of student loan insurance covered by an agreement under section 9(b), and (3) to pay a portion of the interest on loans to qualified students which are insured under this Act or under a program of a State or of a nonprofit private institution or organization which meets the requirements of section 9(a)(1)(A).

(b) For the purpose of carrying out this Act—

(1) there are authorized to be appropriated to the vocational student loan insurance fund (established by section 13) (A) the sum of $250,000, and (B) such further sums, if any, as may become necessary for the adequacy of the vocational student loan insurance fund,

(2) there are authorized to be appropriated, for payments under section 9 with respect to interest on insured loans, such sums for the fiscal year ending June 30, 1966, and succeeding fiscal years, as may be required therefor, and

(3) there are authorized to be appropriated the sum of $1,875,000 for making advances pursuant to section 3 for the reserve funds of State and nonprofit private student loan insurance programs.

Sums appropriated under clauses (1) and (2) of this subsection shall remain available until expended, and sums appropriated under clause (3) of this subsection shall remain available for advances under section 3 until the close of the fiscal year ending June 30, 1968.

ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS

SEC. 3. (a)(1) From the sums appropriated pursuant to clause (3) of section 2(b), the Commissioner is authorized to make advances to any State with which he has made an agreement pursuant to section 9(b) for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If for any of the fiscal years ending June 30, 1966, June 30, 1967, or June 30, 1968, a State does not have a student loan insurance program covered by an agreement pursuant to section 9(b), and the Commissioner determines after consultation with the chief executive officer of that State that there is no reasonable likelihood that the State will have such a student loan insurance program for such year, the Commissioner may make advances for such year for the same purpose to one or more nonprofit private institutions or organizations with which he has made an agreement pursuant to section 9(b) in order to enable students in that State to participate in a program of student loan insurance covered by such an agreement. The Commissioner may make advances under this subsection both to a State program with which he has such an agreement and to one or more nonprofit private institutions or organizations with which he has such an agreement in that State if he determines that such advances are necessary in order that students in each eligible institution have access through such institution to a student loan insurance program which meets the requirements of section 9(b)(1).

(2) Advances pursuant to this subsection shall be upon such terms and conditions (including conditions relating to the time or times of payment) consistent with the requirements of section 9(b) as the Commissioner determines will best carry out the purposes of this section. Advances made by the Commissioner under this subsection shall be repaid within such period as the Commissioner may deem to be appropriate in each case in the light of the maturity and solvency of the reserve fund for which the advance was made.

(b) The total of the advances to any State pursuant to subsection (a) may not exceed an amount which bears the same ratio to 2½ per centum of $75,000,000 as the population of that State aged eighteen to twenty-two, inclusive, bears to the total population of all the States aged eighteen to twenty-two, inclusive. If the amount so determined for any State, however, is less than $10,000, it shall be increased to $10,000 and the total of the increases thereby required shall be derived by proportionately reducing (but not below $10,000) the amount so determined for each of the remaining States. Advances to nonprofit private institutions and organizations pursuant to subsection (a) may be in such amounts as the Commissioner determines will best achieve the purposes for which they are made, except that the sum of (1) advances to such institutions and organizations for the benefit of students in any State plus (2) the amounts advanced to such State, may not exceed the maximum amount which may be advanced to that State pursuant to the first two sentences of this subsection. For the purposes of this subsection, the population aged eighteen to twenty-two, inclusive, of each State and of all the States shall be determined by the Commissioner on

the basis of the most satisfactory data available to him.

EFFECT OF ADEQUATE NON-FEDERAL PROGRAMS

SEC. 4. The Commissioner shall not issue certificates of insurance under section 11 to lenders in a State if he determines that every eligible institution has reasonable access in that State to a State or private nonprofit student loan insurance program which is covered by an agreement under section 9(b).

SCOPE AND DURATION OF LOAN INSURANCE PROGRAM

SEC. 5. (a) The total principal amount of new loans made and installments paid pursuant to lines of credit (as defined in section 17) to students covered by insurance under this Act shall not exceed $75,000,000 in the fiscal year ending June 30, 1966, and in each of the two succeeding fiscal years. Thereafter, insurance pursuant to this part may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained prior loans insured under this Act, to continue or complete their educational programs; but no insurance may be granted for any loan made or installment paid after June 30, 1972.

(b) The Commissioner may, if he finds it necessary to do so in order to assure an equitable distribution of the benefits of this Act, assign, within the maximum amounts specified in subsection (a), insurance quotas applicable to eligible lenders, or to States or areas, and may from time to time reassign unused portions of these quotas.

LIMITATIONS ON INDIVIDUAL LOANS AND ON INSURANCE

SEC. 6. (a) No loan or loans by one or more eligible lenders in excess of $1,000 in the aggregate to any student in any academic year or its equivalent shall be covered by insurance under this Act. The aggregate insured unpaid principal amount of all such insured loans made to any student shall not at any time exceed $2,000. The annual insurable limit per student shall not be deemed to be exceeded by a line of credit under which actual payments by the lender to the borrower will not be made in any year in excess of the annual limit.

(b) The insurance liability on any loan insured under this Act shall be 100 per centum of the unpaid balance of the principal amount of the loan. Such insurance liability shall not include liability for interest whether or not that interest has been added to the principal amount of the loan.

SOURCES OF FUNDS

SEC. 7. Loans made by eligible lenders in accordance with this Act shall be insurable whether made from funds fully owned by the lender or from funds held by the lender in a trust or similar capacity and available for such loans.

ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF STUDENT LOANS

SEC. 8. (a) A loan by an eligible lender shall be insurable under the provisions of this Act only if—

(1) made to a student who (A) has been accepted for enrollment at an eligible institution or, in the case of a student already attending such institution, is in good standing there as determined by the institution, and (B) is carrying at least one-half of the normal full-time workload as determined by the institution, and (C) has provided the lender with a statement of the institution which sets forth a schedule of the tuition and fees applicable to that student and its estimate of the cost of board and room for such a student; and

(2) evidenced by a note or other written agreement which—

(A) is made without security and without endorsement, except that if the borrower is a minor and such note or other written agreement executed by him would not, under the applicable law, create a binding obligation, endorsement may be required,

(B) provides for repayment (except as provided in subsection (c)) of the principal amount of the loan in installments over a period of not less than three years (unless sooner repaid) nor more than six years beginning not earlier than nine months nor later than one year after the date on which the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution in accordance with regulations of the Commissioner, except (i) as provided in clause (C) below, (ii) that the period of the loan may not exceed nine years from the execution of the note or written agreement evidencing it and (iii) the note or other written instrument may contain such provisions relating to repayment in the event of default in the payment of interest or in the payment of the cost of insurance premiums, or other default by the borrower, as may be authorized by regulations of the Commissioner in effect at the time the loan is made,

(C) provides that periodic installments of principal need not be paid, but interest shall accrue and be paid, during any period (i) during which the borrower is pursuing a full-time course of study at an institution of higher education or at a comparable institution outside the States approved for this purpose by the Commissioner, (ii) not in excess of three years, during which the borrower is a member of the Armed Forces of the United States, or (iii) not in excess of three years during which the borrower is in service as a volunteer under the Peace Corps Act, and any such period shall not be included in determining the six-year period or the nine-year period provided in clause (B) above.

(D) provides for interest on the unpaid principal balance of the loan at a yearly rate, not exceeding the applicable maximum rate prescribed and defined by the Secretary (within the limits set forth in subsection (b)) on a national, regional, or other appropriate basis, which interest shall be payable in installments over the period of the loan except that, if provided in the note or other written agreement, any interest payable by the student may be deferred until not later than the date upon which repayment of the first installment of principal falls due, in which case interest that has so accrued during that period may be added on that date to the principal (but without thereby increasing the insurance liability under this Act),

(E) provides that the lender will not collect or attempt to collect from the borrower any portion of the interest on the note which is payable by the Commissioner under this Act,

(F) entitles the student borrower to accelerate without penalty repayment of the whole or any part of the loan, and

(G) contains such other terms and conditions, consistent with the provisions of this Act and with the regulations issued by the Commissioner pursuant to this Act, as may be agreed upon by the parties to such loan, including, if agreed upon, a provision requiring the borrower to pay to the lender, in addition to principal and interest, amounts equal to the insurance premiums payable by the lender to the Commissioner with respect to such loan.

(b) No maximum rate of interest prescribed and defined by the Secretary for the purposes of clause (2)(D) of subsection (a) may exceed 6 per centum per annum on the unpaid principal balance of the loan, except that under circumstances which threaten to impede the carrying out of the purposes of this Act, one or more of such maximum rates of interest may be as high as 7 per centum per annum on the unpaid principal balance of the loan.

(c) The total of the payments by a borrower during any year of any repayment period with respect to the aggregate amount of all loans to that borrower which are insured under this Act shall not be less than $360 or the balance of all such loans (together with interest thereon), whichever amount is less.

FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

SEC. 9. (a)(1) Each student who has received a loan—

(A) which is insured under this Act;

(B) which was made for study at an eligible institution under a State student loan program (meeting criteria prescribed by the Commissioner), and which was contracted for, and paid to the student, within the period specified by paragraph (4); or

(C) which is insured under a program of a State or of a nonprofit private institution or organization, which was contracted for, and paid to the student, within the period specified in paragraph (4), and which—

(i) in the case of a loan insured prior to July 1, 1967, was made by an eligible lender and is insured under a program which meets the requirements of subparagraph (E) of subsection (b)(1) and provides that repayment of such loan shall be in installments beginning not earlier than sixty days after the student ceases to pursue a course of study (as described in subparagraph (D) of subsection (b)(1)) at an eligible institution, or

(ii) in the case of a loan insured after June 30, 1967, is insured under a program covered by an agreement made pursuant to subsection (b),

and whose adjusted family income is less than $15,000 at the time of execution of the note or written agreement evidencing such loan, shall be entitled to have paid on his behalf and for his account to the holder of the loan, over the period of the loan, a portion of the interest on the loan. For the purposes of this paragraph, the adjusted family income of a student shall be determined pursuant to regulations of the Commissioner in effect at the time of the execution of the note or written agreement evidencing the loan. Such regulations shall provide for taking into account such factors, including family size, as the Commissioner deems appropriate.

(2) The portion of the interest on a loan which a student is entitled to have paid on his behalf and for his account to the holder of the loan pursuant to paragraph (1) shall be equal to the total amount of the interest on the unpaid principal amount of the loan which accrues prior to the beginning of the repayment period of the loan, and 3 per centum per annum of the unpaid principal amount of the loan (excluding interest which has been added to principal) thereafter; but such portion of the interest on a loan shall not exceed, for any period, the amount of the interest on that loan which is payable by the student after taking into consideration the amount of any interest on that loan which the student is entitled to have paid on his behalf for that period under any State or private loan insurance program. In the absence of fraud by the lender, that determination shall be final so far as the obligation of the Commissioner to pay a portion of the interest on a loan is concerned. The holder of a loan with respect to which payments are required to be made under this section shall be deemed to have a contractual right, as against the United States, to receive from the Commissioner the portion of interest which has been so determined. The Commissioner shall pay this portion of the interest to the holder of the loan on behalf of and for the account of the borrower at such times as may be specified in regulations in force when the applicable agreement entered into pursuant to subsection (b) was

made, or if the loan was made by a State or is insured under a program which is not covered by such an agreement, at such times as may be specified in regulations in force at the time the loan was paid to the student.

(3) Each holder of a loan with respect to which payments of interest are required to be made by the Commissioner shall submit to the Commissioner, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to determine the amount of the payment which he must make with respect to that loan.

(4) The period referred to in subparagraph (B) and (C) of paragraph (1) of this subsection shall begin on the date of enactment of this Act and end on June 30, 1968, except that, in the case of a loan made or insured under a student loan or loan insurance program, to enable a student who has obtained a prior loan made or insured under such program to continue his educational program, such period shall end on June 30, 1972.

(5) No payment may be made under this section with respect to the interest on a loan made from a student loan fund established under title II of the National Defense Education Act of 1958.

(b) (1) Any State or any nonprofit private institution or organization may enter into an agreement with the Commissioner for the purpose of entitling students who receive loans which are insured under a student loan insurance program of that State, institution, or organization to have made on their behalf payments equal to those provided for in subsection (a) if the Commissioner determines that the student loan insurance program—

(A) authorizes the insurance of not less than $1,000 in loans to any individual student in any academic year or its equivalent (as determined under regulations of the Commissioner);

(B) authorizes the insurance of loans to any individual student for at least two academic years of study or their equivalent (as determined under regulations of the Commissioner);

(C) provides that (i) the student borrower shall be entitled to accelerate without penalty the whole or any part of an insured loan, (ii) the period of any insured loan may not exceed nine years from the date of execution of the note or other written evidence of the loan, and (iii) the note or other written evidence of any loan may contain such provisions relating to repayment in the event of default by the borrower as may be authorized by regulations of the Commissioner in effect at the time such note or written evidence was executed;

(D) subject to subparagraph (C), provides that, where the total of the insured loans to any student which are held by any one person exceeds $1,000, repayment of such loans shall be in installments over a period of not less than three years nor more than six years beginning not earlier than nine months nor later than one year after the student ceases to pursue a full-time course of study at an eligible institution, except that if the program provides for the insurance of loans for part-time study at eligible institutions the program shall provide that such repayment period shall begin not earlier than nine months nor later than one year after the student ceases to carry at an eligible institution at least one-half the normal full-time academic workload as determined by the institution;

(E) authorizes interest on the unpaid balance of the loan at a yearly rate not in excess of 6 per centum per annum on the unpaid principal balance of the loan (exclusive of any premium for insurance which may be passed on to the borrower);

(F) insures not less than 90 per centum of the unpaid principal of loans insured under the program;

(G) does not provide for collection of an excessive insurance premium;

(H) provides that the benefits of the loan insurance program will not be denied any student because of his family income or lack of need if his adjusted family income at the time the note or written agreement is executed is less than $15,000 (as determined pursuant to the regulations of the Commissioner prescribed under section 9(a)(1);

(I) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution; and

(J) in the case of a State program, provides that such State program is administered by a single State agency, or by one or more nonprofit private institutions or organizations under the supervision of a single State agency.

(2) Such an agreement shall—

(A) provide that the holder of any such loan will be required to submit to the Commissioner, at such time or times and in such manner as he may prescribe, statements containing such information as may be required by or pursuant to regulation for the purpose of enabling the Commissioner to determine the amount of the payment which he must make with respect to that loan;

(B) include such other provisions as may be necessary to protect the financial interest of the United States and promote the purposes of this Act and as are agreed to by the Commissioner and the State or private organization or institution; and

(C) provide for making such reports in such form and containing such information as the Commissioner may reasonably require to carry out his function under this Act and for keeping such records and for affording such access thereto as the Commissioner may find necessary to assure the correctness and verification of such reports.

DIRECT LOANS

SEC. 10. (a) The Commissioner may make a direct loan to any student who would be eligible for an insured loan under this Act if (1) in the particular area in which the student resides loans which are insurable under this Act are not available at the rate of interest prescribed by the Secretary pursuant to section 8(a)(2)(D) for such area, or (2) the particular student has been unable to obtain an insured loan at a rate of interest which does not exceed such rate prescribed by the Secretary.

(b) Loans made under this section shall bear interest at the rate prescribed by the Secretary under section 8(a)(2)(D) for the area where the student resides, and shall be made on such other terms and conditions as the Commissioner shall prescribe, which shall conform as nearly as practicable to the terms and conditions of loans insured under this Act.

(c) There is authorized to be appropriated the sum of $1,000,000 for the fiscal year ending June 30, 1966, and for each of the four succeeding fiscal years to carry out this section.

CERTIFICATES OF INSURANCE—EFFECTIVE DATE OF INSURANCE

SEC. 11. (a)(1) If, upon application by an eligible lender, made upon such form, containing such information, and supported by such evidence as the Commissioner may require, and otherwise in conformity with this section, the Commissioner finds that the applicant has made a loan to an eligible student which is insurable under the provisions of this Act, he may issue to the applicant a certificate of insurance covering the loan and setting forth the amount and terms of the insurance.

(2) Insurance evidenced by a certificate of insurance pursuant to subsection (a)(1) shall become effective upon the date of issuance of the certificate, except that the Commissioner is authorized, in accordance with regulations, to issue commitments with respect to proposed loans, or with respect to lines (or proposed lines) of credit, submitted by eligible lenders, and in that event, upon compliance with subsection (a)(1) by the lender, the certificate of insurance may be issued effective as of the date when any loan, or any payment by the lender pursuant to a line of credit, to be covered by such insurance was made. Such insurance shall cease to be effective upon sixty days' default by the lender in the payment of any installment of the premiums payable pursuant to subsection (c).

(3) An application submitted pursuant to subsection (a)(1) shall contain (A) an agreement by the applicant to pay, in accordance with regulations, the premiums fixed by the Commissioner pursuant to subsection (c), and (B) an agreement by the applicant that if the loan is covered by insurance the applicant will submit such supplementary reports and statements during the effective period of the loan agreement, upon such forms, at such times, and containing such information as the Commissioner may prescribe by or pursuant to regulation.

(b)(1) In lieu of requiring a separate insurance application and issuing a separate certificate of insurance for each student loan made by an eligible lender as provided in subsection (a), the Commissioner may, in accordance with regulations consistent with section 5, issue to any eligible lender applying therefor a certificate of comprehensive insurance coverage which shall, without further action by the Commissioner, insure all insurable loans made by that lender, on or after the date of the certificate and before a specified cutoff date, within the limits of an aggregate maximum amount stated in the certificate. Such regulations may provide for conditioning such insurance, with respect to any loan, upon compliance by the lender with such requirements (to be stated or incorporated by reference in the certificate) as in the Commissioner's judgment will best achieve the purpose of this subsection while protecting the financial interest of the United States and promoting the objectives of this Act, including (but not limited to) provisions as to the reporting of such loans and information relevant thereto to the Commissioner and as to the payment of initial and other premiums and the effect of default therein, and including provision for confirmation by the Commissioner from time to time (through endorsement of the certificate) of the coverage of specific new loans by such certificate, which confirmation shall be incontestable by the Commissioner in the absence of fraud or misrepresentation of fact or patent error.

(2) If the holder of a certificate of comprehensive insurance issued under this subsection grants to a student a line of credit extending beyond the cutoff date specified in that certificate, loans or payments thereon made by the holder after that date pursuant to the line of credit shall not be deemed to be included in the coverage of that certificate except as may be specifically provided therein; but, subject to the limitations of section 5, the Commissioner may, in accordance with regulations, make commitments to insure such future loans or payments, and such commitments may be honored either as provided in subsection (a) or by inclusion of such insurance in comprehensive coverage under this subsection for the period or periods in which such future loans or payments are made.

(c) The Commissioner shall, pursuant to regulations, charge for insurance on each loan under this Act a premium in an amount not to exceed one-fourth of 1 per centum per year of the unpaid principal amount of such loan (excluding interest added to principal), payable in advance, at such time and in such

manner as may be prescribed by the Commissioner. Such regulations may provide that such premium shall not be payable, or if paid shall be refundable, with respect to any period after default in the payment of principal or interest or after the borrower has died or become totally and permanently disabled, if (1) notice of such default or other event has been duly given, and (2) request for payment of the loss insured against has been made or the Commissioner has made such payment on his own motion pursuant to section 12(a).

(d) The rights of an eligible lender arising under insurance evidenced by a certificate of insurance issued to it under this section may be assigned as security by such lender only to another eligible lender, and subject to regulation by the Commissioner.

(e) The consolidation of the obligations of two or more insured loans obtained by a student borrower in any fiscal year into a single obligation evidenced by a single instrument of indebtedness shall not affect the insurance by the United States. If the loans thus consolidated are covered by separate certificates of insurance issued under subsection (a), the Commissioner may upon surrender of the original certificates issue a new certificate of insurance in accordance with that subsection upon the consolidated obligation; if they are covered by a single comprehensive certificate issued under subsection (b), the Commissioner may amend that certificate accordingly.

PROCEDURE ON DEFAULT, DEATH, OR DISABILITY OF STUDENT

SEC. 12. (a) Upon default by the student borrower on any loan covered by insurance pursuant to this Act, or upon the death of the student borrower or a finding by the insurance beneficiary that the borrower has become totally and permanently disabled (as determined in accordance with regulations established by the Commissioner) before the loan has been repaid in full, and prior to the commencement of suit or other enforcement proceeding upon security for that loan, the insurance beneficiary shall promptly notify the Commissioner, and the Commissioner shall if requested (at that time or after further collection efforts) by the beneficiary, or may on his own motion, if the insurance is still in effect, pay to the beneficiary the amount of the loss sustained by the insured upon that loan as soon as that amount has been determined. The "amount of the loss" on any loan shall, for the purposes of this subsection and subsection (b), be deemed to be an amount equal to the unpaid balance of the principal amount of the loan.

(b) Upon payment by the Commissioner of the insured portion of the loss pursuant to subsection (a), the United States shall be subrogated to all of the rights of the holder of the obligation upon the insured loan and shall be entitled to an assignment of the note or other evidence of the insured loan by the insurance beneficiary. If the net recovery made by the Commissioner on a loan after deduction of the cost of that recovery (including reasonable administrative costs) exceeds the amount of the loss, the excess shall be paid over to the insured.

(c) Nothing in this section or in this Act shall be construed to preclude any forbearance for the benefit of the student borrower which may be agreed upon by the parties to the insured loan and approved by the Commissioner, or to preclude forbearance by the Commissioner in the enforcement of the insured obligation after payment on that insurance, or to require collection of the amount of any loan by the insurance beneficiary or by the Commissioner from the estate of a deceased borrower or from a borrower found by the insurance beneficiary to have become permanently and totally disabled.

(d) Nothing in this section or in this Act shall be construed to excuse the holder of a loan from exercising reasonable care and diligence in the making and collection of loans under the provisions of this Act. If the Commissioner, after reasonable notice and opportunity for hearing to an eligible lender, finds that it has substantially failed to exercise such care and diligence or to make the reports and statements required under section 9(a)(3) and section 11(a)(3), or to pay the required insurance premiums, he shall disqualify that lender for further insurance on loans granted pursuant to this Act until he is satisfied that its failure has ceased and finds that there is reasonable assurance that the lender will in the future exercise necessary care and diligence or comply with such requirements, as the case may be.

(e) As used in this section—

(1) the term "insurance beneficiary" means the insured or its authorized assignee in accordance with section 11(d); and

(2) the term "default" includes only such defaults as have existed for (A) one hundred and twenty days in the case of a loan which is repayable in monthly installments, or (B) one hundred and eighty days in the case of a loan which is repayable in less frequent installments.

INSURANCE FUND

SEC. 13. (a) There is hereby established a vocational student loan insurance fund (hereinafter in this section called the "fund") which shall be available without fiscal year limitation to the Commissioner for making payments in connection with the default of loans insured under this Act. All amounts received by the Commissioner as premium charges for insurance and as receipts, earnings, or proceeds derived from any claim or other assets acquired by the Commissioner in connection with his operations under this Act, and any other moneys, property, or assets derived by the Commissioner from his operations in connection with this section, shall be deposited in the fund. All payments in connection with the default of loans insured under this Act shall be paid from the fund. Moneys in the fund not needed for current operations under this section may be invested in bonds or other obligations guaranteed as to principal and interest by the United States.

(b) If at any time the moneys in the fund are insufficient to make payments in connection with the default of any loan insured under this Act, the Commissioner is authorized to issue to the Secretary of the Treasury notes or other obligations in such forms and denominations, bearing such maturities, and subject to such terms and conditions as may be prescribed by the Commissioner with the approval of the Secretary of the Treasury. Such notes or other obligations shall bear interest at a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States of comparable maturities during the month preceding the issuance of the notes or other obligations. The Secretary of the Treasury is authorized and directed to purchase any notes and other obligations issued hereunder and for that purpose he is authorized to use as a public debt transaction the proceeds from the sale of any securities issued under the Second Liberty Bond Act, as amended, and the purposes for which securities may be issued under that Act, as amended, are extended to include any purchases of such notes and obligations. The Secretary of the Treasury may at any time sell any of the notes or other obligations acquired by him under this subsection. All redemptions, purchases, and sales by the Secretary of the Treasury of such notes or other obligations shall be traded as public debt transactions of the United States. Sums borrowed under this subsection shall be deposited in the fund and redemption of such notes and obligations shall be made by the Commissioner from such funds.

LEGAL POWERS AND RESPONSIBILITIES

SEC. 14. (a) In the performance of, and with respect to, the functions, powers, and duties vested in him by this Act, the Commissioner may—

(1) prescribe such regulations as may be necessary to carry out the purposes of this Act;

(2) sue and be sued in any court of record of a State having general jurisdiction or in any district court of the United States, and such district courts shall have jurisdiction of civil actions arising under this Act without regard to the amount in controversy, and any action instituted under this subsection by or against the Commissioner shall survive notwithstanding any change in the person occupying the office of Commissioner or any vacancy in that office; but no attachment, injunction, garnishment, or other similar process, mesne or final, shall be issued against the Commissioner or property under his control, and nothing herein shall be construed to except litigation arising out of activities under this Act from the application of sections 507(b) and 2679 of title 28 of the United States Code and of section 367 of the Revised Statutes (5 U.S.C. 316);

(3) include in any contract for insurance such terms, conditions, and covenants relating to repayment of principal and payment of interest, relating to his obligations and rights and to those of eligible lenders, and borrowers in case of default, and relating to such other matters as the Commissioner determines to be necessary to assure that the purposes of this Act will be achieved; and any term, condition, and covenant made pursuant to this clause or any other provisions of this Act may be modified by the Commissioner if he determines that modification is necessary to protect the financial interest of the United States;

(4) subject to the specific limitations in this Act, consent to the modification, with respect to rate of interest, time of payment of any installment of principal and interest or any portion thereof, or any other provision of any note or other instrument evidencing a loan which has been insured under this Act;

(5) enforce, pay, or compromise, any claim on, or arising because of, any such insurance; and

(6) enforce, pay, compromise, waive, or release any right, title, claim, lien, or demand, however acquired, including any equity or any right or redemption.

(b) The Commissioner shall, with respect to the financial operations arising by reason of this Act—

(1) prepare annually and submit a budget program as provided for wholly owned Government corporations by the Government Corporation Control Act; and

(2) maintain with respect to insurance under this Act an integral set of accounts, which shall be audited annually by the General Accounting Office in accordance with principles and procedures applicable to commercial corporate transactions, as provided by section 105 of the Government Corporation Control Act, except that the transactions of the Commissioner, including the settlement of insurance claims and of claims for payments pursuant to section 9, and transactions related thereto and vouchers approved by the Commissioner in connection with such transactions, shall be final and conclusive upon all accounting and other officers of the Government.

ADVISORY COUNCIL ON INSURED LOANS TO VOCATIONAL STUDENTS

SEC. 15. (a) The Secretary shall establish in the Office of Education an Advisory Coun-

cil on Insured Loans to Vocational Students, consisting of the Commissioner, who shall be Chairman, and eight members appointed, without regard to the civil service laws, by the Secretary. The membership of the Council shall include persons representing State loan insurance programs, private nonprofit loan insurance programs, financial and credit institutions, and eligible institutions.

(b) The Advisory Council shall advise the Commissioner in the preparation of general regulations and with respect to policy matters arising in the administration of this Act, including policies and procedures governing the making of advances under section 3, the Federal payments to reduce student interest costs under section 9 and the making of loans under section 10.

(c) Members of the Advisory Council, while attending meetings or conferences of such Council, or otherwise engaged in the business of such Council, shall be entitled to receive compensation at a rate fixed by the Secretary, but not exceeding $100 per diem, including traveltime, and while so serving on the business of the Advisory Council away from their homes or regular places of business, they may be allowed travel expenses, including per diem in lieu of subsistence, as authorized by section 5 of the Administrative Expenses Act of 1946 (5 U.S.C. 73b–2), for persons in the Government service employed intermittently.

PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS

SEC. 16. Notwithstanding any other provision of law, Federal credit unions shall, pursuant to regulations of the Director of the Bureau of Federal Credit Unions, have power to make insured loans up to 5 per centum of their assets, to student members in accordance with the provisions of this Act or in accordance with the provisions of any State or nonprofit private student loan insurance program with respect to which there is in effect an agreement with the Commissioner under section 9(b).

DEFINITIONS

SEC. 17. As used in this Act—

(a) The term "eligible institution" means a business or trade school, or technical institution or other technical or vocational school, in any State, which (1) admits as regular students only persons who have completed or left elementary or secondary school and who have the ability to benefit from the training offered by such institution; (2) is legally authorized to provide, and provides within that State, a program of postsecondary vocational or technical education designed to fit individuals for useful employment in recognized occupations; (3) has been in existence for two years or has been specially accredited by the Commissioner as an institution meeting the other requirements of this subsection; and (4) is accredited (A) by a nationally recognized accrediting agency or association listed by the Commissioner pursuant to this clause, (B) if the Commissioner determines that there is no nationally recognized accrediting agency or association qualified to accredit schools of a particular category, by a State agency listed by the Commissioner pursuant to this clause, and (C) if the Commissioner determines there is no nationally recognized or State agency or association qualified to accredit schools of a particular category, by an advisory committee appointed by him and composed of persons specially qualified to evaluate training provided by schools of that category, which committee shall prescribe the standards of content, scope, and quality which must be met by those schools in order for loans to students attending them to be insurable under this Act and shall also determine whether particular schools meet those standards. For the purpose of this subsection, the Commissioner shall publish a list of nationally recognized accrediting agencies or associations and State agencies which he determines to be reliable authority as to the quality of education or training afforded.

(b) The term "eligible lender" means an eligible institution, an agency or instrumentality of a State, or a financial or credit institution (including an insurance company) which is subject to examination and supervision by an agency of the United States or of any State.

(c) The term "line of credit" means an arrangement or agreement between the lender and the borrower whereby a loan is paid out by the lender to the borrower in annual installments, or whereby the lender agrees to make, in addition to the initial loan, additional loans in subsequent years.

(d) The term "State" includes, in addition to the several States of the Union, the Commonwealth of Puerto Rico, the District of Columbia, Guam, American Samoa, the Virgin Islands, and the Trust Territory of the Pacific Islands.

(e) The term "Secretary" means the Secretary of Health, Education, and Welfare.

(f) The term "Commissioner" means the Commissioner of Education.

Mr. MORSE. Mr. President, H.R. 7743 provides the counterpart for vocationally oriented young people to the insured loan provisions we have approved for our college population in H.R. 9567. We have conformed H.R. 7743 as it passed the House with our determinations on H.R. 9567 to insure that the same financial benefits would be made available to vocationally oriented students.

Before each member is a copy of H.R. 7743 as reported, which carries out that understanding. Senators will recall that S. 600 as introduced, provided such benefits under the insured loan program to young people attending trade and business schools.

In adapting the insured loan program for such students, the following principles were observed:

First. The benefits afforded consist solely of the insured loan program. They do not include any additional participation to any new category of school under the National Defense Education Act, title II, than is presently afforded by that act.

Second. They do not afford scholarship benefits as in title IV–A of the Higher Education Act, and finally,

Third. They do not include the work-study authorities of title IV–C of H.R. 9567.

The maximum insured loans which could be outstanding under this program could not exceed in total, $75 million. The maximum loan to the student in 1 year could not exceed $1,000 and the total student debt could not exceed $2,000. In conformity with the parallel nature of the benefits provided, however, provision is made for advances to States which wish to enter into or expand State vocational student insurance loan programs.

The parallel is complete except that in view of the size of the program and the limited amount of money made available to it, a provision was inserted which would provide each State which wished to participate in such a program with an advance of a minimum amount of $10,000 or 2½ percent of its allocation under the formula, whichever is greater. The formula is based upon population of a State in the 18- to 22-age brackets as in H.R. 9567. Included in the bill is language permitting Federal credit unions to participate as eligible lenders.

The interest subsidy program is the same as in H.R. 9567. The same triggering device for the Federal insurance program is incorporated.

Retained, however, from the House version was a provision establishing a $1 million direct loan program for vocational students unable to gain access at reasonable rates of interest to insured loan money. Returns from repayments flow into the reserve insurance fund as provided in section 13(a).

H.R. 7743 passed the House by the overwhelming vote of 300 to 0. It was known in the House as the Dent bill, first introduced by Representative DENT, of Pennsylvania. However, if Representative DENT were here, he would say what I now say, that although it was introduced as the Dent bill in the House and the Morse bill in the Senate, Representative DENT is the recipient of the same type of cooperation on the part of the House committee that I always receive on the part of the Senate committee.

The bill left the House Education Committee rather enthusiastically endorsed and went through the House by the vote that I have just announced.

Mr. President, by this legislation we are trying to afford to students in the field of vocational and business education the same loan advantages that we seek to give under H.R. 9567 to students attending higher education institutions. I consider it to be a very fair bill.

I ask unanimous consent to have printed at this point in the RECORD a few of the communications that I have received on this legislation.

These communications are in letter form from Mrs. Enid E. Cox, president of the Oregon Vocational Association; Paul F. Wilmeth, director of the Salem Technical Vocational Community College in my State; Jack Brookins, dean of the Technical Vocational Education of the Southwestern Oregon College, of North Bend, Oreg.; Carlton Kelley, president of the Tennessee Valley State Technical Junior College of Decatur, Ala., whose letter includes a memorandum that he sent to me; and a letter received by me from Elmer H. Halstead, executive secretary of the Oregon Vocational Association.

I also ask unanimous consent that there be printed at this point in the RECORD a section-by-section outline of the provisions of this bill starting on page 12 of the committee report.

There being no objection, the communications and the section-by-section outline were ordered to be printed in the RECORD, as follows:

OREGON VOCATIONAL ASSOCIATION,
Salem, Oreg., July 9, 1965.

HON. WAYNE MORSE,
Senate Office Building,
Washington, D.C.

DEAR SIR: The Oregon Vocational Association urges you to support and to take early action on H.R. 7743.

We feel that it is to the best interest of vocational education that the administration of a loan program be through regularly constituted vocational authorities rather

than through authorities of higher learning institutions.

There is a definite need in vocational education for the passage of H.R. 7743 which will help students prepare themselves in postsecondary school programs for available jobs.

At this time I would also like to thank you for your previous favorable support of vocational education and I urge you to continue your support.

Yours very truly,

Mrs. ENID E. COX,
President, OVA.

SALEM TECHNICAL VOCATIONAL COMMUNITY COLLEGE,
Salem, Oreg., July 20, 1965.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SIR: I am writing to urge you to support H.R. 7743, a bill to establish a system of loan insurance and a supplementary system of direct loans, to assist students to attend postsecondary business, trade, technical, and other vocational schools.

Since our main interest is in the area of the technical and vocational education, we urge your support on passage of this bill so that money can be made available to people who have problems in providing for this type of training.

Again, we urge your support in passage of this bill which will provide financial assistance for those individuals pursuing technical vocational pursuits.

Please let me hear from you concerning this important bill.

Very truly yours,

PAUL F. WILMETH,
Director.

SOUTHWESTERN OREGON COLLEGE,
North Bend, Oreg., July 15, 1965.

Hon. WAYNE MORSE,
Senate Office Building,
Washington, D.C.

DEAR SENATOR: I urge your strong support of H.R. 7743 which will establish a system of loan insurance and a supplementary system of a direct loans, to assist students to attend postsecondary business, trade, technical and other vocational schools.

Since this bill was approved by the House on a rollcall vote of 300 to 0 and is now in the hands of the Senate Subcommittee on Education of the Senate Labor and Public Welfare Committee, it is my hope that it meets with the same success in the Senate.

Thank you.

Sincerely,

JACK BROOKINS,
Dean, Technical Vocational Education.

TENNESSEE VALLEY STATE TECHNICAL JUNIOR COLLEGE,
Decatur, Ala., July 9, 1965.

Hon. WAYNE MORSE,
U.S. Senate,
Washington, D.C.

DEAR SENATOR MORSE: I recently sent you the enclosed letter.

Now, I find that the House of Representatives has voted 300 to 0 in favor of House bill 7743. For this reason, I am urging you to get this business through the Senate. Eighty percent of the American people do not go to college. Ninety percent of our adult program here at this school (600) need financial aid. I think that the vocational schools in America should have scholarships just like the college students have.

We are counting on you in the U.S. Senate to take care of this business.

Yours truly,

CARLTON KELLEY,
President.

TENNESSEE VALLEY STATE TECHNICAL JUNIOR COLLEGE,
Decatur, Ala., May 7, 1965.

A parallel system of training schools in America would be the beginning of an inefficient system of vocational education. Public education is the only system which can be effective in training individuals for the skilled crafts in the technical area.

If different national agencies get into public education. I think we would have a confused setup that could weaken the Nation. I hope that you will use your influence and see that what we have is not watered down but strengthened.

I am enclosing a copy of a letter from our National Education Association which indicates the damage that could develop. Please advise me regarding your feeling in this matter.

I would also like for you to support House bill 6468 which would establish scholarships for students to enroll in area vocational technical schools in all of the States. Many students in Alabama who drop out would probably stay in area vocational technical schools if there were scholarships available. To strengthen my point on this matter, I am enclosing a dropout study in Alabama, 1964–65.

Yours truly,

CARLTON KELLEY,
President.

OREGON VOCATIONAL ASSOCIATION,
Salem, Oreg., July 7, 1965.

Hon. WAYNE MORSE,
U.S. Senate,
Washington D.C.

DEAR SIR: The Oregon Vocational Association, the State organization of vocational educators in Oregon, urges your support of H.R. 7743 establishing a system of loan insurance and a supplementary system of direct loans, to assist students to attend postsecondary business, trade, technical and other vocational schools.

* * * * *

The students who would benefit by H.R. 7743, are not any special group, but just average, normal, and serious people who, by conscientious effort, seek to become substantial, tax paying citizens by preparing themselves in the postsecondary school programs for available jobs as businessmen, tradesmen and technicians who are the backbone of our society.

We believe that there is justification and great need for this legislation and we are very gratified that the House has approved H.R. 7743 by a vote of 300 for and 0 against.

ELMER H. HALSTEAD,
Executive Secretary.

SECTION-BY-SECTION OUTLINE OF PROVISIONS

SECTION 1

This section provides that this act may be cited as the "National Vocational Student Loan Insurance Act of 1965."

SECTION 2. STATEMENT OF PURPOSE AND APPROPRIATIONS AUTHORIZED

Subsection (a) of this section states that it is the purpose of this Act to enable the Commissioner (1) to encourage States and nonprofit institutions and organizations to establish adequate insurance programs for students in eligible institutions, (2) to provide a Federal program of student loan insurance for students who do not have reasonable access to a State or private nonprofit student loan insurance program, and (3) to pay a portion of the interest on certain student loans insured under this Act or under certain State or private loan insurance programs. "Eligible institution" is defined in section 17.

Subsection (b) of this section authorizes the appropriation (1) of $250,000 plus such further sums as may be necessary, for the establishment of a vocational student loan insurance fund; (2) of such sums as may be necessary to make interest payments on insured loans under section 9; and (3) of $1,875,000 to make advances under section 3 to State and nonprofit private student loan insurance reserve funds.

SECTION 3. ADVANCES FOR RESERVE FUNDS OF STATE AND NONPROFIT PRIVATE LOAN INSURANCE PROGRAMS

Subsection (a) of this section authorizes the Commissioner to make repayable advances to any State with which he has made his agreement pursuant to section 9(b), for the purpose of helping to establish or strengthen the reserve fund of the student loan insurance program covered by that agreement. If a State will not have a vocational student loan insurance program covered by the agreement under section 9 (b)—as determined for each of the fiscal years 1966, 1967, and 1968—then for any such year advances could be made to one or more nonprofit private programs to cover students in that State. Advances could be made to both State and private funds if necessary in order to assure that students at every eligible institution have access through such institution to a student loan insurance program. Advances and repayments under this subsection will be upon terms and conditions prescribed by the Commissioner. The $1,875,000 authorized for advances to State and nonprofit private programs under subsection (a) is to be allocated among the States in proportion to their population aged 18 to 22 inclusive, but with no State receiving less than $10,000.

SECTION 4. EFFECT OF ADEQUATE NON-FEDERAL PROGRAMS

This section prohibits the Commissioner from issuing insurance certificates to lenders in a State when he determines that every eligible institution has reasonable access in that State to either a State or private nonprofit program covered by an agreement under section 9(b).

SECTION 5. SCOPE AND DURATION OF LOAN INSURANCE PROGRAMS

Subsection (a) limits the total principle amount of new loans made (and installments paid pursuant to lines of credit) to students covered by insurance under this act to $75 million, in the fiscal year ending in 1966 and in each of the 2 succeeding fiscal years. Thereafter, insurance under this act may be granted only for loans made (or for loan installments paid pursuant to lines of credit) to enable students, who have obtained the prior insured loans under this act, to continue or complete their education program; but no insurance may be granted for any loan made or installment paid after June 30, 1972.

Subsection (b) permits the Commissioner to assign insurance quotas to States, areas or eligible lenders.

SECTION 6. LIMITATIONS ON INDIVIDUAL LOANS AND ON INSURANCE

Subsection (a) of this section limits the amount of insured loans made to a student to $1,000 in the aggregate to any student in any academic year or its equivalent. The overall amount of insurance on the unpaid principal of loans may not at any time exceed $2,000 for any student.

Under subsection (b) the liability of the United States on an insured loan is limited to the amount of unpaid principal and does not extend to accrued interest.

SECTION 7. SOURCES OF FUNDS

This section permits insurance of loans made from funds held in trust or a similar capacity.

SECTION 8. ELIGIBILITY OF STUDENT BORROWERS AND TERMS OF STUDENT LOANS

Subsection (a) of this section provides that loans are insurable only if they meet the following conditions: The borrower must be accepted for enrollment or be in good standing at an eligible institution, must carry at least half of the normal full-time workload, and must provide the lender with the institution's statement of tuition, fees, and estimated room and board.

The loan must be evidenced by an insured note, which may be required to be endorsed only if necessary to create a binding obligation. Periodic installments of principal on the loan need not be paid but interest shall accrue and be paid during any period (1) during which the borrower is pursuing a full-time course of study at an institution of higher education or at a comparable institution outside the United States approved by the Commissioner; (2) or for a period not in excess of 3 years during which the borrower is a member of the Armed Forces; or (3) not in excess of 3 years during which the borrower is in service as a volunteer under the Peace Corps Act. Such a suspension of principal repayments shall not be included in determining the 6-year to 9-year repayment periods.

Interest on the loan cannot exceed the rate prescribed by the Commissioner for the geographical area, and is payable over the period of the loan unless the note provides for deferral of interest not paid under section 9 until the first payment of principal. The lender must agree not to try to collect from the borrower interest payable by the Commissioner under section 9. The note must permit the borrower to accelerate repayment.

Subsection (b) limits the interest rate on insured loans to 6 percent except that under certain exceptional circumstances the rate may be as high as 7 percent.

Subsection (c) requires a minimum annual repayment by a borrower on all of his loans insured by the Commissioner under this part of $360 for the balance of all such loans or his outstanding balance, whichever is less.

SECTION 9. FEDERAL PAYMENTS TO REDUCE STUDENT INTEREST COSTS

This section directs the Commissioner to make payments to holders of insured student loans to reduce student interest costs. A student whose adjusted family income is less than $15,000, and who has received a loan insured under this act or under a State or nonprofit private program and meets its standards, will be entitled to have paid on his behalf to the holder of the loan, over the period of the loan, a portion of the interest on the loan. In order to entitle the student borrowers to the benefit of the interest subsidy with respect to loans insured by any State or private nonprofit private program, such program must, after June 30, 1967, have an agreement meeting all the requirements provided in section 9(C) concerning the terms of the loan insurance programs. During the transitional period prior to July 1, 1967, such program must only meet the standards limiting the interest rate to no higher than 6 percent yearly on the unpaid principal balance of the loan and the provision that repayment of the insured loans shall not be required to begin earlier than 60 days after the student ceases to pursue his course of study at an eligible institution. (Adjusted family income will be determined as of the time of execution of the loan note and will be determined under regulations of the Commissioner which will take into account appropriate factors such as family size.)

The payment a student is entitled to have made on his behalf under this section will, during the period which precedes the repayment period of the loan, be equal to the total amount of the interest which accrues prior to the beginning of the repayment period, and will, during the repayment period, be equal to 3 percent per annum of the unpaid principal amount of the loan. However, the payment may not exceed, for any period, the amount of interest, which (but for such payment) would be actually payable by the student, taking into consideration interest payments on his behalf for that period under any State or private loan insurance program. The holder of an insured loan will have a contractual right, as against the United States, to be paid by the Commissioner the portion of interest which has been determined under this section. The Commissioner will prescribe the manner of payment and the form of certain reports to be made by the holder of the loan.

Subsection (b) of this section sets forth the conditions under which students whose loans are insured under State or private programs will receive payments to reduce their interest costs under this section. Any State or any nonprofit private institution or organization which has a student loan insurance program may enter into an agreement with the Commissioner to permit students who receive loans which are insured under its program to have made on their behalf payments under subsection (a), if the Commissioner determines that the insurance program—

(A) authorizes the insurance of up to $1,000 in loans per student per academic year;

(B) authorizes the insurance of loans to any individual student for at least 2 academic years of study;

(C) provides that (i) the student borrower may accelerate without penalty the whole or any part of an insured loan, (ii) the period of any insured loan may not exceed 9 years from the date of execution of the note evidencing of the loan, and (iii) the note contain certain default provisions prescribed by the Commissioner's regulations;

(D) subject to the preceding subparagraph, provides that, if a student's insured loans held by any one person exceed $1,000, then repayment of such loans will be in installments over a period of not less than 3 years nor more than 6 years beginning between 9 months and 1 year after the student ceases to pursue a full-time course of study at an eligible institution (except that if the program provides for the insurance of loans for part-time study at eligible institutions, the repayment period will begin between 9 months and 1 year after the student ceases to carry at least one-half the normal full-time academic workload);

(E) limits interest (exclusive of the insurance premium) to 6 percent per annum on the unpaid principal balance of the loan;

(F) insures at least 90 percent of the unpaid principal of loans insured under the program;

(G) does not provide for collection of an excessive insurance premium;

(H) provides that the benefits of the loan insurance program will not be denied any student because of his family income or lack of need, if his adjusted family income is less than $15,000;

(I) provides that a student may obtain insurance under the program for a loan for any year of study at an eligible institution; and

(J) provides, in the case of a State program, that the program will be administered by a single State agency, or by one or more nonprofit private institutions or organizations under the supervision of such an agency.

Agreements under this subsection will require reports and have certain other provisions necessary to carry out this act.

SECTION 10. DIRECT LOANS

This section permits the Commissioner to make direct loans to students, otherwise eligible for insured loans, to whom lenders will not make insurable loans at or below the maximum rate of interest prescribed by the Secretary under section 8(a) for the area where the borrower resides. Direct loans bear interest at the maximum rate of interest prescribed for such area, and to the extent practicable, will be made on the same terms and conditions as are required for insured loans. The authorization for this section is limited to $1 million yearly.

SECTION 11. CERTIFICATES OF INSURANCE—EFFECTIVE DATE OF INSURANCE

This section details the method by which an eligible lender obtains insurance on a student loan. Subsection (a) provides that loans which meet the requirements of the act may be insured after they are made, on application by the lender, but that the Commissioner on application may make an advance commitment to insure a proposed loan or line of credit. Subsection (b) prescribes another alternative under which the Commissioner may issue to eligible lenders certificates of comprehensive insurance coverage which would insure all insurable loans made by a lender during a period and up to an amount specified in the certificate. Subsection (c) authorizes the Commissioner to charge a yearly insurance premium of up to one-fourth of 1 percent of the unpaid balance of the principal of an insured loan.

Subsections (d) and (e) relate to assignment and consolidation of insured obligations.

SECTION 12. PROCEDURE ON DEFAULT, DEATH, OR DISABILITY OF STUDENT

This section sets out the procedure by which eligible lenders (and their assignees) collect any amounts for which the United States is liable by reason of the default, death, or disability of the borrower. The Commissioner may forebear his collection rights (under the subrogation provisions of the section) in the case of deceased or disabled borrowers.

SECTION 13. INSURANCE FUND

This section establishes a student loan insurance fund into which will be deposited amounts appropriated under the authority of section 2(b)(1), insurance premiums, and amounts recovered by the Commissioner from defaulted borrowers. All payments in connection with the default of loans insured under the act will be paid from the fund, and in the event that the moneys in the fund are not sufficient to make such payments the Commissioner may obtain additional moneys by issuing to the Secretary of the Treasury notes or other obligations as a public debt transaction.

SECTION 14. LEGAL POWERS AND RESPONSIBILITIES

This section authorizes the Commissioner, in carrying out the act, to make regulations, sue and be sued, prescribe and modify the terms of insurance contracts, permit the modification of student loan agreements, and to settle insurance claims. The Commissioner's financial operations are subject to the Government Corporation Control Act.

SECTION 15. ADVISORY COUNCIL ON INSURED LOANS TO VOCATIONAL STUDENTS

This section requires the Secretary of Health, Education, and Welfare to establish in the Office of Education an Advisory Council on Insured Loans to Vocational Students. The Council would consist of the Commissioner, who would be chairman, and eight other members, including persons representing State and private nonprofit loan insurance programs, financial and credit institutions, and eligible institutions. The Council

would advise the Commissioner in the preparation of general regulations, and with respect to policy matters arising in the administration of this Act.

SECTION 16. PARTICIPATION BY FEDERAL CREDIT UNIONS IN FEDERAL, STATE, AND PRIVATE STUDENT LOAN INSURANCE PROGRAMS

This section permits Federal credit unions to use up to 5 percent of their assets for making to their members student loans insured under this act or under certain State or private loan insurance programs.

SECTION 17. DEFINITIONS FOR REDUCED-INTEREST STUDENT LOAN INSURANCE PROGRAM

This section defines, for purposes of this act, the term "eligible institution," "eligible lender," and "line of credit."

Mr. MORSE. Mr. President, the Subcommittee on Education of the Committee on Labor and Public Welfare and the full committee itself enthusiastically support my bill.

The Senator from Colorado [Mr. DOMINICK] made a statement in committee on behalf of a possible modification of the bill. I hope that he will make the same statement for the sake of legislative history today and any other action that he may wish the Senate to take on it.

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

Mr. MORSE. Mr. President, I yield to the Senator from Pennsylvania, and shall then yield to the Senator from Vermont [Mr. PROUTY], the Senator from Maryland [Mr. TYDINGS], and finally to the Senator from Texas [Mr. YARBOROUGH].

The PRESIDING OFFICER. The Senator from Pennsylvania is recognized.

Mr. CLARK. Mr. President, I should like the RECORD to show my strong commendation of the leadership shown by the senior Senator from Oregon [Mr. MORSE] in guiding the bill through the committee, in having the necessary changes in the House bill made, and in bringing it to the floor for passage.

I should also like the RECORD to show my strong commendation of the action in the House of Representatives of my colleague from Pennsylvania, Representative JOHN DENT, who has been a real leader in the field of upgrading vocational education, and seeing to it that the young Americans who enter the vocational education field are given the same educational opportunities as are made available to those who go to liberal arts colleges. I think Representative DENT is to be highly commended for his activities in that regard.

Mr. PROUTY. Mr. President, the National Vocational Student Loan Insurance Act of 1965 is a bill designed to help the more than half of our young people who do not go on to college after graduation from high school.

The bill would establish reduced interest insured and direct loan programs for those who wish to take courses at business, trade, technical, and other vocational schools.

In passing the Higher Education Act, we have already made this type of assistance available to the college or university student. To do less for youngsters who wish to attend a trade or business school would be to discriminate against those who prefer the service or technical occupations.

Boys and girls who take vocational training are for the most part very serious and dedicated students. One survey indicated that 85 percent of the trade, 67 percent of the business, and 79 percent of the technical school students complete their training.

The survey went on to demonstrate that 95 percent of the young men and women who completed training and sought employment found it.

When we make it possible for recent high school graduates to borrow money to go to trade, technical, or business schools, we not only help them, but we help the country by fighting the unemployment problem at one and the same time.

Without vocational or college training, today's boy or girl is at a loss in our complex and dynamic society.

All the data your Labor and Public Welfare Committee has been able to gather demonstrates that most students at trade, technical, and business schools come from families of a lower income background. This being true, it is difficult for the youngster to borrow money and it was the object of the committee in reporting this bill to encourage commercial sources to make more loans available. I think the loan insurance features of the legislation will do just that.

A survey brought to light the fact that many trade-technical school students are skimping on their diet and housing costs hoping to squeeze by until they finish training. A survey which covered nearly 2,000 students showed that 55 percent of the youngsters had food costs amounting to less than $15 per week and 44 percent kept their housing costs below $10 per week.

It was revealed to the committee that in one area of the country, 41 percent of trade-technical school students were working either part time or full time while attending school and 34 percent received no financial help from their parents.

In a word, Mr. President, the national vocational student loan insurance bill is not only a good piece of legislation, it is a necessary piece of legislation.

The bill would allow the Commissioner of Education to aid the vocationally oriented student at least four ways. Under the terms of the bill, the Commissioner could:

First. Encourage States and nonprofit private institutions and organizations to establish adequate loan insurance programs for students in eligible institutions;

Second. Provide a Federal program of student loan insurance for students who deserve reasonable access to State or private nonprofit programs of student loan insurance;

Third. Pay a portion of the interest on such loans to qualified students while undertaking study; and

Fourth. Make direct loans to any student eligible for an insured loan if insured loans are not available at reasonable rates of interest as prescribed by the Secretary of Health, Education, and Welfare.

Mr. President, the test of a free society is how much will it do to make the future better than the present by planning for the needs of new generations. We can meet this test and the pending legislation will aid us in this objective. I urge that it be passed unanimously by the Senate.

In closing these brief remarks, I should like to pay tribute to Charles Lee and Jack Forsythe and to Steve Kurzman and Roy Millenson, the majority and minority staff members of the Labor and Public Welfare Committee, for their able guidance and assistance in developing and advancing this legislation.

And I should like to make mention as well of the splended contribution made by Dick Fulton who represents the United Business Schools Association. He is always willing at a moment's notice to enlighten Members of Congress on the problems that confront business schools and youngsters who attend them, and without his effective support the legislation to aid business, trade, technical, and other vocational students might have been left lingering in committee.

The business schools of America can be proud of Dick Fulton, and I want to express to him and to Bader Brouilette, of Champlain College in Burlington, Vt., my heartfelt thanks for their advice and counsel.

Mr. TYDINGS. Mr. President, the Education Subcommittee of the Labor and Public Welfare Committee, and its able chairman, the distinguished Senator from Oregon [Mr. MORSE], as well as the full Labor and Public Welfare Committee, deserve a special commendation for their work in reporting out H.R. 7743, the National Vocational Student Loan Insurance Act of 1965.

Previous congressional efforts to advance the cause of equal educational opportunities for all of America's youth have been centered around aid to elementary and secondary schools and aid to colleges and universities. These programs were much needed, indeed they were long overdue. However, in our desire to aid all of our young people to acquire an education consonant with their aptitudes and their ambitions, we must not lose sight of the fact that less than half of our young people go on to college. Motivation of our youth to seek the benefits of further education remains a pressing concern. Yet perhaps the most strongly motivated of the students who seek postsecondary education are the career-oriented students who seek to further their education at specialty schools, with courses directly related to their occupational goals.

This program of low-interest loans to students who wish to proceed to postsecondary vocational and technical schools will fill a much needed gap in our overall program of educational assistance.

At present, and increasingly in the future, our society will have need of large numbers of skilled technicians to perform the increasingly complex operations which the smooth running of our industrial machinery requires. This program of aid to vocational and technical school students will enable us to train the

large numbers of skilled technicians and craftsmen which our society requires, and in so doing, will provide for the needs of the majority of our young people who do not go on to college.

Mr. President, there is an additional point which bears mentioning. We have become increasingly aware of late of the grave problems which confront those of our young people who are born and reared in the pockets of poverty in our midst. Our economic opportunity program, aid to elementary and secondary schools, and our higher education program are all designed to come to grips with some of these problems. By this time in our history, each of us realizes that much of the strength and vitality of our Nation depends upon our ability to confront the poverty, the rootlessness, the hopelessness which afflicts so many of our young people in portions of Appalachia, and the dark ghettoes of our large cities. For many of their elders, one can only try to lessen somewhat burdens which seem near intolerable. But for the youth there is hope. One of the traditional American grounds for hope in the future has been the prospect of education for one's children.

This program of loan assistance to the vocationally oriented student, on much the same basis as equivalent financial assistance to the college or university student, together with the increased Federal, State, local and individual commitment to education, will enable students of many diverse backgrounds and inclinations to proceed to the postsecondary educational institutions of their choice, with the aid of a government dedicated to the task of providing the opportunity for every student to develop to the limits of his ambition and ability.

ROUNDING OUT OUR PROGRAMS OF AID TO VOCATIONAL EDUCATION WITH H.R. 7743 FOR STUDENT LOANS AND INSURED LOANS

Mr. YARBOROUGH. Mr. President, in an increasingly technological age, our labor force has for many years been undergoing a transformation from low skill to high skill. To operate the complex machinery used in every field from heavy industry to medicine, skilled workers are needed.

The 1965 manpower report of the President tells us:

> The fastest growing occupations during the next decade will continue to be the professional and technical, service, and clerical occupations.

It is the latter three groups which are affected by this bill, which aids students to attend postsecondary business, trade, technical, and other vocational schools.

In response to this need, Congress has already enacted much legislation to further vocational education. The Vocational Education Act of 1963 provides funds to the States to assist in maintaining, extending, and improving programs of vocational education for persons of all ages. The Manpower Development and Training Act provides occupational training for unemployed people, and gives them enough money so they can get by while they are undergoing their training. The Area Redevelopment Act provided similar training for unemployed persons from depressed areas. The Job Corps and work training programs provide vocational training and work experience for young people who come from financially and educationally deprived backgrounds.

This bill is designed to help those who come from a somewhat higher financial background than those who were the prime targets of the previously enacted legislation. People from middle income backgrounds frequently find it very difficult to finance the expenses involved in vocational education. The cost of education is an unusually large part of the budget of a middle-income family, and being a relatively short run expenditure in terms of the number of years per child which the family must undergo the expense, it is a considerable disruption to the family's normal pattern of life. The most advisable way of solving this problem is for such middle-income families to borrow money, so that the expense can be spread over a term of years rather than being borne all at one time. But the terms of loans available now defeat the purpose for which they might be used. The repayment period is usually so short that a family is not able to phase the burden of repayment out for much longer than a year.

This bill will authorize a loan program which, if it works as it is supposed to, will give people ready access to loans, with a reasonable payback period. I would have preferred adding this category of loans to the National Defense Education Act rather than bringing it out in its present form. As a member of the Senate Education Subcommittee, I shall review the progress of this program closely in order to bring to light any abuses which may occur.

But I am happy to add my vote to a program which will round out a series of bills to aid vocational education and by so doing, provide a labor force trained and willing to meet the needs of the future.

Mr. MORSE. Mr. President, if I may have the attention of the Senator from Colorado [Mr. DOMINICK], I started explaining the pending legislation, which is the National Vocational Student Loan Insurance Act of 1965, before I noticed that the Senator from Colorado had left the Chamber. I had previously seen him on the floor.

I said to the Senate, as the RECORD will show, that the Senator from Colorado might wish to make a statement and might wish to offer an amendment, that he had discussed an amendment in the committee, but I wanted him to state it for the Senate, so that he might make whatever comment he wished on the bill.

Mr. DOMINICK. Mr. President, I appreciate the courtesy of the senior Senator from Oregon, the subcommittee chairman. I went down and hopefully tried to get something to eat, and managed to finish one cup of soup before being summoned back here, so I am somewhat hungry.

I wish to start by congratulating the Senator from Oregon, the staff, and the committee as a whole, upon the bill. I think we are dealing, in the vocational education field, with one of the most important matters with which our country is faced. One of the cries which we hear from industry throughout the country is "We have jobs available, but no personnel qualified to fill them." To the extent that students can get the necessary technical trade school education to qualify them for such jobs, we are going to be assisting not only the unemployment situation, but also the industrial capacity of our Nation. So it seems to me the bill before us is of vast importance on a nationwide basis, both to the people directly involved and to the country as a whole.

Secondly, I think that the amendments which have been added to the House bill in order to conform it with the loan insurance provisions in the Higher Education Act are very helpful. I am reluctant, however, to refrain entirely from commenting upon or questioning the Senator from Oregon about the direct Federal loan program.

All the information we have received to date in the educational field, at least of which I have been aware, has been based on the thought that if we can provide insurance for local loan purposes, the loans, either coming from school funds, institutional funds, private finance funds or some other mechanism, will multiply the value of the tax dollar put up for these loans 12½ times so that for every insurance dollar provided, there will be $12.50 worth of money available for loans.

In the Higher Education Act recently debated and passed by the Senate, and upon which a conference will be held tomorrow, there are no direct loan provisions, as I recall. I know there are extensive loan provisions. I think, for example, $195 million of taxpayers' funds is to be appropriated in loans for the year 1968, under the National Defense Education Act program. My question is, Is this the proper approach for the vocational field?

I realize that the Senator from Oregon has been trying his best to conform this bill to the education acts which are now in existence, and that perhaps one of the reasons why this provision was left in the bill is because we have a direct loan program under the National Defense Education Act at the present time.

But I should say to the Senator from Oregon and to my fellow Senators that if that $195 million of the National Defense Education Act had not been used for direct loan funds, but had been used to insure the private financing of similar amounts of loans at similar interest rates, we would have multiplied that amount of money by 12½, under the provisions of the insurance program, and thus created a far greater opportunity for young men and young women to take advantage of the loan provisions of the two bills.

Although I realize that in the pending bill the program is restricted to $1 million, and although I realize that it is stated that this is for the benefit of the young men and young women who are unable to get insured loans in their local communities, I should like to ask a few questions. First, in what communities would it be impossible for students to get an insured loan? Is there any evidence

on this subject at all? I should like to ask the Senator from Oregon if any such evidence was presented at our hearings.

Mr. MORSE. Mr. President, all I can say is that, as I said in committee, the Department very strongly felt that the provision for a million dollars should be made available for this new program. It is not intended to make these loans unless the students finds it impossible to get a loan under the private auspices of lending institutions in his community. The Department feels that the provision ought to be contained in the bill. As the Senator has indicated, this is in parallel with the existing National Defense Education Act program.

I have tried to bring out a bill that would offer to vocational students the same type of financial aid we offer under title IV–B of H.R. 9567 and title II of the NDEA program to college and university students.

I have a brief statement that I should like to make at this point. It deals with a part of the Senator's question. It outlines my position on the direct loan provisions. After I have read the statement, the Senator may wish to ask me further questions on the basis of my statement. I should like to put it in the RECORD at this point.

Mr. DOMINICK. I am happy to yield the floor to the Senator for that purpose.

Mr. MORSE. It is partly in answer to the Senator's question.

Let me explain the justification for this direct loan provision, in view of the fact that the insured loan program in the higher education bill passed by the Senate does not contain—as the Senator from Colorado [Mr. DOMINICK] has just pointed out—similar new authority.

There is a vital difference between this and the higher education program, because students who would benefit under the higher education bill already have access to direct loans from their own institutions in the form of loans under title II of the National Defense Education Act. Most of these universities have their own loan programs. We do not find it in connection with most eligible institutions with which we are dealing under the bill.

While the eligibility of institutions which may participate under the National Defense Education Act program will be broadened under the amended definition contained in both the Senate- and House-passed versions of the higher education bill to include nonprofit schools offering vocational training, the large number of proprietary vocational schools will still not be eligible because of the National Defense Education Act limitation to public and other nonprofit institutions.

The committee believes that it is highly important loans be available for all vocationally oriented students who are seeking to improve themselves by undertaking useful training. These loans are investments in the future of our young people. Their record of repayment is very good.

Thus, while we expect lending institutions to recognize the soundness of the students' investment in themselves, and to make loans available in all areas of the Nation to meet the needs of students undertaking training in vocational schools, the committee, nevertheless, feels that standby authority should be provided so that, if in any part of this country insured loans are not available at a reasonable rate of interest, the Commissioner of Education can directly lend to these students. This is standby authority designed to leave no student, whether he lives in the mountains of West Virginia or the largest cities of our Nation, without the means to go on to school based upon his selection of the kind of education he desires, and his capacity. If, through no fault of his own, such a student cannot obtain an insured loan under the terms of this legislation from a local lending institution, the Federal Government should provide him with a direct loan. The cost of this provision is modest: $1 million would be authorized for direct loans for each of the next 5 years.

Let me say to the Senator from Colorado that it is not contemplated that the $1 million will be used unless the office of education finds there are a given number of students in an area who cannot get insured loans from so-called private lending institutions, or finds that loans offered are at unreasonable rates of interest. Under those circumstances, then the standby authority of not more than $1 million will be made available to the students under the direct loan provision, to provide them with a limited benefit such as is already in existence for other students whose needs are provided for in the National Defense Education Act, title II.

That is the philosophy and theory of the bill.

For the purposes of making legislative history, let me say that I am not going to be unaware of the policy which the Department carries out in regard to this provision. I say to the Department now, as the Senator in charge of the bill, that I have instructed the staff of the committee, on which the Senator from Colorado serves as a distinguished Member, to maintain surveillance over the administration of the program. If it should develop that we find the Department is making loans when the student could get the funds from so-called private lending institutions, under the procedures of the act, we will have a "talk" with the Department. As the Senator knows, those "talks" can always lead to congressional action, if we find it necessary.

On the other hand, there are many dedicated men and women in the department, as I know from my experience, and I believe that they will keep faith with the legislative intent of the bill. As a matter of desired public policy, I feel it is right for the agency to have this standby money available so that it can proceed immediately to the assistance of a needy student if he cannot secure a private loan upon reasonable interest rates.

The Senator from Colorado asked me whether I can point out anywhere at the present time where a student cannot obtain a loan. My answer is that I cannot, but the record made in the hearings was that the Department feels on the basis of experience under the National Defense Education Act loans, that those situations could develop. They wish also for insured loans to be made available to the students. If and only if this situation does not prevail would the student be able to obtain loan assistance through a direct loan from the Government. The authority is to be used only if it develops to be necessary that it be used. That is the philosophy of the bill, and I believe its merits far outweigh the point the Senator from Colorado makes, although, as he knows, in committee I admitted that I thought there was great weight to what he said.

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

The PRESIDING OFFICER (Mr. JORDAN of Idaho in the chair). Does the Senator from Oregon yield to the Senator from Colorado?

Mr. MORSE. I yield.

Mr. DOMINICK. Mr. President, let me say to the Senator from Oregon that I had intended originally to submit an amendment to strike this section from the bill. Not only did I intend to do that, but I also intended to try and take the $1 million which was called for in the direct loan section and place it in the insured loan phase where it would generate $12.5 million. However, I can also say that in the short time I had to work on it, neither the legislative counsel nor anyone else could submit an amendment which would do this without having to rewrite the entire bill. The Senator and his staff have been very able in making it impossible for me to make this is a real, clean-cut issue. I am sure it was not his intention, but that was the result.

I do not wish anyone to feel that I am in any way against the program. I have decided as best I can that if we can make a clear-cut record—and the Senator from Oregon has helped materially in making the legislative history—I do not believe, that at this time there is any need to push my point. I realize that this issue will not be in conference and therefore we will not be able to do anything about it, but I feel that we have made the legislative history here, a history which will stand up.

In that connection, I note that the report states, on page 2:

> The terms and conditions of these direct loans shall conform as nearly as practicable to the terms and conditions of loans insured under this bill.

This being the case, it would mean that it would be hard for the Office of Education, within the meaning of the report on this bill, to establish a new loan program in their office and create an additional degree of bureaucracy down there, which is the inevitable nature of the bureaucratic process, as the Senator from Oregon and I well know.

Mr. MORSE. Let the RECORD show that that is certainly not contemplated by the committee. I assure the Senator that it is not contemplated by the Department, either.

Mr. DOMINICK. I appreciate that; and it is helpful. On page 6 of the report, there is quoted at length the justification for the program which I believe

is excellently explained by Dr. Kenneth Hoyt, of the University of Iowa. On page 6, he shows from his study that 34 percent of the students now going through vocational training—and he interviewed only a sample of approximately 1,800 students—34 percent were receiving financial help from their parents while 66 percent were not.

On the question of business school students, 66 percent were receiving some financial help from their parents, and 34 percent were not.

I believe that what we are saying here, in effect, is that wherever students can get financial help outside Government sources, we hope that they will continue to do so.

Mr. MORSE. That is what is contemplated; but let me say a word for the RECORD about the students who receive help from their parents. In many, many instances, they are receiving help from their parents because of their parents' sacrifices in respect to the rest of the family. It would be better if the parents were not participating and if the student could obtain loan assistance.

It is pointed out in the report that a large percentage are receiving help from their parents, which does not mean that the parents, necessarily, can in every instance, afford that help.

But, as the Senator knows—and we have all had experience with this problem—many parents will sacrifice almost anything to get their children through school, be it academic or vocational.

What I am hoping is that in many of the so-called family hardship cases the H.R. 7743 programs will bring relief not only to the students, but to the parents, because many such cases are deserving.

We seek to provide insured loans whereby private lending companies will come to the aid of the students. Furthermore—I cannot prove it; no one can—the direct loan provision may well be an inducement to private lenders to participate in the insured loan program thus making sure that the Government will not step in. The $1 million standby authorization is one which I think is going to be noticed by lending institutions. If they know that money is available for use of students, in case they fail to offer financial help, they may be more inclined initially to make loans to students. And as the record of repayment turns out to be a good one—and I think we shall see a remarkable one—the private lending sources will be inclined to make more and more loans.

This is a new field. As the Senator from Colorado knows, the private lending companies, State programs, and nonprofit private plans are venturing into a new economic sea of lending policy. We have done much work in connection with procedures related to the Higher Education Act, as the Senator knows. As the procedures become acceptable to the private sector, they will in all probability carry over into this type of insured vocational loan.

Mr. DOMINICK. Mr. President, I appreciate those comments, because the obligation of providing the necessary resources for the education of children is, first of all, on the parents of the children; secondly, on the community to see what it can do on an economic basis; and, third, on the Government where the preceding two cases are impossible.

So I hope the direct loan fund, if it is used in a proper way, will prove to be an incentive for persuading local economic interests to back up this effort in their communities. That was the point made by the Senator from Oregon.

Dr. Hoyt's study reported that when he interviewed students who had borrowed money to attend school, it was found that a large number had borrowed directly from the schools; others had borrowed from friends and relatives; and still others from banks or private loan companies.

So the idea of borrowing money to attend vocational school is not new. This procedure has been used before. The incentive mentioned may result in making the borrowing of money less costly and provide a stimulus for economic banks and lending companies to provide funds without much risk to them.

I was interested in what the Senator from Oregon said about the possibility of having a fine repayment record of loans as an incentive to having such funds made more available, when it is seen that the young men and women will repay such loans because they are greatly motivated toward getting jobs in the categories for which they were trained.

One more point should be mentioned. In the review of the bill, if it is found that in the first year the program has operated satisfactorily and that the amount of money used for direct loans is insignificant, in view of the criteria laid down by the report and the legislative history, perhaps next year we can take a better look and see if the money cannot be used far more profitably by increasing the money available for insurance loans, because when the value of a dollar is multiplied by 12½, opportunity will be given to that additional number of people.

Mr. MORSE. Mr. President, next year I shall ask the Officer of Education for a report of the operation of the standby authority and ascertain what case can be made for its continuation. If a case cannot be made for its continuation, I would look for some course of action as outlined by the Senator.

Mr. DOMINICK. I have one more question, which is a difficult one, and one which perhaps cannot be answered. This bill is written almost in the format of the higher education bill passed by the Senate. Tomorrow we are going into conference with the House. If there is a change in the Higher Education Act because of the conference—and I am sure there will be some changes as a result of the conference—the question I have is, shall we leave this bill alone or try to conform it to the results of the conference on the Higher Education Act?

Mr. MORSE. The Senator is entitled to a forthright answer. I will treat him to a cup of coffee, or vice versa, if the House changes this part of the higher education bill.

Mr. DOMINICK. I am reasonably sure the direct loan portion will not be changed, because it will not be in conference. The point is that there are other provisions on which I presume will be in conference with the House. Because we are changing the bill before us, will we not be in conference with the House on it?

Mr. MORSE. If the Senate passes the bill and the House accepts the Senate's substitute for the House bill, a conference at best, I think, would be pro forma.

Mr. DOMINICK. I thank the chairman. Once again I say this is an extremely important program, one that should be followed closely, and one in which I am going to maintain an intense interest. I appreciate the assurances of the chairman that the staff will keep a watchful eye on the direct loan fund to determine whether it should be continued in future years.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment in the nature of a substitute.

The amendment was agreed to.

The PRESIDING OFFICER. The question now 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 a third time.

The PRESIDING OFFICER. The bill having been read the third time, the question is, Shall it pass?

The bill (H.R. 7743) was passed.

Mr. MORSE. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. DOMINICK. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. YARBOROUGH subsequently said: Mr. President, I ask unanimous consent that the bill (H.R. 7433) be printed in the form it passed the Senate today.

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

Mr. MORSE. 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. LONG of Louisiana. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

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

COMMITTEE REPORT ON AUTOMOTIVE PRODUCTS ACT OF 1965 CONSIDERED AS COMPLYING WITH CORDON RULE

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the report of the Committee on Finance (No. 782) on H.R. 9042 be considered as complying with the Cordon rule on the Automotive Products Trade Act of 1965.

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

Mr. DIRKSEN. Mr. President, I am sure this was an oversight, and the only purpose, of course, is to bracket it out

and insert wherever necessary existing legislation to show changes that have been made. It was purely inadvertence. There could be no objection.

Mr. LONG of Louisiana. It is a mere technicality. That is why I asked unanimous consent.

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

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the unfinished business be temporarily laid aside, and that the Senate proceed to the consideration of Calendar No. 768, H.R. 9042.

The PRESIDING OFFICER. The bill will be stated by title for the information of the Senate.

The LEGISLATIVE CLERK. A bill (H.R. 9042) to provide for the implementation of the agreement concerning automotive products between the Government of the United States of America and the Government of Canada, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Louisiana?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Finance with amendments.

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

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

CONSOLIDATION OF THE TWO JUDICIAL DISTRICTS OF THE STATE OF SOUTH CAROLINA

Mr. RUSSELL of South Carolina. Mr. President, on behalf of the senior Senator from South Carolina and myself, I ask that the Chair lay before the Senate the amendments of the House of Representatives to S. 1620.

The PRESIDING OFFICER (Mr. JORDAN of Idaho in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1620) to consolidate the two judicial districts of the State of South Carolina into a single judicial district and to make suitable transitional provisions with respect thereto, which were, on page 4, line 15, strike out "consolidation.", and insert "consolidation and prosecutions for offenses committed within the Eastern and Western Districts of South Carolina prior to the effective date of this Act shall be commenced and proceeded with the same as if such consolidation had not occurred. For the purpose of the trial of such offenses, the District Courts for the Eastern and Western Districts of South Carolina are continued in existence and the judges of the District Court for the District of South Carolina shall sit as judges in such courts according to assignment made by the chief judge of the United States District Court for the District of South Carolina or the chief judge of the United States Court of Appeals for the Fourth Circuit."

On page 8, after line 4, insert:

SEC. 6. The provisions of this Act shall become effective on the first day of the month following the date of enactment of this Act.

Mr. RUSSELL of South Carolina. Mr. President, on behalf of the senior Senator from South Carolina and myself, I move that the Senate concur in the amendments of the House to S. 1620.

Mr. THURMOND. Mr. President, both the distinguished junior Senator from South Carolina and I have agreed to the amendments.

The PRESIDING OFFICER. The question is on agreeing to the motion of the junior Senator from South Carolina.

The motion was agreed to.

INCREASED EDUCATIONAL ASSISTANCE ALLOWANCES PAYABLE UNDER WAR ORPHANS' EDUCATIONAL ASSISTANCE PROGRAM

The PRESIDING OFFICER laid before the Senate a message from the House of Representatives announcing its action on certain amendments of the Senate to House bill 205, to amend chapter 35 of title 38 of the United States Code in order to increase the educational assistance allowances payable under the war orhpans' educational assistance program, and for other purposes, that the House agree to the amendment of the Senate numbered 4; and that the House disagree to the amendments of the Senate numbered 1, 2, and 3.

Mr. YARBOROUGH. Mr. President, I plan to move in a moment that the Senate recede from its amendments to H.R. 205. First, I wish to explain what they are. I should like to have the attention of the distinguished junior Senator from Massachusetts as I do so.

The House declined to agree to the Senate amendments to the House bill. This is a bill to increase the educational assistance allowance payable under the war orphans educational assistance program. Such payments are far too little for the war orphans who attend school. When this measure reached the Senate, it was amended so as to provide realistic amounts as proposed by the distinguished junior Senator from Massachusetts, who made an excellent case, showing that educational tuition costs had doubled during the past 10 years.

Mr. KENNEDY of Massachusetts. I ask the distinguished Senator from Texas whether this was not one of the fundamental points that were raised during the hearings on educational assistance to war orphans. Was it not clearly pointed out that reliance upon the cost-of-living index to determine rate increases was meaningless since the cost-of-living index did not include higher education expenses? Was not this the fundamental difference between the consideration the Senate gave the bill and the consideration the House gave it?

This is a matter in which I know the Senator from Texas was and is deeply interested and concerned. He brought these points out most effectively during the hearings on this bill and others connected with the higher cost of education.

Mr. YARBOROUGH. I thank the distinguished Senator from Massachusetts. It was he who effectively brought out this point. The House bill increases the cost-of-living allowance; but, as was ably pointed out by the Senator from Massachusetts, the House allowances for war orphans education are based solely on the general increase in the cost of living.

The distinguished Senator from Massachusetts proved by testimony adduced from colleges that the cost of attending college has risen much faster and much higher than the usual cost of living expenses for food, clothing, and shelter, due to the rapid increase in tuition costs. Such costs have doubled in State institutions of higher learning and have more than doubled in private institutions of higher learning, for their rates were much higher to begin with and have now gone much higher. Such costs include books and scientific journals. The Senator from Massachusetts discussed various facets of student life and effectively proved by the Senate amendment that the levels of allowances to those who are orphans are reasonable.

Mr. KENNEDY of Massachusetts. That they are realistic.

Mr. YARBOROUGH. Realistic and reasonable, based not only on the general cost of living, but also on the increased cost of education.

The amendments were adopted by the Subcommittee on Veterans' Affairs, by the Subcommittee on Education, the Committee on Labor and Public Welfare, and the Senate. But when the bill was returned to the House, the House declined to accede to the Senate's proof of the cost of higher education. The House has declined to recede from its position that the increases should be based solely on the overall cost of living.

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

Mr. YARBOROUGH. I yield.

Mr. DIRKSEN. Were the conferees unanimous?

Mr. YARBOROUGH. There was no conference. The House sent the bill back to the Senate. The Senate committee has been in conference with veterans' organizations and others who are anxious that the increases be made effective at once. Since the school year is just beginning, they are anxious that the orphans receive the increases that are provided in the House bill. They are modest increases based on the increased cost of living.

Mr. DIRKSEN. So, actually, the Senate would be adopting the House bill?

Mr. YARBOROUGH. I am about to move that the Senate recede from its amendments. I shall do so regretfully, believing that the rates proposed by the Senate are just rates.

I highly commend the distinguished junior Senator from Massachusetts for his leadership and for the fine technical

skill and scientific proof that he demonstrated before the committee.

Mr. KENNEDY of Massachusetts. Mr. President, will the Senator from Texas yield?

Mr. YARBOROUGH. I yield.

Mr. KENNEDY of Massachusetts. I associate myself with the views of the Senator from Texas on this matter and express to him my sincere appreciation for the expeditious treatment he gave to this bill and the courtesy he accorded all witnesses and all others of us who were interested in this subject.

Mr. President, this bill was reported out by the Senate Subcommittee on Veterans' Affairs and the full Committee on Labor and Public Welfare, and passed the Senate without amendment.

In the interim, the House of Representatives passed a similar measure. Unfortunately, however, the increase in rates under the House bill was not as generous as those provided for in the Senate bill.

The war orphans educational assistance program was established in 1956 for the purpose of giving educational assistance to the children of servicemen who lost their lives, or were permanently disabled, during the cold war period, as well as during past periods of war. This program, we noted, had received no attention at all since its 1956 enactment, and as a result the monthly education benefits to these children had remained at the original rate of $110 a month for almost 10 years. Needless to say, during that same period of time the cost of a college education, as measured by tuition increases, had grown by over 50 percent. In the face of this cost increase in higher education the Senate bill called for a monthly benefit increase of $40; that is, from $110 to $150 for a student undertaking a full-time educational program. We in the Senate considered this rate increase most reasonable in that it was but a 35-percent increase over current rates.

The House bill called for a rate increase only half that of what the Senate had provided, that is from $110 to $130 a month. The House increase, of only 18 percent, was justified on the basis that the cost of living in the United States had only increased about 18 percent since 1956. We heard this argument raised by administration officials in our Senate hearings on the bill and we pointed out that the increase in the cost of living index was not pertinent to the problems of education because the cost of higher education had not been included in our cost of living index series. We felt, therefore, correct in our stand that the rate increase should reflect more tuition rises and not an index that had nothing to do with education costs.

After Senate passage of the bill calling for the greater rate increases the House refused to agree and has sent the bill back to the Senate for concurrence in the lower House rates.

Mr. President, I have discussed this matter thoroughly with the distinguished chairman of the Veterans Affairs Subcommittee, Senator YARBOROUGH. There is no man in the Senate more concerned with the needs of this country to meet its responsibilities to those who have served us well in times of conflict or who continue to serve us for our security in periods of peace. I have always been guided by this distinguished Senator's advice. He has pointed out to me, and I fully agree, that at this late date in the congressional year the problems of seeking a conference with the House that would produce a better bill are almost insurmountable. In this light, with another school year upon us and 17,000 young men and women who are eligible for assistance under the war orphans program, we have decided that an increase in rates from $110 to $130 as provided by the House would be more meaningful to these students now than a delay in legislation that might bring higher rates at a later date. By concurring in the House bill, therefore, we are not concurring with their view of an adequate educational assistance program for war orphans as much as we are recognizing the need, after 10 years, to increase benefits and to do it immediately.

This is but a first step in our examination of the adequacy of educational assistance payments in this area. There is no doubt in my mind but a similar review next year—pointing out again how rapidly educational expenses have risen, looking again at the situation of economic hardship that one-parent families display in our statistics, and by reviewing once more the vast benefits that can accrue to the United States by the education of thousands of young people at relatively low cost to the Federal Government—will cause the Congress to act once again for the benefit of these young people.

Again, I wish to thank the Senator from Texas [Mr. YARBOROUGH] for the expeditious treatment that he gave to this legislation and for his constant assistance and encouragement. I shall join in his motion that the Senate accept the provisions of H.R. 205, with the hope and understanding that this action will in no way prejudice later attempts to bring these rates closer to reality.

Mr. YARBOROUGH. Mr. President, I thank the distinguished Senator.

Mr. President, with great reluctance, I move that the Senate recede from its amendments to House bill 205.

The motion was agreed to.

Mr. LONG of Louisiana. Mr. President, I yield first to the Senator from Washington [Mr. MAGNUSON], the Senator from Idaho [Mr. CHURCH], the Senator from Massachusetts [Mr. KENNEDY], and then to the Senator from West Virginia [Mr. BYRD], without losing my rights to the floor.

CHEM-CARD PROGRAM ASSISTS SAFE HANDLING OF HAZARDOUS CHEMICALS TRANSPORTED IN TRUCKS

Mr. MAGNUSON. Mr. President, last month I called attention to the need for higher safety standards in transporting explosives and other dangerous materials over the Nation's highways. I mentioned several grim accidents caused by inadequate safety precautions and concluded my remarks by urging the Interstate Commerce Commission, the motor carrier industry and others to act promptly in promulgating necessary measures to reduce the menace of high explosives and dangerous materials transported by motor vehicle.

Recently, I learned of a very worthwhile program undertaken by the Manufacturing Chemist's Association, a group with more than 200-member companies representing over 90 percent of the productive capacity of the domestic chemical industry. The association has prepared what are known as Chem-Cards for 85 potentially hazardous products produced by its members and likely to be transported in tank trucks. A Chem-Card is designed to serve as a transportation emergency guide. Its purpose is to promote highway safety by informing drivers, police, rescue and firefighter personnel of the hazards of chemical products transported in tank trucks and by recommending methods of fighting fires or controlling spills in the event of an accident. While use of Chem-Cards is entirely voluntary, it is anticipated that the appropriate cards will be carried in the cab of the tank motor vehicle transporting the hazardous chemical and that fire departments will retain a reference file of published Chem-Cards. In this connection, the association is distributing free Chem-Card manuals to 8,000 fire chiefs in the United States and Canada. The manual contains full-size color reproductions of each of the 85 Chem-Cards now available and gives an explanation of statements made on various Chem-Cards.

The association's Chem-Card program grew out of a mishap which occurred in Tucson, Ariz., on May 7, 1963, involving an overturned load of nitrogen tetroxide, a rocket propellant chemical which is highly flammable liquid and which may cause severe skin damage in vapor form. Following the accident, the U.S. Air Force held a conference to ascertain means of coping with emergencies involving transportation of dangerous materials. Immediate concern was for rocket propellant fuels and oxidizers in current use. At the conference it was determined that the publication of technical/medical information on fuels and oxidizers might be useful to reduce the chance of an accident or to minimize the effects if one should occur. In May 1964 an Association Committee, representing the chemical company manufacturers concerned, cooperated by publishing Chem-Cards for 14 rocket propellant materials which are now in general use.

The Manufacturing Chemists' Association has now expanded its Chem-Card program to 85 hazardous products transported in tank trucks.

The usefulness of a Chem-Card was demonstrated in an incident which occurred on the Pennsylvania Turnpike on November 24, 1964. A van-type truck carrying approximately 50 drums of hydrazine, a highly flammable liquid with extremely toxic vapor, en route from Louisiana to New York, was driven into the turnpike service area at High Spire, Pa. When the driver got down from the cab he saw smoke coming from the van.

The Middletown Volunteer Fire Department was called and the driver gave the fire chief the Chem-Card for hydrazine. The truck was moved to a remote corner of the parking lot and firemen observed the Chem-Card recommendations in controlling the incident. They evacuated a restaurant, two nearby schools, and a military warehouse. An Olmstead Air Force Base transportation official advised the Manufacturing Chemists' Association that "a potential disaster was averted because of the immediate availability of the Chem-Card and the fact that the driver was so well informed."

The U.S. Coast Guard has also recognized the need for higher safety standards in the transportation of hazardous commodities. Coast Guard regulations, effective September 1, 1965, require towing vessels and certain barges moving hazardous chemicals to carry information cards for water transportation. Information cards are to identify the cargo by name, describe its hazards, and tell what to do in case of leak, spill, or fire.

According to the most recent statistics published by the National Safety Council, the chemical industry averaged only 3.1 disabling injuries per 1 million manhours, a rate considerably better than the national average for all industries of 6.5 disabling injuries per 1 million man-hours. I am confident that the use of Chem-Cards is contributing to the safe movement of hazardous chemicals so vital to our economy and I commend the Manufacturing Chemists' Association's leadership in developing its program for this purpose. It is my hope that other industries and their associations will, on their own initiative, undertake similar programs.

ACQUISITION OF GREAT FALLS PROPERTY IN STATE OF VIRGINIA

Mr. CHURCH. Mr. President, I ask the Chair to lay before the Senate a message from the House of Representatives on S. 1065.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1065) to authorize the Secretary of the Interior to acquire through exchange the Great Falls property in the State of Virginia for administration in connection with the George Washington Memorial Parkway, and for other purposes, which was, to strike out all after the enacting clause and insert:

That the Secretary of the Interior (hereinafter called the "Secretary") may accept title to, and administer in connection with the George Washington Memorial Parkway, pursuant to the Act of May 29, 1930 (ch. 354, 46 Stat. 482), as amended, the lands, and interests in lands, commonly known as the Great Falls property, more particularly described as follows, to wit:

All of that land in Fairfax County, Virginia, depicted on the drawing designated "NCP 117.1–471B," filed among the land records of National Capital Parks, said drawing being Potomac Electric Power Company's drawing numbered 77345–E of June 20, 1949, as revised by the National Capital Parks on October 14, 1960, which land is comprised of 521.292 acres shown on the drawing as area 1, 53.446 acres shown as area 3, and 208.899 acres shown as area 4 on said drawing, the aggregate of which is 783.637 acres.

SEC. 2. In exchange for the conveyance to the United States of the lands and interests in lands described in section 1 of this Act, the Secretary may convey to the Potomac Electric Power Company all the right, title, and interests of the United States in and to the following described portion of the lands commonly known as the Blue Ponds area:

All that land situated in the county of Prince Georges, State of Maryland, depicted on the drawing designated NCP 123–375, dated October 17, 1960, filed among the land records of National Capital Parks, containing approximately 391 acres, less that land occupied by the reconstructed section of Muirkirk Road under permit of the Department of the Interior, dated September 3, 1954, issued to Prince Georges County, Maryland.

SEC. 3. The Secretary may convey to the county of Prince Georges, State of Maryland, all the right, title, and interests of the United States in and to the following described portion of the lands commonly known as the Blue Ponds area:

All that land occupied by the reconstructed section of the Muirkirk Road under permit of the Department of the Interior, dated September 3, 1954, issued to Prince Georges County, Maryland.

SEC. 4. The Secretary shall consummate the exchange authorized by this Act on the basis of the fair market value of the properties. If the value of Federal properties does not approximately equal the value of privately owned properties, the Secretary may make up the difference by payment from donated funds or appropriated funds if donated funds are deficient: *Provided*, That not more than $1,000,000 may be appropriated for the acquisition of land under this Act.

SEC. 5. The Secretary of the Interior may accept title to, and administer in connection with the George Washington Memorial Parkway pursuant to the Act of May 29, 1930 (46 Stat. 482), as amended, approximately sixteen acres of land or interests therein that are partially surrounded by the property described in section 1 of this Act and that are now owned by the Fairfax County Park Authority, Commonwealth of Virginia. As consideration for such conveyance, the Secretary may enter into an agreement with the authority which permits the authority to operate, subject to such terms and conditions as the Secretary deems desirable, public parking facilities on such lands or on the lands acquired pursuant to section 1 of this Act, including the privilege of collecting reasonable parking fees, until the authority has recovered the fair market value, as determined by the Secretary, of the approximately sixteen acres of land. The agreement shall provide that any parking fees collected by the authority shall be approved by the Secretary.

Mr. CHURCH. Mr. President, the bill was passed by the Senate recently. The House of Representatives added a few amendments that are not objectionable to Senators interested in the bill.

I therefore move that the Senate concur in the amendment of the House.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Idaho.

The motion was agreed to.

DEFENSE OF THE NOMINATION OF FRANCIS X. MORRISSEY AS FEDERAL DISTRICT JUDGE IN MASSACHUSETTS

Mr. KENNEDY of Massachusetts. Mr. President, in the last day and a half, a number of articles have appeared in the press concerning the appointment of Francis X. Morrissey as Federal district judge in Massachusetts. These articles have contained information that is totally in error and is extremely derogatory to Judge Morrissey's record and career. Upon this erroneous information have been written editorials and columns in newspapers which, in my judgment, have been extremely unfair.

I am concerned that the widespread circulation of these stories might prejudice the minds of Senators before they have an opportunity to exercise their constitutional function of considering this nomination. For this reason, I would like to correct some of the statements that have appeared.

It has been stated that Judge Morrissey has never tried a case. The fact is he has tried over 1,500 civil cases and thousands of criminal cases.

It has been said that the court over which he presides handles only misdemeanors. The fact is that it handles many types of felony cases under the provisions of section 26 of chapter 7A of the Annotated Codes of Massachusetts.

It has been stated that Judge Morrissey has never concerned himself with the practice of law. This is not correct. He tried many cases himself, before many courts, prior to becoming a judge.

It has been stated that he has not involved himself with the problems of the bar. This is not so. He is a national director of the National Conference on Bail and Criminal Justice, holds a master of laws degree, and is active in many other activities in the legal world.

It has been stated that Massachusetts Bar Association is opposing Judge Morrissey's appointment. This is not so. The Massachusetts Bar Association has taken no position on the President's appointment. Four years ago, the association questioned whether Judge Morrissey's experience was sufficient, but since then he has had 4 more years of experience on the busiest court in New England, which is 4 more years experience than most men have when they are first appointed to the Federal bench.

If Frank Morrissey were as unqualified a man as these stories have made him appear, I would never have recommended his nomination and President Johnson would never have made it. Some of those who have commented on this appointment in the last day and a half have done so on the basis of the facts that existed 4 years ago. May I respectfully point out to them that many distinguished citizens of Boston have changed their minds about this appointment since 1961 on the basis of the new facts and new experience that have developed. I would suggest that before Judge Morrissey is accused, tried, and

convicted in absentia, he have an opportunity to appear before the Senate and answer to his qualifications; and that some of the many distinguished lawyers and judges in the Commonwealth of Massachusetts have an opportunity to express their views as to his qualifications. I know the Senate will give him and them this opportunity. I hope those who cover the Senate will do the same.

WORLD'S LARGEST RADIO OBSERVATORY

Mr. BYRD of West Virginia. Mr. President, the world's largest radio observatory, in terms of the number of telescopes, personnel, and projects, is the National Radio Astronomy Observatory in Green Bank, W. Va. The remoteness and quietness of its location, in Deer Creek Valley, has permitted the most favorable of conditions for the pursuit of this technical work, with but few man-made noises for interference.

The September 1965 edition of the Humble Oil & Refining Co. publication, Humble Oilways, reported details of the research work being carried on at Green Bank.

I ask unanimous consent to have this article printed in the RECORD.

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

RESEARCH WORK BEING CARRIED OUT IN A REMOTE VALLEY IN WEST VIRGINIA IS OUT OF THIS WORLD

The eye sweeps across the sky on a clear night and the mind marvels at the vastness of it all. Those winging pinpricks of light add up to a hundred billion suns, we're told, yet nearly everything we see is confined just to our own galaxy, the Milky Way.

And astronomers believe there are tens of billions of other galaxies that spin like pinwheels as they move away from each other in an endlessly expanding universe.

Man's early efforts to lift the roof from his world, limited to philosophic speculation, took a scientific turn 3½ centuries ago when Galileo's telescope gave us a bigger eyeball to peer into the heavens. As refinements were added to that first crude instrument, as observatories sprang up, bits and pieces of the universe began to come into focus.

The optical masterpiece to date was installed on Mount Palomar in California in 1948. Equipped with a 15-ton Pyrex glass mirror 200 inches in diameter, the Hale telescope has been a major depositor in the world's bank of astronomical knowledge.

The function of optical telescopes, of course, is to reach out and pluck in electromagnetic waves that are in the relatively narrow spectrum of visible light.

But a longer reach has been made possible in recent years by the development of a versatile new astronomy tool—the radio telescope, now being used at some 50 observatories around the world to gather in the longer wavelength radio signals reaching us from outer space, and the instrument which gathered in Mariner IV's dramatic television pictures of Mars last July in the form of radio signals.

The science of radio astronomy was born 33 years ago when the late Karl Jansky picked up a mysterious hiss with a rotating antenna while attempting to measure the noise levels to be expected in a transatlantic radio system. Eventually he was able to pinpoint the cosmic signals as coming from a concentration of stars, dust, and gas at the center of the Milky Way.

Many celestial objects are powerful radio transmitters. Within our solar system the sun, the moon and some of the planets are all well-known radio sources. So are the remnants of supernova explosions and clouds of ionized hydrogen gas. So too are the so-called "bright" radio galaxies and the spectacular quasi-stellar sources (quasars) which were first located by radio astronomy in December, 1963, and later photographed with the giant mirror at Mount Palomar. The signals we're now receiving from these strange objects began their journey billions of years before earth was formed.

Some 3,000 radio sources in all have been found by radio astronomers, and only a tenth of them have been picked up with optical instruments. Many of the unidentified radio bodies are thought to be galaxies so distant as to be out of sight of optical telescopes. Others might be close enough to be observed visually if they weren't masked by dense clouds of interstellar dust.

Light waves and radio waves are exactly the same in structure, and they travel at the same velocity. They differ only in their frequencies and wavelengths. Radio waves, roughly a thousand to 20 million times longer than optical waves, penetrate our atmosphere in wavelengths ranging from a few hundredths of an inch to about 20 yards. The radio "window" through which the universe can be observed is consequently about 10,000 times as big as the optical "window."

The largest radio observatory in the world, in terms of the number of telescopes, personnel and projects, is the National Radio Astronomy Observatory in Green Bank, W. Va. It's located in Deer Creek Valley where the sparse population and surrounding mountains offer little radio interference from man-made sources.

The observatory is operated by Associated Universities, Inc., a nonprofit organization sponsored by nine universities: Yale, Princeton, Harvard, M.I.T., Columbia, Cornell, Pennsylvania, Johns Hopkins and Rochester. Financial support comes from the National Science Foundation.

A radio telescope consists of an antenna to collect radiation from the sky; a receiver to amplify and measure the power collected by the antenna; and the necessary apparatus to record observations on tape or graph paper (and in some cases to feed the information directly into a computer). A passive instrument only, it does no transmitting of its own.

Radio signals received on Earth are very faint. A typical telescope, outfitted with a dish-type antenna, might receive no more than a millionth of a millionth of a watt from a powerful radio source deep in space. One Green Bank scientist calculates that it would take 700 trillion years to collect the equivalent of 1 kilowatt-hour of energy with the largest scope.

The National Radio Astronomy Observatory's biggest radio antenna is a dish 300 feet in diameter constructed of lightweight aluminum mesh instead of the solid reflecting panels often used. Even at that, the unit presented a problem last winter when ice formed on the mesh and threatened to topple the antenna. A jet aircraft engine was hustled to the scene and the hot exhaust quickly melted the ice chunks.

The 300-foot unit operates most of the time at a wavelength of 21 centimeters (about 8 inches). A far more precise instrument, having a much finer resolution or directional capability, is a 140-foot dish that went "on the air" this summer. It operates at wavelengths down to 3 cm. Twin fully steerable 85-footers, operating at 11 cm, can be used separately or in tandem. One is in a fixed position, the other is mounted on 80 wheels. When they're working together, as what's called an interferometer, the units provide detail not possible with one.

These are the principal instruments used by observatory staff members and visiting astronomers from all over the world to compile radio data on the universe. In operation 24 hours a day, the telescopes are normally shut down only 8 hours a week for maintenance work. Helping to keep them in good mechanical trim are three Humble products.

Pen-O-Led EP 2, EP 3 and EP 5 are extreme pressure gear oils used to lubricate speed-reducing gears on the 140-foot unit and the twin 85's. Nuto 53, a rust- and oxidation-inhibited oil, is used in the 140's hydraulic system; and Teresso 65, a premium rust- and oxidation-inhibited oil, is the lubricant used in the link-belt gear case of the 300-foot antenna.

In addition, one of our asphaltic Rust-Ban grades was used to prevent rust from attacking the finely machined parts of the 140-footer while it was under construction.

TWENTY-NINTH ANNUAL MOUNTAIN STATE FOREST FESTIVAL

Mr. BYRD of West Virginia. Mr. President, plans are being made to insure that the 29th annual Mountain State Forest Festival, to be held in Elkins, W. Va., October 7–10, is the biggest and best yet. More than 200,000 persons are expected to attend, and a constant round of activities for the festival days is being programed, with an eye to making the event long remembered by all—youngsters and adults—fortunate enough to participate.

Reports on the program and details of special attractions, including festivities in celebration of the 75th birthday of the city of Elkins, have been carried by West Virginia newspapers. I ask unanimous consent to have three of these newspaper articles printed in the RECORD.

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

[The Beckley (W. Va.) Post Herald & Raleigh Register, Sept. 26, 1965]

CASS RAILROAD TO RUN AGAIN AT FOREST FESTIVAL

ELKINS.—"The greatest attraction ever to hit the Forest Festival" will return to Elkins for a second consecutive visit. Director-General Phil K. Harness has announced the completion of arrangements for the scheduling of special operations by a steam Shay locomotive from the Cass Scenic Railroad, and its train.

On October 7, 8, and 9, special trips will operate hourly from the Western Maryland Railway freight depot on Davis Avenue over the WM's Durbin branch line. Trains will run between 10 a.m. and 5 p.m. each day of the 29th Mountain State Forest Festival.

The route selected for the 1965 "Cass Scenic Railroad—Forest Festival Special" is the same as that traveled last season. Passengers will thrill to a ride over the Tygart Valley River and up a steep grade paralleling U.S. Highway 33 east of Elkins to the village of Canfield. This tract is part of the old Coal & Iron R.R. tracks laid in 1906. Fare will also be the same as in 1964—50 cents for adults and 25 cents for children under 12.

Last year's official visit of the Cass train to Elkins marked the first time that a steam tourist railroad's train had traveled over commercial rail lines to appear at a special event and the first trip away from Cass by an old Shay in more than 30 years.

[From the Elkins, (W. Va.) Inter-Mountain, Sept. 27, 1965]

OBSERVE ELKINS' 75TH BIRTHDAY DURING FOREST FESTIVAL, OCTOBER 7–10

When Mountain State Forest Festival visitors come to Elkins October 7–10, they will be looking into the pages of history as they travel on downtown streets.

Each store window in the business district will feature a display or exhibit portraying the "Gay 90's" period or earlier.

The glimpse of yesteryear is a phase of the 75th anniversary of the city of Elkins which is being celebrated in conjunction with the 29th Mountain State Forest Festival.

C. Wood Crawford, general chairman of this feature of Elkins' Diamond Jubilee, said festival goers will view fashions of the era, antique furniture, glassware, china, pictures, clocks, guns and swords.

Modes of transportation, dating back to the horse and buggy days and earlier will add to the interest of the window attractions.

Since this year is the 175th anniversary of the city of Beverly, Elkins is inviting its neighbors to share in the anniversary celebration.

Exhibits may be prepared by the business owner if he desires to prepare his own display, or he may offer his windows to the committee in charge to arrange an attractive exhibit for the celebration.

Persons who have offerings for the Diamond Jubilee ideas that will add to the festive occasion are urged to call members of the committee as soon as possible, said Crawford.

The committee on window exhibits and displays follows: Wood Crawford, chairman, Mr. and Mrs. Harvey P. Bailey, Mrs. Ralph Brady, Charles Chapman, Owen Crickard, Elden Goddin, Dr. Eugene E. Hutton, Leonard W. Hamilton, Henry Hutton, Mrs. DeSales Lothes, Mr. and Mrs. Richard Lutz, Donald L. Rice, George C. Sheets, J. B. Shreve, Mrs. Ruth Tacy, Mr. and Mrs. A. H. Wagner, Miss Elizabeth Ward and Mr. and Mrs. Merritt Wilson, Jr.

[From the Clarksburg (W. Va.) Exponent-Telegram, Sept. 26, 1965]

FIFTEEN HUNDRED PERSONS WORK ON FOREST FESTIVAL PLANS; OPENS OCTOBER 7

ELKINS.—More than 1,500 Elkins and Randolph County people have been working hard for several months to extend the hand of welcome to an expected 225,000 guests at the 29th annual Mountain State Forest Festival October 7 to 10.

In addition to the many townspeople who have been handling the many details necessary for the East's greatest outdoor event, there are perhaps another 7,000 or 8,000 who will be participating in the numerous activities for the pleasure of the viewers. Director General Phil Harness reports that all is in readiness for the 3-day affair.

Once again the famed train from Cass will be operating out of the Elkins station offering rides Thursday through Saturday. Last year this train carried well over 4,000 riders. It is expected to eclipse this figure easily this year. The rides aboard the train will be held from 10 a.m. to 5 p.m. daily.

Thursday, October 7, will be the opening day with a round of receptions and dinners to give it the official touch. Queen Silvia XXIX, Miss Barbara Murel Gage, of Bluefield, will arrive at noon and be welcomed by the schoolchildren and attend a reception in her honor.

The queen and her court will register at the Tygart Hotel, and then she is slated for a radio interview on the local radio station. Her next appearance will be at the distinguished guest dinner at 5:45 p.m. in the W. W. Barron National Guard Armory.

Open entertainment includes two performances of the Hetzer international circus in the Davis and Elkins College gym first at 4 p.m. and again at 8:30 p.m. Various exhibits will be going on throughout the city in the meantime. A wildlife showing will be in the Elkins City Park. Forestry exhibits will be featured in a tent located on Fourth Street between Davis Avenue and Railroad Avenue. An art exhibit will be at the Elkins YMCA. The popular arts and crafts exhibit and demonstrations will be in the American Legion hall on Fourth Street. Here products of the State will be shown as well as demonstrations being conducted. Exhibits will open at 9 a.m. daily.

A carnival, the Deggler Amusement shows, will be located in the heart of the business section. In addition to several bands, the queen and a number of distinguished guests appearing, the fireman's parade at 8:15 p.m. will feature the latest firefighting equipment.

Friday's schedule opens at 10 a.m. with a midmorning coffee for distinguished guests and parents of the queen and her court.

Three highlight events of the day take place next on the Davis and Elkins College campus. At 1:30 p.m. the great marching band of West Virginia University will play a concert there.

At 2 p.m. Miss Barbara Murel Gage will be crowned Queen Silvia XXIX by Governor Hulett C. Smith, one of the most colorful ceremonies of the festival.

Following at 3 p.m. the queen and her court will adjourn to Halliehurst Hall for a public reception. This is the public opportunity to greet Her Majesty, the Governor, and all of the distinguished guests.

Night time activities open with a bang as Elkins and East Fairmont High School football squads meet head on at Wilmer Stadium. An exciting halftime show will feature the famed Hershey Chocolatiers from Chocolate Town, U.S.A. in Pennsylvania. Immediately following this performance the showy East Fairmont High School Band will take to the field for their portion of the program.

Again the D. & E. gymnasium will be the scene of entertainment starting at 8 p.m when the popular country and western stars bring their Grand Ole Opry performers for a full 2-hour show.

The second full day of activity for Queen Silvia comes to a close with the annual royal forest ball again to be held at the National Guard Armory. The Richard Lewis Orchestra will play for this event to close Friday's activities.

Saturday events get underway early with the State woodchopping and sawing contest on the D. & E. campus at 9 a.m. Concurrently, the muzzle loading rifle match will be held nearby at the same time.

The colorful tournament riding, a throwback to the jousting tournaments of knighthood days, will be held on the college campus starting at 10:30 a.m. At 11 a.m. the plug and fly casting contest will bring the morning activities to a close. Each of these events are interesting and exciting viewing for anyone wishing to attend.

A considerable amount of time has been allowed for lineup and last minute preparations for the grand feature parade, the one event for which there is no equal anywhere in the State of West Virginia.

An open house will be held for members of the parade's participating bands at the high school gym at 5 p.m. A teenage dance is scheduled for the college gym at 9 p.m. featuring two bands. Two other bands will be playing for a cabaret dance at the National Guard Armory featuring Richard Lewis and his orchestra and Gene Caussin and his orchestra starting at 10 p.m.

Sunday's activities will feature a gigantic air show at Elkins-Randolph Airport. Hollywood stunt fliers will perform in a 2-hour thrill packed aerial extravaganza. Pete Lyman of Clarksburg will be the show announcer. Director of this event is John Morgan. Activities will get underway at 1 p.m.

REMARKS OF MR. JAMES H. BOREN, DIRECTOR OF THE PARTNERS OF THE ALLIANCE PROGRAMS AT THE LEHIGH VALLEY FOREIGN POLICY ASSOCIATION

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

Mr. LONG of Louisiana. I yield.

Mr. CLARK. Mr. President, at the Moravian College, Bethlehem, Pa., on September 16, 1965, Mr. James H. Boren, director of the Partners of the Alliance programs delivered a fine address at the Lehigh Valley Foreign Policy Association.

Mr. Boren paid high tribute to a speech made by President Johnson on August 17 to the Latin American ambassadors, in which speech he recommitted our country to the objectives of the Alliance For Progress.

Mr. Boren's remarks describe what the Alliance has accomplished and what its hopes for the future may be.

Mr. President, I ask unanimous consent that a copy of Mr. Boren's address be printed at this point in the RECORD.

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

REMARKS OF MR. JAMES H. BOREN, DIRECTOR OF THE PARTNERS OF THE ALLIANCE PROGRAMS AT THE LEHIGH VALLEY FOREIGN POLICY ASSOCIATION, MORAVIAN COLLEGE AUDITORIUM, BETHLEHEM, PA., SEPTEMBER 16, 1965

Last month we celebrated the fourth anniversary of the signing of the Charter of Punta del Este—the charter in which 20 American Republics affirmed their solemn resolve to move forward in an Alliance for Progress. In speaking to the Latin American Ambassadors on August 17, President Johnson referred to the Charter of Punta del Este as "a turning point, not only in the history of the new world, but in the long history of freedom."

Of the several points which the President made in that speech, I think that one is particularly appropriate for us to ponder again this evening, for it fits into the basic design of citizen participation in the Alliance for Progress. The President said: "Misery and pain and despair exist in the present; and we must fight them in the present as best we can. This is not only the command of compassion. It is the counsel of wisdom. For factories and banks and dollars do not build a nation. People build a nation. On those people—their health and knowledge and faith; their participation and their sacrifice—rests the future of all of us and all our nations."

It is not enough, therefore, for us as individuals to be "amigos" in the passive sense—but rather we must be participants in the dramatic undertaking called the Alliance for Progress.

Ladies and gentlemen, the Alliance for Progress is not a U.S. program, but rather it is an alliance involving, in the words of the Charter of Punta del Este, "the full energies of the peoples and governments of the American Republics." It is therefore a great joint effort which calls for positive action not only of government but also of

private citizens and leaders of the private sector. This means that the Alliance is a great revolutionary program for progress which must have your active participation and the participation of the citizenry of Pennsylvania.

Through the Pennsylvania Partners of the Alliance, every individual or neighborhood group in this State can be a working part of the new grassroots partnership with the citizens of the State of Bahia in Brazil.

The process of economic and social development is a complicated one involving dynamic forces demanding change or opposing change. It is the development and the implementation of working programs in land reform, tax reform and credit reform. It is making the most effective use of available resources in the development program. It is the training of professional and technical men which are required for industrial growth and increased agricultural productivity. It is the process of developing Latin American institutions which can break the barriers to economic and social development.

I can report to you tonight that the Alliance is succeeding. Progress is being made.

Thousands of new classrooms have been built.

Over 10 million textbooks have been printed.

Almost 2,500 new community water systems have been built.

Seven hundred and thirty-five hospital and medical posts have been built extending some type of service to nearly 9 million people.

Four hundred and sixty thousand credit unions have been established.

Teachers are being trained, roads are being built, productivity centers, savings and loan, private development banks, cooperatives, management and labor training institutions and agricultural extension system.

Yes, the Alliance for Progress is on the move, but its success cannot be measured merely in terms of the increase in the gross national product, nor can it be measured on the scale of infrastructure development. It must be measured also in the human terms of hope, opportunity, and personal involvement. It is of this human side of the Alliance which I wish to think together with you tonight.

For many years we have spoken of the need for better communication at the citizen level but too often we have been complacent and satisfied with the noble efforts of a few leaders. We have ignored the wide variety of opportunities now existing for broadening the base of citizen participation in international programs.

For many years we in the United States have paid lip service to the idea that we have much to learn from the rich heritage of the other republics of the hemisphere—but we have done very little to spark the learning process. Indeed we can learn as well as teach and we can receive as well as share.

Now as a part of the Alliance for Progress, we are finding new and exciting activities which are evolving from a direct alliance of people. In less than 2 years a program called the Partners of the Alliance has developed from the idea stage to the point of being an operation program involving the citizens of 26 States of the United States and the citizens of 26 areas of Latin America. These are new and developing relationships but already some interesting accomplishments have been reported. Let me outline a few of the activities that may be of interest to you.

A few weeks ago, in the Barranquilla area of northern Colombia, a large number of children had died and many more were dying from dehydration. The supply of saline and dextrose solutions in the area was almost totally depleted. The private sector, Colombia Partners Committee, contacted their counterpart group in Florida. Within hours a supply of the vitally needed solutions arrived in Barranquilla—in time to save the lives of a number of children.

The Andean village of Navan in southern Peru had been isolated for years with a narrow mountain trail being the only outlet for the products of the valley. The people of Navan provided the initiative, the plan and the labor and the Texas AFL–CIO provided the picks, wheelbarrows, and shovels. A recent article in the July 31 issue of the Dallas Morning News, with a dateline of Lima, Peru, described the scene as that road was opened: "Last May they finished the job. A truck loaded with potatoes chugged up the narrow, lumpy road to commemorate the event. Church bells rang, people cheered and dogs barked. For Navan it was the greatest day in its history."

Upon completion of the Navan road, a special ceremony was arranged in which the village council passed the tools to a neighboring village which is now working on a 2-mile road to connect with Navan. Commenting upon this project the chairman of the Peruvian Partners of the Alliance, Carlos Boza, said "Texans have not made this an 'old clothes' program. They have helped us without making us feel like beggars and taking away our dignity as human beings."

This is the spirit of the Alliance; this is a partnership response to a community self-help effort in a program which recognized the importance of human dignity.

High school students in several States have provided the funds to place roofs, doors, and windows on schools constructed through the self-help efforts of villagers.

Cement mixers have been provided—as have blockmaking machines, chain saws, handtools and other equipment to enable slum improvement associations to complete community buildings, schools, and medical posts.

Pumps have been provided for community wells.

Medical equipment has been made available to small hospitals.

Joint venture investments and other commercial relationships are developing as a natural outgrowth of the relationships.

A concert pianist, Monte Hill Davis, is presently in Peru where she will perform five concerts. She will play 10 concerts in Brazil. Miss Davis is performing without cost and the funds raised will go to the local partners projects.

Many projects of many varieties have been completed in Latin America through the Partners of the Alliance committees. One of the most important aspects of the partnership program, however, is the fact that it is a two-way program.

Three weeks ago, a number of high school teachers of Spanish completed a program at Miami University in Ohio through which they were introduced to the Portuguese language. The Ohio partnership is with the State of Parana in Brazil, and through providing the professor of Portuguese, Dr. Navarro, Parana was making a contribution to its U.S. partner State. This month some 90 students are enrolling in Portuguese classes.

On October 3, through arrangements just completed by the Tennessee Partners of the Alliance and the Neumann Foundation of Venezuela, an outstanding collection of 58 Venezuelan paintings will arrive in Tennessee when they will be shown in 7 galleries over a period of 9 months. Venezuela is making the first contribution in this new partnership.

A collection of Inca gold from Peru will be shown in Texas later this year.

A mosquito control expert from Panama will assist their partners in Delaware in a mosquito control program.

Twelve educators from Costa Rica upgraded the teaching of Spanish in 12 Oregon school districts.

High school science classes in Colorado will be assisted with mineral samples provided by the partners committee in Minas Gerais, Brazil.

Rio Grande do Sul, at the southern tip of Brazil has made available to their Indiana partners a supply of seed from a legume plant which has a highly developed root system. Can this be a contribution to the arid areas of our country? Experimentation is underway.

The Partners of the Alliance is a partnership program in which two areas of the hemisphere can work on jointly planned projects.

This is not a charity program nor is it an "adoption" program in which one area patronizingly "adopts" another. The Partners of the Alliance focuses on helping those who are helping themselves and it seeks to translate into reality the stated principle that we can learn as well as teach and receive as well as share.

The Pennsylvania partnership with Bahia is a new one—and it can be an effective one.

The state of Bahia is a large and fascinating state that is rich in human capital and rich in history. It was only a few miles from Salvador, the capital of Bahia, that the first landing was made on the South American continent. And, I might add, the distinguished Ambassador to the United States from Brazil, His Excellency Juracy Magalhaes, was a senator from Bahia and was elected twice to the governorship of his state.

The forward movement of the Alliance for Progress has had both public and private funds as one element of its resources. The most important driving force of the Alliance, however, has been in the people dedicated to the cause of hemispheric progress. The vast majority are those who are working quietly but diligently at the hard and sometimes unglamorous tasks that are essential to the development process. Within the AID framework, it's such people as Ida Mudd, Eleanor Corey, Nat Stewart, and Rene Novak in management and personnel: it's Ed Coy and John Rothberg in program development; it's Leveo Sanchez and his institutional development team; it's the men and women who deal with travel arrangements; it's the men in the printshop. It is the field program direction by such capable mission directors as Minister Stuart Van Dyke in Brazil, Irv Tragen in Bolivia, and Don Daughters in Ecuador and, until recently, Bob Culbertson of Peru. It's the men on the country desks. It's also the AID man in the field who is eating the dust of the Andean altiplano or wading in the backwash of the tributaries of the Amazon. It's Evelyn Hayes, Aida Berio, Lee Canales, Marie Oblitas, and Jean Rogers, administrative and secretarial aids. It's Margaret Beshore and Betty Karavangelos. It's also the great team of voluntary agencies such as CARE, CARITAS, Church World Service, World Neighbors, YWCA. It's the Peace Corps volunteers and many others. It's Carlos Boza of Lima, Alejandro Rojas of the Andean village of San Jacinto de Mita, and Dante Campana of Porto Alegre. It's Tony Dominguez of Panama, Edward Marcus of Dallas, and Phil Berman of Allentown, Pa.

And, ladies and gentlemen, it is such as you.

I urge you to accept the challenge of the Alliance and become an operating partner in its drive for progress. I ask you to make contact with Lehigh Valley's own Phil Berman who is not only a member of the executive committee of the Pennsylvania partners but also a key adviser on the entire Inter-American program. Ask him for a project for you to guide through to completion. Make contact with the chairman of the Pennsylvania partners, Mr. Fred Heldring or the capable executive secretary, Andy Leith, who is with us tonight.

I would like to suggest that perhaps the Lehigh Valley Foreign Policy Association might consider adding to its already excellent program of discussing foreign policy matters the extra element of active participation in the operational partnership with Bahia. May I suggest that through Pennsylvania Partners of the Alliance you can translate interest and concern into specific activities.

Through developing a working alliance of good neighbors, you can help give hope for a better life to that man in the rural village who fights against overwhelming odds to provide food and shelter for his family. Through your partnership you may give hope to a mother in the slums who dares to dream of a better life for her children.

And you can learn not only of the art, the history, the music and the poetry of Bahia, but you can also reap the harvest of satisfaction that comes with the acceptance of a challenge and the fulfillment of a responsibility.

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

The Senate resumed the consideration of the bill (H.R. 9042) to provide for the implementation of the agreement concerning automotive products between the Government of the United States of America and the Government of Canada, and for other purposes.

Mr. LONG of Louisiana. Mr. President, the bill H.R. 9042 is needed to carry out an agreement of basic and historic importance to our relations with Canada.

Our neighbor Canada is far and away our biggest trading partner. Last year we exported to Canada more than we did to all of the countries in the European Economic Community. We exported a billion dollars more to Canada than we did to all of the other countries in this hemisphere. We exported more than three times as much to Canada as we did to the United Kingdom. Japan is our second biggest export market and it falls below Canada by almost $3 billion. We have a favorable balance of payments of $1,183 million annually.

This great flow of goods across our northern border includes as one of its biggest items automobiles and parts for automobiles. Last year we exported automobile products to Canada worth $650 million, which was more than 14 percent of all our exports to Canada.

This automobile trade took place within a great North American industry. The cars produced in Canada are mostly the same kinds of cars that are produced in the United States. These automobiles are produced by American companies, General Motors, Chrysler, and other companies. They are produced in the same kinds of factories, owned by the same companies. The workers in Canada are members of the same union as our automobile workers. The automobile trade across the border supports the operations of this great industry.

But in most countries of Europe, even neighboring countries, separate automobile industries exist. Their autos have distinctive body styles and brands. In France there is Renault; in Germany, Volkswagen. Italy produces the Fiat, while Great Britain produces a number of models including Anglia, Sunbeam, and Hillman. These countries combined are no larger than our eastern seaboard, yet, each has insisted on, and fostered, its own automobile industry.

Last year that trade was in danger and this is a point that I want to emphasize. The Canadians had long been unhappy about the big deficit that they had in their automobile trade with the United States. That deficit last year was over half a billion dollars, entirely in automobile products. They believed, rightly or wrongly, that they could not achieve a reasonable expansion of production in Canada through the normal operations of the market. So the Canadian Government put into effect an export incentive system that was frankly intended to promote greater production and greater exports of automobile products from Canada to the United States and other countries.

Our people had trouble with this new Canadian program. Many of our producers of automobile parts considered that it would damage them. And the Canadian program may well have been in conflict with a provision of our own Tariff Act which provides for countervailing duties to be applied against imports that carry a bounty or grant. Our Government was petitioned to investigate the Canadian program under this provision of the Tariff Act.

There is no doubt, Mr. President, that if we had put on countervailing duties, the Canadian program would have been frustrated. In that case, the Canadians would have had to consider what they would do next.

What would they have done? What alternatives did they have?

Nobody can say for certain what the Canadian decision would have been. But we do know, Mr. President, that they did have alternatives.

We have experienced the operation of such alternatives by other countries. One alternative would require that a major increase of the Canadian production go into Canadian-manfactured cars. Brazil did this just a few years ago.

Is this an unrealistic alternative? Some people have said the Canadians would have shied away from it because it would have raised costs.

Mexico did not shy away from this approach because it raised costs. Brazil did not shy away. Brazil has gone to the point of requiring that automobiles and trucks manufactured in Brazil include 98 percent Brazilian components. I believe they are moving to require that, as to automobiles, there must be 100 percent of Brazilian components, down to the smallest accessory in the automobile.

The same thing is true in Australia. Australia is now moving to require that there be a larger percentage of Australian components incorporated in automobiles manufactured in Australia. They will require that there be 95 percent of Australian components in automobiles manufactured in Australia.

This was one of the problems with which we were confronted. To show what happened, when Brazil started moving in that direction, our export of automobiles to Brazil fell in 5 years from $82 to $14 million.

The fact of the matter is that Canada did have alternatives. Canada is a sovereign country. Its government, like many other governments, sometimes has to do things that are not what it would do if it counted only economic considerations. If we had put on countervailing duties, the Canadians would have reacted. That is certain.

We in turn would have counterreacted. President Johnson referred to this process as stroke and counterstroke. And stroke and counterstroke would have been costly for both countries. Our automobile trade would have been the first victim. And who can say that a commercial conflict would not have spilled over into other parts of our trade?

For example, Canada ships us a great amount of wood products and paper commodities. These are also produced in Louisiana and other Southern States. If Canada were restricted in her trade with us, Canada might find it desirable to put a quota on the amount of electrical machinery that we could ship in, or might put a high tariff on coal and coke.

This would tend to raise the cost of those commodities in both countries. This policy would be injurious to the relations which we now enjoy with Canada. The first industry to suffer in such an instance would be the automobile industry of the United States, which sells approximately 10 times as many American automobiles in Canada as the Canadians sell of their automobiles in the United States.

Our Government, Mr. President, was faced with a condition and a situation, not with a theory. If the President had allowed events to run their course, and if we had a wasteful commercial conflict with Canada, the Members of this body would have been right to criticize him. Faced with a condition and a situation, the executive did what it should have done. It started talks with the Canadians to try to find a constructive answer to a potentially destructive situation.

The result, Mr. President, was an agreement that we would not fight over shares in a smaller pie but that we would try to create a bigger pie from which Canada and the United States both would have bigger slices.

Let me describe the main features of this agreement, which President Johnson and Prime Minister Pearson signed at Johnson City last January.

First of all, as I have said, the agreement calls for the two governments to work for a broader and expanding automobile market, where specialization and volume production can be achieved, and in which the two countries will have larger shares.

Then the two governments pledge themselves to seek the development of conditions in which free market forces operate to bring about the most economic pattern of investment, production, and trade.

I want to stress this point, Mr. President. Article I, the very first article of the agreement, commits Canada and the United States to work for an expanding continental automobile market in which

market forces will operate effectively. The article says:

> It shall be the policy of each government to avoid actions which would frustrate the achievement of these objectives.

That is, the objectives of an expanding North American automobile industry which will develop under a free market system.

I am sure that this intention, solemnly stated by the two governments, is also the intention of the Congress. In enacting the bill before us, we, in effect, endorse these objectives.

Second, the agreement calls for immediate action by the Canadian Government to eliminate all duties on U.S. automobiles and parts for new automobiles. And the Canadians did just that immediately after the agreement was signed last January.

Third, the agreement obliges our Government to ask the Congress for legislation to give Canadian automobile products duty-free treatment at our points of entry. The bill before us represents that pledge of our Government. It would complete the tariff elimination arrangement and it would, as the agreement provides, make the duty-free treatment retroactive so far as practicable, to the date that Canada began duty-free treatment.

Fourth, the agreement commits the two governments to conduct, not later than January 1, 1968, a comprehensive review of the operations of the agreement. In that review, the focus will be on the objectives of article I—that is, an expanding, efficient North American industry in which market forces are operating effectively. The review will also take up further steps that may be necessary or desirable for the full achievement of these objectives.

The agreement reserves the rights of both parties under article II of the GATT, which includes escape clause actions. It provides for consultation, as necessary, between the two governments. It provides that the parties may by agreement accord access to other countries on similar terms. And it is written as an agreement of unlimited duration subject to termination by either party on 12 months' notice.

The legislation before us is intended to carry out the agreement. Its principal provisions can be simply described.

First, it would empower the President to eliminate tariffs on Canadian automobiles and automobile parts for new vehicles, retroactive to the time when Canada removed its duties. The President would also be authorized to include other automotive products that may subsequently be developed.

Second, the President would be authorized to carry out similar agreements with other countries, if he determined that these would provide for mutual trade benefits, subject to safeguards adopted by the Finance Committee as regards congressional participation.

Third, the President would be authorized to carry out an agreement with Canada for the reduction or removal of duties on automobile replacement parts. We were not able to include replacement parts under the present agreement. We should try to do so, for the benefit of our replacement parts industry. This legislation will give the President the necessary authorization to reduce or eliminate tariffs on replacement parts under such agreements.

Fourth, the bill includes detailed provisions for adjustment assistance in case any American firm or group of workers should suffer dislocation as a result of the agreement. These provisions are to continue in force only for the period ending June 30, 1968; in other words, during the transitional period.

Fifth, the bill provides for the modification of our tariff schedules and lists the automotive products on which the duties are to be eliminated.

Finally, the bill calls for an annual report to the Congress concerning the implementation of the legislation.

What we agreed to do, Mr. President, was to set out to create a single, integrated North American automobile industry, operating across the border without any tariffs.

On the Canadian side, where costs have been high because production volume was low, the agreement will allow longer production runs and lower costs. Witnesses told the Finance Committee that under the old system the Ford plant in Canada was producing 71 Ford models for the Canadian market. A single General Motors plant in Canada was reported to be assembling a total of 595 different passenger car and truck models.

Naturally, this cumbersome procedure made cars cost more in Canada. At the same time, the Ford plant in River Rouge just across the river was producing only three body models of the Mustang line. This wasteful, costly production in the Canadian plants of the U.S. auto companies can now be eliminated.

There will be more production in Canada and there will be more production in the United States. This is not an agreement intended to benefit only one side. Like every sensible bargain it benefits both sides. There is going to be more trade in automobile products between the United States and Canada and we are both going to be better off. Last year, our surplus in automobile trade with Canada ran at $563 million. The Secretary of Commerce, fully supported by the Treasury Department, told us that this trade surplus will be protected and probably increased under the operations of the new agreement. The Tariff Commission told us that it accepted the Treasury Department's analysis.

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

Mr. LONG of Louisiana. I will yield to the Senator from Tennessee, if I may have unanimous consent that the discussion appear at the close of my principal speech.

Mr. GORE. The Senator from Tennessee does not wish to engage in such a colloquy. If the Senator wishes to yield for discussion of the principle which he is attempting to make applicable, I should be glad to ask him to yield.

Mr. LONG of Louisiana. Mr. President, I shall be glad to have the RECORD show at this point that the Senator asked me to yield.

Mr. GORE. Mr. President, I withdraw the request to yield.

Mr. LONG of Louisiana. The Committee on Finance felt strongly about the balance-of-payments consequences of the agreement and of the company commitments related to it. We felt so strongly that we requested the Treasury Department to testify to the impact the arrangements might have. Assistant Secretary Trued's statement was reassuring. His conclusion was, and I quote:

> From a balance-of-payments viewpoint then, the automotive agreement simply means this: Under it, we stand to maintain our present sizable surplus with Canada in automotive trade. Without the agreement, we stand to lose a part of our present surplus.

If we had chosen the route of stroke and counterstroke, Mr. President, this surplus would have been greatly diminished to the disadvantage mainly of our automobile parts industry and the workers in it.

Mr. HARTKE. Mr. President, will the Senator yield at that point for a question?

Mr. LONG of Louisiana. Will the Senator be so kind as to agree that the colloquy appear at the close of my principal speech?

Mr. HARTKE. No. I wish to make it perfectly clear that unless the question can be discussed at this point in the Senator's statement, I do not feel there would be any advantage, because continuity would be lost, and the idea of trying to bring the true information on the States involved in the entire situation probably would be lost to the Senate.

Mr. LONG of Louisiana. Why does not the Senator merely state, "You said in your speech," and it will appear at the close of my speech, and then the Senator may make his statement, without all this structure and counterstructure.

Mr. HARTKE. The point is that I want to talk about the stroke and counterstroke, and if the Senator wants it to appear at the end, I will wait until the latter part. I withdraw my request.

Mr. LONG of Louisiana. Mr. President, I should not like to show a courtesy to my good friend from Indiana that I delined to show to my friend from Tennessee.

Mr. HARTKE. I believe our friend from Tennessee will understand.

Mr. GORE. Mr. President, will the Senator yield? What the distinguished junior Senator from Louisiana is doing is tantamount to a declination to yield. If this agreement is so indefensible that the Senator from Louisiana is not prepared to defend it on the floor of the Senate, then it is indeed indefensible.

Mr. LONG of Louisiana. Mr. President, I decline to yield the floor. I regret very much that the Senator should take the attitude that since I desire my speech to appear in continuity in the RECORD, I should not be granted that privilege.

Some of the opponents of this legislation have said that the agreements are going to hurt our workers. Well, Mr. President, the Secretary of Labor testified that from 25,000 to 50,000 automobile workers' jobs were in danger before this agreement was signed. These were the jobs which would have been lost if we had lost our automobile export trade with Canada. The Secretaries of Labor and Commerce told us that the operations of the agreement will benefit our firms and our workers, including the independent parts industry and its workers. Representatives of the automobile industry and of the United Automobile Workers Union said the same thing.

The Secretary of Labor says so. He will stake his reputation on it. So will the Secretary of Commerce.

Mr. President, the agreement was signed by President Johnson and Prime Minister Pearson last January 16. What has happened to employment in the American automotive industry since? What has happened to the American automotive industry while this agreement has been in effect?

The Labor Department tells me that it has gone up by 40,000 jobs. Some of this increased employment is directly related to our expanded trade with Canada. In the first 6 months of this year, our exports of automotive products to Canada were running at $442 million, and our trade surplus was $372 million. This surplus was almost 14 percent higher than in the first half of 1964.

Let me turn, Mr. President, to some of the concerns of the opponents of this legislation. They have mentioned the so-called side agreements between the Canadian automobile companies and the Canadian Government to increase production. They have voiced suspicion that there is some kind of agreement to require that automobile parts must be produced in Canada for export to the United States at the cost of American jobs.

These side understandings are not secret. The Finance Committee had before it letters written by the subsidiaries of the big four automobile companies to the Canadian Government. They show that the companies have undertaken to produce in Canada a percentage of the normal growth in the market for automobiles in Canada and also to increase output in Canada at the end of 4 model years by $241 million. We had a succession of witnesses headed by the Secretaries of Labor and Commerce, who told us that these undertakings could easily be fitted into the expansion of the Canadian market and that there would be no net adverse effect on jobs in the United States. There is nothing in the undertakings requiring that any particular part be produced in Canada, or exported to the United States.

These undertakings, Mr. President, are intended to assure the Canadians that Canada's share in the North American automobile market will grow. That market, as I said, is going to increase very greatly, no matter what approach we take. The Canadian part of it in particular—and I am talking about the Canadian share of the Canadian market—is going to grow more rapidly than the American sector.

Why? Because Canada can produce only approximately one-half of her requirements in automobiles, whereas the United States is producing automobiles in surplus. Therefore, we cannot increase our market as much as they can because American manufacturers have practically all of the American market, or at least they have the overwhelming part of the American market as it is.

Since 1959, its growth has averaged 8.5 percent annually. In 1963 and 1964, it averaged 12 percent in volume of production and 14 percent in terms of value. At a growth rate of only 8 percent, the company commitments can be fully satisfied out of Canadian growth with no net exports to this country. If Canadian growth continues at the present high levels, and we see no reason why it will not, we should even increase our shipments to Canada with a corresponding happy impact on our trade and payments balances. We can have more production in Canada and more production in the United States. And that, Mr. President, I submit is good for both countries, for labor, for industry, and for Canadian-American relations. That is what everyone who has a responsibility in this connection feels, with the exception of some small parts manufacturers who, I can understand, might feel that they would be squeezed. At least that is what they have testified to. That is also what the responsible members of the executive branch have testified to.

Some Members have expressed concern about our most-favored-nation commitment and our basic trade policy. It is true that our agreement with Canada is a bilateral agreement. But that agreement, Mr. President, is not designed or intended to hurt the automobile trade of other countries. The most-favored-nation policy is not something abstract. It is a policy aimed at discrimination in international trade. This agreement does not discriminate, and the legislation to carry it out will not discriminate against other trading countries. The essence and the reality of the most-favored-nation policy is in no way changed. Our commitments under the GATT continue as they were. The committee was informed that the administration will seek the necessary technical GATT waiver and expects that a satisfactory solution will be worked out. We expect no trouble obtaining the waiver.

In a changing situation, there will be adjustments to be made on both sides of the border. The proposed legislation, Mr. President, provides for special adjustment assistance provisions during the period of transition until 1968. If there are particular examples of instances of dislocation, as the new situation unfolds, there is provision for helping the workers or businesses that may be affected. Nobody expects widespread dislocation, but it is the purpose that any particular problems should be taken care of by the special provisions that are included in this bill.

What will happen if we do not pass this proposed legislation? The situation will revert back and duties will be reimposed on both sides of the border. On our side, duties will be at 6½ percent for cars and 8½ percent for parts. On the Canadian side, they will be 17½ percent for cars and up to 25 percent for parts. Does anyone think that that will be good for trade or for employment? Then, Mr. President, we can be sure that Canada will examine again the situation of its automobile industry. We do not know what Canada will do but we can expect that it will take some action.

In this situation, we will have to assume that the action could be disadvantageous to us.

Meanwhile, Mr. President, I believe that we should point out that the automobile companies—and these are U.S. companies producing automobiles in Canada—will be living in a situation of complete uncertainty about the future of their position in Canada and of our trade with Canada. A great deal has been said about parts producers in the United States under the agreement. The fact is, Mr. President, that if we do not pass this proposed legislation the independent parts producers in the United States will be the first to be hurt, for the high Canadian duties will go back on and the situation in the Canadian automobile assembly plants that buy parts from our independent parts producers will be one of great uncertainty.

On the other hand, when we pass this proposed legislation, we will be setting forth on a path with a great and friendly neighbor that promises well for both of us. We will have shown that we can overcome difficult and complex problems in a mutually advantageous way. We will have shown that we are inventive and practical enough to substitute cooperation for conflict. We will have set up the development of a great industry on a continental basis. We will have opened wide new prospects for the future in our trade and commercial relations with Canada. We will have put our seal on an historic and advantageous agreement.

Mr. President, the bill before the Senate is needed to carry out the agreement signed by President Johnson and Prime Minister Pearson. We have heard strongly affirmative testimony on it from the Secretaries of Commerce and Labor, the Under Secretary of State, and from the Treasury. The automobile industry, including many independent parts producers, supports the bill. So does the United Automobile Workers Union. Canada has given up its unilateral approach, which was fraught with danger of conflict and has agreed to a joint program that will allow both countries to gain from an expanding North American market. She has carried out her obligations by eliminating all relevant duties on American automobiles and equipment. As President Johnson said, it is our turn to act.

Mr. President, I ask unanimous consent that the committee amendments be considered and adopted en bloc for purposes of considering further amendments to the proposed legislation.

Mr. GORE. Mr. President, I must object.

The PRESIDING OFFICER (Mr. MONDALE in the chair). Objection is heard.

Mr. LONG of Louisiana. Mr. President, I also ask unanimous consent that there be printed in the RECORD brief excerpts taken from the committee report explaining the committee amendments.

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

SUMMARY OF COMMITTEE AMENDMENTS

The committee amended the House-passed bill in three respects.

1. Congressional approval of new agreements: This amendment requires positive congressional approval of the implementation of any new agreement covering motor vehicles and component parts. This replaces the negative approach in the House-passed bill which would have provided automatic approval of such an agreement unless Congress passed a concurrent resolution of disapproval within a 60-day period.

2. Suspension of proclamations: This amendment provides that if the level of Canadian value added should be increased after August 31, 1968, by reason of governmental action, the proclamations effecting duty-free entry into this country for Canadian motor vehicles and original equipment parts would be suspended. It provides a safeguard against new undertakings required of U.S.-owned businesses under which Canadian production would have to be increased to levels above those for which commitments have been made at the time the legislation is approved. On the other hand, even if Canadian value added were required to be increased by further undertakings, Congress could act to continue the duty-free importation into the United States by approving implementing legislation which in effect would endorse the new commitments.

3. Tariff schedules modifications: The committee also made technical amendments to title IV of the bill. These amendments conform the tariff designations of the articles entitled to duty-free entry to the changes in the Tariff Schedules made by the Tariff Schedules Technical Amendments Act of 1965.

Mr. LONG of Louisiana. Mr. President, if any Senator is desirous of asking me any questions about the agreement, I shall be happy to respond to their questions.

Mr. GORE. Mr. President, will the Senator yield for a unanimous-consent request that the minority views be printed at this point in the RECORD?

Mr. LONG of Louisiana. I yield.

Mr. GORE. Mr. President, I ask unanimous consent that the minority views be printed at this point in the RECORD.

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

MINORITY VIEWS

The bill under consideration implements the United States-Canadian Automotive Products Agreement. It purports to be a measure beneficial to the American economy, helpful to our balance of payments, and of benefit to both American and Canadian consumers. In fact, it does none of these. The hearings have demonstrated that this legislation is special interest legislation of the most restrictive sort, the opposite of free trade, detrimental to our balance-of-payment situation and harmful to American industry and jobs.

The agreement came about as a result of negotiations triggered by Canada's tariff remission plan. This illegal, unilateral action of Canada required, under section 303 of the Tariff Act of 1930, the imposition by the United States of countervailing duties. Our Government properly attempted to settle our complaint with Canada by negotiation and ended up with an agreement whose sole American beneficiaries are the automobile manufacturers in Detroit. There are, in essence, three key parties to the agreement: the United States Government, the Canadian Government, and the four major automobile manufacturers and their Canadian subsidiaries.

The agreement clearly contemplates the exportation of American jobs to Canada. The automobile makers are committed to expand Canadian production by 1968 to a level of $241 million plus 60 percent of the growth in the Canadian industry. This expanded capacity and its intended employment opportunities can come only out of the United States. This agreement, to expand in Canada rather than in the United States, must have a serious effect upon U.S. labor.

This agreement is equally bad for U.S. business. First and foremost, this agreement opens the vast Detroit market to Canadian parts manufacturers to compete with American businesses without receiving any concessions in return.

However, this is not all. The Canadian subsidiaries have committed themselves to a vast expansion program. One way to satisfy this commitment is the manufacture of parts for use in Detroit as original equipment. Canadian labor is on the average, 70 cents per hour cheaper than comparable American labor. The automobile makers, therefore, have every reason to want to make parts in Canada for shipment to Detroit, getting the benefit of cheaper labor, no import duties, and, at the same time, satisfying their commitment to the Canadian Government. Thus American parts manufacturers will suffer and American jobs will be lost.

Further, although the agreement does not now reduce duties on replacement parts, the American parts manufacturers will also see their role in the replacement market severely jeopardized. In almost every case, the maker of replacement parts is dependent upon his contracts with Detroit to supply parts for new cars. This, in the industry, is his lifeblood. This is how he receives in advance of the need of replacement parts, still several years away, the specifications for the parts he will produce, and the money to tool up. Without orders from the automobile makers, he cannot survive.

When the automobile manufacturers themselves, or their chosen affiliates tool up in Canada to make original equipment parts for new cars, satisfying their commitments to the Canadian Government, they will do two things. First, they will deprive the American parts manufacturer of the initial new parts order he needs to get started. Second, once tooled up in Canada to supply parts duty free for new cars to Detroit, they will surely continue to compete in the replacement market in spite of our tariff wall.

The Tariff Commission estimates that over 10,000 independent U.S. businesses supply parts to American automobile manufacturers for use in making new cars.

This agreement has been sold to Americans as free trade. It is not. It is the antithesis of free trade. It removes tariffs, not generally, not even with one nation, but only for a chosen few automobile manufacturers. The Canadian duty on American automobiles is not removed. A dealer in Montana or Maine cannot sell duty-free across the border in Canada. Only an automobile manufacturer can import into Canada free of the 17½ percent Canadian tariff. Not only that, it must be a qualified manufacturer; i.e., one who has provided satisfactory commitments to the Canadian Government.

U.S. duties are not lowered for the benefit of everyone. Parts may be imported duty free only if they are going to an automobile manufacturer. The dealer or supplier who would attempt to sell Canadian made parts to automobile supply stores or automobile repair businesses, or directly to American consumers, must still pay the tariff. This is not free trade and it does not benefit American consumers. Basically, it benefits only a few automobile manufacturers.

It should be noted that qualified manufacturers can designate other companies to help meet their commitments. These other companies will also get the special benefits provided. Thus, this agreement encourages the privileged companies to designate other parties to set up assembly plants in Canada. Thus encouraged by the special treatment, parts manufacturers themselves will in some cases undoubtedly move to Canada.

With regard to our balance of payments, the Assistant Secretary of International Affairs for the Treasury Department, the Honorable Merlyn N. Trued, testified that in 1964 we had a favorable trade surplus with Canada of $581 million. He further testified that under this agreement, we would retain that surplus, i.e., in 1968 our trade surplus is estimated to be, under the agreement, $580 million. He failed to say that it is estimated that, had the Canadians been persuaded to drop their illegal tariff remission scheme, our trade surplus with Canada would have reached $841 million by 1968. Further, had we done nothing at all in the face of their remission scheme, our surplus would have been $650 million.

In other words, from a balance of payments point of view, in protesting the drop from $850 million to $650 million, the State Department negotiated us down to $580 million.

Further, this agreement admittedly puts us clearly in violation of the GATT agreement. Our whole trade policy since the early 1930's has been to reduce trade barriers. The keystone of this policy is the "most-favored-nation" concept. Concessions given to one trading partner are given to all. At the present time, the United States has unconditional most-favored-nation commitments to the GATT. We face severe trading problems in the coming Kennedy round. To violate our agreement at this time, to present the world with a fait accompli and ask for waivers afterward, shows a lack of faith which cannot help but have world repercussions.

It is said that this agreement will help our relations with Canada. It can do nothing but earn us the resentment of the Canadian people. The Canadian taxpayer will lose, under this plan, $50 million of tariff subsidy to these corporations. However, it has been revealed in the hearings that the benefits of increased production, greater efficiency, lower tariffs, and all the other benefits the agreement will bring, will not be passed on to the Canadian consumer in the form of lower prices.

The undersigned are for equitable trade agreements which lead to mutual benefits and mutual prosperity. In this case, we have given up the $241 million guaranteed increased production plus 60 percent of the increase over 1964 production. We have also

guaranteed maintenance of the level of Canadian value added in 1964. We have in effect closed the Canadian market to us. We opened the U.S. market and got nothing in return. We have taken our Canadian problem, in which we are the injured party and Canada is the violater of international agreements, and negotiated an agreement which extinguishes the Canadian violation and places the United States in violation. We have negotiated away our problem with Canada and negotiated ourselves into a problem with 75 free world members of GATT. We pay for these privileges with a worsened balance-of-payments situation. The undersigned recommend that the U.S. Senate not be a party to such an agreement.

ABRAHAM RIBICOFF.
VANCE HARTKE.
ALBERT GORE.

Mr. LONG of Louisiana. Mr. President, I suggest the absence of a quorum——

Mr. HARTKE. Mr. President, will the Senator withhold that request?

Mr. LONG of Louisiana. I withhold it.

Mr. HARTKE. Will the Senator yield for a question?

Mr. LONG of Louisiana. I yield.

Mr. HARTKE. As I understand, the statement of the Senator from Louisiana is complete. Is that correct?

Mr. LONG of Louisiana. Yes. I have made my prepared speech. I thank the Senator for his indulgence.

Mr. HARTKE. As I understand, questions are now in order.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Will the Senator explain the portion of the bill which deals with adjustment assistance? What is the estimated cost of that part of the bill?

Mr. LONG of Louisiana. At this point we would not know what the cost would be. As to how many additional jobs there will be in the United States and how many additional jobs there will be in Canada, we do not know. That is something we shall have to see as time goes on. We have provisions for retraining and relocation. We put provisions with a similar purpose in the Trade Expansion Act. There are parallel, though not identical, provisions in that act. When we passed the Trade Expansion Act, we did not know what would happen or how much it would cost. The same thing applies here. Under the Trade Expansion Act it has not cost anything.

Mr. HARTKE. I think that is a fair statement.

Did the Secretary of Labor indicate that he was satisfied with the adjustment assistance section of the Trade Expansion Act?

Mr. LONG of Louisiana. I believe he said there could be some improvements in it, so I take it the answer would be "No."

Mr. HARTKE. That is correct.

Mr. LONG of Louisiana. A categorical answer to that question would be "No."

Mr. HARTKE. Did not the Secretary of Labor indicate in the hearings that the amendment offered to this bill—which was not offered to be adopted but for discussion as an amendment to the Trade Expansion Act—was a bill with which he basically agreed?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. To come back to this bill, the adjustment assistance section covers about a third of the bill, does it not?

Mr. LONG of Louisiana. It is a considerable portion of it. For lack of a better estimate, I would say yes.

Mr. HARTKE. I am talking about the number of pages.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Is it true that the adjustment assistance section applies not alone to employees, but to firms as well?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Can the Senator tell me how many firms it is anticipated will be closed in the United States as a result of this bill, and which will be authorized to obtain assistance from the U.S. Treasury as a result?

Mr. LONG of Louisiana. I do not have that information. I do not think anyone can produce it. We shall have to go by experience and see how it develops.

As the Senator knows, so far as industries in both countries are concerned, they are doing well. In this country there are 40,000 more jobs in the automobile industry than there were last year. As trade increases—and we know the market will expand—we know that the Canadian automobile market will expand. I would be the last one to say there will not be a manufacturer's squeeze on both sides of the border, but that is going to happen whether we ratify this agreement or not.

Canada is providing adjustment assistance in that country, just as we are. There will have to be an adjustment on both sides of the border, but after the adjustment there will be more production of automobiles and more trade between the two great countries, and the price of automobiles on the whole will tend to go down, especially in Canada, as Canada begins to achieve the benefits of mass production such as we have here.

Mr. HARTKE. Is it not true that there has been a greater production of Studebaker automobiles in that country since this arrangement went into effect?

Mr. LONG of Louisiana. The Senator from Indiana is the expert on that subject.

Mr. HARTKE. Where is Studebaker?

Mr. LONG of Louisiana. Studebaker was in Indiana and moved out of Indiana and into Canada, but that was under the old tariff arrangement.

Mr. HARTKE. Not under the tariff arrangement, but under Canada's scheme arrangement.

Mr. LONG of Louisiana. The Senator's State lost Studebaker prior to the agreement.

Mr. HARTKE. This agreement has not been implemented yet. We are still in that process.

Mr. LONG of Louisiana. Canada has suspended duties on its side, anticipating that we shall ratify the agreement. It will cause all kinds of difficulties if we do not. Canada will have to take another look to see what should be done. This agreement will involve production beyond the limitations of the Canadian market.

Mr. HARTKE. There is no estimate of what the adjustment assistance section of the bill will cost the Federal Treasury?

Mr. LONG of Louisiana. No. That was the situation when Congress passed the Trade Expansion Act. We do not know what the cost is going to be in Canada or in our own country. These are precautionary provisions. We hope we will not need them, but there may be some dislocations under this arrangement, and these provisions are designed to help labor and management.

Mr. HARTKE. Is it anticipated that there will be increased production of automobiles in Canada?

Mr. LONG of Louisiana. As the Senator knows very well, Canada consumes about 7 percent of the automobiles manufactured in North America. She produces a little over 4 percent. Whether we ratify this agreement or do not, we realize that Canada has had a very unfavorable balance of trade a very serious imbalance of payments, and she has to rely on borrowing a great amount of money from United States concerns. Canada was moving to correct that imbalance in payments and unfavorable balance of trade, and one of the most likely ways to correct the situation was through the development of this auto industry. If she had succeeded in this, we could have looked forward to an end to our favorable balance of trade and payments.

Mr. HARTKE. Let us talk about balance of payments. The Senator will agree with me that this agreement was negotiated by the State Department.

Mr. LONG of Louisiana. The State Department was in it.

Mr. HARTKE. It was not negotiated by Christian Herter's special group.

Mr. LONG of Louisiana. They took part in it.

Mr. HARTKE. But it was negotiated by the State Department.

Mr. LONG of Louisiana. The principal responsibility was the State Department's.

Mr. HARTKE. It was negotiated without the Treasury of the United States actually knowing what it was going to do to the balance of payments until after it was concluded.

Mr. LONG of Louisiana. The Treasury Department does not take part in trade agreements. That is the reason why the trade agreement was negotiated in the way it was. The Treasury Department does not do it. The Treasury makes its determination after the fact to see what the effect will be on other problems.

Mr. HARTKE. That is what I want to come back to. This agreement was negotiated by the State Department without the Treasury Department considering what was going to happen to the balance of payments in the United States. Is that correct?

Mr. LONG of Louisiana. I could not say to what extent the Treasury was familiar with this situation. The Treasury certainly knew this was going on.

The Secretary was on the Cabinet Committee handling it. Moreover, the Treasury was studying this remission scheme, with which I am sure the Senator was familiar, which adversely affected the great State of Indiana, and any State manufacturing automobiles or automobile parts. The Treasury did know of this remission scheme and thought of what we would have to do as countermeasures. The Treasury knew about it but did not negotiate it.

Mr. HARTKE. So far as the Treasury is concerned, they are concerned with whether or not we have a surplus or deficit in balance of payments. Is that correct?

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. This has been the subject of considerable debate, not only in the Committee on Finance and on the floor of the Senate, but in the business and financial communities generally. Is that correct?

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. This agreement is bilateral, and affects Canada and the United States. There is no question about that.

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. It is anticipated that as a result of this agreement, so far as the Canadians are concerned, is to improve their balance-of-payments situation. Is that correct?

Mr. LONG of Louisiana. For a period of about 3 years Canada might realize some improvement in her balance of payments.

Mr. HARTKE. After 3 years this entire matter has to be renegotiated or something has to happen. This is a 3-year provision, is it not?

Mr. LONG of Louisiana. We have a provision that it shall be reviewed in 1968, but that does not call for abrogating it or changing it. We agree to review it. Both sides will review this arrangement. This is an important and significant agreement, as the Senator knows.

Mr. HARTKE. It is important to Canada because it is supposed to reduce her deficit in balance of payments. Is that correct?

Mr. LONG of Louisiana. Canada is going to produce more automobiles in either event.

The big incentive to Canada, as I see it, is that within a few years the cost of automobiles in Canada ought to decline between 10 and 15 percent.

As the Senator knows, the cost of automobiles in Canada is about 15 percent higher than the cost in the United States.

When Canada is able to achieve the efficiency of production that the United States has, she will be in a position to bring down the price of automobiles, and that ought to help expand the Canadian market, so that both the United States and Canada ought to be selling more automobiles.

It is well to point out that when we talk about what Canada is doing, there are U.S. companies in Canada. Some of them are wholly owned in the United States. One of those companies is 75-percent owned.

These people cannot be thought of as enemies of ours, or having a great adverse interest from us. These people have a common interest with us and in the prosperity we enjoy here. We invest great amounts of money in Canada and loan great amounts of money in Canada.

Mr. HARTKE. Was not one of the reasons this agreement was substantially entered into, that there was, at least in the automotive trade, an unfavorable balance of trade for Canada with the United States?

Mr. LONG of Louisiana. The reason we entered into this agreement, from our point of view, was that we did not want Canada setting up a completely separate automobile industry from that of the United States or to proceed by high tariff and tariff rebate schemes, which were hurting the State of the Senator.

Mr. HARTKE. I wish to make that clear. I do not wish to identify this as the State of the Senator from Indiana. Let us talk about the entire United States.

Mr. LONG of Louisiana. I say to my good friend from Indiana, where my mother was born, and which is a wonderful and great State——

Mr. HARTKE. A great State.

Mr. LONG of Louisiana. I think the world of Indiana, and I am sorry Studebaker moved out. I believe they made a mistake. I would not have wanted them to move. But from our point of view, we wanted to keep this industry in the United States, and we wanted to expand our production and sell more in Canada. But we were looking at something that was both a political and an economic matter. The people there in Canada are proud, just as the people in this country are proud. They are the same kind of people as we are. They look at the giant United States making all these automobiles. They say: "Why should we go into low-wake industries like pulp and paper products? Let us go into the automobile industry, where a man receives $2.50, $3.50, or $4.50 an hour, and where we can make a great deal of good money and have many good jobs. Tell the automobile companies that they have to produce 75 percent in Canada or we will find ways to make life miserable for them."

That is the kind of pressure those companies were under. This agreement was worked out of that situation. We could not protect this favorable balance forever. Canada would not go on forever running a larger trade deficit in automotive products with the United States. Sooner or later it must place its house in order.

If one looks at the unfavorable balance of payments they have and recognizes that that country is only about one-twelfth the size of the United States, and applies that situation to us it would be as though we had an unfavorable balance of payments of $7.5 billion. It would have the people in this country trembling in their boots if we had that big a deficit.

Mr. HARTKE. I believe the Senator makes a point. One of the basic reasons why the Canadians wanted to enter into this agreement was that they had an unfavorable balance of payments.

Mr. LONG of Louisiana. Let me state this all over again. I stated this in my principal speech, but I want the Senator to understand my point.

The United States would have different reasons for entering into the agreement than Canada. Canada looks at it from the standpoint of whether it is good for Canada and the United States looks at it from the standpoint of what is good for the United States.

We saw Canada moving with this tariff rebate scheme. It was trebling Canadian exports to the United States in automobile parts every year. There was a squeeze on us. It might have affected us to take action to get even with Canada and cut back on Canadian production.

I would not be unhappy if our country were to decree that Canada could not ship us as much oil as it is shipping. I am sure that would not make me very unhappy. I would go so far as to say that it would not make the Senator from Indiana unhappy, because Indiana has some fine oil producers too. Canada ships us $260 million worth of oil a year. That is one area in our trade with Canada where we could cut down on Canada.

Then we could raise the tariff on pulp and newsprint, and things of that sort. While we were doing that, we would be hurting each other. Actions of that kind would not be good for either country. These are two countries that should be friends. Such action would deteriorate a relationship between countries that ought to be good friends.

What did we do? We said "Let us work out this problem to the advantage of both countries." That is what we think we have done.

Mr. HARTKE. I wish to come back to the advantage to both countries. I should like to establish whether one of the basic reasons and one of the stated purposes for working out this proposal was the fact that there was an unfavorable balance of trade from the standpoint of Canada, as between Canada and the United States.

Mr. LONG of Louisiana. That was the situation when Canada put into effect the remission scheme. She was trying to do something about it. That is why we had to do something about looking after our own automobile companies.

Mr. HARTKE. I wish to come back to the fact that the whole problem between the United States and Canada in relation to automobiles and automobile parts was the fact that there was in existence a deficit in trade from the standpoint of Canada. Is that correct?

Mr. LONG of Louisiana. Canada started this train of events, from which

we had the most to lose, because we had a surplus and Canada had a deficit. The United States would be the big loser in the end, because we have a favorable balance in trade with Canada and the biggest part of that is in automobiles.

Mr. HARTKE. Some of it is in paper products.

Mr. LONG of Louisiana. If Canada had done what Brazil had done, we would have been squeezed out. The Canadian gap would have been closed by half. Then they could have eliminated half of their deficit by not buying United States automobiles.

Mr. HARTKE. I believe we have established that one reason for entering into this agreement was the existence of the so-called balance-of-trade deficit so far as Canada was concerned, and a balance-of-payments deficit so far as Canada was concerned.

Mr. LONG of Louisiana. Mr. President, I think I have answered by giving my opinion. I do not believe I am able to give the opinion of the Senator from Indiana. He can state the opinion as his own, if he wishes to do so, but that is not my understanding. As I understand, Canada had an unfavorable balance of trade and was trying to do something to correct it.

Mr. HARTKE. That is correct.

Mr. LONG of Louisiana. So Canada proceeded to move to try to correct that situation in the field of automobiles. When Canada started to do that, it was bad for us in the United States.

Mr. HARTKE. That was the so-called stroke.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. What was spoken of in the committee as being a stroke.

Mr. LONG of Louisiana. They got in the first stroke.

Mr. HARTKE. Yes. This started with a man named Bladen, who was one of the experts named to find out how Canada could obtain a bigger portion or share of the production of automobiles for Canada.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Is that correct?

Mr. LONG of Louisiana. I would assume so.

Mr. HARTKE. They started with this system: First, they tried to make certain that more of the automobiles that are sold in Canada were built in Canada. Is not that true?

Mr. LONG of Louisiana. Thou sayest it. I will tell the Senator what Jesus said to Pontius Pilate. Pontius Pilate asked Jesus: "Art Thou the King of the Jews?"

Jesus answered: "Thou sayest it."

He meant, "That is your opinion; I am not arguing about it."

Mr. HARTKE. This is a Jewish holiday. I think it is fine for us to honor the Jews on Jewish New Year.

But let me return to the point that so far as the first stroke was concerned, Canada said it was going to get a bigger share of the automobile market.

Mr. LONG of Louisiana. They were in a position to do so.

Mr. HARTKE. Perhaps they were; perhaps they were not. Louisiana produces paper products and wood and woodpulp, does it not?

Mr. LONG of Louisiana. It does.

Mr. HARTKE. In the balance-of-payments situation and the balance-of-trade situation, which is the larger deficit that the United States has in regard to Canada? Is it on paper products and wood? Or is the deficit that Canada has with respect to the United States on automobiles and automobile parts?

Mr. LONG of Louisiana. I see what the Senator from Indiana is getting at. If a first-class trade war should be started between the United States and Canada, Louisiana might be one of the States to benefit. I am not sure that anybody would benefit much. But if a first-class trade war were started between the two countries, Louisiana and probably most of the other Southern States would benefit from it.

Mr. HARTKE. I am not interested in a trade war; I am trying to get the facts about a trade agreement, if one were in existence, so far as the trade balance is concerned—not the balance of payments, but the trade balance. In relation to paper and paper products, is there not more dollar value in favor of Canada than there is in favor of the United States in regard to automobile parts?

Mr. LONG of Louisiana. Yes. I regret to say that paper and paper products constitute a much lower wage-paying industry. Those in that industry want Congress to maintain the 12-employee exemption for paper and paper products companies. But as between two industries, most people would prefer to trade on a basis that if one produces paper and the other produces automobiles—and as the Senator well knows, the automobile industry is a high-wage industry, and that, in large measure, is because of the work of the fine unions——

Mr. HARTKE. How much of a trade barrier has the United States on pulpwood and newsprint imports?

Mr. LONG of Louisiana. I will obtain that information and make it available to the Senator.

Mr. HARTKE. I can tell the Senator: There is none. We have not erected any barriers against Canada, because Canada happens to have a favorable balance of trade in relation to pulpwood and newsprint. But the Bladen report——

Mr. LONG of Louisiana. When we were afraid that Canada might ship particleboard into the United States, I supported the industry and raised the tariff because people from some of the States where particleboard is produced might have been adversely affected. Nations have a right to move against one another if they wish to do so.

Mr. HARTKE. I understand. Will not the Senator from Louisiana agree that the action taken by Canada was unilateral?

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. Is it not true that it was in violation of all our trade agreements?

Mr. LONG of Louisiana. We did not like it; we thought Canada was wrong and should not have taken such action. But we understand why the action was taken. We did not think it was right for Canada to take it, and we did not appreciate it.

Mr. HARTKE. They went into this system after they had obtained an export bounty.

Mr. LONG of Louisiana. They handled the tariff schedule in such a way that they were subsidizing the export of automobile parts manufactured in Canada, most of which were used in the United States.

Mr. HARTKE. Under the Tariff Act of 1930, if the Secretary of the Treasury had done what was required under the law, he would have interposed countervailing duties, in view of the fact that this subsidy was given by Canada.

Mr. LONG of Louisiana. Yes; and that would have started a trade war.

Mr. HARTKE. The whole point is that Canada got started on a unilateral scheme to produce in Canada more of the products that were being manufactured as parts and automobiles. They did this unilaterally, in violation of their agreement with the United States, in violation of our own law, and in violation of international trade laws. On top of everything else, they came back and increased tariffs all across the board in 1963 on autos and parts.

Mr. LONG of Louisiana. It is difficult to get Canada to obey the laws of the United States. We can urge it and advocate it, but Canada is a sovereign country and can do whatever it wishes to do, so far as our laws or her laws are concerned. From time to time, as the Senator knows, we have violated agreements ourselves. The Senator from Indiana was trying to protect an industry in his State a short time ago. As I recall, it was the plastic boots industry.

Mr. HARTKE. We made the tariff equal.

Mr. LONG of Louisiana. The executive branch of the Government said that that was a strong violation of the General Agreement on Tariffs and Trade, but the Senate passed the bill. We provided additional protection because the Senator from Indiana thought the industry was entitled to it.

Mr. HARTKE. Is it not true that this agreement was unilateral action by the Canadians?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. It was designed to help their balance-of-payments situation and their balance-of-trade relations with respect to automobiles and automobile parts.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. The net result is that Canada is going to have a bigger share of the North American automotive production.

Mr. LONG of Louisiana. Yes; and the whole automobile market in North Amer-

ica will be bigger. Because of the agreement, the United States will be producing more automobiles and providing more jobs, and so will Canada.

Mr. HARTKE. I am not willing to admit that. I want to establish the fact that Canada will be going from about 4 percent of the total North American market for automobile production to about 6 percent. Is not that true?

Mr. LONG of Louisiana. It is closer to 5 percent.

Mr. HARTKE. About 5½ percent.

Mr. LONG of Louisiana. Mr. President, Canada now consumes approximately 7 percent of the automobiles that are produced in the North American market. They produce about 4 percent.

Mr. HARTKE. The Senator is correct.

Mr. LONG of Louisiana. In my judgment, and I believe this is correct, no matter whether we pass this agreement or not, Canada will increase its production in the Canadian market.

What we want to protect and what we would protect with this agreement is the $580 million surplus of trade that we have in automotive products. It is impossible to predict precisely what the figures will be. However, we believe that we shall be able to protect the trade surplus on this item. That is an important purpose of the agreement from our point of view.

Mr. HARTKE. Mr. President, we have established now that this action was unilaterally taken by Canada, in an atmosphere in which they were trying to take a part of our market away from us. It was done to help their balance-of-payments situation and to help their balance of trade in relation to the automobile industry.

Mr. LONG of Louisiana. Mr. President, Canada is not the only country that takes unilateral action. I supported the so-called defense amendment because it would help to keep oil imports out of our country. That was a unilateral action taken by the United States. I am glad that we did it.

A short time ago the Senator from Indiana offered an amendment in the committee—and I believe I voted for it—to cut down on the amount of Canadian aluminum coming into the United States. If we had been successful, that would have been a unilateral action. The Senator from Indiana does it. The Senator from Louisiana does it. The Senate of the United States and the House of Representatives do it. Everybody who is trying to look after and protect the interests of the people he represents does this. He had better do it if he wants to stay here.

Mr. HARTKE. That is what I want to know. There are two sides to every question, and every agreement that the United States enters into should be fair. Two sides are negotiating. The United States should receive something out of that.

Mr. LONG of Louisiana. Mr. President, I think we would get a great deal out of it.

Mr. HARTKE. Mr. President, we would be reducing the balance-of-payments situation.

Mr. LONG of Louisiana. I believe that under this agreement we will retain the $580 million favorable balance of trade on this item.

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

Mr. LONG of Louisiana. I shall yield in a moment. Canada will produce more automobiles whether we move in this field or not.

Mr. HARTKE. Mr. President. I did not want to interrupt the speech of the Senator. However, two countries are negotiating with each other. We would be improving the Canadian balance-of-payments situation. If we are to improve their balance-of-payments situation, there is only one place from which that improvement could come, and that would be the United States. Is that a correct statement?

Mr. LONG of Louisiana. That is perhaps true. However, the reason that it is that way, as the Senator understands, is that Canada and our people trade with one another to a great extent.

Mr. HARTKE. I am not arguing that point.

Mr. LONG of Louisiana. For example, we have more trade with Canada than we have with any European nation.

Mr. HARTKE. I am not arguing that point. The true situation is that our balance-of-payments program will suffer. At the present moment it is the stated policy of the Treasury of the United States that we are trying to reduce our deficit, or increase the surplus, whichever way one wants to look at it. However, at least we are trying to increase our surplus account as far as the balance of payments is concerned with relation to other nations. This agreement entered into between two countries was designed to reduce the balance-of payments deficit of Canada, and that can be done only at the expense of the United States.

Mr. LONG of Louisiana. Mr. President, there was a famous Broadway stage show which had a song entitled "It Ain't Necessarily So." I believe the name of the show was "Porgy and Bess." I am reminded of the title of that song when I look at page 11 of the committee report. The Senator will note the tabulation on that page. This was from the testimony of a witness whom the Senator asked to come and testify.

The Senator from Indiana wanted an expert on the balance-of-payments situation so that the expert could inform us on the problem and how it would affect the balance-of-payments situation.

The witness appeared before the committee and had a prepared statement. The witness stated that they had analyzed the study of the situation, and that we have a favorable balance with Canada on automobiles this year in the amount of $581.1 million, and that it was estimated that under this agreement we would have a favorable balance with Canada on automobiles in 1968 of $580 million. There would be a difference of $1 million.

The witness went on to testify that after these automobile companies were able to fulfill the commitments that Canada had insisted upon as a part of the overall picture, from that point forward we could expect to expand our favorable balance-of-payments situation with Canada under this very agreement. Therefore, we would improve our position by a very great amount if we were to continue under this agreement. The agreement might be renegotiated, but if we were to continue with the agreement as it is, the witness estimated that after 1968 we would actually increase our favorable balance in dollars on this item.

Mr. HARTKE. Mr. President, the point is that if we deal with the balance of trade in automobiles and automobile parts, both sides cannot receive a bigger amount. One could show from a mathematical computation that it would be impossible to start with 100 percent and divide it up so that each side would receive 150 percent. The total of these figures would be 300 percent.

If we send automobiles and automobile parts into Canada, there will be a certain amount of dollar value involved. If they ship a certain amount back to us, there will be a certain amount of transit both ways, and it must add up to 100 percent. We cannot end with 150 percent.

Mr. LONG of Louisiana. Mr. President, I made the statement, and I stand by it. We will increase our production of automobiles and so will they. We expect to increase our automobile production by 6 or 7 percent a year and Canada expects to increase its automobile production by approximately 8 percent a year.

Canada will produce more automobiles because it will have a bigger market. We will sell more automobiles and automobile parts because it will have a bigger market.

Mr. HARTKE. Mr. President, I do not want to leave the balance-of-payments situation.

Mr. LONG of Louisiana. Incidentally, we estimate that 8-percent increase in the market, but we also estimate that as Canada, under this agreement, stops producing so many models and concentrates on a far lesser number of models, she will become more efficient, and the companies will be able to reduce prices. When that occurs, the price of Canadian automobiles will come down. That will bring about a bigger demand for automobiles. In that way, the public will get a better automobile for a lower price. That condition, when it exists, will mean that they will buy more automobiles and we will get many of the sales.

Mr. HARTKE. There is only 1 percent of the market.

Mr. LONG of Louisiana. A 100 percent of a big market is more than 100 percent of a small market.

Mr. HARTKE. A 100 percent is still 100 percent.

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. There is no way to make it more.

Mr. LONG of Louisiana. If the Senator were to give me 100 percent of $50,

that would be twice as much as 100 percent of $25.

Mr. HARTKE. If the Canadians had a balance-of-payments deficit of $500 million and were to double the amount, it would then become a deficit of $1 billion. There would still be the same balance-of-trade deficit and the same balance-of-payments deficit percentagewise. There would be no way to increase the percentage ad infinitum without coming up with one program or another.

Two nations cannot continue to increase their balance-of-payments situation to each other without one or the other being injured.

I yield to the Senator from Michigan.

Mr. LONG of Louisiana. Mr. President, I have the floor. I yield to the Senator from Michigan.

The PRESIDING OFFICER. The Senator from Michigan is recognized.

Mr. McNAMARA. Mr. President, I preface my remarks by saying that this is not an easy agreement for me to understand. I am sympathetic toward the Canadian side of this question.

I realize that they are our best customers. They are our best friends, generally, in international affairs. We have a common border that is easy to live with. I live on that border because I live in the city of Detroit.

I am not unfriendly to Canada. However, I should like to ask the Senator about the Studebaker Corp. Perhaps the Senator has already answered this question.

As I understand it from a report by the U.S. Tariff Commission, which I read, the Studebaker Corp. which moved its entire operation from the United States to Canada, could, under the agreement, bring cars into the United States duty free.

Mr. LONG of Louisiana. Under certain circumstances.

Mr. McNAMARA. Apparently the circumstances are the same for them as they are for the so-called Big Three—Ford, General Motors, and Chrysler—and even American Motors.

Mr. LONG of Louisiana. The Senator is correct.

Mr. HARTKE. When the Senator says that this would be true under certain circumstances, every company would bring them in certain circumstances.

Mr. LONG of Louisiana. Permit me to explain that to the Senator. It is not quite that simple. Studebaker buys parts in this country—frames, body stampings, transmissions, and carburetors. These things are dutiable in Canada unless the rebate plan applied.

They can send duty free into this country the automobiles that they were sending in previously over our tariff wall. However, they can buy automobile parts here duty free because of the agreement, and it is my belief that Detroit will sell Studebaker still more parts. Studebaker might even take an automobile which they have here and put that in Canada—duty free, and take one from Canada and put that automobile here duty free.

So they switch sometimes. The big advantage is that Canada can stop producing many models of automobiles, and concentrate on only a few. By doing that, they can achieve the economies of mass production, which then would bring down the cost of automobiles, and we hope bring them in line with ours, so that the people in Canada would then have automobiles at a lower cost.

Mr. McNAMARA. If the Senator will yield further, from now on, Studebaker does not manufacture any cars in this country; they are building all of their cars across the border. So they do not have this car that the Senator is talking about here to ship over here, and one to go back for it.

Nevertheless, under the proposed agreement, as the tariff report points out, they can ship cars into this country. Now, under the proposed agreement, automobile manufacturers can ship cars back and forth between countries, but Studebaker can ship them in even though they are not American made. This I do not understand.

Mr. LONG of Louisiana. I am confident that Studebaker buys a large quantity of parts in this country. It is true that Studebaker does not manufacture automobiles in the United States, but they buy many parts in the United States. They can bring parts up there, as I understand it, and then take an automobile of comparable value into the United States.

Mr. McNAMARA. Parts are things apart. Let us talk about automobiles for the present. I wish to talk about parts, and I expect to talk about parts at some length during the debate, but at the moment I am discussing the finished product.

The distinguished Senator from Louisiana makes reference to the large number of models provided in Canada, and that they could produce cars cheaper if they did not make so many models.

Why do they have to make so many models? Who determines how many models they are going to make? They do. Nobody else determines how many models they are going to make. Certainly, that applies to all automobile companies. If they make one model every 10 years, as some European companies do, it is cheaper. But they themselves determine how many models of cars they are going to make. I do not believe we should be concerned with that character of argument.

Mr. LONG of Louisiana. The Canadian consumer determines how many kinds of automobiles are to be made in Canada.

Mr. McNAMARA. Perhaps the consumer does; perhaps he does not. I do not agree that he does, any more than the American consumer does.

But I do not know why we should make such a point of this. We are not dictating to them, as far as I know. The American automobile manufacturers are not dictating to Canada how many models they can make. So that is a thing apart. They decide how many models they are going to make, whether they are going to make 3 or 300 models, and I do not know how that enters into the agreement.

But the people who are really going to be hurt, and the people who are going to lose many jobs in this country, are the parts manufacturers. Up to this point, I was talking about the complete car. It seems to me that we do not give enough consideration to the fact that we have more than 10 times the population of Canada in this country, and when we start "dividing the pie up," as the Senator has said, if we are going to get 10 pieces of the pie to the one the other fellow gets, that I can understand, because we have 10 times as many people, and we have a consumers' market more than 10 times as great as they have. But the ratio should be given some consideration.

I shall never understand the Studebaker situation. I do not believe the Senator has given me an answer to that question—how a strictly Canadian manufacturer can ship cars into this country duty free. If he can, then certainly the makers of the Volvo and the makers of the Volkswagen, could build plants in Canada. If Studebaker can put a plant in Canada, and ship its cars in duty free, I suppose that Volkswagen could put a plant in Canada and ship cars in duty free under this agreement. Then where shall we stop? We need to consider the matter very carefully.

I thank the Senator for yielding.

Mr. LONG of Louisiana. Mr. President, the agreement has been carefully examined. The Secretary of Labor testified that so far as he was concerned, he has 50,000 jobs at stake, American jobs which he is seeking to protect and will protect with this agreement. He says that the automobiles we are sending into the Canadian market, where we have a 10-to-1 advantage in our trade relations at this point——

Mr. McNAMARA. And we should have.

Mr. LONG of Louisiana. I suppose if I came from Michigan, I would say that we should have a 10-to-1 advantage over everybody.

Mr. McNAMARA. Will the Senator yield? If we are going to talk about markets, the market is the people, and the advantage is 10 to 1 in the market. It is more than that, if we consider the economies of the two countries.

Mr. LONG of Louisiana. We sell a world of American automobiles to the Canadian market. We are going to continue doing it, and Canada is going to sell some to us. They are going to trade some with us. But as the matter stands now, we are shipping them about 10 times as much in the way of automobiles and automobile parts as we did, and we expect to continue this favorable balance, in dollar terms. The question has been studied.

But suppose we get into a trade war, where we cannot work out our differences with Canada, and we stop trading in automobiles. Suppose it works out with Canada the way it is working out now with Australia. Australia has imposed a requirement that, year after year,

automobiles manufactured in Australia must contain a higher and higher component of Australian parts, until 95 percent of the parts are manufactured in Australia.

How much would that help Detroit? It seems to me it would not help Detroit to continue that process. The same is true of Brazil. A manufacturer begins to manufacture automobiles down there, and Brazil gives some protection. Suppose American manufacturers move into Brazil, and become established down there, and then the Brazilian Government requires that their automobiles be manufactured of 80 percent Brazilian components, and then 90 percent. Finally it reaches 100 percent, and all components, everything from the top to the rubber on the tires, must be manufactured in Brazil. So now we are out of that market. That happened. Consider what that did to Detroit. It lost many sales; about $60 million in sales.

We cannot meet the competition of those countries in Michigan. The manufacture of automobiles begins in Argentina; then Argentina institutes a requirement that automobiles manufactured in Argentina be manufactured 90 percent of components produced in that country. Then there follows a further loss of business, and a further loss of jobs, in Michigan and Detroit.

We are seeking to protect that kind of market. It is their market. They own it. Some people seem to think we own the Canadian market, just as some people seem to think we owned the Brazilian market. Brazil showed us that we did not own their country. Australia is doing the same thing now. They have the right to do that. It is a highly competitive industry, and this country can be put out of it.

What we are trying to do is to protect the situation. The Secretary of Labor has said, "Senator, we have 50,000 jobs at stake. There are 25,000 jobs in the manufacturing and assembling of automobiles, and 25,000 jobs in steel companies that make parts which are fabricated into automobiles."

Walter Reuther thinks this is all right. He represents the automobile workers in both Canada and in the United States. Practically all the labor groups think that, on the whole, this is a good agreement for both sides.

Mr. McNAMARA. I agree with the Senator that on the whole it is a good agreement. I have some questions, and I do not believe the Senator has been able to answer my questions.

Mr. LONG of Louisiana. If I did not do so, it is because of my meager ability and the fact that I cannot be the expert on automobiles that I would like to be on oil and gas, which come from my State. What I am trying to do is to do everything possible to help the State of Michigan and its economy.

Mr. McNAMARA. I am sure the Senator's heart is in the right place. I appreciate what the Senator is trying to do. He has just said that the Secretary of Labor told him that there were a great many jobs involved. I am concerned with the jobs. I know that Eaton Axle Co. in Detroit is going out of business. They employ 350 men. Their jobs will be transferred to Canada, largely because of the agreement we are discussing. We know about the Studebaker Co. That involved 12,000 jobs. A great many jobs are involved.

All this will react badly on us.

Mr. LONG of Louisiana. The Studebaker move preceded the agreement. The agreement has been in effect for only 6 months, and we have been told that 40,000 more jobs are available now in the automobile industry by reason of this agreement than were available 6 months ago. Therefore, we are not doing too badly. Forty thousand more jobs have been made available.

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

Mr. LONG of Louisiana. We will have even more jobs available as time goes by. That is what the projection has been.

Mr. McNAMARA. I believe we probably would have had 50,000 jobs, rather than 40,000 jobs, due to a pickup in the economy.

Mr. LONG of Louisiana. Let me say to the Senator from Michigan that a considerable part of the increase in those 40,000 jobs was due to the increased shipment of automobiles into Canada which has been going on for the 6 months that this agreement has been in effect. That is another reason why we have the 40,000 more jobs.

If we look at the various possibilities, I believe that anyone can see that we have a big stake to protect. We wish to keep the Canadian market so far as possible. Between the two alternatives of stroke and counterstroke, of Canada striking at us and we striking back at her, the areas which produce the automobiles could be the ones to be the big losers, because we have a big and favorable balance of trade. Industry believes that this is the way to do it, and so does labor and Government.

Mr. MORSE. Mr. President, will the Senator from Louisiana yield to me without losing the floor?

Mr. LONG of Louisiana. I yield with that understanding.

HOUSE RESOLUTION 560 AND THE RIO TREATY

Mr. MORSE. Mr. President, I thank the Senator from Louisiana for yielding to me. I sent this speech to the press galleries early today, and I have been trying to find time since then to deliver it.

Mr. President, on September 20, by a vote of 312 to 52, the House of Representatives passed House Resolution 560 expressing the sense of the House that any party to the Rio Treaty "could go so far as resort to armed force, to forestall or combat intervention, domination, control, and colonization in whatever form, by the subversive forces known as international communism and its agencies in the Western Hemisphere."

The plain implication of the resolution is that any party to the Rio Treaty is entitled to make its own determination as to whether even a threat of subversion in the territory of another party to the treaty requires or justifies unilateral military intervention by the first party.

This is a clear perversion of the Rio Treaty, which is based on the principle of collective security instead of individual action.

The reaction in Latin America has been predictable. From left to right across the political spectrum, Latin Americans have united in denouncing the reactionary and illegal doctrine thus set forth. The congresses of Peru and Colombia have unanimously passed resolutions to this effect. In the case of Colombia, at least, this marked the first time in years, so far as I am aware, that the Colombian Congress has been unanimous on anything. I ask unanimous consent that there be included at the conclusion of my remarks sundry newspaper articles on this subject.

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

(See exhibit 1.)

Mr. MORSE. Mr. President, as chairman of the Subcommittee on American Republics Affairs of the Senate Committee on Foreign Relations, I want to take this opportunity to say to Latin America that the House of Representatives does not make U.S. foreign policy and that it does not speak for the U.S. Government in matters of foreign policy.

And I want to say to the anti-Communist zealots in the United States that actions such as this generate more support for communism in Latin America in an afternoon than all the agents of Moscow, Peiping, and Havana can generate in a month. The point of view reflected in House Resolution 560 is a reversion to the 19th century. It cannot be sustained in the 20th century on either legal, moral, or practical grounds.

When are we going to accept the fact, Mr. President, that the dominant characteristic of Latin America in this decade of the 20th century is profound and irreversible change, accompanied by a mounting desire that the change proceed faster rather than slower? When are we going to learn that we can successfully compete with Communists in influencing the nature and direction of that change, but that we can never compete simply by opposing all change?

I had thought this question had been settled in the Alliance for Progress and in the Charter of Punta del Este in which the nations of the OAS pledged themselves to truly revolutionary policies aimed at liberal, democratic social and economic reforms. Are we going to spend hundreds of millions of public money to foster these policies and at the same time send in U.S. troops to forestall them when they begin to show results?

In its successive actions dealing with genuinely subversive threats from Castro's Cuba, the OAS has repeatedly shown itself capable, within the spirit and the letter of its Charter and of the Rio Treaty, of coping with the threat of external communism. To revert now

to unilateral action is to throw overboard the multilateral framework which has been so painstakingly erected in the Western Hemisphere, and to help, rather than hinder, the advance of communism.

The message which House Resolution 560 carries to Latin America is that only Uncle Sam knows best. Latin Americans do not accept that any more; there is no reason why they should accept it; and we do both ourselves and them an injustice when we proclaim it.

The fact that the Department of State declined to express opposition to the resolution when its views were requested by House Members brings into serious doubt the allegation that the resolution does not reflect administration policy. It brings into serious doubt the support of the administration for the purposes and objectives of the Alliance for Progress itself, for those purposes and objectives are the displacement of the oligarchs that have kept the people of Latin America serfs to the soil and furnished the seedbed not of freedom but of communism in the hemisphere.

Mr. President, my subcommittee is going to find out where the State Department stands. I serve notice on the State Department this afternoon that I am calling for an early meeting of my subcommittee, and I wish Dean Rusk to decide whom he wishes to send to that subcommittee meeting, for he is going to send someone. That subcommittee is going to find out from the Secretary of State, through his spokesman—or through the Secretary himself, perhaps—just where they stand on this House resolution. Are they for it, or are they against it?

Are they for modifications of it, or do they wish the House resolution to stand, as notice to Latin America that the United States is walking out on the Rio Treaty?

The State Department cannot support that resolution and support the Rio Treaty, let me say to the Secretary of State. Therefore, I wish to know whom the Secretary of State is going to send. Tomorrow afternoon at 4:30, or Thursday at 4:30—I prefer the meeting tomorrow afternoon at 4:30—I wish to know where the State Department stands on the House resolution.

Mr. President, this resolution is going to do irreparable harm throughout Latin America unless the Johnson administration repudiates it forthwith.

The Johnson administration cannot stand neutral on that resolution. The Johnson administration is either for or against unilateral intervention in a Latin American country if some Latin American country or the United States decides that a revolution that it considers Communist dominated is about to take place in that country. The oligarchs will like it. The military juntas will like it. But this is the way for the United States to lose whatever influence it has in Latin America; and it does not have as much as it did 6 months or a year ago. The Dominican Republic incident took care of that. Our friends in Latin America want us to tell them where we stand. The House resolution has already jeopardized the convening of the foreign ministers' conference in November, and the conference has already been postponed three or four times.

There is already talk that we had better postpone that one, because of the bad feeling that exists in Latin America at this very hour. Diplomats say that we had better not send anyone to the foreign ministers conference, because if we do that conference will be turned into an anti-American conference.

Mr. President, I do not know what is getting into the State Department, where it can remain silent on a question of such importance to the Rio Treaty, the OAS Charter, the act of Punta del Este, and the act of Bogotá. Mr. President, I was present at the negotiation of some of those treaties.

This resolution cannot be reconciled with the act of Punta del Este or the act of Bogotá. This resolution cannot be reconciled with the act of Washington that was consummated a year ago when the foreign ministers were meeting here with reference to a crisis in Latin America.

The State Department must make clear that we are retreating from a policy of unilateral intervention in Latin America, for if we do not retreat from it, we are going to be thrown out of Latin America, just as Prince Sihanuk threw us out of Cambodia. I have an insertion to place later in the RECORD in connection with that matter.

Mr. President, look at the hemisphere, and you do not find any threat of communism in Canada, nor in Mexico, nor in Costa Rica, where economic freedom and progress are fostered. You find the threat of communism in those countries where a small handful of the population is trying desperately to hang on to its position of economic privilege and political control. Communism thrives on those conditions, and it thrives even more when the greatest capitalist of them all, the United States, throws its military might into the preservation of those oligarchies of economic privilege.

Passage of this resolution will make adherents and sympathizers for communism faster than the Alliance for Progress will head them off. It is the kind of flagwaving that defeats more than it achieves for American interests.

My plea is that the State Department and the Johnson administration let the news go out to Latin America that we are repledging ourselves in full to the objectives of the Alliance for Progress provisions as envisioned by that late great President, John Fitzgerald Kennedy, when he announced to Latin America the Alliance for Progress, built upon the primary foundation of economic freedom in Latin America, so the masses of Latin America can enjoy for the first time in that part of the hemisphere the fruits of economic and political freedom.

Let the State Department send forthwith the message that we stand, without change, for our commitments under the Rio Treaty. Let the State Department send forth word, in view of the unfortunate resolution of the House, that we stand squarely behind the Charters of Punta del Este and Bogotá. Let the State Department send forthwith to Latin America the message that we stand foursquare behind the OAS Charter. Let it send forth word that, under our treaty obligations which we have assumed, we reject unilateral action or military intervention.

The resolution adopted by the House gives credence to the shocking idea that we support military intervention on a unilateral basis by any country in the Western Hemisphere that reaches the judgment that a military junta or a powerful oligarchical force threatens to be overthrown by communism. They ought to be overthrown, but not by communism. They ought to be overthrown by peaceful means, and they will be overthrown if the Alliance for Progress as it was envisoned is carried out by the United States.

So I ask, Mr. Rusk, where do you stand? You have had much to say, as Secretary of State, about neutral nations, nations that take neutral positions on issues in reference to the United States. I ask you, Mr. Secretary, are you neutral on the House of Representatives resolution? Are you neutral on the recommendation of the House of Representatives that any country in the Western Hemisphere should consider it has the right to engage in unilateral intervention if it decides that some country in Latin America, or some government in Latin America, is about to be overthrown by Communist influence?

[From the Baltimore (Md.) Sun, Sept. 23, 1965]

EXHIBIT 1

U.S. PLAN GETS ICY RECEPTION AMONG LATINS—HOUSE RESOLUTION TO CURB RED THREATS CRITICIZED

(By Nathan Miller)

RIO DE JANEIRO, September 22.—First Latin American reaction to a U.S. House of Representatives resolution giving any hemispheric nation the right to intervene in another to prevent a Communist takeover has been overwhelmingly negative.

In both Brazil and Colombia, newspapers have strongly criticized the resolution which was passed Monday by a 312-to-52 margin, and the Colombian Congress today passed resolutions rejecting it as against the political and juridical system of the hemisphere.

The U.S. congressional resolution is not binding on American policy but Latin Americans criticized it as a return to the "big stick" policy of the past.

ALL KINDS OF DOUBTS

Senator Julio Cesar Turbay, a former Colombian Foreign Minister, launched the debate on the action of the U.S. Congress and was immediately supported by all political factions on the right and left.

"The resolution of the U.S. House of Representatives causes all kinds of doubts and apprehensions," he said. Fernando Gomez Martinez, the outgoing Foreign Minister, said it was "an inexplicable retrogression for the inter-American juridical system."

The Colombian Senate said it "considers that within the system of collective security all countries have sufficient assurance of their protection against any internal or extracontinental aggression."

LANGUAGE CALLED VAGUE

In Brazil, the pro-Government Jornal Do Brasil said that the House, by approving the resolution, had created difficulties for the twice postponed hemispheric foreign ministers meeting which may now be held here beginning November 17.

It called the language of the resolution vague, said it does not define what constitutes the threat of subversion, adding further confusion to the field of inter-American law.

NOTHING LEFT

The paper was also critical of the move on grounds that the House acted unilaterally and ignored existing treaties and agreements. The paper maintained the action was more important than it appeared because the executive branch depends on support from the legislative branch for support of its foreign policy.

On the left, the anti-Government Ultima Hora said the resolution consigns all attempts to establish an inter-American juridical system to the museum.

It claimed that the charter of the Organization of American States had been annulled by the U.S. intervention in the Dominican Republic and it is now dead. There is nothing left.

We are back in the time of the Monroe Doctrine. Matters of common interest to the hemisphere are not decided by the nations which compose it but only by the U.S. Government.

Strong comment also came from the leading Colombian paper, El Tiempo, which said this is a serious step backward * * * we had supposed that the United States after the failure of the intervention in Santo Domingo would abandon its erroneous and abusive policy.

[From the Washington (D.C.) Post, Sept. 24, 1965]

LATIN AMERICAN ANGER BRINGS REACTION ON HILL

(By John M. Goshko)

Administration efforts to affirm good will toward Latin America as being swamped in a flood of Latin anger over a House of Representatives resolution approving the use of force in any American nation threatened by a Communist takeover.

As of last night, the congresses of two Latin countries—Peru and Colombia—had passed unanimous resolutions of their own denouncing the House action.

And the press and political sector in the rest of Latin America have started to produce anti-American criticism more intense than anything since the U.S. intervention in the Dominican Republic last April.

CLARIFICATION ASKED

So intense has been the outcry that Senator JACOB K. JAVITS, Republican, of New York, rose in the Senate yesterday to appeal for clarification of the confusion "about what our policy now really is toward Latin America."

On Monday, after almost no discussion, the resolution passed the House by an overwhelming vote. It says that any hemispheric country is justified in unilateral use of force to combat Communist subversion. Before passage the State Department expressed neither approval nor dissent.

The resolution merely expresses the feeling of the House and is not binding on administration policy. However, the Latins seem to regard it as an invitation to ignore the provisions in the Organization of American States Charter forbidding intervention in the internal affairs of any member state.

CONFERENCE MAY BE DELAYED

For this reason, several Latin governments already have suggested privately that the Inter-American Conference of Foreign Ministers, unofficially expected to begin in November, be put off until next March. Otherwise, these governments have warned, the conference probably will bog down in anti-U.S. recrimination.

If the postponement takes place, it would mark an ironic ending to a month that the administration had earmarked as a time for reemphasizing hemispheric solidarity.

To this end, the administration staged a glittering White House reception and a major speech by President Johnson to mark the fourth anniversary of the Alliance for Progress. President Johnson also sent Jack Hood Vaughn, Assistant Secretary of State for Inter-American Affairs, on a whirlwind good will tour of Latin America.

Things began coming apart 2 weeks ago, however, when Senator J. WILLIAM FULBRIGHT, chairman of the Senate Foreign Relations Committee, delivered his attack on the Santo Domingo intervention. Then, in the midst of the controversy surrounding FULBRIGHT'S speech, the House pushed through the resolution sponsored by Representative ARMISTEAD I. SELDEN, JR., Democrat, of Alabama, chairman of its Inter-American Affairs Subcommittee.

Yesterday, as reports from almost every Latin capital told of rising anger, the subject continued to occupy the attention of U.S. Congressmen.

JAVITS criticized the House resolution as "particularly unfortunate" and said that if U.S. policy was as stated in the resolution, it would justify criticism that Washington is opposed to progressive forces in Latin America.

The New York Republican called for clarification of the U.S. stance through a Senate resolution that would reaffirm the faith of Congress in the Alliance for Progress as "the framework for nonviolent but accelerated social and economic development of Latin America."

In the House, however, SELDEN continued to press the view of the congressional faction concerned about communism in the hemisphere. In a lengthy speech, he defended the administration against FULBRIGHT'S attack and reechoed charges that a background document published by FULBRIGHT'S committee was compiled primarily from press sources hostile to U.S. actions in Santo Domingo.

While this battling went on, the administration continued to maintain its almost total silence about the resolution. The State Department's only comment has been to say it agrees with the aims but feels that the wording is open to unfortunate interpretations.

What some of these interpretations are was made clear by yesterday's reports from Latin America. The resolution passed by the Peruvian Parliament called the House action "American imperialism in hemisphere affairs," while that adopted in Colombia described it as "openly regressive and contrary to the juridical and political system of Latin America."

[From the Christian Science Monitor, Sept. 25, 1965]

A MISSTEP BY THE HOUSE

As expected, Latin Americans are burned up over the resolution by the U.S. House of Representatives favoring unilateral intervention to prevent Communist takeovers anywhere in the Western Hemisphere. Some countries have passed resolutions of their own condemning the House action. As this is written no Latin-American country had come out in support of it.

The dismay of the United States' southern neighbors is understandable. For the resolution does not merely express the feeling that the Congressmen's own country should use force to stop communism in other independent countries. Which in itself would be a dubious help to hemisphere relations even if official judgments on the degree of Communist threat were less controversial than in the recent Dominican situation.

But the House went further to say it thought any American nation was justified in stepping in when any other nation in the hemisphere was threatened. Does this mean that if Colombia thinks Venezuela is going to be taken over, the Congressmen would want Colombia to intervene? In the unlikely event that the CIA tells Washington that Canada is going Communist, would the Congressmen want their own troops to cross their northern border?

The sponsor of the resolution said its purpose was "to make clear to Communists that they cannot count on the principle of nonintervention to shield their takeover of a hemisphere country." It is not intended to be binding on the administration.

We share the feeling that Communists should know the United States and its allies are resolute in opposition to Communist takeover. However, the role of the House should not be to make unimplemented statements alienating lands who want to be assured that the tactics of democracy are more principled than those of communism. Rather the House should show its entirely proper concern by initiating or supporting legislation to strengthen the hand of the administration in dealing with each crisis in appropriate terms—legislation to firm up the alliance rather than add further internal tensions.

[From the Christian Science Monitor, Sept. 25, 1965]

LATIN AMERICA STEAMS—WAR OF RESOLUTIONS

(By Richard L. Strout)

WASHINGTON.—The House of Representatives has passed a resolution against communism in the Western Hemisphere which is bringing cries of Yankee imperialism from all over Latin America.

The congresses of Peru and Colombia have passed counterresolutions. How far the war of resolutions and legislative tit-for-tat will go is unknown.

The House resolution promulgates a policy of unilateral intervention by the United States to head off communism in any American state as contrary to the Monroe Doctrine.

It announces as the sense of the House of Representatives that the United States, either alone or collectively, may take steps to forestall or combat intervention, domination, control and colonization in whatever form, by the subversive forces known as international communism and its agencies in the Western Hemisphere.

Without apparent consultation with the State Department, the White House, or its sister legislative body, the Senate, which normally deals with foreign affairs, the House, with a brief debate filling only 15 pages of the CONGRESSIONAL RECORD, passed the policy statement 312 to 52, with 3 answering present, and 65 not voting.

HOSTILE PRESS REACTION

The reaction from Latin America was predictable according to those familiar with the highly sensitive and suspicious attitude of most South American countries on these matters.

What seems like a reasonable denunciation of communism in Washington looked like an unwarranted announcement by the "colossus of the North of an intention to interfere at will in the affairs of independent, sovereign nations.

According to press dispatches, Latin American newspapers from left to right are hostile and there has been no favorable comment.

Peru's lower house of Parliament voted to protest and reject the resolution, saying it was American imperialism in hemisphere affairs. It calls the U.S. move pretentious.

An official of the Argentine Government quoted by the Associated Press said he found the resolution "baffling." "It will give Communists and leftists fresh ammuntion," he said. "It can result in renewed attacks against the United States."

The U.S. House action does not have the force of law. For most Members it was just a momentary outburst, probably provoked by the debate in the Senate over the Santo Domingo crisis, precipitated in turn by Senator J. W. FULBRIGHT, Democrat, of Arkansas, chairman of the Foreign Relations Committee.

Ironically, Senator FULBRIGHT pleaded with the U.S. Government not to take one-sided action which, he argued, aided communism rather than injured it by wounding sensibilities of Latin American neighbors.

Congress is debating whether to put a ceiling on Western Hemisphere immigration for the first time, like that imposed on the rest of the world.

LEGISLATIVE COMMENT

The resolution was introduced September 20 by Representative ARMISTEAD I. SELDEN, JR., Democrat, of Alabama, member of the Foreign Affairs Committee. It was at once challenged by Representative DONALD M. FRASER, Democrat, of Minnesota, and other committee members.

Neither the administration nor the State Department apparently intervened in the sudden affair. Representative JOHN BRADEMAS, Democrat, of Indiana, urged it to put "a little backbone" in State Department policies.

Republican Spokesman GERALD R. FORD of Michigan favored the resolution because, he said, it reaffirms the Monroe Doctrine. He interpreted it also as calling for "collective action," though he charged that the report on which it was based was "badly written." The report was prepared by the House Subcommittee on Inter-American Affairs.

Latin America has long been restive under the Monroe Doctrine, arguing that it was a unilateral declaration which gave the United States an all-season hunting license to intervene with marines in Latin-American affairs.

In recent years the United States has tactfully pushed collective action. Senator FULBRIGHT, however, asked whether President Johnson's intervention in Santo Domingo was a return to the former one-sided policy, which the Senator condemned.

Typical comments during House debate on the Selden resolution:

Mr. SELDEN. "A recognition of this country's primary obligations to our own security and that of the hemisphere * * * breaks no fresh policy ground."

Mr. FRASER. "Very badly worded."

Representative BENJAMIN S. ROSENTHAL, Democrat, of New York. "Undercuts the principled commitments of American diplomacy in Latin America."

Representative DANIEL J. FLOOD, Democrat, of Pennsylvania. "An extension of a sacred American doctrine, the Monroe Doctrine."

[From the Washington (D.C.) Post, Sept. 28, 1965]

HAIL TO THE HOUSE

(By Art Buchwald)

Last week the House of Representatives passed, overwhelmingly, a resolution calling for the use of force by any American nation, if necessary, to prevent a Communist takeover in any Western Hemisphere country. The resolution, sponsored by Representative ARMISTEAD I. SELDEN, JR., of Alabama, has produced a furor in Latin America, and almost every country has denounced it. It has also caused new criticism of the United States Latin American policy.

Despite this, I am happy to report that the Republic of Enchilada is not only supporting the House of Representatives resolution, but also is planning to act on it. It has never been a secret that Enchilada's arch enemy is Upper Tamale, which lies just across the vale of Chili.

For years Enchilada and Upper Tamale have had a border dispute about the vale, and Enchilada has been looking for an excuse to attack Upper Tamale. But they have been held back by the OAS treaty that forbids one country in the Western Hemisphere from attacking another.

As soon as the resolution was passed, Gen. El Finco, the president of Enchilada, called his Parliament, which he had dissolved 4 months ago, back into session, and in an impassioned pro-U.S. speech said:

"Thanks to the American House of Representatives, which has just passed a resolution saying any American republic can attack any other American republic if there is a question of a Communist government, I am suggesting we attack Upper Tamale immediately. As everyone in Enchilada knows, Upper Tamale is lousy with Communists, and its leader, General Frijoles, is nothing more than a Castro pawn who would enslave all of South America.

"It is the duty of Enchiladans to wipe out the forces of subversion in this hemisphere no matter where they might be and I am asking the United States through the Alliance for Progress to send us 200 B–52 bombers, 400 Patton tanks, and 1,000 Hawk missiles to see that this menace is eradicated, so that all of South America may live in peace and freedom. I am also asking this Parliament to pass unanimously a resolution thanking the American legislators for making this attack on Upper Tamale possible."

President El Finco not only got a standing ovation, but was carried out of the Parliament Building on the shoulders of his personal bodyguard. Only three students were killed during the demonstration.

But at the moment that General El Finco was speaking in Enchilada, General Frijoles was addressing his senate.

He told them:

"I am happy to announce today that the mother of all freedom-loving countries in South America, our own Upper Tamale, is now prepared to strike a blow against communism in the vale of Chili. The leftist-dominated, Red-infiltrated subversive government of Enchilada must be taught a lesson once and for all.

"I hold here in my hand evidence that General El Finco is the illegitimate son of Mao Tse-tung. We can no longer sit idly by and see a Communist takeover of Enchilada. Our Ambassador in Washington is now negotiating through the Alliance for Progress for 250 fighter planes, 100 nuclear submarines, and 350 tons of nauseous tear gas, which we will use to wipe Enchilada off the face of the earth."

The Upper Tamale Senate passed a resolution in support of General Frijoles. This made him so pleased he gave an amnesty to 5,000 members of the opposition political party who had been languishing in jail.

To show his gratitude to the U.S. House of Representatives, General Frijoles ordered his students not to burn down a USIA library for 30 days.

So, while many South American countries may be critical of the Selden resolution, there are at least two Latin countries that are for it. There won't be a "commie government" safe in South America after this.

It is easy to take a resolution such as this and then wave the flag with a flourish of superpatriotism and say to the people back in the home State that a Member of Congress represents, "Oh, I voted for the resolution, but I only went on record against communism." What they had gone on record for aids and abets communism, because the resolution jeopardizes the best interests of freedom in Latin America and sets back our friends in Latin America who are operating democratic governments.

So I think it is fitting to have inserted in the RECORD a translation that I have asked the Library of Congress to prepare for me in regard to an article by the Prince of Cambodia, "The Failure of the United States in the Third World."

Mr. President, this is the prince of a little country next to South Vietnam which told the United States to get out. Prince Sihanuk in this article points out that the U.S. policies in southeast Asia are inimical to the best interests of the future development of southeast Asia. The State Department likes to belittle this Prince of Cambodia as erratic and unstable. I have heard that description of him presented to the Foreign Relations Committee. Nevertheless, Mr. President, Sihanuk's country is one of the "dominoes" about which we have heard for so many years. It is one of the countries we are supposed to be saving from communism with our war in South Vietnam.

But more people should read Prince Sihanuk's appraisal of our crusade, so I ask unanimous consent that the editorial be printed in the RECORD at this point.

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

THE FAILURE OF THE UNITED STATES IN THE "THIRD WORLD"—SEEN THROUGH THE LESSON OF CAMBODIA [1]

(By Norodom Sihanuk)

The Americans, who think they have all the resources for defending their cause and establishing their influence in the nations of the "third world" at the expense of the Socialist camp, are literally furious because they have known nothing but humiliating failures there, as in our country, for instance.

Undeniably they are very smart in the art of making money in business and industry, but when it comes to foreign policy they are intellectually not capable of understanding the reason for their failures and of learning from them in order to avoid further failures.

Many—and not the least of them—refuse to recognize their mistakes, and place the responsibility for their failure on the people whose hearts their country has been unable to win. They then call those countries "ingrates," even "seller-outers to communism."

"Ingratitude" is the first reproach—in plain words or in-between-the-lines—addressed by the Americans to those who have, for some reason or other, benefited from their aid and who then find themselves forced to adopt a cautious and sometimes hostile attitude toward them.

The American (and pro-American) newspapers keep on addressing that reproach to us. Mr. Dean Rusk himself, in the letter which he wrote to our Government on the occasion of the breaking of relations between our two countries, did not fail to remind us that the United States had given us substantial funds since 1955.

However poor psychologists they may be, the Americans ought to remember this proverb which every schoolboy in the world has learned: "It is not the gift that counts; it is the way in which it is given."

On extending American generosity to the "third world," President Johnson said, in substance, "We are a white, rich, and advanced Nation. You are a colored, poor, and backward country. Because we are civilized, we are giving you our pity and our money. However, you must show us the gratitude that a poor man owes the generous and important man who helps him. The least you can do, however, is to approve everything we

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[1] Source: Kambuya (illustrated monthly), August 15, 1965, editorial, pp. 19–25; translated from French by Elizabeth Hanunian.

do, without ever criticizing us. You must help us repel communism in your zone. And don't you ever forget it, if your stomach is less empty, if you have weapons for fighting the Reds and your rebels, if your country can become modernized, you owe it to us, the Americans."

A person like Chou En-lai, on the other hand, said to us something like the following: "The aid which we take the liberty of offering to you is not what we would like it to be. It is too modest, as compared with our feelings of friendship and esteem for you, and we thank you for being so kind as to accept it. We must make it clear to you that there are absolutely no strings attached to that aid, and that you are not required to give anything in return. It is an honor for us to be able to contribute, in an extremely small way, to your national construction (or defense) effort.

"We know that your progress is due solely to your own efforts, to the work and the sacrifices of your people. We greatly appreciate your friendship, but we do not demand that it be exclusive. We respect your nonalinement and understand very well that you have other good friends, even among the powers of the free world."

You will note the difference in the ways of giving. On one side we are being humiliated, we are given a lecture, we are required to give something in return. On the other side, not only is our dignity as poor people being preserved, but our self-esteem is being flattered—and human beings have their weaknesses, and it would be futile to try to eradicate.

As impossible it is for a Johnson to hide his pride of being rich, white, and powerful, it is just as impossible for us khmers to control our incoercible need for saving our dignity. For, while the rich, when he loses his honor still remains rich, the poor loses his last justification for existence.

Hence it is easy to understand that we would rather have a single Chinese yuan offered with tact than, let us say, 100 American dollars brutally thrown into our face.

If the Americans do not manage to understand us, let their friend and ally, President Diosdado Macapagal, of the Philippines, who will some day, in very similar terms, teach the overly insolent American journalists the same lesson, explain that phenomenon to them.

Another charge made by the Americans against the people who are under obligation to them and who nevertheless refuse to follow them in the domain of politics, is that they have sold out to the Communists.

Sold out—but to whom? No doubt, because the Yankees are businessmen to the highest bidder.

Well, on that count, we could only sell out to the Americans, for the Soviet or Chinese Communists will never be rich enough to compete with Uncle Sam.

Cambodia, in spite of her very bad relations with the United States of America, has remained resolutely allergic to communism. But, as Mr. Bertil Galland, a Swiss journalist, wrote with remarkable lucidity, the Americans don't know how to grab this chance (amazing for the free world) to have—not for them, but beside them—a Cambodia strongly attached to its monarchy.

"The Americans," that colleague writes, "ought to understand that the enthusiastic rallying of a people around their prince is a much more effective means for saving a country from communism than all the bombs of the Pentagon."

Not only does the United States of America not forgive Cambodia for being a friend of China, but it makes her furious to see the khmer people adulate—as they say—a leader who is not even republican (i.e., favoring the republic form of government), but a prince and a former king.

Mao Tse-tung takes pleasure in proclaiming that he prefers a prince refusing to aline himself with the United States of America to a plebeian throwing himself into the arms of SEATO—and that choice [preference] is full of significance and intelligence.

I have been assured on many occasions that if I were not the head of the nation, many of our workers, students, and intellectuals would have become Communist—being pushed into the Communist camp by the lack of understanding, distrust, and injustice of the Americans and their disciples.

The Communist powers know perfectly well that my presence in the government serves as a restraint on the communization of Cambodia.

But they are much too smart to fight me and our government right now. They still need me for a while; they need my uncompromising nationalism, for Cambodia to resist the pressures and provocations of the American camp.

By fighting me now, the Communist powers would certainly not throw me into the arms of the free world, even less into the arms of the Americans. But they would alienate the majority of the khmer people, of our clergy, of our army, and of our police, who are irreversibly nationalistic. And that mistake would create insurmountable difficulties for a seizure of power by the Red khmers of the pracheachon and by the extreme left of the sangkum. The dispute would enable the third thief—the United States of America, Bangkok, Saigon, Son Ngoc Thanh—if not to seize the power, at least to create a dangerous confusion in our country.

I think that socialism will leave us alone, at least until the departure (with no return) of the United States of America from Indochina, which will incite Thailand to proclaim herself more neutralist than we are.

Then Cambodia will be a ripe fruit for the Communists to savor without even going to the trouble of picking it, as the Red khmers will make it drop directly into their mouth.

In striking contrast with the shrewdness of the Socialist camp, the United States of America is, through the channel of the CIA, deploying a vast anti-Sihanuk operation, not so much from South Vietnam, which has more serious worries, as from Thailand, which had been relatively spared. I shall cite the secessionist subversion attempt in our Koh Kong Province and the transfer of liberation troops (our rebels) from the South Vietnamese frontiers, almost lined in their entirety by the Vietcong, to Thailand.

These liberators are now planted all along the Dangrek Chain, engaging in unrestrained anti-Sihanuk and pro-free world propaganda activities and attacking our border posts in order to save us from enslavement by Peiping.

The Americans are forgetting that by uprooting our monarchy and discouraging Sihanuk and the Sangkum, they are eliminating all obstacles to the communization of our country. For the arrival here of a Son Ngoc Thanh, and, even more, of a Sam Sary, would immediately throw our young people, our peasants, our workers, and even our clergy, into the arms of Peiping and, necessarily, of Hanoi.

It is quite obvious that the CIA has not learned anything from the lessons of Cuba and Santo Domingo.

Judging incorrigible the CIA would "sack me," as the saying goes, to get rid of me as well as of the Sangkum.

I am warning the Americans, so long as we can contain the attacks of the Thanh traitors, we will remain neutral. When we can no longer do so, we will be forced—for which the United States of America is to blame—to go over into the Socialist camp, as Cuba did in the same circumstances, as one of these days the Dominican Republic will do and other nations of Latin America for which the United States of America, as a Washington-type policeman, happily departed on a witch hunt.

This is not a paradox, but a reality: U.S. policy and U.S. aid are the greatest purveyors of communism.

The United States of America has only one policy: if one is not for her, it is because one is against her. She accepts no other solution, be it Gaullist France or Sihanukist Cambodia.

The publishers of big American newspapers have classified De Gaulle as enemy No. 3 of the peace—after Mao Tse-tung and Chou En-lai.

As for Sihanuk, head of a pocket-size kingdom, he does not deserve to figure in such a classification: he is quite simply the "lackey of Peiping."

De Gaulle's crime is to want a French—not an American or a Soviet—France.

Sihanuk's crime is to want a Cambodian Cambodia, escaping both the free world and the Communist camp.

Let us consider the case of President Nasser: he receives economic aid from the Soviets and the Chinese, though he is extremely hard on the local Communists whom he has outlawed and forced to join the country's only party.

The Communist powers have made no remonstrations, or remarks, on this matter, and imperturbably continue to give him considerable aid and unflinching political support.

For much less serious reasons, the United States of America is threatening to cut off aid to Nasser, Sukarno, and others. Nobody knows as yet the result of that absurd method of procedure.

What is wrong with the Americans is that they have a mind like bookkeepers who are incessantly keeping book on the returns from capital invested by them. As Richard Nixon, who failed in his attempt to become the Chief Executive of the United States of America, said with almost unbelievable coarseness: "There is no reason for fattening those countries for the Communists who will take them over." The countries to which that (not very) distinguished politician referred were Latin American nations which just once (and timidly) voiced some reservations on U.S. policy in Santo Domingo.

The Soviets and the Chinese make believe that their aid is being paid without security, without guarantee of reimbursement. However, that investment is a highly paying proposition.

In Cambodia, for example, where the Chinese have become so popular because of their elegance, their know-how, and their savoir-faire, it so happens we are being suspected of being their vassals.

The Dean Rusks and the McNamaras manage to see Communists everywhere, especially in Asia and in Latin America. By getting themselves into a frenzy and treating the genuine nationalists like Communists, they create Communists at every step, thus becoming the victims of an image which they themselves have conjured up.

They do not want to leave the people—even their allies—any possible national choice. Their choice for them is Americanization or communization.

Since they have no national choice, the people prefer communism to the intolerant, brutal, and vindictive free world, as the Communists do not push them into their camp and wait until they come of their own accord—disgusted by the mistakes, pressures, and, sometimes, duress on the part of the Americans.

Ours is a convincing example. For years the Americans, infuriated by our immoral neutrality (according to John Foster Dulles) have done everything to force us to give it up. Now, the result has been the opposite

of what they expected: that neutrality has turned into balking.

However, our reaction was easy to foresee: Like all the other countries (including the Latin American countries), we are balking against coercion.

If Cuba has slipped toward communism, if Latin America is becoming anti-American, if the Japanese people are no longer hiding their feelings and their anger, if Pakistan is getting out of SEATO, and if De Gaulle is bristling up against the United States of America, it is directly and undeniably the work of Washington—and not of Peiping or of Moscow.

The Americans have always used this kind of language in dealing with the third world: "If you are not for us, you are against us and for the Communists."

The third world answers: "That is wrong. We want to be neither for you nor for the Communists. We are for our national government, for our country. We want to be the friend of all and satellite of none."

The United States of America comes back: "By reasoning that way you act like pro-Communists. You are therefore our enemies. We shall act toward you accordingly until you recognize your mistake (see the error of your ways). Neutrality is a joke—at least that which is not in our favor."

Before that wall of incomprehension and gross stupidity, why would not the people concerned be tempted to follow the example of Cuba and of the South Vietnamese patriots?

The aggressive militarism of the United States of America, finally, completes the triptych (aid—policy—militarism) which encourages the progress of communism in the world.

In South Vietnam, for example, tens and perhaps hundreds of thousands of young people who were nationalistic or unpolitical in the beginning have gone over to communism, because of the protectorate established over their country by the United States of America, and of the bombs dropped on their heads, and of the napalm.

In order to eliminate a dozen Vietcong, presumed to be in a given area, the Americans use big stuff—tons of bombs, incendiary liquids, toxic powders, and so forth. They destroy entire villages, killing hundreds of innocent persons, as well as the crops.

The survivors, who do not know how to get support or even compassion from their government under orders of the aggressors, and who naturally want to avenge their dead, are joining the ranks of the Vietcong: The United States of America has therefore created many more Communists than she has destroyed.

When that situation is laid before them, the Americans answer with irriation: "If we leave this country, it will fall within the hour entirely into the hands of the Communists."

Insofar as South Vietnam is concerned, it was not true several years ago. It is probably true today. For the Americans have, by their immeasurable stupidity, made "Reds" out of all those who only wanted a "Cambodia-like" neutrality for their country—i.e., independent of the Americans and the Communists.

Those people there should have been allowed to govern their country with the support of the people which would not have failed to defend the independence of Vietnam, but which would obviously have implicated the withdrawal (but orderly, without humiliation and with undue hardship) of the American forces.

The United States of America, on the other hand, saw to it that those who wanted, out of patriotism and nationalism, a neutral and free South Vietnam, were declared outlaws. The neutralist leaders were imprisoned, tortured, sometimes shot to death—just like the Vietcong with gun in hand. Those who could not escape are now in the maquis, where the Communist forces have taken them in hand.

The mania of the Americans for occupying foreign countries and studding the world with military bases is incomprehensible as well as unjustifiable—even if the security of the United States is being invoked. We are living in the age of intercontinental missiles, of satellite spies in space, of small cosmic craft able to accurately hit a certain target, i.e., a certain moon crater.

In our day and age, a base of U–2 planes in Pakistan, a missile base in Turkey, or a naval base in Japan cannot adequately protect the territory of the United States of America against a possible Communist strike.

What good is that rampart when Pakistan becomes the bosom friend of Red China, when Turkey maintains the best of relations with U.S.S.R., when Japan—at least her young people—protests the coming of an American battleship and receives the envoys of the White House with a hail of stones or a profusion of booing?

What good is the Thai "bastion," when the long-time pro-Chinese spy center for southeast Asia in Bangkok is next door to SEATO headquarters; when the inhabitants of the provinces bordering on Laos, according to the American special services, stopped listening to radio Bangkok years ago and are listening to the "Voice of the Pathet Lao," of Hanoi, and even of Peiping; when those same border populations do not know the name of the Prime Minister of the Thai Government, though they know Prince Suphanuvong's and Ho Chi Minh's names?

The United States of America is not even a giant with feet of clay. She has become a giant made of clay, because she does not have the courage to face reality and takes refuge in wishful thinking.

She failed to understand that in order to contain communism she must help forge a chain of strongly nationalistic, irreprochably independent and genuinely free states headed by obstinate and even intractable leaders, like De Gaulle in France and (I say this without false modesty) Sihanuk in Cambodia.

She preferred to create a chain of lamentably vassalized nations supported at a loss—a rotten branch, deceiving from a distance but breaking as soon as one leans against it.

The Americans will understand only after their total effacement of the third-world that an ideal, or an ideology, is not conquered by the force of arms or money, but by offering another ideal, or another ideology, more in keeping with the nature and aspirations of man—accepted as an intelligent being.

For having tried to make them understand this vital truth, the France of General de Gaulle—which, pursuing his line of reasoning to the end, this year refused to participate in the work of SEATO as a rightful member—the Americans and their fanatics called France, I said, a saboteur of the anti-Communist alliance and accused her of "playing into the hands of Peiping."

If France, a big power, ally of the United States of America and member of the atomic club, has for the Americans become the purveyor of communism, how can we expect our tiny Cambodia to make herself understood and respected by the United States of America some day?

The United States of America leaves the people of the third world, who refuse to give up their nationalism and their independence, only one way out: to fight until final victory against her brutal and stupid imperialism.

But that victory will leave us face to face with the victor—communism.

As tired heroes we will not be able to fight against communism, which has done us no harm and which, to the contrary, has sustained us in our fight against imperialism. We can do no more but to let the Communists pick the fruits of a victory which we would never have been able to carry off without them.

The neutralism of the third world will thus have disappeared from the earth, which is the fault of the Americans alone.

It would be unfair to blame it on the Communist powers which are not there for nothing. History which makes light of propaganda will prove one day that the Americans were the ones who brought the fruit of the third world to maturity and served it to the Communists on a platter.

That is the lesson to be learned from the aberrant policy of the Americans. That will be the conclusion to be drawn from their startling and decisive failure in the third world.

POSTSCRIPT

May I be permitted to quote, as last month, these astonishingly accurate and deep lines written by the great British historian, Arnold Toynbee, from his book, "The United States of America, Involuntary Heirs to Odious Colonialism":

"To the people who suffered under Western domination in the past his voice (President Johnson's—the author) sounds like the Kaiser's and Hitler's. The United States of America is absolutely against the determination of the non-Western majority of the human race to bring about their own liberation from Western domination, which it has endured for the last 200 years.

"The United States of America, not realizing what she had done (to deserve this), has fallen heir to British, French, Dutch, and Japanese colonialism. Consequently, she has attracted to herself the hatred aroused by the European and Japanese colonialists against themselves. It is a formidable heritage; and even the U.S. military potential will not be strong enough to bear up under it for long. The haste on the part of the United States of America to occupy the place in Vietnam which had been inevitably vacated by France demonstrated that colonialism had ceased to be possible (or, acceptable). By assuming this anachronistic role, the United States of America has placed herself into an untenable position.

"When the non-Western people got rid of European and Japanese colonialism, they thought for a while that they had really regained their independence. But now the Americans have taken on the relief and are dictating to the Asians what they should or should not do. In other words, the Americans, in their turn, are treating the Asiatics like natives, which is making them furious.

"The only practical foundation for coexistence between the non-Western majority and the Western minority of the human race is the absolute equality of relations.

"All Western powers, even including the United States and the weak but incorrigible Portugal, will have to accept equality in the long run. The sooner they accept it, the smaller will be the price they will have to pay."

This final condemnation of U.S. foreign policy is even more impressive in that it was voiced by an eminent Westerner, a citizen of a country that is a loyal ally of the United States of America.

The price the American people will have to pay for the blunder of their leaders will certainly be a very heavy one.

CARTOONS

"Johnson Diplomacy—As Seen by Huy Hem":

1. "I sow seeds broadcast."
2. "All our resources will be put to work."
3. "L.B.J. What a Strike Force" (Pierrelatte).

Like the Hitler soldiers when they held Europe under their occupation yoke, the soldiers of the U.S. occupation army in South Vietnam have their hands full with populations submissive for the moment but hoping only for their departure. This situation is

perfectly illustrated—involuntarily, no doubt—by this photograph, recently published in Life magazine, showing two American sentries isolated by a rampart of concrete and, judging by their expressions, visibly in the grips of the torments of an unadmitted fear. Fear of the night, fear of loneliness, fear of the isolation to which their leaders had to expose them in a hostile city. Pessimism and anxiety are expressed in the faces of these two M.P.'s keeping a depressing watch in front of a building occupied by their compatriots.

Why pretend that the U.S. Army is in South Vietnam in response to the appeal of a whole nation? In fact, these people turned it into a desert before the foreign occupant arrived, who is perhaps beginning to understand that his isolation might well mean for him the beginning of the end in South Vietnam.

Mr. MORSE. Mr. President, with the cooperation of the Senator I wish to refer to two other nongermane matters.

PAY INCREASE FOR SENATE RESTAURANT EMPLOYEES

Mr. MORSE. Mr. President, it will be recalled that I brought to the attention of the Senate several months ago the fact that the Senate was paying deplorable substandard wages to its restaurant employees. Many of these employees earned $1 an hour or less. In my judgment, the Senate was acting in the capacity of a very poor employer and set a poor example for others to emulate.

Since I made my speech in the Senate, the Appropriations Committee has taken action by recommending the appropriation of additional funds to pay the added cost of a pay increase for Senate restaurant employees provided the Senate Rules Committee approved such a pay increase. The Senate concurred in the Appropriation Committee's recommendation.

Mr. President, yesterday the distinguished chairman of the Subcommittee on Restaurants of the Senate Rules Committee [Mr. BYRD] notified me that the Rules Committee has approved a pay increase. The counsel for the Rules Committee advises me that all employees will receive at least $1.25 an hour plus their meals. The pay increase is to go into effect as of the first pay period in October.

I wish to compliment the Senate Appropriations Committee and the Senate Rules Committee for correcting an injustice to these able Senate employees—an injustice that has existed for far to long. I hope that in the not too distant future another pay increase will be effectuated so that these able employees will receive more than what has been declared by President Johnson to be below the poverty level.

OREGON PARTNERS OF THE ALLIANCE PROGRAM DEVELOPMENT TEAM

Mr. MORSE. Mr. President, a few days ago, a briefing was held at the State Department for the Oregon Partners of the Alliance Program Development Team. The team stopped briefly in Washington, D.C., enroute to Costa Rica to meet here with the staff of the partners program and to discuss objectives of the new Oregon-Costa Rica partnership. Mr. Jaime M. Fonseca, Minister Counselor of the Costa Rican Embassy, participated in the meeting.

This team composed of distinguished Oregonians, is now in Costa Rica to meet with private Costa Rican community leaders as well as Government officials. They will seek to develop a program that will be mutually beneficial to the partnership. The team will travel throughout Costa Rica to see many of the self-help projects undertaken by the people in the rural areas of the country.

Each team member represents a specific field of interest in response to assistance needs requested by Costa Rica. Members of the team are as follows: Mrs. Christie Corbett, Portland, public health; Mr. Steven Goldschmidt, Eugene, student leader; Mr. John Inskeep, Oregon City, agriculture; Mr. Max Harriger, Lake Oswego, education; and Mr. Phillip Parsons, Klamath Falls, civic organizations.

Each of these team members will accredit themselves well in their work in Costa Rica. It is particularly gratifying to me to know that Oregonians are willing to give of their time and talents to further the objectives of the Alliance for Progress. The personal and human approach of the citizens of two countries meeting together is truly the grassroots approach to the Alliance for Progress. We need more of this kind of approach.

Oregon has the honor of being the first State in the Nation to include a student leader as a member of its program development team. It thus presents a unique opportunity for our State to develop a number of activities involving students of both Oregon and Costa Rica. It seems to me that this particular phase of the program will be an inspiring challenge for the young people of the partnership to inaugurate. The scope of it will only be limited by the initiative and imagination of student groups being brought into contact through the unique direct alliance made possible under the partners program. I am confident that the youth of Oregon will measure up to the great opportunity and responsibility that the Oregon-Costa Rica relationship presents and that we will soon be recounting the forward movement of the contributions of youth to better understanding and cooperation among peoples. The sons and daughters of Oregonians will be in the vanguard of a new era of advancement toward the goal of a better life for all the peoples of the Americas under the stimulation of the private community involvement in the Alliance for Progress.

Mr. President, I ask unanimous consent that there be printed in the RECORD an article on this program from the Daily Emerald of the University of Oregon entitled "A Good Chance To Help."

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

A GOOD CHANCE TO HELP—PARTNERS OF THE ALLIANCE PROGRAM OFFERS A VALUABLE OPPORTUNITY FOR UNIVERSITY PARTICIPATION

During the past decade or so the attentions of a tense world have been focused more and more on the trouble spots in the earth's Eastern Hemisphere. Only infrequently do we hear of violent political or military upheavals in our own backyard, such as the Dominican situation.

Several days ago the associate director of the Partners of the Alliance, a division of the State Department's Agency for International Development (AID), visited the campus. His discussion of the needs and goals of his program included a vivid outline of some of the conditions in Latin America, as well as serving as a reminder that possibly these people are being neglected by our foreign aid programs. Critics of the programs have often charged that we pour too much money into "crisis areas" to achieve short-range goals, while we overlook the quiet but needy peoples who are asking for help all along.

Wade Fleetwood, the associate director, presented a good case for his cause, a case which could interest campus organizations who want to become directly involved in aiding poor Latin American families and communities. Partners of the Alliance, created as part of AID in 1961 by the late President Kennedy, does not operate quite like other foreign aid efforts. It does not rely on congressional appropriations but on contributions of interested groups in the various States. Any organization that wishes to raise funds for the Alliance may do so without restriction. Specific uses may be tagged onto the money sent to Washington, D.C., such as for construction of a new roof for a village school. Cost estimates are given for various projects as examples. To guarantee that the money is used for the desired purpose, pictorial proof is furnished the contributing group upon completion of the project.

The Partners of the Alliance program is already active in 26 States, including Oregon. Teams of representatives from Oregon have been sent to Costa Rica, this State's "partner" nation, to gather knowledge about the people's needs there. Fifteen school districts in the State are cooperating in a teacher internship program in Costa Rican high schools.

It seems that such an organization as this could offer a great opportunity for the students of a large university to make a valuable contribution. The program has had tangible results in furthering the living and cultural standards of countries which have been rooted in four centuries of tradition and backward colonialism. It has had the praise of Senator WAYNE MORSE, who has not always been a friend of U.S. foreign aid programs. Student government and student organizations would do well to look into the possibilities of such a contribution as can be made in Partners of the Alliance.

ASIAN POLICY REVIEW

Mr. MORSE. I ask unanimous consent to have printed at this point an address I delivered last Friday at the University of California at Los Angeles, dealing with the whole range of U.S. policy in Asia.

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

"WHAT MORE CAN WE DO TO WIN AN HONORABLE PEACE IN ASIA?"—REMARKS OF SENATOR WAYNE MORSE, AT UCLA, LOS ANGELES, CALIF., SEPTEMBER 24, 1965

To judge where American foreign policy is heading requires that first we look to see what it is, and where it has been. Certainly the 15 years following World War II saw the development of the objectives that guide our policies today, although the techniques and geographic locations have changed, and so have the circumstances that gave birth to it.

The final months of the war brought destruction to much of Western Europe's industrial plant, transportation, and housing. But more than that, the collapse of Germany left a huge void in Europe's political organization, because the Nazi occupation or control of virtually the entire continent, including 12 countries in East and West Europe, had destroyed their indigenous political leaders and political systems.

The Soviet Army moved into that part of the void that was nearest to the Soviet Union. Western armies moved into the rest, and both began the effort to reconstruct their respective halfs of Europe in their own image, or at least into regions where their interests would prevail.

In the late 1940's, we began to feel that the physical presence of overwhelming Soviet military strength on the continent could not be offset by the skeleton American military presence, even backed up by atomic weapons, which we then possessed exclusively. The Greek-Turkish aid program was undertaken in 1947 when the civil war which was Greece's legacy of the occupation threatened it with Communist domination. The fall of Czechoslovakia into the Soviet sphere by means of a political coup inspired the United States to try to organize the remainder of Western Europe into a much tighter and more dynamic entity.

We began with the Marshall plan for economic reconstruction; we followed it up with the North Atlantic Treaty Organization for military defense. Into the economic revival and military defenses of Europe we poured $40 billion which has not yet been repaid, plus another $7 billion which has. Half a million U.S. troops were sent to Europe to form the nucleus of NATO's military force, most of them still there.

Thus, we undertook what was called the containment policy, whereby we built a ring of pro-American governments around the Soviet Union, designed to prevent its further expansion. In the mid-1950's, the ring was extended under the Eisenhower doctrine into the Middle East, and the economic aid program was followed by the Baghdad Pact for military defense.

But with the extension of the containment theory into the Middle East, this American policy began to encounter circumstances that had not prevailed in Europe. In Europe, we had repaired and reconstructed. We had put together economic systems disrupted by war, and encouraged the rebuilding of political systems also disrupted by war and occupation. The military alliance under NATO was a holding action to permit economic and political action.

But in the Middle East, Latin America, Africa, and most urgently in Asia, we are not rebuilding disrupted nations. We are not dealing with nations of established economic customs and habits; we are not dealing with nations whose heritage and traditions we have shared for generations. We are dealing with nations, some old and some new, but all struggling with the multiple problems of exploding populations and exploding demands of those populations for greater material benefits, even while they are developing the institutions of self-government.

The Marshall plan had a beginning and an end. But economic development, as opposed to reconstruction, is open-ended. Moreover, the virtual dissolution of NATO, the Greek-Turkish dispute over Cyprus, and the reversion of Greece from a model of political stability and economic growth into its pre-Truman doctrine days of factional strife, are all warnings that only where the threat of communism is overpowering and imminent is there the adhesive to hold nations together behind an American objective.

In Europe, the threat of Soviet expansion has just about disappeared. With it has disappeared the huddling of nations under the American umbrella. Germany continues to be our chief ally in Europe, but only because it is Germany that still has the greatest unfinished business with the Soviet Union.

Even in Europe, the objectives of nationalism are dominant. We deplore them; we think Greece and Turkey are stupid to quarrel over Cyprus, when the net result is a drawing together of the age-old enemies of Turkey and Russia.

So, too, do we condemn the nationalism that constantly threatens an Arab-Israeli war in the Middle East and which is now shedding blood in Kashmir.

Yet how many Americans understand that we deplore and belittle all these nationalisms only because they interfere and detract from our own?

It is a glorification of American policy to call it one of saving the world for freedom. What it means is that we view any advance by communism as a threat to the United States. There have been a few exceptions. We deplored the repression of the Hungarian rebellion, but we did nothing about it, and we deplored the Chinese takeover of Tibet and its seizure of territory from India, but did nothing about those advances, either, mainly because we did not think that from the geographic standpoint they posed a threat to the security of the United States.

But with those few exceptions, there is little real estate in the world where we view Communist control as anything but a threat to ourselves.

In essence, our policy throughout the world is also one of nationalism. In its name we have spent $109 billion in foreign aid; we alone, of all the nations of the world, maintain tens of thousands of troops abroad in much the same fashion that British troops were stationed all over the world in the heyday of Empire. And but for the few remaining British bases at Aden, Singapore, and Gibraltar, only the United States maintains sea, air, and naval bases outside its own territory.

These are the trappings of our own nationalism. To them, we have for 20 years subordinated and belittled all other nationalisms. We have regarded them as a nuisance, representing only the willful fancies of nations that can afford to indulge in them only because of the protection of the American military umbrella.

PROBLEMS POSED BY NATIONALISM IN ASIA

In the last 5 years, our American foreign policy objectives have been the most seriously thwarted by nationalism in Asia. Twenty years ago, Japan lay defeated; but not before she had defeated permanently the exploitation and domination of Asia by Western Powers. There was little welcome given to the Japanese conquerors by indigenous people, except in those colonies like the Dutch East Indies where imperialism had shown its worst face. Sukarno was a collaborator with the Japanese in the interest of ousting the Dutch.

But whether they were met by collaborators or by native resistance, the Japanese threw out the British, the French, the Dutch, and even the Americans from the Philippines. They proved it could be done, and having proved it, white domination was never reestablished. The French tried to reenter Indochina, but after 8 costly years, gave up the struggle. Elsewhere, the transition to independence was accomplished with less violence.

This, too, left a huge vacuum that posed new problems for the United States. The withdrawal of both Japan and the West left many new nations which totally lacked their own economic and political systems. We promptly organized more defense pacts with the thought of providing these nations with the same sort of U.S. military umbrella under which to huddle while they stabilized themselves. But this time the partners were the white nations who had a continued interest in the affairs of Asia. Only Pakistan and the Philippines joined the Southeast Asia Treaty Organization. The other Asian countries of the area wanted no part of it. For them, their internal problems were paramount and they could best be approached by a nationalism that cannot endure any association with the West that could be interpreted as domination by the West.

Moreover, hundreds of years of religious and ethnic conflicts made the NATO unity style impossible. Today, they dominate events in Asia. Moslem versus Hindu in the subcontinent; Chinese versus Malayan in Malaysia; Vietnamese versus Chinese in Indochina. And today there is, I submit, only one overriding outside issue on which these people agree, and that is that they never again are going to be dominated by white people, be they American or western European.

These aspects of nationalism in Asia are factors the United States will ignore at its great peril. For 11 years, we have tried to maintain a government of our choosing in South Vietnam. As it weakened almost in inverse proportion to the money and military equipment we poured into it, the support for our policy among other nations in the area also declined.

The real powers in Asia are: China, with over 700 million people; the Soviet Union, which most of us have forgotten occupies a huge portion of the Asian continent; India, with its more than 480 million; Pakistan with 100 million; Indonesia, with 100 million and the most extensive natural resources of southern Asia; and Japan, with 100 million people and the greatest industrial capacity of Asia.

Not one of these countries has joined us in the fighting in Vietnam; of them, only the Japanese Government gives us any verbal support, and that in defiance of the great preponderance of her public opinion.

Are we fighting in Vietnam to save Asia from Communist China, or from communism of any kind? If so, then why are not these major nations of the region helping us? Why does our only support come from the few small countries of Thailand, South Korea, Taiwan, and the Philippines, at least two of them totally dependent upon the American defense establishment for their continued existence?

Even of the small nations of Asia, where are the famous dominoes which were supposed to fall only if the United States failed to keep a vague commitment to President Diem of South Vietnam?

Of those dominoes, Burma opted out of the American scheme of things in 1958 when CIA activities in her country became onerous. Two years ago, even as we were beginning to proclaim our increased military commitment to South Vietnam, Cambodia told us to take our various economic aid and military programs and get out. Indonesia draws steadily closer to China as an ally in ousting the last white people from Asia.

And after all the pronouncements from the Secretary of State, from the Secretary of Defense, from the White House staff, from President Johnson himself, after an unequalled public relations campaign to sell to the American people and to the Communists in Asia that Americans would never, never, never leave South Vietnam and the rest of Asia to its fate, the mayor of Singapore led his country out of the Malaysian Federation and undertook to insult the United States.

Mayor Lee of Singapore is now a head of state. Like all other political leaders in Asia he knows the key to leadership there is to oppose not just the colonialism that died a decade ago, but what looks to many Asians like a new American effort to dominate the affairs of Asia for our own national purposes. Anti-Americanism is becoming the one thing on which a politician in Asia can rally support.

So Mayor Lee reached back 5 years to reveal and publicize one of the uglier efforts of the Central Intelligence Agency to subvert his country. And although he is willing to allow Britain to continue operating its bases there on his terms, he makes it clear that Americans will never be allowed to take over those bases.

The breakup of the Malaysian Federation, which may break up into more pieces before the process is finished, marked another failure of Western policy. Malaysia was carefully constructed by the British to join together a group of former colonies so balanced ethnically as to prevent the domination of the Federation by any one of them. British economic interests continued to dominate the Federation, and its military establishment "east of Suez" is founded on it.

But the British, too, failed to consider the depth of local rivalries, which finally led the Moslem Malays to force out the Chinese in the city of Singapore. Now, the future of Britain "east of Suez" is in total jeopardy and so, of course, is the American position in Vietnam.

You will not hear any of this described, much less admitted in official Washington. The Washington policymakers who prescribed our military commitment in Vietnam as the way to save all of Asia, do not even comment on the failure of the great Asian powers to support us, on the rejection of American aid and U.S. bases by Burma and Cambodia, on the violent anti-Americanism of Indonesia, on the breakup of the Malaysian Federation, nor on the war between India and Pakistan.

Here, in this latest affront to American interests in Asia, is another opportunity for Americans to understand that we cannot arrange the affairs of Asia. The centuries of animosity between Moslems and Hindus resulted in the slaughter of tens of thousands of people at the time India gained its independence and had to be divided into India and Pakistan. Even after these communal slaughters and after the exchange of population that saw millions of people leave their homes, the hatred continues almost unabated. Communal riots killed hundreds more in India only a year ago. To both sides, Kashmir is a sentimental symbol of their rivalry. It is really not indigenous to either India or Pakistan; but it lacks sufficient population to govern itself.

So, for 18 years it has stood as the symbol of centuries of hatred. Governments in both countries have a sure-fire issue behind which they can unite their people, no matter how unpopular that government may be for domestic reasons. And the military equipment, amounting to some $1½ billion in the case of Pakistan and $200 million in the case of India, aid we furnished on assurances it would be used against Communist countries, made the war possible. We thought our anti-Communist interest in Asia so overriding that it must be overriding, too, with India and Pakistan. But it was not, even after India suffered a severe and humiliating defeat at the hands of China.

In the case of Pakistan, we knew for 10 years that the tanks and mobile equipment with which we were furnishing her army could not be used in the mountainous areas which separates her from both China and the Soviet Union. It could only be used in the plains and open country which separates her from India. Pakistan was never deceptive about this; her officials often pointed out that her army was not equipped, designed, or intended for mountain warfare.

But we made ourselves believe what we wanted to believe. We did not want to believe that American equipment would be used in an India-Pakistan war, so we continued the program in the face of all reason.

With Americans being abused by both sides for cutting off further aid, the best we could do was support a United Nations intercession. At the moment, it appears to be effective. But there are 40 million Moslems still in India and 10 million Hindus still in Pakistan. Both countries have a recent history of communal riot and slaughter. The war can do nothing but exacerbate those feelings.

China has already profited from the folly produced by our shortsighted policy, for communism invariably makes its greatest gains in periods of war. China has greatly strengthened its ties with Pakistan, and it has seen the peace and stability of all of non-Communist Asia gravely weakened. India and Pakistan have never been interested in our problem in South Vietnam because they feared each other more than they feared communism.

FUTURE OF U.S. POLICY IN ASIA

In my opinion, our present policy in Asia can lead only into a vortex of failure and defeat for the United States. Its purpose is to do with China what we did with Russia—to surround her with a steel ring of military defense and political opposition that will prevent her expansion, in the hope and expectation that some day, as did Russia, she will understand that her own economic growth is more important to her people than war and she, too, will come to live by the doctrine of coexistence.

The great element lacking in Asia that was present in Europe is an overriding fear of communism. Political freedom and material wealth for the masses are almost unknown in Asia. Most of the new countries have no middle class, for which communism is the deadliest of all enemies, and against which the middle class will rally. Secondly, their religious and ethnic animosities are comparable to the religious wars of the Middle Ages that leveled vast areas of Europe and thwarted her progress for centuries. Communism is a relatively new threat to their religious traditions, and one they do not yet fear in the way they fear each other.

And, third, the new nations of Asia share an almost universal distrust of white intervention in their affairs. The United States has deep-seated problems between our white and colored people; but the idea of a foreign nation trying to impose its idea of a settlement upon us would be fought and resisted by all.

So we confront in Asia a situation where the overriding fear is directed more toward white intervention than toward communism. Communists are local people, native to each country. But Americans are foreigners, and even the individuals in a country like South Vietnam who are subsidized by the United States, become the target for local nationalists, be they Communists or not.

In South Vietnam, the more conspicuous our aid to Diem and his cohorts, the more local opposition arose to his rule. Today, South Vietnam has no government at all worthy of the name. What area remains out of Vietcong hands is occupied by the United States, either directly or by local army forces under the direction of American military officers.

With our firepower from aircraft carriers and from the Strategic Air Command, and with the buildup of our ground forces to 125,000, we can undoubtedly maintain ourselves in South Vietnam and perhaps even drive the Vietcong out of much of the country.

The net result will be another American enclave, like Korea, on the Asian continent, supported at a cost of half a billion a year and defended only by the continued presence of 50,000 U.S. troops.

It is said that the opponents of our Vietnam war have few alternatives on how to get the United States out without leaving the nation to the Communists; the advocates of the war have no proposal along these lines at all. They do not go beyond the idea of fighting to kill the Vietcong. How to leave the country after we have done that is not part of their doctrine because I think it is understood that we could not leave behind a pro-American government able to maintain itself without our military presence.

The more dependent these governments are upon us, the more vulnerable they become to local opposition, and if they are truly important to us, we are compelled to intervene with our military power to salvage the geography they occupy. This is a vicious circle the Chinese have avoided. Other than border wars, they have not sent a soldier outside their country; they give little economic or military aid support to any government. They rely upon propaganda, and they can do it because they are sounding an immensely popular and effective note which can be picked up and used by only a few local agitators to great advantage. In all respects, it is China that is the paper tiger in Asia. She talks big but does nothing, even to help the Vietcong. Yet her power and influence in Asia are growing simply because she has the advantage of being a large chunk of Asia, of being kin to millions of Chinese scattered throughout neighboring countries, and of being opposed by Americans who appear to be using Asians to do our work for us.

We are trying to counter Chinese expansion and influence with the wrong weapons.

We did not try to "contain" Russia until she had already occupied and established a ring of Communist-controlled nations around her borders. They are becoming buffers, as they break free somewhat from total Soviet control. China, too, will seek to establish the same buffers on her borders, and I question that it is possible for this country to prevent that from happening insofar as mainland Asia is concerned.

Second, during all our "containment" period we maintained diplomatic relations with the Soviet Union. It was 16 years after the Bolsheviks took over before we recognized Russia, but once we did, we maintained relations with her throughout the worst of the cold war days. We found it desirable to have our own contacts with her and not have to rely upon third parties to transmit information and messages.

It is also 16 years since the Communists took over China, but we have not yet reached the stage of recognition. The French, British, and the Canadians remain the chief source of information about China for the American people, and although the State Department insists that it has many direct contacts with Chinese diplomats through third countries, it is deathly afraid of recognition because it is afraid of public reaction here at home.

Yet it is a problem we are going to have to face up to, if we hope to restrain the expansion of China without war, for there is an American interest to be served by direct assessment and judgment of Chinese interests and intensions. Never were our diplomatic relations with the Soviet Union more important, for example, than during the Cuban missile crisis.

Probably the lack of modern China experts in the State Department, too, is a reason why recognition is not in the offing, for after 16 years, the "old China hands" are those who were there in the days of Chiang Kai-shek.

The one place where we could begin facing up to this issue is where it is going to be forced on us, anyway—at the United Nations. I said in 1960, when I was a delegate, that as the nations voting to seat China grew, it would become desirable for the U.N. to undertake some negotiations with her to work out the future of Taiwan and to make certain that China respected the obligations and duties of U.N. membership. The addition of pro-Chinese Singapore to the U.N.

will bring the vote on China very close to even, and unless we can prevail upon a majority to vote to require two-thirds for admission, China could very well be seated on her own terms.

It is true that there is a school of thought in the State and Defense Departments urging the destruction by American bombing of Chinese nuclear installations before any kind of political talks are held. But here again, such an act would, in my opinion, greatly enhance pro-Chinese sentiment in the continent.

Third, we must learn to deal with pro-Communist, and even Communist governments in Asia without seeing them all as tools of China per se. The new countries of Asia will spawn many leaders—some democratic, some Communists, and a great many mere opportunists, like Sukarno. But we must make note of what is the opportunistic line, and we surely know by now that anti-Americanism is one of the best. That should tell us a lot, whether or not we enjoy dealing with such leaders.

We do not have to support everyone with U.S. dollars; we do not have to have military alliances with everyone; we do not have to divide the world into enemies or allies. Many of these nations of Asia will never be allies or enemies of the United States. They will simply be trying to make their way through the terrible growing pains of economic development and absorption of hostile minorities. Democratic orientation will take a very long time, if it comes at all. But we can be satisfied with a General Ne Win in Burma who is socialist and anti-American. We can be satisfied with Prince Sihanouk, who is socialist, pro-Chinese, and anti-American. We become angry with those people, like Mayor Lee and Sukarno, who took large sums of American money and then, as we see it, turned on us. But I suggest they accepted our money for their reasons, not ours, and if we think they fell off the American bandwagon it was our shortsightedness to ever assume they were on it.

The only real restraint on China is going to be other strong states in Asia. One of them is Japan, and she already has a potential for leadership in Asia that could ease much of the burden on the United States. We probably would not like her leadership, because it already takes the form of increasing trade with China, and a growing disposition to achieve closer ties to China. Japan has tread softly in Asia because of the legacy of occupation days; but those memories are not altogether bad in many countries of the Far East and they are dissipating under the light of Japan's remarkable economic achievements.

India and Pakistan could serve as the continental counterbalance to China, but they will not if either is too dependent upon American financial or military support. Certainly we must maintain a "hands off" policy toward their current dispute, and join other nations in seeking to mediate the dispute directly or handle it through the United Nations.

Above all, we must get over the idea that America has some vital mission on the mainland of Asia. We must get over the concept that our "honor" is at stake in Vietnam, when we all know it is not our honor but a piece of geography that is at stake, and which our military people think would cause our string of offshore bases to be outflanked if it fell into Communist hands. It is already outflanked, and has become a highly vulnerable American outpost rather than any guardian of freedom. Our honor as a nation that observes its treaties and that abides by its own preachments about peaceful settlement of disputes is despoiled by our present policy.

We must also face the fact that however distasteful and frightening it is to us, China is no longer to be denied as a great power of the world. She has made herself a great power, she is a great power, and her influence among her neighbors will grow just as surely as did our influence in the Western Hemisphere when we became its biggest and wealthiest nation.

All the bombing of her nuclear installations that we could undertake will not reverse this process, and there is no land army that we can put in Asia that could overcome Chinese manpower of more than 700 million people. Moreover, her rise to this position is one source of her influence with other emerging nations. If she can do it, despite the lack of recognition for years by Western nations, and despite the military power the United States has devoted to curbing her influence in neighboring countries, new nations are encouraged by her example more than by ours.

There is going to have to be a basic rethinking in this country about Asia in general and China in particular. The Pacific can be an American lake only at the cost of eternal war. We are trying to hang on to the total control of the Pacific we gained in World War II, but it is inevitable that the nations on its western shore should regain control of its western shore. We have no generalized economic relations, or political relations, that take this into account. We have aid programs to those we regard as necessary to our military control, and we have military alliances with them. The others are treated and regarded as enemies.

In short, American nationalism vis-a-vis China has little to hope for by way of support in Asia. In my opinion, our best long-range hope in Asia is one that maintains correct relations with its member nations generally, without feeling that we must either give them aid or regard them as enemies. And it would rely far more than we rely today upon the original purposes and mechanisms of the United Nations. We proclaim our desire to see China and North Vietnam brought within the rule of law; but we act outside the rule of law in trying to force them to cease their lawbreaking. We have not so much as tried to use United Nations procedures in our war in Vietnam, even as we join in appeals for urgent United Nations action to stop the war in India.

The situation in Vietnam is no more beyond the powers of persuasions of the U.N. than the war in India, but we have not tried using it yet. It could be that the proposed Southeast Asia Development Bank could lead to some progress in showing us how to make economic bridges among the nations of Asia and eventually lead to political bridges. It is in this direction that peaceful restraint upon communism in Asia leads, not the direction of unilateral American military power.

AUTOMOTIVE PRODUCTS TRADE ACT OF 1965

The Senate resumed the consideration of the bill (H.R. 9042) to provide for the implementation of the Agreement Concerning Automotive Products Between the Government of the United States of America and the Government of Canada, and for other purposes.

Mr. LONG of Louisiana. Mr. President, I will respond to some of the things said in argument against this treaty in the views of three Senators, but I do not believe I will do so today. Some of those statements are badly in error. The people are entitled to the facts.

Mr. HARTKE. Along that same line I have a statement I have released to the press. I intend to make that statement but will probably do it tomorrow. I want to make it clear that I am not doing it today.

Mr. LONG of Louisiana. This point has been made about balance of payments. Some may think this a scheme to undermine the American automobile industry and parts industry. We do not regard it as that at all.

It is our understanding, and this is the understanding on both sides of the line, between the United States and Canada this agreement is not going to improve our balance of payments with Canada and it is not going to hurt our balance of payments with Canada.

We expect to work it out to keep the same trade advantage and the same favorable balances we presently have with respect to Canada.

It is interesting to note that the Canadian Government has also reached the conclusion that the agreement will not affect the present favorable U.S. net balance of trade in automobile products. The Minister of Industry, Mr. Drury, explained the Canadian expectations from the agreement and the companies' letters to the Canadian House of Commons, in detail, on May 10, 1965.

He began by quoting the statement of Secretary of Commerce Connor before the Ways and Means Committee. This is the Canadian Minister quoting our Secretary of Commerce with approval. Mr. Drury quotes the Secretary as saying:

> However, I do not expect that our own exports to Canada will drop as a result. On the contrary, I am satisfied that it is reasonable to project a continuing growth in the Canadian automotive market sufficient to absorb the projected increase in Canadian production without reducing our net favorable balance of trade with Canada.

Minister Drury then went on to say, on his own:

> The figure mentioned, in the American way, as the net favorable balance of trade with Canada, is $500 million. It is unfortunate that over the past 2 years, there has been a tendency for the U.S. net favorable balance of trade in automotive products with Canada to increase by something like the rate of $100 million a year. This has meant that as the Canadian market for cars grew, the—from our point of view—unfavorable balance of trade grew correspondingly, to some degree even faster. It is our expectation that this program will arrest the continuing growth of the unfavorable balance of trade and insure that it is maintained at about the present level; that is, in absolute dollars, something in the order of $500 million or $550 million.

Mr. Connor is saying that the present level will not be exceeded. Talking in U.S. terms, he says that the present level will not be reduced; but this comes to the same thing. From our point of view we are avoiding what would have been a substantial and intractable increase in the unfavorable balance. As I pointed out earlier, the main purpose of this program is not to deal with the balance-of-payments situation. The main objective of the program is to increase substantially the production of automobiles and automobile parts in Canada for the next 3 years, leading as a consequence to a number of favorable results; one being a substantial increase in the number of jobs, another a holding action in relation to the unfavorable balance of payments in this sector, another a reduction in the cost of the production of cars and the consequent price advantage to

the consumers of Canada; and finally the ability, as a consequence, to produce cars to compete effectively in the external market (Commons debates, May 10, 1965, p. 1131).

Mr. HARTKE. Mr. President, will the Senator yield? Can we pick up this point somewhere along the line?

Mr. LONG of Louisiana. One moment. I want to complete my thought.

The point has been made that some laborers will be displaced and some production lost. That is correct, if it happens; but it will work both ways. For example, with reference to the point I made, the Eaton Co. expects to cut back 250 jobs. But they expect to hire an additional 100, so the net loss would be about 150. They predict that in the area where they are manufacturing, skilled laborers will be needed by other manufacturers and will be absorbed in their automobile manufacturing endeavors.

Furthermore, while it is anticipated that in some instances there will be displacement, in this country the same thing is happening in Canada. For example, here is an article entitled "Free Trade Agreement Hits 17 Manufacturers." It reads:

FREE TRADE AGREEMENT HITS 17 MANUFACTURERS

Seventeen of 505 auto parts manufacturers in Canada have told the Government they may be adversely affected by the Canadian-United States auto agreement. Industry Minister Drury has said that detailed consideration will be given to proposals to aid both hard-hit manufacturers and any workers affected.

In general, says the Minister, representations made by trade associations have been favorable to the objectives of the agreement. Although the program is aimed at substantial expansion in the Canadian industry, it may also create transitional difficulties for certain producers.

The Canadians anticipate that some of their industries will be inconvenienced, just as some of ours will be inconvenienced by the changeover. But it will mean, over all, an advantage to both countries in that way.

Mr. HARTKE. There are about 16 different questions now pending. I want to return to the balance of payments. I know what happened after the agreement headed for a little difficulty and difficult sledding in Congress. Let us come back to what Canada really thought when when it was propounding this scheme. This is from the Financial Post of Canada of December 16, 1964. We can agree, I hope, that this is not a free trade agreement.

Mr. LONG of Louisiana. I do not agree with what the Senator said.

Mr. HARTKE. We cannot agree that it is not a free trade agreement?

Mr. LONG of Louisiana. I do not agree with everything the Senator is saying. But if the Senator is asking a question, I will be glad to respond, because I have given some thought to it. Nobody claims that this agreement is absolutely and unconditionally a free trade agreement.

Mr. HARTKE. But will the Senator agree that it is not a free trade agreement?

Mr. LONG of Louisiana. I am trying to answer the question. I have the floor.

Mr. HARTKE. I know the Senator does. I hope the Senator will yield.

Mr. LONG of Louisiana. The Senator has asked a question; I am trying to answer it.

The agreement does remove duties on a major segment of the United States-Canadian automotive trade. It clearly envisages free trade in the absolute sense, once the Canadian industry becomes more competitive.

First. A major objective of the agreement is free trade in automotive products. This is explicitly recognized in the preamble to the agreement.

Second. The agreement provides now for the elimination of duties on vehicles and parts for original manufacture. This elimination of duties is limited initially on the Canadian side to manufacturers who undertake to produce a defined part of their total output in Canada. An ordinary Canadian citizen cannot yet buy a United States made car duty free. Without this proviso in the 3-year transitional period the Canadian industry would be submerged by lower cost U.S. cars and parts and the purpose of the agreement nullified.

Third. As the industry adapts itself to the new situation and as Canadian costs in certain areas approach more closely low cost U.S. production, the remaining restrictions will be removed.

Fourth. The agreement itself contains built-in momentum toward removing the remaining restrictions. Article IV provides for a comprehensive review of the operation of the agreement no later than January 1, 1968. The Canadian limitations, which are necessary in the short run, will be carefully reexamined at that time.

Fifth. Summary: Far from being the "antithesis of free trade" the agreement takes a long stride, and a practical one, toward this goal.

Mr. HARTKE. I was merely trying to ascertain where we could possibly find one area of agreement. We have agreed——

Mr. LONG of Louisiana. I wish I could agree with the Senator, but he is in error, so I cannot agree with him.

Mr. HARTKE. Oh, no; I do not want to say that I am in error

Mr. LONG of Louisiana. That is my opinion.

Mr. HARTKE. The Senator may say I am in error, but I cannot say so.

Mr. LONG of Louisiana. I did not ask the Senator to say so, but I said so.

Mr. HARTKE. Mr. Todgham, who is president of Chrysler of Canada, Limited, says that the free trade idea is only one of four basic misconceptions concerning this fact. I shall come back to them in a moment.

Mr. LONG of Louisiana. That is what he said. That is his opinion. Certainly he is entitled to it. They have taken off all the duties. They are taking off the 17-percent duty on automobiles that we will ship them.

Mr. HARTKE. Ship to whom?

Mr. LONG of Louisiana. Canada.

Mr. HARTKE. Perhaps we had better clear that point up. Under this agreement is it possible to ship an American automobile to a Canadian citizen duty free?

Mr. LONG of Louisiana. No; it cannot be done.

Mr. HARTKE. That is clearly established. But the reverse will be true: A Canadian automobile manufacturer can ship a car duty free to an American citizen, can he not?

Mr. LONG of Louisiana. There is good reason for that.

Mr. HARTKE. I am not asking for the reason. There is no symmetry here.

Mr. LONG of Louisiana. But there is a reason why the situation should be that way.

Mr. HARTKE. But there is no quid pro quo here, is there?

Mr. LONG of Louisiana. If the Senator will look at the whole agreement——

Mr. HARTKE. I am going to look at the whole agreement. We are going to look at the whole agreement before we are through.

Mr. LONG of Louisiana. The agreement is symmetrical. It works out the way it ought to work out. An American who bought the same automobile manufactured in Canada would have to pay about 15 percent more. An American is not being done any favor by being allowed to go to Canada to bring a Canadian-manufactured car into this country duty free, because he will pay more for it by 15 percent than he would if he bought the car in Detroit.

Mr. HARTKE. All I am trying to establish is that there is no symmetry here whatsoever. What happens is quite clear. One cannot ship an American car into Canada duty free to a Canadian citizen, but a Canadian car can be shipped into the United States duty free to an American citizen.

Mr. LONG of Louisiana. Why not?

Mr. HARTKE. At the moment, I am not asking, "Why not?" That much is true, is it not?

Mr. LONG of Louisiana. In that respect, we merely gave them zero, as things stand now, because their costs are 15 percent more to move the car out.

Why would an American want to buy a Canadian automobile duty free? He can buy a car manufactured by the same company 25 percent cheaper in the United States.

Mr. HARTKE. There may be a reason in a few years.

Mr. LONG of Louisiana. Mr. President, the Senator is in error again.

Mr. HARTKE. Mr. President, I am not in error.

Mr. LONG of Louisiana. Mr. President, the witnesses testified to exactly the opposite effect, and have so testified for the record. They say that it will take them a while to change their way of distribution so that, instead of manufacturing 70 or 80 models, they will manufacture about a dozen models and thereby benefit from production efficiency. When they do this, the cost of the automobiles will come down. In a few years, they anticipate and predict that the companies will equalize costs in the two countries, and that will bring about lower prices.

The Senator and some of his supporters ask why they have not reduced the prices already. They have not had an occasion to make the changeover in the

production of their automobiles. The sword of Damocles is hanging by a hair over their heads, ready to chop their heads off in the event Congress fails to ratify the agreement.

Mr. HARTKE. Mr. Todgham made the following statement on page 3 of his press release:

Debunking the misconceptions about the pact, Mr. Todgham reiterated that obviously its terms did not provide free trade; its fixed ratio of Canadian production to Canadian sales prevented unlimited importation of American-made automobiles duty-free; there was nothing in it that would make possible any immediate price cuts.

Mr. LONG of Louisiana. Not immediately. That is the important word. We cannot do it today. However, when these countries have an agreement and stop producing 200 models of automobiles in Canada and produce 20 or perhaps even 10, they can get the benefit of mass production and bring some of their Canadian automobiles here and sell them. Then they could take American-manufactured automobiles to Canada. One would not know half the time whether the cars were manufactured in Canada or in the United States. One could not care less. The automobiles and the parts would be just as good.

This would tend to integrate a great industry. There would not be any immediate reduction, but, in 3 or 4 years, we would see a great reduction in the prices of automobiles in Canada. That situation would help the United States. Our companies would be producing more automobiles here, and selling more automobiles in Canada. The cars manufactured in Canada would make a profit for American citizens who owned stock in American Motors, Ford, General Motors, and Chrysler, and even Studebaker.

Mr. HARTKE. There was not a scintilla of evidence before the committee to indicate that there is any hope of a reduction in the price of automobiles in Canada.

Mr. LONG of Louisiana. Mr. President, the Canadian consumer will not stand for high-priced automobiles.

Mr. HARTKE. The Canadian consumer will not get the benefit of any lower prices.

Mr. LONG of Louisiana. The companies cannot reduce the prices now. They cannot afford to. The Canadian companies have not reduced their prices. However, when the agreement is ratified and they do what they testify that they will do, prices will go down. Their government officials predict that, and everybody with responsibility in Canada and all the manufacturers say that they can produce automobiles in Canada as cheaply as automobiles can be produced here in the United States. They say, "Give us the benefit of mass production and we can produce automobiles as cheaply in Canada as you can in the United States." Who should know better than the Ford people about how much it would cost to manufacture a Ford automobile?

Mr. HARTKE. Mr. President, as the Senator from Michigan [Mr. MCNAMARA] said concerning shipping automobiles duty free, there is no doubt that the Ford Motor Co., General Motors, the Chrysler Corp., and American Motors could move all their facilities to Canada and then ship all their automobiles duty free into the United States. We would not be able to do that in reverse.

Chrysler Corp. has already stated that it plans to export 80,000 vehicles to the United States in the calendar year 1966. That would be their Valiants, which they call Darts here. They would be produced in Canada.

Mr. LONG of Louisiana. We shall be shipping automobiles to Canada, too. It will work both ways. That is what was testified to. That is what everybody said.

Mr. HARTKE. Mr. President, nobody said that.

Mr. LONG of Louisiana. Yes, they did.

Mr. HARTKE. Where is that stated?

Mr. LONG of Louisiana. Mr. President, during the hearings the Senator from Indiana brought up the subject of the Chrysler Corp. The Senator asked the witness, Mr. Kendall, concerning this matter. The testimony shows that Chrysler expected to increase shipments in both directions.

Mr. President, I ask unanimous consent that the tabulation appearing on page 233 of the hearings on H.R. 9042 be printed at this point in the RECORD.

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

Canadian-United States balance of trade (payments) for Chrysler Corp.

[Millions of Canadian dollars, passenger cars and components only]

	1965 model year	*1966 model year*
Canadian imports from United States	137.4	216.4
Parts and components	117.0	157.4
Chrysler produced	80.4	106.6
Supplier produced	36.6	50.8
Vehicles	20.4	59.0
Less vehicle components made in Canada (engines)	0	−2.5
Net vehicle imports	20.4	56.5
Net Canadian imports from United States	137.4	213.9
Canadian exports to United States	50.7	181.8
Parts and components	50.7	58.8
Less parts made in United States	4.8	5.2
Net parts and components	45.9	53.6
Chrysler produced	32.8	34.5
Supplier produced	13.1	19.1
Plus vehicles	0	123.0
Less U.S. content in vehicles	0	−52.0
Net vehicles	0	71.0
Net Canadian exports to United States	45.9	124.6
Difference—U.S. favorable balance of trade	91.5	89.3

Mr. LONG of Louisiana. Mr. President, Canada will increase its imports from the United States to Canada, and also increase its shipments of automobiles from Canada to the United States.

It is anticipated that after the 3 years of this agreement, they will even increase our already substantial favorable balance of trade. While in this 1 year—1966—we would be worse off by $2 million because of Chrysler so far as trade movement between the United States and Canada is concerned, over the entire period we would actually increase our favorable balance.

Mr. HARTKE. Mr. President, I should like to finish discussing the article. I have tried to complete this several times. I should like by this to show what Canada really thinks will happen.

Mr. LONG of Louisiana. The Senator said there would not be any immediate reduction in the Canadian prices. I said that is correct. There would not be an immediate reduction. However, in a few years there would be a big reduction, a 15- or 10-percent reduction.

Mr. HARTKE. If the Senator wishes to go to the balance of payments, we will come back to that. On page 253 of the Senate hearing record:

PRICE REDUCTIONS MAY NEVER COME

In fact, there is basis for the belief that the auto corporations have no intention of reflecting their cost savings in price reductions at any time in the future. The official record of the Canadian House of Commons quotes the Minister of Industry as having said on May 10, 1965:

"There is on occasion a demand on the Government to give assurances that there will be a decrease in the price of cars. I think the Honorable Member for Wellington South (Mr. Hales) was more realistic when he said he anticipated that the likely results of this operation would be a continuing increase."

Let us return to the balance of payments for a moment.

Mr. LONG of Louisiana. One of the officials of the Canadian Government made a speech in the western part of Canada the other day, and he said that by 1970 the price of Canadian automobiles, if they had a comparable automobile, would be $500 less for a comparable automobile.

Mr. HARTKE. What Canadian official was that?

Mr. LONG of Louisiana. I am trying to get his name. I will get it for the Senator today or tomorrow.

Mr. HARTKE. The Senator may do so. I point out that the man whom I am quoting is the Canadian Minister of Industry speaking in the Canadian House of Commons.

Let us come back to the Financial Post of December 19, 1964, on balance of payments——

Mr. LONG of Louisiana. People may have differences of opinion.

Mr. HARTKE. I understand.

Mr. LONG of Louisiana. Much as I love the Senator from Indiana, he and I sometimes arrive at different conclusions.

Mr. HARTKE. I find myself in a very peculiar position, being on the opposite side of my distinguished leader on this matter. I have the highest regard for

his ability. I know it is very difficult for him to defend this indefensible agreement. That is perfectly all right; he is doing the best he can under the circumstances.

Mr. LONG of Louisiana. I am really not an expert on automobiles, Mr. President. I am doing the best I can, since I find myself standing here with this bill.

Mr. HARTKE. I agree with the Senator.

Mr. LONG of Louisiana. But I do believe—and I think that everybody in the executive branch who worked on the matter believes—and the automobile companies themselves, believe the agreement will be good for them. The labor leaders, who have the responsibility of looking after these jobs, all think it is going to be good for labor. The Secretary of Labor, who has the responsibility of looking after these jobs, thinks it is going to be good for the workers; and the Secretary of Commerce, who has the responsibility to look after the interests of business, thinks it is going to be good for business.

So while, of course, the Senator has some support, and there are some who feel as he does, he is with a rather limited group in that regard. The overwhelming majority of those in industry, labor, and Government who have any responsibility in connection with the matter all think this agreement is good.

Mr. HARTKE. I believe that is an exaggeration, but it is perfectly legitimate in debate to go that far.

Mr. LONG of Louisiana. That is what they said. They say it.

Mr. HARTKE. The labor leaders who were represented here represented the laboring people of Canada as well as of the United States. There is a great wage differential, about 25 percent, between what the Canadian worker earns today—even though it costs more to produce an automobile in Canada—and the amount the American worker receives.

Mr. LONG of Louisiana. Yes. Let us analyze that for a moment. I have the floor; I am glad to yield to the Senator for a question, but I have my side of it, too.

Why do Canadians receive a lower wage than the American workers, for the same type of work? The reason is that their productivity is lower. They do not have the benefit of mass production techniques which are so beneficial to the industry in the United States.

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

Mr. LONG of Louisiana. But they will have that benefit when this agreement goes into effect, and Walter Reuther will go there and pound on the table with the same forcefulness with which he negotiates in the United States, and say, "You must negotiate with these workers. They are entitled to a raise and they are going to get a raise," and the workers of Canada, with their methods improved, will have the same high productivity and the same high wages which American laborers enjoy. That is one more benefit. With all the fine things I said in connection with this agreement, I forgot to say that the Canadian workers will receive a nice, big pay raise.

Mr. HARTKE. Are new facilities to be built in Canada?

Mr. LONG of Louisiana. In both countries.

Mr. HARTKE. No——

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. In Canada?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Very definitely.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Are they going to be more modern than ours?

Mr. LONG of Louisiana. Not necessarily.

Mr. HARTKE. With cheaper labor, is it going to cost them more?

Mr. LONG of Louisiana. We are going to build more in the United States, too. We are going to expand our industry while they expand theirs. In other words, we will expand our industry about 6 or 7 percent a year, while theirs is expanding about 8 percent a year. Moreover, we are going to continue shipping about $580 million more automotive products into Canada than we buy from them.

Mr. HARTKE. To go back to the balance of payments, this is what they say:

> We will be on our way to whipping that $500 million annual deficit with the United States on cars and parts.

Mr. LONG of Louisiana. Mr. President, who has the floor?

The PRESIDING OFFICER. The Senator from Louisiana has the floor.

Mr. LONG of Louisiana. I just finished putting in the RECORD a statement by Minister Drury. Here is a man who has the responsibility, and he is explaining to the Canadian Parliament about this agreement. If he could have made that statement and backed it up, he would have been the happiest minister on the floor that day. But he had to tell those people, "I am sorry, folks, I cannot give you any assurance that this is going to improve our deficit with the United States on automobiles and parts. All this will do is keep it from becoming any worse. This is the best I could get out of those rough, tough, Yankee negotiators."

Mr. HARTKE. The point is that so far as balance of payments is concerned, there is no way possible for them to receive the benefit which they said in 1964 they were looking forward to receiving, and for us to receive benefit, too. The Senator from Louisiana has already stated that as far as he is concerned, he thinks we can hold our own. But if we were to receive our normal share of the market, and they were to receive their normal share of the market, our balance-of-payments situation would be better. The Senator from Louisiana has admitted that; and the Canadian minister said that, too—$300 million at least.

Mr. LONG of Louisiana. Their normal share of the North American market is 7 percent. That is what they consume. They produce only 4 percent up there, and so they are not receiving their normal share. They are moving in that direction. But we are still going to have this $580 million-plus advantage in the balance of trade between the two countries under this agreement.

Should we reject the agreement, we might get into the kind of mess we got into down in Brazil, where we lost our entire market, or in Argentina, where we are losing it. Or the same thing may occur in Australia, where they are requiring that ever higher percentages of the components be manufactured locally.

Mr. HARTKE. What does the Senator believe will happen under the proposed agreement? Does he not honestly believe, and is he not convinced, after listening to the hearings, that the Canadian component content will increase from the present 58 percent ultimately to 80 percent?

Mr. LONG of Louisiana. The whole purpose of the agreement is to get away from tariffs and trade barriers between the two countries.

Mr. HARTKE. If it would do only that, I would be with the Senator from Louisiana.

Mr. LONG of Louisiana. We understand this situation. I know that the Senator from Indiana would like to have this country continue to improve its balance of payments, and the percentage of the Canadian market that it has. But Canada cannot afford to have this deficit item keep growing larger and larger. It used to be $300 million, then it increased to $400 million, and then $500 million. Canada was going to do something to protect her position. So Canada began with her rebate plan on automobile parts to move in this area, which accounts for 50 percent of their deficit with the United States.

Mr. HARTKE. That is exactly what I have been trying to say to the Senator from Louisiana—that the measure is designed to help the balance-of-payments situation in Canada and, in turn, to injure the balance-of-payments situation in this country.

Mr. LONG of Louisiana. That is not the purpose of the agreement. The purpose of the agreement is to replace a course of conduct which the Canadians were conducting. The agreement stops it and starts us in the other direction, of freer trade between the two countries, so that we will sell more in the Canadian market and the Canadians will be able to achieve the economies of mass production and sell one of their automobiles for one of our automobiles.

Mr. HARTKE. The Senator says that more automobiles will be sold in the Canadian market.

Mr. LONG of Louisiana. Yes. The Canadian market expands by about 8 percent a year. Canada will produce more automobiles to offset increases in the Canadian demand. However, we are going to ship more to Canada than we are shipping now, and we will continue to have the favorable balance that we have now.

Mr. HARTKE. What the agreement guarantees Canada is that its present production will be maintained. Is that correct? That is what it guarantees Canada.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Does it guarantee any such thing to the United States? What if the American market drops off? Is any quid pro quo established? Is symmetry involved?

Mr. LONG of Louisiana. What we get out of it is the elimination of the higher Canadian duty, termination of the rebate plan, and some assurance that our favorable balance of trade with Canada in these products will not be reduced.

Mr. HARTKE. Let us say something happens to the American market under the present administration. We have a good administration and it is going to continue prosperity, but let us assume that something happens, that the sale of automobiles does go down. Is there any guarantee of production in the United States?

Mr. LONG of Louisiana. I cannot theorize about what is going to happen if we have a major depression in this country. If we run the country right, we will not have one.

Mr. HARTKE. I agree with that.

Mr. LONG of Louisiana. If we run the country properly, we will not have to worry about that; the Senator can be assured on that point. The Senator can also be assured that I will do everything I can to cooperate with him to see that the country is run right so that we do not have that problem.

Mr. HARTKE. But there is a guarantee to Canada that its production will be maintained in this agreement; is that not correct?

Mr. LONG of Louisiana. The Canadians need that.

Mr. HARTKE. All I am saying——

Mr. LONG of Louisiana. Let us hold it for one moment there——

Mr. HARTKE. All I am trying to establish is——

Mr. LONG of Louisiana. Let me finish—let me explain that. The Canadian industry is a high-cost industry compared to ours.

Mr. HARTKE. They are not competitive.

Mr. LONG of Louisiana. It costs approximately 15 percent more to produce automobiles in Canada; thus, if they did not have some protection there, when we eliminate the duties between the two countries, the Americans would wipe out the Canadian industry altogether. The Senator can well understand that. If he were looking at it from the Canadian point of view he would want some assurance that when we take the trade barriers off, it will not result in U.S. producers putting Canada out of business in this field.

Mr. HARTKE. In the case of some automobile parts, that is not true, because the Canadians produce some parts cheaper than we do.

Mr. LONG of Louisiana. Overall, as I understand, the cost is higher—approximately 15 percent greater—even though they have a lower wage scale.

Mr. HARTKE. All right. Shall we guarantee their production?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. Shall we guarantee their growth?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. What is the quid pro quo? What is the symmetry so far as guarantee and growth are concerned?

Mr. LONG of Louisiana. We get the tariff transmission plan removed, and protect a half-billion-dollar favorable balance of trade in automotive products.

Mr. HARTKE. In other words, they made the first stroke, but if we will be a "good guy" they will not hit us again; therefore we will go ahead and guarantee their production, plus growth—I will come to that in a minute. In other words, we are buying the right not to get hit in the face again?

Mr. LONG of Louisiana. We get their duties down and we protect our balance of payments. We protect our favorable trade with Canada in this item.

Mr. HARTKE. On our balance of payments, we have agreed that we would protect their making it worse and the Secretary of the Treasury says it will not—even taking their word for it. The Tariff Commission says it will be worse by $300 million. The Treasury says it will remain the same. Both say the balance-of-payments situation will not be favorably helped because of the simple fact that we do not receive our share of normal growth.

Mr. LONG of Louisiana. The Senator would like to assume that we could have continued to get an ever-increasing favorable balance of trade in this item, and that Canada would continue to permit it.

But who would stand still for that? That is an erroneous assumption. In my judgment, no responsible public official in the Canadian Government will stand still while their balance on an item such as this grows worse and worse, to the point where it is $580 million out of line, or $1 billion out of line. No. He will proceed to take various restrictive measures to close the deficit by producing more in Canada.

We cannot blame them for doing that. If the Senator were a Canadian, he would be doing the same thing. They started protecting themselves by denying trade concessions in the years gone by, but instead of doing that now, we have this agreement whereby both sides can live with it. We continue to have this surplus of over $500 million a year. We shall continue to ship more and more automobiles and automobile parts into Canada. The Canadians will be able to produce more at lower costs and higher wages for their people, all at the same time, by shipping some cars here.

Accordingly, I say that it is a good deal for both sides. We get rid of some bad things for us. Canada could have moved in this other direction, as other countries have done, and totally shut off American imports. Instead, Canada has agreed to an arrangement with us whereby we continue to protect the trade surplus we have in this item.

Mr. HARTKE. That is an assumption of the Senator.

Mr. LONG of Louisiana. We have a share in the Canadian market under this agreement.

Mr. HARTKE. That is an assumption of the Senator. We guarantee them a record high production at the moment. We guarantee them their normal growth based on——

Mr. LONG of Louisiana. They can take that, whether we agreed or did not. That is something they can take.

If General Johnson had not bled to death on the first day of the Battle of Shiloh, in the State of Tennessee so ably represented in part by the senior Senator [Mr. GORE], who now sits in the Chamber, he would have driven Grant's army into the river. That would have been a defeat to parallel the Battle of Bull Run at Manassas. The South today might have been an independent country. If we had become a free and independent country at that time, and I had been a part of the Parliament of the Confederate States of America today, the first thing I would have insisted upon, if someone wished to sell automobiles in the Confederate States is that he would have to make them there.

That is what Brazil did. That is what Argentina did.

In many instances, it would mean that the automobile would cost much more.

Mr. HARTKE. That is a wonderful demonstration of——

Mr. LONG of Louisiana. If one wished to purchase an automobile in Indiana——

Mr. HARTKE. That is the most perfect argument I have heard against what the Senator is advocating.

I say to my friend the distinguished Senator from Louisiana that the first people to yell, the first people to come back and ask that this agreement be nullified will be the "Big Three." They will come back and beg, because they will be flooded with Volvos and Volkswagens.

Mr. LONG of Louisiana. Let me make this suggestion to the Senator. I will make him a fair proposition. When he returns to his office after this debate, let him go to a picture on the wall and write on the back of it, "LONG of Louisiana predicts that in the year 1968 the United States will still have a surplus of $580 million-plus in trade with Canada in automobiles and in automobile parts."

Then, we will take a look at the situation in 1968, and if I am wrong, the Senator can say, "LONG of Louisiana was wrong." I am sure that it will work out exactly the way I have anticipated, that we will have a surplus of over $580 million.

Mr. HARTKE. Parenthetically, let me ask this question of the Senator: What will the Canadian surplus be on Canadian Club whisky?

Mr. LONG of Louisiana. If the Senator believes that the——

Mr. HARTKE. Or on paper products?

Mr. LONG of Louisiana. The Senator can predict something for himself on the subject of whisky. Let him go ahead and predict, and I will write that on the wall in my office.

Mr. HARTKE. There is no question as to what is needed, so far as concerns what we have obtained in this agreement at the bargaining table. This is what we have in exchange: We must give them the guarantee of their production. We must give them the guarantee of their increase, plus $241 million over and above that in Canadian value added, which is simply stated in common terms of Canadian manufactured goods in Canada. What do we get out of it?

Mr. LONG of Louisiana. Everything we gave them in that connection, plus $580 million surplus, which we have now, and which we propose to keep, plus the parts we are shipping, plus all the profits American companies will get who own this production in Canada. All the better things are protected for the United States in this agreement.

Mr. HARTKE. Where?

Mr. LONG of Louisiana. We keep the share of the Canadian market which we now have.

Mr. HARTKE. Let us come on back for a moment——

Mr. LONG of Louisiana. We are talking in dollar terms.

Mr. HARTKE. The Senator is talking in terms of keeping American industry where it is today. Against that, the Senator is thinking in dollar terms—that American automobile manufacturers would be crying at the Senator's heels.

They do not expect to stay at that level. They expect 10 million a year automobile sales. They do not want production to stay the same. We are not on a constant-size pie level. The size of the pie has not stopped. It is growing bigger. The pie will continue to grow bigger. We are not on a constant pie size. Thank goodness, the administration does not think we are. Otherwise there would be many more people out of work.

The Senator from Louisiana said that 40,000 more jobs were created in this country. Percentagewise, during this same increase, what was the increase in Canada during that same 6-month period?

Mr. LONG of Louisiana. I am not complaining. I hope Canada will have good results and more employment, but I think an increase of 40,000 jobs in this industry in a 6-month period is pretty good.

Under this agreement we are giving up duties of 6½ percent on cars and 8½ percent on parts. In return, for the elimination of those duties, there will be a reduction in Canada's duties ranging from 17½ to 25 percent.

Mr. HARTKE. But to whom does that benefit go?

Mr. LONG of Louisiana. Whoever ships the product in does not have to pay that duty.

Mr. HARTKE. To whom does that benefit go?

Mr. LONG of Louisiana. Any time a country takes off duties there must be a trade concession.

Mr. HARTKE. So let us say there is a $50 million trade concession to Canada; but where does the benefit go?

Mr. LONG of Louisiana. In the long run, it will be the Canadian consumer of automobiles, and the American consumer of automobiles, and American labor and Canadian labor.

Mr. HARTKE. It is going to cost $50 million next year. Who will get the $50 million next year? Where will it go? The Canadian consumer is not going to get it. The American consumer is not going to get it. Where will it go?

Mr. LONG of Louisiana. In the main, it will go to build plants to supply Canada's share of the market. Some of it will go to build up the American share of the Canadian market.

Mr. HARTKE. But who owns those plants?

Mr. LONG of Louisiana. American companies; and after they build those plants, I hope they will declare some dividends so some of the investors will get the benefits also. The manufacturing companies will be able to ship products without those duties. But our own producers will benefit because of the rapidly growing Canadian market. The agreement calls for benefits to United States and Canadian producers, who are also U.S. companies, owned by U.S. investors. But it does more than that. The agreement permits plants to be built up to serve the vast North American market, and thus everybody will have the benefit—workers and producers of the United States as well as Canada.

Mr. HARTKE. If the automotive agreement and the collateral commitments of these companies—only part of which have been revealed, incidentally, to date—are carried out, does the Senator believe that Canadian production of automotive products will increase sharply in the 1967–68 model year?

Mr. LONG of Louisiana. It has been anticipated that Canada will produce more automobiles, as will the United States.

Mr. HARTKE. There will be an increase in assemblies as well as production of parts?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. By that model year, is it not true that, in terms of Canadian value added, it will probably be materially larger than it would have been pre-agreement, with the Canadian protective tariff alone? Is that correct?

Mr. LONG of Louisiana. Yes; but that is not a fair question, because the question leaves out something that should be present.

Mr. HARTKE. What is that?

Mr. LONG of Louisiana. If we do not enter into the agreement, Canada will take other steps to protect her situation.

Mr. HARTKE. If this agreement goes into effect will there be a major intrusion of Canadian parts?

Mr. LONG of Louisiana. There will be an increase whether the United States agrees to the agreement or not. We can agree to it and there will be an increase in the Canadian proportion. We can disagree to it, and there will still be an increase in the Canadian proportion.

Mr. HARTKE. How? By the same proportion?

Mr. LONG of Louisiana. By probably a greater proportion. It is our feeling, and that of the administration, that if we do not ratify this agreement, Canada is going to move in a direction to give herself some protection. When two nations start cutting each other's throats in a trade war over a period of time, they restrict trade. Both countries would lose, but this country has more to lose, because we have a favorable balance of trade. If we cut out all trade with Canada, let us say, we would lose by half a billion dollars, plus the loss of a good friend.

If that situation went further and relations became more strained, Canada might deem it appropriate to do away with the early warning line that we use to warn us against potential enemies. She might withdraw her permission to use her territory for defense purposes. There are all kinds of situations that can happen once friends start falling out.

Mr. HARTKE. Let us look at the other side of the coin. Does the Senator believe that by this agreement we will increase our friendly relations to the extent that Canada will send a few troops to Vietnam?

Mr. LONG of Louisiana. I do not predict that. I would like to see it, but I do not predict it.

Mr. HARTKE. Let me leave that and get to a relevant question. The Senator is saying that the only excuse for this agreement is fear of a trade war, in which we have traded off many benefits and have received no benefits.

Mr. LONG of Louisiana. I think I have made a better case than that. That is one reason why I wanted my opening statement to appear in one place, so a person could follow what I said and follow my points in sequence.

Mr. HARTKE. Will not this agreement result in Canada getting an increased share of the United States automobile market?

Mr. LONG of Louisiana. We had this experience in Brazil and Argentina. We are dealing with a country which is going to move to correct its imbalances.

Mr. HARTKE. What the Senator is arguing is trade war fear.

Mr. LONG of Louisiana. We have an agreement that involves a $500 million trade surplus. The Secretary of Labor thinks it is very important that we have the agreement, because he is concerned about protecting jobs. He has said that the agreement protects 25,000 jobs in the assembly and parts industry, and perhaps more jobs in steel industries and other allied industries, such as rubber tire plants.

Mr. HARTKE. The Secretary of Labor also said he will have to ask for this adjustment assistance arrangement, and that he cannot predict how much money will be necessary for this purpose. There are some 10,000 parts firms or more, but he said he cannot guarantee. Let me tell Senators what the president of Chrysler had to say about parts manufacture for the future.

Mr. LONG of Louisiana. Canada is going to be paying.

Mr. HARTKE. May I finish my statement?

This is what the president of the Chrysler Corp. said. I am reading from Business Week of January 3, 1963:

He foresees the day when some auto companies may decide to build their entire supply of basic components, frames, engines, transmissions, and springs, in Canada.

Mr. LONG of Louisiana. But if we can continue with this $580 million surplus in this item, we shall have made a good deal for the United States, when we see what happened in Brazil where we lost out completely and other markets where we are losing. Here we have an agreement to protect the market. We shall have a lower cost for consumers and better conditions for the workers. That is why the Departments of Commerce, Treasury, and Labor are for it.

Mr. HARTKE. The Treasury did not say whether it was for it.

Mr. LONG of Louisiana. Did not the Senator receive a telegram from Walter Reuther?

Mr. HARTKE. No.

Mr. LONG of Louisiana. I believe he is an outstanding labor leader.

Mr. HARTKE. I do not know whether we received a telegram from him or not. I do not believe so.

Mr. LONG of Louisiana. Call him. I called him myself. I did not want to be in doubt about it. I called Walter Reuther and he said that he thinks it is a good thing, a fine thing.

Mr. HARTKE. I do not expect him to take sides when he has Canadians voting for him also.

The Senator admits that it will cost more. The Canadians will have a bigger share of the industry.

Mr. LONG of Louisiana. But the Senator said he did not expect Walter Reuther to take sides, and yet Walter Reuther has said he is supporting it.

Mr. HARTKE. I said I did not expect him to take sides between Canadian and American automobile workers.

Mr. LONG of Louisiana. He is not not taking sides, because it is good for both of them. The Secretary of Labor thinks so.

Mr. HARTKE. The Secretary of Labor also believes that it will cost a vast amount of money to take these people and train them for other work. We shall have area redevelopment plans.

Mr. LONG of Louisiana. We have provisions like that in the Trade Expansion Act. This act has to do with everything, not merely automobiles. It has cost us nothing. All the things that someone imagined did not materialize.

Mr. HARTKE. I know. Let us be honest about that.

The truth is that the Secretary of Labor said the reason for the adjustment of this bill is not like the adjustment of the Trade Expansion Act; that the interpretation under the Trade Expansion Act was so severe that no one could ever claim benefits under it at first.

Mr. LONG of Louisiana. That is only one reason. The other is that we have more jobs in this country and less unemployment than many other countries and we are very prosperous.

So, facing the situation of work, we had the best disciplined workers, and there were armies of workers in Canada trying to find jobs.

Mr. HARTKE. The Secretary of Commerce stated Saturday night that our trade balance was down $2 billion on an annual basis, compared to last year. We did not improve. I shall introduce a resolution today showing steel imports are up almost double the annual rate of what they were last year.

Mr. LONG of Louisiana. I would like to cut down on it. We produce oil in Louisiana. We would get Louisiana, Indiana, and Kansas producers to produce that oil. We would not have it come from Canada and Venezuela and all other countries. I do not have that much power; and I hope the Senator would help me.

Mr. HARTKE. I hope I can. I find it difficult to be on the opposite side from the Senator from Louisiana.

Is this true or not: The amount of Canadian content in automobiles produced after this agreement will be substantially increased?

Mr. LONG of Louisiana. Over a 3-year period by about $241 million. That is about all.

Mr. HARTKE. Above their normal growth?

Mr. LONG of Louisiana. Above what it is now.

Mr. HARTKE. No.

Mr. LONG of Louisiana. The $241 million would be only absolute increase.

Mr. HARTKE. Absolute increase?

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. But they are above their normal growth. They are guaranteed their normal growth.

Mr. LONG of Louisiana. There will be a 60-percent Canadian requirement just as there has always been a 60-percent requirement.

Mr. HARTKE. The Senator is talking about percentages now.

I wish to point out what the Canadians believe. I have the Financial Post of Toronto, which is equivalent to Barron's, it is dated September 18, 1965. In it it is stated:

The big auto-parts program has already swung into high gear and the Canadian content of 1966 models—without benefit of export—is estimated at around 70 percent. The proportion was around 60 percent last year. By 1968—if the auto pact is soon cleared—the proportion should rise to around 80 percent.

So that instead of going down it is going to go up, up, and up.

Mr. LONG of Louisiana. The $241 million is the big difference. But the Canadian market is going to grow by 8 percent a year because of increased consumption even if prices do not come down. Lower prices will make it possible to sell even more automobiles in Canada. We shall be selling more automobiles and have the same surplus we have now in dollars, but we shall not have the same percentage of the Canadian market.

I hope the Senator will keep in mind that Canada has something to say about that market, because it is their country. They whipped us in a battle at one time to keep it that way.

Mr. HARTKE. The Senator does not agree that Canada will have a larger share by the time the 1968 automobiles are on the road. Is that correct?

Mr. LONG of Louisiana. Two hundred and forty-one million dollars more in automobile production.

Mr. HARTKE. Percentagewise they anticipate they will increase it, percentage of combined production, from 4 to 6 percent.

Mr. LONG of Louisiana. It will be closer to 5 percent.

Mr. HARTKE. The Tariff Commission says 6 percent.

Mr. LONG of Louisiana. Our estimates are it will be closer to 5 percent. That is the figure that the Department of Commerce has. Of course, the Tariff Commission is entitled to have a different opinion.

Mr. HARTKE. The Tariff Commission is an agency of Congress.

Mr. LONG of Louisiana. Yes.

Mr. HARTKE. It is our agency. Is that correct?

Mr. LONG of Louisiana. I like to think so.

Mr. HARTKE. They have an outstanding record of trying to be objective.

Mr. LONG of Louisiana. I am sure they have. If that is what they said, I am willing to concede that that is how they feel.

Mr. HARTKE. Whether it is 5½ or 6 percent——

Mr. LONG of Louisiana. A great many good people do not agree with that conclusion, however.

Mr. HARTKE. Let us assume that the Senator from Louisiana is correct, that it will be raised between 4½ and 5 percent.

Mr. LONG of Louisiana. We estimate that it would be about 5.1 percent.

Mr. HARTKE. Very well; 5.1 percent. Whatever the figure is, the arithmetic will be the same. By whatever proportion it increases in Canada it will decrease in the United States. Is that correct?

Mr. LONG of Louisiana. Yes; but if we think in terms of quantity or dollars, the total share of the United States in the Canadian market will be larger in 1968, and even in 1970, than it is today.

Mr. HARTKE. The proportionate share——

Mr. LONG of Louisiana. Not the proportionate share. I agree it will not be the same proportionately. It is beyond the power of the U.S. Congress, and I think also beyond the power of the President of the United States to make Canada let the United States manufacturer its automobiles unless Canada agrees to let us do so.

Gen. James Wilkinson during the War of 1812, tried to arrive at a different result, and could not do it. Canada is a free, independent, sovereign country. They did not think it was a good idea at the time we sent that army up there under a distinguished officer. We did not have a good day.

Mr. HARTKE. Canada will have a good day on this one too, will they not?

Mr. LONG of Louisiana. Both countries will have a good day on this one.

Mr. HARTKE. Let us assume that they go ahead and expand their automobile operations in Canada in order to meet the requirement of Canadian value added. If the Senator will read the agreement in the information submitted in the record after the question was asked as to what this exactly means, I think he will find that this has not even been defined, and that Canada can define it unilaterally after the agreement has been entered into.

Mr. LONG of Louisiana. We have some powers, too. We are watching what Canada is doing.

Mr. HARTKE. But Canada has a right to make a decision unilaterally. Canada can decide what it means by "Canadian value added." They have that right. The legal counsel for the Secretary of State—and Under Secretary Mann made a statement which appears in full in the record—said that there is no question that there is a lack of clarity concerning the meaning of "Canadian value added."

Mr. LONG of Louisiana. If Canada makes an agreement that is contrary to the objectives of the agreement which I have tried to spell out today, Canada will have violated the agreement, and we will be entitled to get out of it. As a matter of fact, even if Canada does not do so, we can, on 12 months' notice, get out of the agreement anyway, if we do not like it.

Mr. CARLSON. Mr. President, will the Senator from Louisiana yield?

Mr. LONG of Louisiana. I yield.

Mr. CARLSON. The distinguished Senator from Louisiana is making an excellent defense of the agreement between the United States and Canada on automotive parts, and the distinguished Senator from Indiana is carefully pointing out some of the flaws. However, I do not believe it will be possible to complete the discussion on the bill this evening. Would the Senator from Louisiana be willing to conclude his remarks for today at this time, and resume on the same subject tomorrow?

Mr. LONG of Louisiana. Yes. I should like to suspend now, if that would be satisfactory to the Senator from Indiana, and reserve my further response until he has made his main presentation. He has been preparing his speech. I hope it will adequately present his position for the RECORD. I shall read it with interest. I fear that we shall not be in closer agreement than we were when we started today, but I shall certainly enjoy studying his views on the subject.

Mr. HARTKE. It is most delightful always to listen to the distinguished Senator from Louisiana. He is most persuasive; and he has persuaded me that we should proceed further into this matter tomorrow.

AUTHORIZATION FOR COMMITTEES TO FILE REPORTS UNTIL MIDNIGHT TONIGHT

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that the Committee on Labor and Public Welfare be permitted until midnight tonight to file its reports on H.R. 3141, the Health Professions Educational Assistance Amendments of 1965, and H.R. 8310, the vocational rehabilitation amendments, together with additional, supplemental, minority, and individual views, if any; and that the Committee on the District of Columbia be permitted until midnight tonight to file its report on S. 1719, a bill to provide overtime compensation for District of Columbia police and firemen, U.S. Park Police, and White House Police.

Mr. CARLSON. Mr. President, reserving the right to object—and I certainly shall not object—I hope that these requests have been cleared with the appropriate Members of the minority.

Mr. LONG of Louisiana. I understand that they have been cleared with members of the committees on both sides of the aisle.

The PRESIDING OFFICER (Mr. GORE in the chair). Is there objection? The Chair hears none, and it is so ordered.

ORDER FOR RECOGNITION OF SENATOR SYMINGTON AT THE CONCLUSION OF ROUTINE MORNING BUSINESS ON WEDNESDAY

Mr. LONG of Louisiana. Mr. President, I ask unanimous consent that at the conclusion of the routine morning business tomorrow, the senior Senator from Missouri [Mr. SYMINGTON] be recognized and that he may be permitted to proceed for 1 hour.

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

ADJOURNMENT

Mr. LONG of Louisiana. Mr. President, if other Senators do not desire to make speeches, I am prepared to move that the Senate adjourn.

I move that the Senate adjourn until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 o'clock and 47 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, September 29, 1965, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate September 28, 1965:

DIPLOMATIC AND FOREIGN SERVICE

The following-named Foreign Service officers for promotion from the class of career minister to the class of career ambassador:

Foy D. Kohler, of Ohio.

Douglas MacArthur II, of the District of Columbia.

Thomas C. Mann, of Texas.

The following-named Foreign Service officers for promotion from class 1 to the class of career minister:

Richard H. Davis, of the District of Columbia.

G. McMurtrie Godley, of the District of Columbia.

Marshall Green, of the District of Columbia.

William Leonhart, of West Virginia.

Henry J. Tasca, of the District of Columbia.

Leonard Unger, of Maryland.

THE JUDICIARY

Francis X. Morrissey, of Massachusetts, to be U.S. district judge for the district of Massachusetts vice a new position.

WITHDRAWAL

Executive nomination withdrawn from the Senate September 28, 1965:

The nomination sent to the Senate on August 31, 1965, of Mr. Robert R. Mease to be postmaster at Springtown, in the State of Pennsylvania.

HOUSE OF REPRESENTATIVES

TUESDAY, SEPTEMBER 28, 1965

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., offered the following prayer, and used this verse of Scripture: Matthew 7: 12: *Therefore all things whatsoever ye would that men should do to you, do ye even so to them: for this is the law and the prophets.*

Almighty God, we thank Thee for the many kind and gracious words which came from the lips of our blessed Lord.

When we consider and ponder this Golden Rule, we realize that here is the sovereign law of love in action and that it is something which humanity ought to take to heart more seriously.

Inspire us to obey it as the supreme law in human relations. Thus may we become the messengers of generosity and good will.

May we not forget that we must apply this rule not only to our deeds but to thoughts and words as well.

Help us to give evidence of the wisdom of the law of love in the world of trade and industry, of government and politics, of religion and creed.

When we take this simple step pointed out by the Golden Rule and show forth a finer skill of insight and sympathy, there will come a new day such as the sun has never looked down upon.

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 agrees to the amendments of the House to the bill (S. 1766) to amend the Consolidated Farmers Home Administration Act of 1961 to authorize the Secretary of Agriculture to make or insure loans to public and quasi-public agencies and corporations not operated for profit with respect to water supply and water systems serving rural areas and to make grants to aid in rural community development planning and in connection with the construction of such community facilities, to increase the annual aggregate of insured loans thereunder, and for other purposes, with amendments in which the concurrence of the House is requested.