all navigation projects built by them since 1824 have been successful. However, I fear that application of the new criteria for estimating traffic would have a seriously reactionary and possibly even crippling effect on the construction of the new waterways which the Nation needs.

This fear is unhappily strengthened by the fact that under the provisions of the November 20, 1964 letter not one navigation project has been favorably reported by the Board of Engineers for Rivers and Harbors. It is my earnest hope that the corps will reconsider this critical problem and will at least defer its application until it has been able to solve the problem of the appropriate analysis of secondary benefits and other benefits properly considered under the provisions of Senate Document 97 and has developed acceptable data for consistent application of the cost basis in the evaluation of waterway transportation benefits.

Another threat to sound development of our water resources, in cooperation with local interest, lies in the bill (S. 2345) introduced in the last session of the Congress to change the name of the Department of the Interior to the Department of Natural Resources and to transfer to it all matters pertaining to water resources, including the water resource functions of the Tennessee Valley Authority, the Federal Power Commission, the Forest Service, the Soil Conservation Service, the Army Corps of Engineers, and the water pollution control activities of the Secretary of Health, Education, and Welfare.

Passage of this act would create an all-powerful water czar. The agencies concerned have developed their programs over many years. They know and understand the problems of the people interested in those programs, and they are quite properly responsive to their wishes and aspirations. In one instance, that of the Army Corps of Engineers, the national defense would be weakened by the loss of what proved in World War II to have been an invaluable training ground for the Engineer officers whose great accomplishments were the envy of our allies and the despair of our enemies. I do not know if a serious effort will be made to enact this legislation. I do know that I shall exert my most serious efforts to prevent its enactment.

I have attempted to give you a résumé of our past accomplishments and our future needs, and to point out some potentially serious obstacles in the way of our meeting those needs. I am proud of our accomplishments; I am confident that we will (as we must) meet those needs; and I promise you my best and hardest efforts to overcome any and all obstacles. I assure you again of my firm support of the aims and objectives of your great organization.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 8, 1966

The House met at 12 o'clock noon.

The Chaplain, Rev. Bernard Braskamp, D.D., prefaced his prayer with this word of the Scriptures: Romans 8: 31: *What shall we then say to these things? If God be for us, who can be against us?*

Eternal God, minister to us now with the promptings and persuasions of Thy spirit and give us the strength and courage to adventure to become worthy of what we seek and pray for.

May there be removed from us everything that holds us back from a complete surrender to Thy ways and Thy will.

Let there be in us a new nativity of faith, hope, and charity and give us wise minds and hearts to help forward the time when there shall be no more war among nations and no more misery in our streets and we shall come to the aid of the poor and all who know the bitterness of want.

Help our President and our leaders in these tangled and troubled days and may they find the right solution to every difficult problem that will bring about world peace, righteousness, and justice.

In Christ's name we pray. Amen.

THE JOURNAL

The Journal of the proceedings of yesterday was read and approved.

LEGISLATIVE PROGRAM FOR THE BALANCE OF THE WEEK

Mr. GERALD R. FORD. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

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

There was no objection.

Mr. GERALD R. FORD. Mr. Speaker, I ask for this time for the purpose of asking the distinguished majority leader, the gentleman from Oklahoma, for the program for the balance of this week.

Mr. ALBERT. Mr. Speaker, will the distinguished gentleman yield?

Mr. GERALD R. FORD. I yield to the distinguished majority leader.

Mr. ALBERT. Mr. Speaker, the program will be as previously announced but with one exception. The contempt citations will not be brought up tomorrow but will be put down for a later date.

DEMONSTRATION CITIES ACT OF 1966

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

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

There was no objection.

Mr. BARRETT. Mr. Speaker, I would like to address the House for 1 minute.

Mr. Speaker, I would like to announce that the Subcommittee on Housing of the Banking and Currency Committee will begin 2 weeks of hearings starting Monday, February 28, 1966, on H.R. 12341, the Demonstration Cities Act of 1966, other housing and urban development legislation soon to be proposed by the administration, and other bills relating to housing.

We will also hear testimony on H.R. 9256, the group medical practices facilities bill. Questions on the hearings should be directed to Jim McEwan or Ken Burrows of the subcommittee staff, 225–7054.

PERSONAL ANNOUNCEMENT

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

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

There was no objection.

Mr. ASPINALL. Mr. Speaker, on rollcall No. 11, I was absent because I was involuntarily held at O'Hare Airport, Chicago, by a ground fog which made flying impossible for a return to Washington. Had I been able to be present for the vote on H.R. 12410, I would have voted "yea."

THE LATE HONORABLE HERBERT BONNER, OF NORTH CAROLINA

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

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

There was no objection.

Mr. WHITTEN. Mr. Speaker, during the adjournment of the Congress we lost one of our dear and close friends, one of the ablest Members of the House of Representatives, the Honorable Herbert Bonner, of North Carolina.

I met Herbert soon after I came to the Congress, and through the years I came to know him intimately. A man of real ability and industry, Herbert had that wonderful quality of balance and good judgment. Throughout the years he was a fine Member of Congress, contributing greatly to his district, his State, and his Nation. In recent years he has served as chairman of the Committee on Merchant Marine and Fisheries. In this capacity he showed to the country what he had long since showed the House of Representatives, an ability to deal with people, with problems, and with the Congress.

We can ill afford to lose his services, and he certainly will be missed. To his wife and other loved ones we extend our deepest sympathy. The country has lost a fine man and we have lost a dear friend.

APPOINTMENT OF MR. JACK HOOD VAUGHN AS DIRECTOR OF THE PEACE CORPS APPLAUDED

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

There was no objection.

Mr. MACKAY. Mr. Speaker, citizens of the new Fourth Congressional District

of Georgia applauded the appointment of Mr. Jack Hood Vaughn as Director of the Peace Corps. I commend the President for selecting a man with such impressive qualifications for this formidable responsibility.

Mr. Vaughn came to the attention of our citizens before this appointment was made in an interesting way. In the Fourth District we have a strong Citizens Panel on International Relations. This alert and interested group of citizens, under the chairmanship of Mrs. Margaret Law, was organized in an effort to give citizens at the grassroots an opportunity to work closely with their Congressman and to develop wider knowledge and deeper understanding concerning our Nation's relations with the other countries of the world.

They decided that a good place to begin would be through a study of Latin America since it is nearest to us and in a real sense could present the greatest threat to our security or the greatest opportunity for neighborly and mutually beneficial relations.

In searching for the ablest man in the country to talk with citizens about the promise and problems of our friends to the south they found that Mr. Vaughn was that man. He graciously accepted our invitation to spend Friday, February 25, which we have designated Latin America Day in our district which is the eastern part of the Atlanta area.

The fact that he moves from his post as Assistant Secretary of State for Latin American Affairs to his new one makes us feel doubly fortunate to have him with us.

BANK MERGER ACT AMENDMENT

Mr. SMITH of Virginia. Mr. Speaker, by direction of the Committee on Rules I call up House Resolution 708, and ask for its immediate consideration.

The Clerk read the resolution, as follows:

H. RES. 708

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12173) to establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed four hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Banking and Currency, the bill shall be read for amendment under the five-minute rule. At the conclusion of the consideration of the bill for amendment, the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit. After the passage of the bill (H.R. 12173), it shall be in order in the House to move to strike out all after the enacting clause of the Senate bill (S. 1698) and to insert in lieu thereof the provisions contained in H.R. 12173 as passed by the House.

The SPEAKER. The gentleman from Virginia [Mr. SMITH] is recognized for 1 hour.

Mr. SMITH of Virginia. Mr. Speaker, I yield 30 minutes to the gentleman from California [Mr. SMITH], and pending that I yield myself such time as I may consume.

Mr. Speaker, this is the famous and very controversial amendment and revision of the bank holding company law. It has been the subject of a great deal of controversy both in the House and between the two committees in the House and in the Senate and also between the various and sundry agencies of the Government that have something to do with the control of banks.

It is quite unusual, I would say, that as the result of consultation, hearings and a little give and take here and yonder on every side that the Committee on Banking and Currency has reached a conclusion and has presented a bill that is practically without controversy—a very unusual situation I would say. I might add it is a situation which illustrates the processes of legislation at its best—when the people holding diverging views may get together and discuss and consider the viewpoints of all who have an interest in the matter and reach a conclusion that meets with general and almost unanimous approval.

Now this is a very complicated situation. We have had bank mergers going on and we have a bank merger law. During the course of it some mergers have occurred that have received the disapproval, I might say, of the Department of Justice. The matter arose primarily out of certain bank mergers which, after they had occurred, the Department of Justice entered antitrust suits against six banks.

Now there had been a decision in Philadelphia which imposed an overlaying on the ordinary oversight and control by the agencies that ordinarily have regulatory control of the banks, that is the Federal Reserve Board and the FDIC and the Comptroller's Office of the Treasury Department.

The Department of Justice was insisting that those banks that had been consolidated already and which they claimed were in violation of the antitrust laws should dissolve and unscramble the eggs after it all happened. That raised a great deal of controversy and a great deal of confusion.

As an ultimate result, they have gotten together and agreed upon the bill which is here presented today—the effect of which would be, so far as the question of banking monopoly is concerned, the Department of Justice would still have jurisdiction.

In all the other cases of violation of antitrust laws; that is, alleged violations, the Department of Justice after the Comptroller's Office and the Federal Reserve Bank agreed to a merger of two or more banks, then within 30 days the Department of Justice must proceed, if they intend to proceed, against them instead of waiting until after the thing has happened and the eggs have gotten scrambled and then coming in and bringing a suit. That relieves that kind of situation to a considerable extent.

Now practically all these warring factions have agreed to that situation. That is the real important part of the bill.

There is a question as to the banks that are already consolidated. Six banks fell in that classification, three of which had consolidated and gone into business together. The eggs were scrambled. But they consolidated before the Philadelphia decision declaring the merger not in order.

There were three that went on after the Philadelphia decision had been made.

Some wanted to exempt all six of the banks, but as a compromise an agreement was reached that the banks which had acted in good faith before the Philadelphia decision should be exempt from prosecution by the Department of Justice, and the other three would have to comply with the requirements.

That is the main thing about the bill except this: The bill undertakes to clarify and limit the conditions under which banks may consolidate, with the authority always of the usual banking control agencies, such as the Comptroller of the Currency and the FDIC. With those exceptions, I think that is about what has happened in relation to this bill. As I have said, after all the controversy that has taken place over this matter during the last couple of years, it seems to me that the measure provides a very fine solution of the whole difficulty.

I had one little personal reservation about the bill, but I think we have to take the bitter with the sweet and stand by the compromise at which the two committees have arrived.

The provision which provides that after the Federal Reserve Board, the Comptroller's Office and the FDIC have all examined the situation in which a merger is desired and have all agreed upon it, the Department of Justice might, within 30 days, notify them that they were going to bring a suit seems to me to place an unnecessary veto over the other three Federal agencies who normally have control of matters regulating banks. It is hardly likely that any bank that has had all of the authority given to them by the normal agencies for bank control, if it receives notice or had a suit brought against it by the Department of Justice, would proceed. So it seems to me that that provision is more or less of a veto power on the part of the Department of Justice over all bank mergers.

However, the bill does provide a different set of circumstances under which the Department of Justice would be permitted to proceed with a suit to prevent a merger.

It boils down largely to a question of the Department of Justice, under the act, being required to use these standards when the main consideration is the convenience and the necessity in the community. The only authority that would be left to fix standards by the Department of Justice would be the monopoly provision of the Sherman Antitrust Act. If it is a question of creating

a monopoly under the Sherman Antitrust Act, then the Department of Justice may proceed. Otherwise they must proceed under the question of the convenience and necessity of the community.

Under all the circumstances, and considering the fine job which the Banking and Currency Committee has done in bringing this measure to a point where it can be accepted by nearly everyone, I would hope that the bill would pass in its present form, and that we let it go to the Senate where, I am informed, the Banking and Currency Committee of the Senate will probably accept it as it is.

Under those circumstances I very much hope that the bill will pass in the form in which the committee has recommended it. I reserve the balance of my time.

COMMITTEE ON AGRICULTURE

Mr. JONES of Missouri. Mr. Speaker, will the gentleman yield?

Mr. SMITH of Virginia. I yield to the gentleman from Missouri.

Mr. JONES of Missouri. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may be permitted to sit during general debate this afternoon.

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

There was no objection.

BANK MERGER ACT AMENDMENT

Mr. SMITH of California. I yield myself such time as I may consume.

Mr. Speaker, House Resolution 708 provides an open rule, with 4 hours of debate, for the consideration of H.R. 12173, the Bank Merger Act amendment.

Mr. Speaker, this has been a controversial subject for some period of time. It would appear, however, that in some manner, the vast majority of the members of the Banking and Currency Committee now see eye to eye on the solution, which is presented here in H.R. 12173. Some six members of the committee have expressed separate views in the report. The committee vote approving the measure is reported as having been 30 to 2.

H.R. 12173 will:

First. Establish a standard for use in considering all future mergers, to be used by the supervisorial agencies—the Department of Justice, and the courts. These are somewhat more strict than those presently embodied in the Bank Merger Act. They add to the traditional standard of a lessening of competition concept of convenience and needs of the community served. It will postpone consummation of mergers hereafter approved for 30 days to give the Department of Justice an opportunity to enjoin it. It exempts mergers consummated under the new standard from attack under antitrust laws, except the monopoly provisions of section 2 of the Sherman Act.

Second. It will exempt from all provisions, except section 2, mergers consummated before June 17, 1963, including the three pre-Philadelphia mergers now in court.

Third. It will exempt from all provisions except section 2, mergers consummated after June 16, 1953, and before enactment of H.R. 12173, except mergers against which antitrust suits had been brought before such enactment.

Fourth. It will require the court to use the new standards of the bill in all cases instituted before June 16, 1963, and before enactment, including the three post-Philadelphia cases now pending.

Since enactment of the bank merger law by Congress in 1960, there have been more than 2,200 such mergers in this country. Some of these have been clouded by a 1963 Supreme Court decision that banks are subject to the antitrust laws. The Justice Department has challenged in the courts six of the larger of these mergers.

The bill would permit bank mergers which substantially lessen competition, or tend to create a monopoly or which are in restraint of trade, provided—

> The anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

These guidelines are directed not only against monopolies but are also designed for the protection of depositors.

Mr. Speaker, I know of no objections to the rule.

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

Mr. SMITH of California. I yield to the gentleman from Iowa.

Mr. GROSS. Perhaps I should withhold this question until the bill is in the Committee of the Whole and some member of the committee is on the floor to answer. I cannot help but wonder if this bill will prevent some of the bank failures that we have been having in this day of highly touted prosperity. We have had an unusual number of bank failures in the last couple of years, led by, if I am correctly informed, the State of Texas in numbers. Again, I wonder if this bill will have any ameliorating effect upon the number of bank failures we are seeing while we are supposed to be wallowing so deeply in prosperity.

Mr. SMITH of California. I will say I do not know if this legislation will help, but I share the gentleman's concern over the number of bank failures that we have had in recent years.

Mr. GROSS. I thank the gentleman for yielding.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CALL OF THE HOUSE

Mr. HALL. Mr. Speaker, I make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

Mr. ALBERT. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 12]

Andrews, N. Dak.	Dorn	Pelly
Ashbrook	Dowdy	Pool
Baldwin	Ellsworth	Powell
Berry	Flynt	Resnick
Blatnik	Fuqua	Rhodes, Ariz.
Bow	Gibbons	Roudebush
Brademas	Grabowski	Roybal
Broomfield	Harvey, Ind.	Scott
Buchanan	Hicks	Selden
Cabell	King, Calif.	Springer
Cahill	Martin, Mass.	Teague, Tex.
Curtis	Martin, Nebr.	Thomas
Diggs	Matsunaga	Thomson, Wis.
Dingell	Mink	Toll
	Passman	Willis

The SPEAKER. On this rollcall 385 Members have answered to their names, a quorum.

By unanimous consent, further proceedings under the call were dispensed with.

BANK MERGER ACT AMENDMENT

Mr. PATMAN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the State of the Union for the consideration of the bill (H.R. 12173) to establish a procedure for the review of proposed bank mergers so as to eliminate the necessity of the dissolution of merged banks, and for other purposes.

The SPEAKER. The question is on the motion offered by the gentleman from Texas.

The motion was agreed to.

IN THE COMMITTEE OF THE WHOLE

Accordingly, the House resolved itself into the Committee of the Whole House on the State of the Union for the consideration of the bill H.R. 12173, with Mr. BOGGS in the chair.

The Clerk read the title of the bill.

By unanimous consent, the first reading of the bill was dispensed with.

The CHAIRMAN. Under the rule, the gentleman from Texas [Mr. PATMAN] will be recognized for 2 hours and the gentleman from New Jersey [Mr. WIDNALL] will be recognized for 2 hours. The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I yield myself 10 minutes.

Mr. Chairman, the House has before it today H.R. 12173, amendments to the Bank Merger Act of 1960. This bill was introduced on January 19 of this year after long and careful consideration of various proposals by both the Domestic Finance Subcommittee of the Banking and Currency Committee, and by the full committee.

It is a workable piece of legislation, designed to preserve the application of the antitrust laws to bank mergers. This fact alone warrants support for the bill.

The major purpose of this bill is to provide a single standard for the approval and adjudication of bank mergers prior to their consummation. Thus the bill avoids the difficulties of unscrambling bank assets. Under the Bank Merger Act of 1960 the bank supervisory agencies approved bank mergers on the basis of one standard and the Justice Department was free to attack these same

mergers under the Sherman and Clayton Antitrust Acts. The Supreme Court of the United States in the Philadelphia National Bank case in June of 1963 held that the Bank Merger Act of 1960 did not preclude the application of the antitrust laws to bank mergers. The banking agencies and the courts continued to act under distinct statutory authority. A majority of your committee felt that the law should provide a single standard to be applied by the agencies and the courts alike.

This is exactly what this bill does. The single standard that the bill establishes is found in paragraph 5(B). This standard gives primary emphasis to the competitive factors in bank merger cases. It allows the competitive factor to be overridden only in those cases where it is established by the proponents of the merger that the convenience and needs of the community to be served by the merger clearly outweighs in the public interest the resulting diminution of competition. It should be clearly noted that the burden of establishing such "convenience and needs" is on the banks seeking to merge; and when we say clearly outweighed we mean outweighed by the preponderance of the evidence.

H.R. 12173 also establishes a 30-day statute of limitations on the Department of Justice for bringing antitrust actions after a merger application has been approved by one of the banking agencies. However, this statute of limitations does not affect the application of section 2 of the Sherman Act, the antimonopoly provision, to such mergers. Furthermore, it should be noted that the bill provides that if an antitrust action is brought within the period the banks are enjoined from merging pending disposition of the suit unless the court orders otherwise. Here again the burden of proving that the merger should be consummated prior to the completion of the suit is on the banks.

The provision of the bill applying a statute of limitations to antitrust prosecution of bank mergers is carefully worded to make it abundantly clear that merged banks are not exempted from complying with the antitrust laws. Furthermore, the merger itself remains subject to section 2 of the Sherman Act, the antimonopoly provision, and is exempted from antitrust attack only to the extent that such prosecution would rest on the ground that the merger "alone and of itself constituted a violation of any antitrust laws."

This bill would also exempt from all antimerger provisions of the antitrust laws, except section 2 of the Sherman Act, mergers consummated before June 17, 1963, the date of the Philadelphia National Bank decision, including the three "pre-Philadelphia case" mergers now in the courts. These involve the Manufacturers Hanover merger case in New York, the Continental case in Chicago, and the Lexington, Ky., bank merger case.

This bill would also exempt from antitrust prosecution, except for section 2 of the Sherman Act, mergers consummated after June 16, 1963, and before enactment of this bill, except mergers against which antitrust suits had been brought before such enactment. In the case of these pending suits brought after the Philadelphia National Bank case decision, this bill would require the courts to use the new standard set forth in this bill in deciding whether these mergers should be approved.

In addition, H.R. 12173 states that banks whose prior merger applications have been abandoned or judicially blocked as a result of the Attorney General's opposition may make new applications without prejudice. These applications would be considered in the light of the standard established in this bill.

This bill also permits the Federal bank supervisory agencies, as well as any State banking agency having jurisdiction over the merging banks to intervene as a matter of right and be represented by counsel in any antitrust action brought by the Justice Department against a bank merger.

Finally, this bill provides for a de novo review by the courts in any bank merger case where the Justice Department has challenged a bank merger after the merger has been approved by the appropriate bank supervisory agency.

The key question involved in consideration of this piece of legislation is, "How does this bill affect the application of the antitrust laws as they apply to bank mergers?"

The answer is that it retains the application of the antitrust laws to bank mergers with the stated very limited exception found in paragraph (5)(B). This exception provides that where the proponents of the challenged bank merger can positively and without question show that the diminution of competition resulting from the proposed merger are clearly outweighed in the public interest by the convenience and needs of the community to be served then, and only then, can the merger be approved. This is intended to provide a heavy burden for the proponents of the bank merger to bear.

It also should be pointed out that this strict standard must be applied by the bank supervisory agencies as well as by the courts. This is an important and positive change from the 1960 act standard. Under that act the bank supervisory agencies could approve a bank merger even though it clearly had anticompetitive effects, since under the Bank Merger Act of 1960 the competitive factor was only one of seven factors to be considered by the bank supervisory agencies.

This bill, in contrast, makes the competitive factor preeminent. And the competitive standard to be applied is clearly that of the Sherman and Clayton Acts. In fact the language of paragraph 5 of the bill is taken directly from the language of sections 1 and 2 of the Sherman Act and section 7 of the Clayton Act, and intentionally so.

Your committee believes that the court should recognize the language and apply it accordingly. Any exceptions to the application of antitrust standards should indeed be rare.

I would like to emphasize again that, as far as the bank supervisory agencies are concerned, the standard established under this bill is a stricter standard for approving mergers than that in the 1960 act. Under this legislation competition is preeminent. Under the 1960 act competition was only one of seven factors to be considered by the bank supervisory agencies.

Now, it is important to understand that the whole purpose of the Bank Merger Act of 1960 was to make bank mergers more difficult rather than easier. This statute was a result of 6 years of work by committees of both Houses of Congress to arrive at a regulatory scheme which would slow down the rapid pace of bank mergers which took place between 1950 and 1960. In this 10-year period, over 1,500 bank mergers occurred.

During the hearings on the bill before you today, it was brought out that although the clear purpose of the Bank Merger Act of 1960 was to make bank mergers more difficult rather than easier, the three Federal bank supervisory agencies approved well over 90 percent of all bank merger applications. In other words, the congressional intent of the Bank Merger Act was not fulfilled in the administration of that act.

A principal purpose of H.R. 12173 is to emphasize more strongly than ever Congress intent that the bank supervisory agencies must enforce bank merger laws in such a way as to preserve effective competition and to stop the trend toward ever-increasing concentration in commercial banking. It should be made very clear that there is no intent on the part of the committee to change the application of the antitrust laws as they apply to bank mergers. If the committee had wanted to do this, it would simply have exempted bank mergers from the application of the antitrust laws.

This, of course, is not what this bill does. This bill is intended to have the effect of making the bank supervisory agencies give substantially more emphasis to the antitrust standards in determining the competitive effects of a merger than they did under the 1960 law, so that the trend toward ever-larger numbers of bank mergers and ever-increasing concentration in the banking industry will not continue.

Another important section of this bill is that dealing with the exemption of previously consummated bank mergers from Justice Department action, as well as judgments already granted under the antitrust laws. This was a difficult problem for your committee. The bank mergers involved can be separated into three groups. One group consists of three merger cases brought by the Justice Department attacking mergers under the Clayton and Sherman Acts prior to the Supreme Court's decision in the Philadelphia National Bank case on June 17, 1963. The second group involved three antitrust actions brought against bank mergers consummated subsequent to the Philadelphia National Bank case decision in June of 1963. The third group involves bank mergers, over 700 since the 1960 act was passed and a total of 2,200 since 1950, which to date

have not been attacked by the Justice Department under the antitrust laws. These latter cases under present law are subject to such attack.

A majority of your committee felt that the three cases which were brought prior to the Philadelphia National Bank case should be granted exemption from further action by the Justice Department. The belief was that equity demanded further exemption of these mergers from prosecution because there was doubt prior to the Philadelphia case as to whether the antitrust laws applied to banks.

On the other hand, the three cases which the Justice Department brought against bank mergers consummated subsequent to the decision in the Philadelphia National Bank case did not have the same equitable claim since the banks involved in these cases were clearly on notice after the Supreme Court spoke that the antitrust laws would apply to their mergers. Therefore, your committee provided that in these three cases the courts before whom these cases are currently pending should apply the standard established by this bill.

Furthermore, it was felt by a majority of your committee that since the other 2,200 mergers have long since been consummated it would be unfair to the banks, their depositors, and the public at large to subject them to the possibility of dissolution of the merger long after the merger was consummated. Therefore, exemption from attack on these mergers was also provided, except for a suit under section 2 of the Sherman Act.

In his testimony before the committee, the Attorney General indicated that the Department of Justice had no intention of bringing antitrust action against such mergers.

In addition, it was felt that any bank mergers which were abandoned or judicially blocked previously as a result of the Attorney General's opposition should be allowed to make new application without prejudice in the light of the new standard for approving bank mergers proposed in this bill. The intention here was simply to provide equitable relief to any applicants that may have felt unfairly treated because of the previous uncertainties and confusion resulting from application of the 1960 act and the antitrust laws. There was no intent on the part of your committee to imply or suggest that any substantative change in antitrust laws had been made.

Another important feature of this legislation is that it provides for de novo review in Federal court for any Federal bank supervisory agency approval of a bank merger if the Department of Justice brings an antitrust action against such a merger. The intent here is to have the court completely and on its own make a determination as to whether the challenged bank merger should be approved under the standard set forth in paragraph (5)(B) of the bill. The court is not to give any special weight to the determination of the bank supervisory agency on this issue, but is to independently make a judgment as to whether the merger should be approved on the basis of the evidence presented to the court.

Mr. Chairman, I have attempted here to set forth what H.R. 12173 is intended to accomplish in establishing a single standard by which bank mergers may be approved under the Bank Merger Act.

However, before yielding the floor on this matter the House should understand that this complex problem is once again before us not because of any failure on the part of the Congress. The Bank Merger Act of 1960 was a clear and unequivocal statement of congressional intent—that intent was to stop the bank merger movement and to eliminate increasing concentration in the banking industry. The Federal banking agencies have failed to carry out this mandate. Since 1960, concentration in banking has increased—the pace of bank mergers has continued virtually unchecked. Thus, Congress once again is called upon to act to do the job it had previously delegated to the banking agencies.

The thorough hearings held by your committee on this bill fully document this laxity of enforcement of the laws by the three Federal banking agencies. None of these agencies receives its moneys from Congress. None of these agencies is subject to audit by the General Accounting Office. In fact two of these agencies—the FDIC and the Comptroller—obtain their income from levies on the banks; the other—the Federal Reserve Board—lives off the income from its portfolio of Treasury bonds and notes. Thus, while each of these agencies is a creature of the Congress they are not subject to the will of Congress in the expenditure of public funds. No Member of this House would advocate that the ICC be supported by the railroads or that the SEC receive its appropriations from stock exchanges. Such a system would be unthinkable. Yet this is the privileged position the banks enjoy under the friendly and paternalistic supervision of the banking agencies. Pending before your committee are several legislative proposals designed to reorganize those agencies—to consolidate their activities, to improve their performance, and provide for a single Federal interpretation of our banking laws. Under the present inadequate system each of the agencies may have a different interpretation of the same legislative language and frequently do. Thus, at the present time a State bank subject to the regulation of Federal Reserve Board, and a national bank, subject to the supervision of the Comptroller's office, both banks subject to the same statutory controls, will nevertheless be required to comply with different standards. This is clearly an intolerable situation. In the course of the current session I feel certain that your committee will bring a bill to the floor of this House to correct these deficiencies.

Mr. WIDNALL. Mr. Chairman, I yield myself such time as I may consume.

Mr. Chairman, I rise in support of the bank merger bill, and I would like to answer some charges that have been made as to its effect on the antitrust laws and other related allegations.

I believe, Mr. Chairman, that the bill has been explained sufficiently by the chairman of the Committee on Banking and Currency, the gentleman from Texas [Mr. PATMAN], quite fully as to the context of the bill.

H.R. 12173 does not attempt to make bank mergers easier by rewriting the antitrust laws; it would not automatically contribute to an intensely concentrated and less competitive banking system; nor does it pose an insurmountable problem for the courts.

The bill reaffirms, by establishing a clear set of standards, what the Congress sought to do 6 years ago. These standards are not essentially different from the criteria set up in the Bank Merger Act of 1960. Under the latter act, the banking agencies must weigh the competitive impact in relation to six banking factors in arriving at an ultimate decision to approve or reject a merger application. The banking agencies, however, were to have the final say in a merger case. H.R. 12173 establishes basically the same ground rules, but it more precisely states the conditions under which the banking agencies may approve a merger that is opposed by the Department of Justice. Furthermore, the bill gives the courts clear guidelines for weighing banking factors against competitive factors.

There are very good reasons for giving the banking agencies more of a say in merger cases than is accorded some other businesses. Through the processes of chartering, regulation, and examination, exercised by 3 Federal agencies and by 50 State authorities, bank competition is controlled on a continuing basis by those who have a broad working knowledge of the industry. And, unlike other regulated industries, these banking agencies do take into account the effect on competition as part of their normal consideration of merger applications. The Justice Department and the courts are not experts in banking because they do not have to be under today's narrow definition of bank merger transactions—which raises a question as to whether the strict application of antitrust laws cannot sometime, in fact, have a detrimental effect on a community.

Let us take, for example, the instance of a town having three banks, two of which are strong, aggressive, well-managed, and properly servicing the community. The other one is poorly run, has little prospect for adequate management succession, is not making the loans it should and, in short, is a declining institution. In this situation the third bank is a detriment to the community. Now if it merged with one of the other two banks there would quite obviously be a reduction in competition if one plays the game strictly by number. A strict interpretation of the antitrust laws might simply perpetuate a substandard financial condition. On the other hand,

the community would stand to gain significantly since the remaining two banks could better serve its economic needs.

I am rather dubious about the sacrosanct position that has been given to our antitrust laws, to the virtual exclusion of all other considerations. The antitrust laws were passed to make sure that competition in business and industry would not be eliminated by a few giant concerns in any given field. I would be the first to argue that these laws have helped the United States develop the most competitive and well-balanced economy in the world. But I would also point out that they have been given an aura of constitutionality which elevates the antitrust laws to a pedestal not intended for them, admitting of no additional factors which, too, might benefit the economy.

Under the provisions of H.R. 12173, the banking agencies would still be faced with the task of proving, to the Justice Department and to the courts, that the convenience and needs of a community are paramount to the effect on competition. If we accept the fact that occasionally this may be necessary and desirable, and considering the tedious route which must be taken to prove the point, I fail to see how this bill will lead to a rash of bank merger approvals.

The contention that undue concentration of banking would result from enactment of this bill can be argued ad infinitum. I venture to say that most of the economic studies upon which the opponents draw are concerned more with the question of branching as it may affect the cost and scope of services rather than the consolidation of banking power in a few institutions. Any large-scale move toward such concentration, however, would still be prevented under H.R. 12173 because both the banking agencies and the Justice Department are charged with seeing that it does not happen. Yet "free and open competition" does produce some casualties and I, for one, believe the banking system ought to absorb them whenever possible instead of letting depositors and the community suffer the consequences.

Let me reemphasize that the bill would not allow under any circumstances the approval of any merger which would violate section 2 of the Sherman Antitrust Act. This is a complete deterrent to mergers which would have a monopolistic effect and rightly preserves that element of antitrust law which must never be breached.

One new element of H.R. 12173 which has hardly been mentioned in the debate is the provision for premerger notification to the Department of Justice. Heretofore, the banking agencies would request an advisory opinion from Justice but could then approve a merger for immediate consummation. H.R. 12173 would hold up the consummation of a merger for 30 days in order to give Justice an opportunity to bring suit. Premerger notification has been sought in some quarters for many years and H.R. 12173 would grant it. A 30-day period will provide ample time for the Department to decide whether to contest a merger and it is 30 days more than the Justice Department has under existing law.

Finally, I wish to comment briefly on the charge that courts will not be able to effectively assess the banking standards in judicial review of a merger. This is a subjective admission of deficiency either on the part of the courts or on the banking agencies. Wherever directed, it is not worthy of acceptance. If the courts can accept legal evidence about banking from the Justice Department they certainly can accept banking evidence about banking from the banking agencies. Courts have the responsibility for reviewing all facets of our laws, not just the antitrust components, and the expertise and honesty of one should be presumed to be equal to that of the other.

Mr. Chairman, if legislation is the art of compromise, and I believe it is, then the pending bill is a classic example of the art.

Members of the Banking and Currency Committee have subjected the measure to long and searching study. Indeed, the committee has worked harder and longer on this bill than on any other in the 89th Congress.

It is no secret that these labors were marked by strong and spirited disagreement within the committee. All members sought the same objective: a fair and efficient procedure for regulating bank mergers in the public interest. The differences involved the approach to be taken to this goal.

Mr. Chairman, I submit that every Member of this body can take pride and find reassurance in the fact that the committee persisted in its deliberations, reasoned together, and resolved its differences in the spirit of constructive compromise. How well they succeeded is evidenced by the near-unanimous vote which brought the bill to the floor.

The measure warrants our support on its merits. It is sound, progressive legislation. It is the work of colleagues who are eminently knowledgeable and expert in the banking field. Mr. Chairman, a vote for this bill will be more than a vote for needed legislation; it will also reaffirm our confidence in the deliberative process which is one of the great and enduring traditions of this House.

I firmly support passage of this measure.

The CHAIRMAN. The gentleman has consumed 10 minutes.

The Chair recognizes the gentleman from Texas [Mr. PATMAN].

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. MULTER].

Mr. MULTER. Mr. Chairman, this bill I am sure will be approved by an overwhelming vote of the Committee of the Whole and of the House. I think it is a good bill and it deserves our support.

I daresay if a large segment of the banking profession in 1960 when we passed the Bank Merger Act had been a little more willing to compromise and showed more foresight, this legislation probably would have never been necessary and much of the litigation that ensued after the enactment of the 1960 act would have been avoided.

What we are seeking to do here now is to do what we should have done then; and to avoid further litigation to the extent that it is possible, and to avoid further differences of opinion between the various agencies that have jurisdiction in matters of this kind.

There is no attempt, of course, to get any of the agencies to give up their independent judgment or the exercise of their own discretion as it is brought to bear upon the facts of any particular case. But there is an attempt here and I think it is a successful attempt to lay down certain uniform standards—that they should all follow in arriving at their independent opinions.

I want to stress the fact that at no time has the Department of Justice been a supervising or a regulating agency so far as the banks are concerned. Nor do we seek by this legislation to put it in the position of a regulating or a supervisory agency in the usual sense of those terms. We would continue the Department of Justice, as it has always been intended to be, as the attorney for the people, as the attorney for the Government of the United States. The defect in the original Bank Merger Act was that instead of asking the Department of Justice to review and give its opinion on all of the banking factors that may be concerned in a proposed merger, at the instance of the banking fraternity, we limited that Department's opinion solely to the competitive factors. So the result was that whereas the agencies, taking into account all of the factors would arrive at an opinion that a merger was proper and should be approved, the Department of Justice, limited as it was as to its opinion, and the facts that it must take into account in arriving at its opinion, looking solely at the competitive factors, reported many times that the merger was bad because the competitive factors involved indicated a diminution of competition, and therefore a violation of the Clayton Act or of the Sherman Antitrust Act.

In many of the cases, if not all of the cases, that thus far have reached the courts and have been tried, the Department of Justice view, narrowed to the sole matters of competition, has been sustained by the courts.

If in the first instance, as is done here now, they had been required to take into account all of the factors, very few, if not most, of the cases that were brought would not have been brought, and if the court then had a right to determine the case in each instance that was before it on the basis of all the banking factors as well as competition, I have no doubt that many, if not all, of the decisions would have been contrary to the result as announced by the court.

So what we do now is say that all of these agencies shall take into account the same standards, the same factors, and arrive at their conclusion, and in reviewing what the agencies have done, before determining whether or not the Department of Justice will take any of those matters to the court, the Depart- of Justice will also review all of the factors and determine whether or not on

the whole case the matter should be brought to the court in order to prevent a violation of the Sherman Antitrust Act or the Clayton Act.

In that connection there may be an amendment offered which will seek to stirke out section 7(d) of the bill. Section 7(d) of this bill would permit the regulatory agencies, both Federal and State, if the State is involved—if there be a State bank involved in the merger, or even a national bank, for that matter, and the State authorities feel that there is something wrong about the proposed merger—section 7(d) would permit those regulatory agencies to come into court and be made a party and be heard for or against the proposed merger.

There is some objection raised to that section because under the law as we know it, generally speaking, the Attorney General is the attorney for the Government and represents all of the departments of the Government, and therefore the Attorney General should not be opposed by another agency of Government or its counsel. So the argument runs in favor of taking section 7(d) out of the bill.

I want to direct the attention of the committee to the fact that it is necessary and essential that these agencies be permitted to come before the court and give their views pro or con and their testimony pro or con, despite the fact that theoretically they would be in opposition, or counsel would be in opposition to the position taken by the Attorney General. If we do not permit them to come in as parties, in many of these cases they will be required to come in as witnesses. It is much better to have them come in and open their files to the court as a party to the proceeding with their own counsel, so that the pros and cons of the situation may be fully and fairly presented, not by the Department of Justice alone, which will be seeking to stop a merger, but also by those who are in support of the merger. They should all be given a fair and full opportunity to present their case.

If, as may happen, a State supervisory agency takes the position that the Department of Justice is right, it should be permitted to come in and be heard, to make a case in favor of the merger.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from Tennessee [Mr. BROCK].

Mr. BROCK. Mr. Chairman, there can be no question that the bill now before us goes a long way toward clearing up the confusion and chaos which now surrounds the whole field of bank mergers. Congress, in passing the Bank Merger Act of 1960, attempted to make its views clear that bank mergers should be weighed in terms of both banking factors and competitive factors with no single factor being the sole determinant of a merger's merits. However, the Supreme Court, in applying the Clayton and Sherman antitrust statutes, limited its consideration to one factor alone, that of competition.

There was little wonder that the banking industry was confused. Banks complied with the Bank Merger Act only to find that the courts were not judging the mergers on the same basis as the supervisory agencies. Consequently, two sets of standards were being used.

This bill establishes once and for all a clear set of guidelines which the banks, the bank supervisory agencies, the Justice Department and the courts can follow in considering the question of bank mergers. It seems to me that uniform ground rules of this type are clearly in the public interest. In so doing, I also believe we have simplified, clarified, and strengthened present antitrust legislation.

At the same time, those banks which merged under the law of the land should not be split up now because the Supreme Court saw fit to change the ground rules. Under the Supreme Court ruling on the Philadelphia case in 1963, the Justice Department could challenge all bank mergers consummated since 1950 when the Clayton Act was amended. These mergers number more than 2,000.

Therefore, I am particularly pleased to see that the bill contains a provision immunizing mergers which took place before 1963 from further prosecution by the Justice Department. To do otherwise—to permit prosecution under new ground rules—would be completely foreign to the sense of fair play entrenched in American society. For those consummated subsequent to the Philadelphia case, we simply provide they shall be adjudged using the clarified standards of this bill.

The problem of bank mergers has been considered from every angle since the Clayton Act was amended in 1950. This bill, which considers both competitive and banking factors, offers the best procedure to protect the interest, needs, and conveniences of the public.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Wisconsin [Mr. REUSS].

Mr. REUSS. Mr. Chairman, I rise in support of H.R. 12173, amendments to the Bank Merger Act of 1960. This legislation has been controversial. It has generated strong feeling within the Banking and Currency Committee, among various agencies of the executive branch, and among different segments of the banking industry, as well as the public at large.

The principal problem, which has caused the greatest difficulty, is the extent to which the antitrust laws should apply to bank mergers. I have sought to develop a standard which would satisfy to the greatest extent possible all parties concerned and, at the same time, maintain in force the application of the antitrust laws to bank mergers. I think your committee has succeeded in fulfilling this objective.

The result of this effort is the language in paragraph (5)(B) of the bill before you today. It is substantially identical with the language I drafted and sent to the Attorney General on October 20, 1965—see House Report 1221, January 24, 1966, pages 11–12.

It would be well to examine carefully the language in paragraph (5)(B) of H.R. 12173. The first thing that a careful examination of the language shows is that this paragraph retains the language used in section 7 of the Clayton Antitrust Act. That language concerns any merger transaction whose "effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly."

The next phrase in paragraph (5)(B) goes on to use the language, "or which in any other manner would be in restraint of trade." This latter phrase is intended to incorporate into the bill the standards of section 1 of the Sherman Act.

The inclusion of the very language used in the Clayton Act section 7, and the Sherman Act section 1, in H.R. 12173 was not merely a coincidence. This language was intentionally used so as clearly to indicate to the bank supervisory agencies and to the courts that the antitrust standards which have been developed over the last 75 years on the basis of case law definition of these statutory provisions are intended to be incorporated in the application of the proposed act. We are not establishing new standards which depart from well-developed antitrust standards. We are, on the contrary, stating that these antitrust standards should continue to apply to bank mergers.

In contrast to the Bank Merger Act of 1960, which incorporated the so-called banking factors as six of the seven factors to be weighed in approving a bank merger by the appropriate bank supervisory agency, this bill would make the competitive factor, as defined by the antitrust laws, the primary factor to be used both by the bank supervisory agencies and the courts in determining whether to approve a merger. The banking factors, as such, would not be part of the criteria for court approval of the merger. In place of the six banking factors, this bill substitutes "the convenience and needs of the community to be served."

The way in which this factor of convenience and needs of the community to be served is juxtaposed against the antitrust competitive standard is important. It means that an anticompetitive merger should be approved only in a case where the proponents of a bank merger can establish that the advantage of the merger in terms of the convenience and needs of the community clearly outweighs the anticompetitive effects of the merger. This intentionally creates a heavy burden for the proponents of a merger, and I anticipate very few cases in which this burden could be sustained.

In reviewing the activities of the three Federal bank supervisory agencies over the past 5 years, it is apparent that these agencies have been more liberal in granting approvals of merger applications than Congress intended when it enacted the Bank Merger Act of 1960. In fact, the express purpose of that act was to make bank mergers more difficult, not easier. Despite this fact, these agencies have approved well over 700 mergers, more than 90 percent of the merger applications presented to them.

On the other hand, the majority of your committee has also concluded that agencies presumably having particular expertise in the field of bank supervision should be allowed, in the first instance, to apply this expertise. Under circum-

stances sharply delineated in the bill, some departure from competitive criteria is allowed, but only when the public interest clearly demands it.

This bill clearly does not provide for the balancing of the banking factors against the competitive factor, as was the case in the 1960 act. The bill's intent is for the banking agencies, as well as for the Department of Justice, to give effect to the clear procompetitive anticoncentration thrust embodied in it. The bill does not provide a green light for the further development of an oligopolistic structure in the banking industry by successive waves of mergers in local, regional, and national markets.

It should also be pointed out that this bill in no way overturns the force and effect of the decision of the majority of the Supreme Court in the Philadelphia National Bank case. In that case, the Court held that section 7 of the Clayton Act and section 1 of the Sherman Act applied to bank mergers. And in the majority opinion, Justice Brennan incorporated a very broad definition of competition in banking which subsumed within it many if not all of the so-called banking factors included in the 1960 act standard. A brief quote from that opinion illustrates this:

> Competition among banks exists at every level—price, variety of credit arrangements, convenience of location, attractiveness of physical surroundings, credit information, investment advice, service charges, personal accommodations, advertising, miscellaneous special and extra services—and it is keen.

From this we can see that when the Supreme Court considered competition in banking, it considered a broad spectrum of factors to be included within the definition of competition, not simply a narrowly defined economist's definition of competition.

It is also interesting to note that in the same opinion the Supreme Court took an equally broad and flexible view of the application of the failing company doctrine as it applied to banks. On this subject the Court stated:

> The so-called failing company defense * * * might have somewhat larger contours as applied to bank mergers because of the greater public impact of a bank failure compared with ordinary business failures.

Thus, we can see that the Supreme Court in the Philadelphia National Bank case did not follow a rigid, narrow, technical definition of competition in applying the antitrust laws to bank mergers.

How would the "convenience and needs of the community" criterion apply in practice?

I envisage that in a community having say, 10 banks of relatively equal size, and where one of the banks was in difficulty—say with regard to a problem of management succession—the "convenience and needs of the community" would be best served if that bank were permitted to merge with one of the other 9 banks despite some resulting anticompetitive effects. Of course, it should be recognized that other factors would bear upon that evaluation. Consideration would have to be given to whether purchasers other than a competitive bank, were ready, willing, and able to acquire the bank with management problems. If such a purchaser were available, then the convenience and needs of the community could be met without any resulting anticompetitive effects. Certainly, that would be preferable. Another factor to be considered would be the real market in which competition in banking occurs. A single town might not constitute the competitive banking market for significant consideration. In such circumstances the community or section of the country constituting the actual market would have to be considered in making the judgment as to whether or not the convenience and needs of the community were being served. In other words, what might constitute some advantage for one small town might be insignificant in the actual competitive market—and, therefore, the "convenience and needs" justification for the merger would not outweigh the public interest in maintaining the competitive standard.

I would also like to emphasize that this bill makes the courts the complete and final arbiter of whether a bank merger should be approved under the standard established by this legislation. This is accomplished by providing for de novo review in a Federal court of any bank merger approved by a bank supervisory agency and challenged in the courts by the Justice Department. In such a case, the court shall determine independently of the decision of the supervisory agency, on the evidence presented to it, whether the proposed merger violates the standard established in paragraph (5) of this bill.

The gentleman from Iowa [Mr. GROSS] raised before, when we were considering the rule on this bill, the question as to what the effect of the law would be, after the enactment of this bill, on bank failures. Let me say in response to that extremely pertinent question that this bill does envisage that a merger might be validated by the regulatory agencies and the courts in order to prevent a bank failure. I hasten to add that we cannot rely on this merger bill as the exclusive bastion of defense against bank failures. It takes sound bank chartering policy by the Federal and State authorities; it takes sound holding company and merger policies; and, above all, it takes sound bank regulation. However, I think I can unequivocably state to the gentleman from Iowa that the effect of this bill would be to minimize and to lessen the danger of bank failures, which, of course, we are all trying to avoid.

I believe, in conclusion, that H.R. 12173 is a good faith attempt to be fair both to the banking community and to the public. I hope it will be favorably considered.

Mr. WIDNALL. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. DEL CLAWSON].

Mr. DEL CLAWSON. Mr. Chairman, the birth of this bill has been a rather interesting exercise in the legislative process. Some of you, I am sure, are aware of the problems of the Committee on Banking and Currency. The gentleman from Wisconsin [Mr. REUSS] mentioned the agony. I think it is perhaps the new image of this committee, as we carry it on into the 20th century, to call it the "agony and the ecstasy" in that we have finally come out, as we have done here, with this bill where we reached the kind of compromise of which the Committee on Banking and Currency can be justly proud.

Mr. Chairman, the need for clarifying legislation in the field of bank mergers has been evident for some time. The Bank Merger Act of 1960, which everyone thought was the final solution to jurisdiction over bank mergers, was nullified for all intents and purposes, by the Supreme Court in 1963.

Since that time the banking industry has been without ground rules covering mergers. There are some who contend that banks should be subject to antitrust laws identical to those applicable to other industries. But it is patently obvious that banking is not like other industries. Before a bank can be chartered, the bank regulatory agencies must be assured that such a bank would meet the needs and convenience of the community. The agencies must also be fairly certain that the bank, if chartered, will have a reasonable chance of succeeding. Entry into the banking business is controlled to make sure that excessive competition does not undermine the stability of the banking system.

Control over bank competition does not by any means stop once the charter is granted. Regulations spell out how much a bank can pay to attract deposits, how much it can lend to any single borrower, how much it must maintain in reserves, and a host of other limitations which, in effect, prescribe the extent to which any bank can compete with other banks and nonbank financial institutions. Periodic examinations of banks guarantee that these regulations are observed.

Using these methods—regulations and examination—competition in the field of banking is controlled on a continuing basis. And it is clear that the Federal bank supervisory agencies have more intimate knowledge of banking competition than any other agency of Government. Yet, those who want the final word left up to the Justice Department would, in its practical application, deny the public the expert knowledge these banking authorities bring to bear on a bank merger case.

The legislation before us today clearly establishes the banking factors, in addition to the competitive factor, that must be weighed in determining the impact of a bank merger. Moreover, the legislation specifically requires the banking agencies to obtain a report from the Justice Department on the competitive aspect of a proposed merger. The banking agency having jurisdiction—the Comptroller of the Currency if the surviving institution is to be a national bank, the Federal Reserve Board if it is to be a State bank which is a member of the Federal Reserve System or the Federal Deposit Insurance Corporaiton if it is to be a State nonmember bank—may then approve only those mergers which on balance meet the needs and convenience of the public.

If a banking agency concludes that the banking factors in a given case clearly outweigh the possible reduction in competition it may approve the merger. However, if the Justice Department feels the reduction in competition is severe it may bring action in a Federal court within 30 days after the merger is approved. The court, under this legislation, is required to consider both banking and competitive factors in its deliberations. Prior to this, bank mergers have been approved after consideration of six banking factors plus the competitive factor, by the action agencies but the courts have decided strictly on the basis of competition.

The bill now before us sets forth clear ground rules which must be followed by the banking agencies, the Justice Department, and the courts. This legislation is a major step toward eliminating the confusion that now exists.

Mr. PATMAN. Mr. Chairman, I yield 8 minutes to the gentleman from Ohio [Mr. ASHLEY].

Mr. ASHLEY. Mr. Chairman, the legislation before the House today, although in some respects highly technical, has a purpose which can be simply stated, namely, to establish orderly standards and procedures for the governmental review and approval or disapproval of proposed mergers in the commercial banking field.

This has proven to be a difficult area in which to legislate because it involves both administrative and judicial guidelines for considering bank mergers which may result in a lessening of competition but which nevertheless may be in the public interest.

This is not a new problem. In fact, it has been continuously before the Congress in one form or another since the early 1950's and was thought to have been resolved by the Bank Merger Act of 1960. However, recent Supreme Court decisions have underscored the necessity of clarifying in new legislation the applicability of the antitrust laws to bank mergers.

Before reviewing the history and content of H.R. 12173, I should like to point out that after many months of deliberation the Committee on Banking and Currency reported the bill before us by a vote of 30 to 2. In most respects it is responsive to the views expressed by the interested departments and agencies. Because it resolves conflicting interpretations which have been given to the Bank Merger Act of 1960, it has widespread support in the financial and banking community.

Briefly summarized, H.R. 12173 would establish a single set of standards for the consideration of future mergers by the banking supervisory agencies, the Department of Justice, and the courts under the antitrust laws—standards stricter than those in the Bank Merger Act, but which include both the effect of the merger on competition and the convenience and needs of the community to be served; it would postpone consummation of mergers hereafter approved for 30 days to give the Department of Justice an opportunity to enjoin them; and it would exempt mergers consummated under the new standards and procedures from attack thereafter under any provision of the antitrust laws except the antimonopoly provisions of section 2 of the Sherman Act.

The bill would exempt from all provisions of the antitrust laws, except section 2 of the Sherman Act, mergers consummated before June 17, 1963, including the three "pre-Philadelphia" mergers now in court, and it would exempt from all provisions of the antitrust laws, except section 2 of the Sherman Act, mergers consummated after June 16, 1963, and before enactment of the bill, except mergers against which antitrust suits had been brought before such enactment.

The bill would require the courts to use the new standards of the bill in all cases instituted under the antitrust laws after June 16, 1963, and before enactment, including the three "post-Philadelphia" cases now pending in court.

What this means, Mr. Chairman, is that more than 2,200 mergers consummated before the June 17, 1963, date would be validated. The Justice Department has no objection to this provision, with the exception of the three mergers now pending in court which were entered into after enactment of and based upon the Bank Merger Act of 1960.

This also means that the Justice Department, with respect to mergers consummated after June 16, 1963, would be required to initiate proceedings promptly, if it has not already done so, and it would require the courts to use the new standard of the bill in determining the legitimacy of these and future mergers. It is this standard, found in paragraph 5, that represents the most important legal change which the bill would make.

The courts have repeatedly held that under the antitrust laws, the social or economic benefits of a given merger cannot even be considered. In the Philadelphia case, the Supreme Court said:

> (a) Merger the effect of which "may be substantially to lessen competition" is not saved because, on some ultimate reckoning of social or economic debits and credits, it may be deemed beneficial. * * * [Congress] proscribed anticompetitive mergers, the benign and the malignant alike, fully aware, we must assume, that some price might have to be paid.

It should be particularly emphasized that this is no isolated dictum wrenched out of context. In the case of the Manufacturers Hanover merger, the Federal district judge, bound by the Supreme Court's decision in the Philadelphia case, expressed the resulting law in these terms:

> Thus, the Bank Merger Act would appear to sanction agency approval of a merger, even though it violated the antitrust laws, if, on a balance of all the designated factors, the agency decided that, nevertheless, it was in the overall public interest. A court, however, would be obliged to invalidate a merger found to violate the antitrust laws even though it served the public interest.

The purpose of paragraph 5 is to set the record straight and make it clear that banking services, furnishing the very lifeblood of the economy of any community, stand on a somewhat different footing from other forms of economic activity. It is a primary purpose of the bill to assure that the courts will never again dismiss as irrelevant the question of the need of a community for the services which a proposed merger may provide.

This is not to say, as some opponents have charged, that the bill would "wipe out" the antitrust laws. The bill recognizes that both the policy of fostering competition and the policy of promoting needed banking services have a legitimate claim to consideration as being "in the public interest," and that where there is an apparent conflict, it is not to be resolved by a rigid and doctrinaire insistence that either the one policy or the other shall at all costs be adhered to.

Mr. Chairman, H.R. 12173 is badly needed to clarify congressional policy in an area of utmost importance. It is a measure which has won bipartisan support in committee and throughout the country. I urge its adoption.

Mr. WIDNALL. Mr. Chairman, will the gentleman yield?

Mr. ASHLEY. I yield to the gentleman.

Mr. WIDNALL. On pages 3 and 4 of the committee report, it is stated that the bill—and I quote—"permits an exception in cases where it is clearly shown that a given merger is so beneficial to the convenience and needs of the community to be served—recognizing that effects outside the section of the country involved may be relevant to the capacity of the institution to meet the convenience and needs of the community to be served—that it would be in the public interest to permit it."

Would the gentleman care to comment on the precise sense in which the word "so" is used in this paragraph?

Mr. ASHLEY. Yes; and I am glad that the gentleman has raised this question.

The word "so" is used in the sense of "in just such a degree," and relates directly to the last clause of the sentence from which the gentleman has quoted. In other words, the merger must be shown to be sufficiently beneficial in meeting the convenience and needs of the community to be served that, on balance, it may properly be regarded as in the public interest.

Mr. WIDNALL. Would the gentleman please explain the intent of section 3 of the bill?

Mr. ASHLEY. I might say that section 3 of the bill was inserted out of an abundance of caution to express a legal result which we now believe would probably have followed in any event. There is no mystery about it. We merely wished to make it clear that if a merger transaction should hereafter be approved under the standards in this bill, and then be attacked in an antitrust suit, the banks would be entitled to a trial on the merits based on the law and the facts as they exist at the time of that suit and not as they may have existed at some prior time. In other words we wished to foreclose any possibility that the Justice Department might make the plea of res adjudicata in some future suit involving the same banks with whom it had litigated the legality of their

merger under the antitrust laws prior to the enactment of this bill. That is all that section 3 is intended to do.

Mr. WIDNALL. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FINO].

Mr. FINO. Mr. Chairman, I rise in support of this bill, but I do so with more faith in the objectives of the legislation than in the language used to achieve those objectives. There are several gaps in this bill that we had better plug by clarification. I say this because you will remember that today's situation stems from the Supreme Court's misinterpretation of the language we are about to replace.

The basic aims of this bill are fairly simple. It is to exempt from antitrust proceedings, except with regards to creating monopolies, the three banks that merged in reliance on the Bank Merger Act of 1960 prior to the 1963 Philadelphia Supreme Court decision. The second aim of the bill is to set up uniform standards by which mergers will be judged—that is to say that the Federal courts cannot use criteria different than those used by the bank regulatory agencies. This uniformity makes commonsense. The third aim of the bill, as I see it, is to weaken the applicability of the antitrust laws to banking by allowing economic factors to sometimes outweigh competition per se.

I am completely in favor of exempting the three banks which merged in reliance on the words of Congress in connection with the Bank Merger Act of 1960. I am in favor of uniform standards for agencies and courts. No one questions the wisdom of uniform standards. I also favor the occasional downgrading of strict antitrust criteria when competition per se is clearly not as important in a given situation as the economic effects of the merger—by which I mean better banking service to the community. Here, however, is where this bill starts to get into some trouble.

It is quite legitimate to spell out that competition per se is not something we should always worry about—especially where a merger that diminishes competition may very well better serve the banking needs of the community. I think we have an obligation, however, to spell out to the courts and to the agencies in question those factors which we think should be allowed to override purely competitive factors. Several of my colleagues on the Banking and Currency Committee brought up this point in separate views in our committee report. The AFL–CIO has also strongly made the point that competition should not be diminished where the lessened competition would make bank credit harder and more expensive to get for the typical man in the street. Sometimes bigger banks prefer different types of loans. This is something we ought to consider.

Better service to the community includes things like easier and cheaper small loans and mortgages, just as it includes better service to business. I would also like to say that I do not think the public interest of the community includes things like more drive-in banks and personalized checks. There will also be difficulty in defining the economic or geographic extent of the community to be served. This legislation could wind up being a Pandora's box for lawyers. To a degree, we cannot stop this legislation from being subject to ambiguity, and I want to say that I fully intend to vote for it, but I would like to see our discussion today make quite plain the feeling of Congress in several matters. One such important matter is this—one factor the banking agencies must consider before they approve a merger is the effect that the merger will have on the availability of small loan credit and the cost of that credit.

I believe the clarification of the proposed language of the bill is important. I hope this will occur in floor discussion and in the conference report.

There is another aspect of the bill that I find ambiguous. The intent of this legislation is to deal with mergers. The language of the bill, however, refers also to acquisition of assets of another bank, "either directly or indirectly." While we are primarily dealing with mergers, presumably we would want to include under our bill a stock acquisition which gave one bank full control over another's assets. The Supreme Court, in the Philadelphia case, commented on whether or not stock acquisitions were included within the scope of the Bank Merger Act. The Court thought they were not. In their dictum, they said:

> The Bank Merger Act applies only to mergers, consolidations, acquisitions of assets, and assumption of liabilities, but not to outright stock acquisitions.

Now Comptroller Saxon has just recently said that the old language does apply to a stock acquisition. In fact, he said it would apply to an 80-percent stock acquisition. The situation he has in mind is the affiliation of the Chase Manhattan Bank of New York with the Liberty Bank of Buffalo. Chase is buying at least 80 percent of the Liberty Bank stock.

My question is this: Does the Bank Merger Act apply to stock acquisitions?

We can look at this problem first under the old law we are about to change. The Supreme Court has intimated that the act does not apply to stock acquisitions, the Comptroller, who is known for stretching things, has said that it does. The present language refers to regulation of indirect acquisition of assets in each reference to a group of transactions. The language before us here today makes one reference to indirect acquisition of assets, and then there are no more references to the individual types of transactions, but rather they are summed up and collectively referred to as "merger transactions." To me, this language offers less scope to find that stock acquisitions are within the act than did the old language.

I think this is unfortunate. I think that a transaction of this type must be covered by this act. I say this because the Bank Holding Company Act presently does not include an interest in only one bank. Last year, we passed a bill to change this, but the Senate has not yet acted. Until the Senate should act, or if it does not, there seems to be a gap in Federal law through which an acquisition of a controlling stock interest in one bank may flow. We ought to plug it.

I know the distinguished chairman of the Banking and Currency Committee does not want this sort of transaction to go unregulated. He has said so. I know the distinguished Comptroller of the Currency is anxious to regulate such acquisitions. I am sure that the Attorney General, who is so concerned about the antitrust laws, would not support gaps in the Federal power. I know that the Chase-Manhattan Bank, which is affected by this matter, is anxious to have its affiliation directly passed on by the Federal Government—the Comptroller it would be—because the Chase Bank does not want to give any impression of trying to dodge regulation.

As I said before, there may very well be a gap in the Federal law with respect to this type of situation. There are, no doubt, some very real questions as to whether the situation should be dealt with today or in another way. I wish to bring the matter up, however.

To sum up, I think that the language of this bill must be clarified by congressional commentary. Otherwise, we will have problems. In 1946, the Congress passed the Full Employment Act. This bill could be the 1966 Full Employment Act for lawyers. Still, my comments relate only to the need to improve the language of the bill. I completely support the aims of the bill and I urge its passage.

Mr. PATMAN. Mr. Chairman, I yield 8 minutes to the gentleman from Pennsylvania [Mr. MOORHEAD].

Mr. MOORHEAD. Mr. Chairman, I rise in support of H.R. 12173. The purpose of this bill is to resolve the apparently conflicting interpretations which have been given to the Bank Merger Act of 1960.

However, some charge that this bill is intended to do much more than that and would relegate antitrust laws to the dustbins.

Mr. Chairman, this absolutely is not so, this is a tough antitrust bill.

Mr. Chairman, we are following precedents established by the Congress and the courts in the case of regulated industries. But in this bill we give the Department of Justice even greater power than it has in the case of other regulated industries. Furthermore, Mr. Chairman, in some ways we give the Justice Department greater power than it has over unregulated industry and greater power even than the Justice Department does not have but seeks over unregulated industry.

First, let us consider the fact that banking is a regulated industry. In the banking industry the public interest is represented and protected by a regulating body. In mergers in such a situation the custom is that the validity of a merger should be determined not exclusively by the competitive factors, but that the regulating body should also consider the public interest.

The Supreme Court of the United States gave such an interpretation to the Interstate Commerce Act in *McLean Trucking Company* v. *U.S.*, 321 U.S. 67, 87 (1945) where the Court said:

In short, the Commission must estimate the scope and appraise the effects of the curtailment of competition which will result from the proposed consolidation and consider them along with the advantages of improved service, safer operation, lower costs, etc., to determine whether the consolidation will assist in effectuating the overall transportation policy.

On November 22d of last year, the Supreme Court cited and quoted McLean Trucking Co. in a per curiam decision, *Seaboard Air Line R. Co.* v. *U.S.*, 34 LW 3181. In this case, an ICC order approving a merger was set aside by a three-judge district court on the ground that the Commission had not determined whether the merger violated section 7 of the Clayton Act. The Supreme Court reversed the lower court saying:

By thus disposing of the case, the district court did not reach the ultimate question whether the merger would be consistent with the public interest despite the foreseeable injury to competition.

In H.R. 12173 we are merely saying that first the banking authorities, and then the Attorney General, and finally the courts may approve a bank merger "despite the foreseeable injury to competition," if "the merger would be consistent with the public interest."

In the bill which is before us, we do not go as far as the Supreme Court did in minimizing the antitrust factors. We do not merely say that the merger must be "consistent with the public interest" as the Court said. We give greater weight to the antitrust factors by providing that the merger cannot be approved unless, "the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest."

Under precedents of Court and Congress, your committee could properly have gone much further but we chose not to do so. We chose to go only so far as is necessary to give consideration to factors which differentiate banking from other industries.

Furthermore, under the Banking Act of 1960, and under this bill before us today, if it becomes law, it should be recognized that the Justice Department will have greater power over mergers in the banking industry which is regulated than it has over mergers in other industries which are not regulated.

Persistent but unsuccessful efforts were made during both the Eisenhower and Kennedy administrations to enact legislation which would require business corporations planning mergers to notify the Government in advance. In 1956, a premerger notification bill was proposed by President Eisenhower, passed by the House unanimously, reported in the Senate, but died when Congress adjourned. To this day, there is no legal requirement that corporations, no matter how large and no matter how unregulated, need give premerger notification to any antitrust authority.

Last May, the distinguished chairman of the Committee on the Judiciary recognized this when he introduced H.R. 7780, a premerger notification bill which he said was virtually identical to bills he had introduced in the 84th, 85th, 86th, and 87th Congresses.

Such premerger notification legislation is not needed for the banking industry because under the act of 1960 and under H.R. 12173, banks proposing to merge must give prior notice to the Attorney General.

Finally, H.R. 12173 gives to the Justice Department a weapon which is not even asked for in Mr. CELLER's premerger notification bill or any other similar legislation which has been before the Congress and unable to pass for more than 10 years.

I refer to the automatic injunction feature. The general premerger notification bills which have languished in Congress for 10 years are not, in this respect, as tough on unregulated industries as this bill is on regulated banks.

This bill provides for an automatic injunction. The bill provides that the mere commencement of an action by the Attorney General "shall stay the effectiveness of the agency's approval." This is unprecedented. In every case that I know of, it is up to the plaintiff to obtain the injunction. In H.R. 12173 we have shifted the burden. The plaintiff automatically gets his injunction and it is up to the defendant to persuade the court to set it aside.

Mr. Chairman, the members of your Committee on Banking and Currency believe in the great free competitive enterprise system of the United States. The members of your committee believe in the great antitrust acts which have helped the free enterprise system to grow.

Mr. Chairman, the overwhelming majority of the members of the Committee on Banking and Currency believe that they have reported to you a bill which is consistent with both of those beliefs. We urge the enactment of H.R. 12173.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. MOORHEAD. Mr. Chairman, I yield to the gentleman from Wisconsin.

Mr. REUSS. The gentleman from Pennsylvania, in his very keen analysis of the bill, referred to the banking industry as a regulated industry. Is it not a fact that much of the regulation of the banking industry is regulation which any other industry would welcome with open arms? For example, in banking, if you are an existing bank, you are protected against competition by the fact that another bank cannot get a charter unless it meets some very stringent requirements; in many States branch banks cannot come into existence if they will be near existing banks; finally, as far as profits go, the Federal Reserve System worries night and day seeing to it that the banking industry makes adequate profits.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. PATMAN. Mr. Chairman, I yield 1 additional minute to the gentleman from Pennsylvania.

Mr. REUSS. Mr. Chairman, if I may just finish my question, Is not therefore the banking industry regulated in the most joyous way as far as the banks are concerned, and therefore should not the antitrust laws, as clarified in this bill, be applied in their full vigor to that kind of industry?

Mr. MOORHEAD. I would say to the gentleman that the banking industry is regulated in some ways in which they probably do not think represents a happy situation as far as they are concerned.

For instance, perhaps they would like to establish a new branch. They cannot do so without approval; whereas another business may be able to do so. They are regulated as to the amount of interest they can charge on accounts and with respect to many other things. This is why I believe there is a distinction, and this is why I believe we have carefully evaluated these factors which differentiate the banking industry from other industry and why we would apply the antitrust laws in their full force and vigor except for these factors.

Mr. WIDNALL. Mr. Chairman, at this time I yield 5 minutes to the gentleman from New York [Mr. HALPERN].

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I am delighted to yield, Mr. Chairman, to the distinguished gentleman from New York, the chairman of the Committee on the Judiciary [Mr. CELLER].

Mr. CELLER. Mr. Chairman, this bill as I understand it, has had a rather stormy career, but all elements in discord have now been united. It is a sort of a compromise. There is an old adage, which is applicable to this bill:

'Tis not so deep as a well nor so wide as a church door, but 'tis enough. 'Twill serve.

Mr. Chairman, as one interested in the antitrust provisions of this statute, I understand that on page 4, section (b), the main thrust of the question of whether or not the antitrust laws are or are not violated is the anticompetitive effects of the proposed merger. That thrust is made very prominent and can only be outweighed—and it strikes me the key to the statement is "outweighed"—by the so-called words convenience and needs of the community.

Am I correct in that?

Mr. HALPERN. That would be my interpretation.

Mr. CELLER. And that when the courts would be called upon to determine what is meant by the convenience and needs of the community, they would have to look lower in the paragraph on page 4 and be aided by the following:

In every case the responsible agencies shall take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and the needs of the community to be served.

Now, those last words are rather difficult to comprehend. It would take one rather expert in semantics to precisely

know exactly what they mean. But nonetheless they do tend to explain what is meant by "convenience and needs."

However, the important thing is that if the merger is anticompetitive and is not outweighed by the so-called convenience and needs of the community, then the merger will be frowned upon and will be prohibited.

Am I correct in that statement?

Mr. HALPERN. That would be my interpretation of it.

Mr. CELLER. Then, under those circumstances I believe, while I am not particularly married to the idea and I do not like a weakening of the antitrust laws, since this is a compromise—and all good legislation is the result of compromise—I believe it is acceptable and I personally shall vote for the bill mainly for that reason.

Mr. HALPERN. I thank the gentleman for his contribution.

Mr. TODD. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman from Michigan.

Mr. TODD. I would like to call the attention of the distinguished chairman of the Committee on the Judiciary to the language which appears on page 4, line 15, which states as follows: "public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served."

The phrase "public interest" was inserted in this bill during the executive session to, I believe, qualify the intention of the phrase "convenience and needs of the community."

This means that the overriding public interest had to be served by whatever you are doing in order to serve the convenience and needs of the community. It was to make the antitrust intent tighter in its application than it would have been if we simply left the phrase "convenience and needs of the community" in by itself.

Mr. CELLER. I believe the gentleman has nailed that down in the report in the last full paragraph, the last sentence of the full paragraph, on page 4, when you say:

> However, only the convenience and needs of the community to be served can be weighed against anticompetitive effects, with financial and managerial resources being considered only as they throw light on the capacity of the existing and proposed institutions to serve the community.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to the gentleman.

Mr. BROCK. In order to clarify this phrase, I think it is necessary to refer to the committee report on page 4, and I would like to read this to you. I think it is very important that we do clarify it. This is in the first full paragraph on page 4 of the committee report.

It says:

> Your committee has taken this opportunity to revise the archaic and inappropriate phraseology by which existing law expresses the so-called bankng factors as applied to bank mergers. It had its origins in the National Bank Act of 1863 and has become successively less appropriate as it was copied into the Federal Reserve Act in 1913, later into the Federal Deposit Insurance Act of 1933, and then finally again into that act in 1960. Its meaning in the present context is much better expressed as "the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served."

That is where the community interest and the public interest is applicable.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. WIDNALL. Mr. Chairman, I yield the gentleman 4 additional minutes.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I yield to my colleague, the gentleman from New York.

Mr. MULTER. I would like to make this brief comment with reference to this matter of the public interest. I believe it was the intention of the Congress originally in 1960 when we enacted the Bank Merger Act that the public interest should be paramount in making any determination with reference to a merger. The words "in the public interest" are again written into this bill now and will remain in the law so that there will be no question but that the courts and the agencies must take the public interest into account.

Mr. CELLER. Of course, that nullifies what I have been saying. It is the public interest which must be secondary. It is the anticompetitive effect that must be primary. That is the thrust of the wording of this bill. And only where the public interest outweighs the anticompetitive effects and the burden of proof is on those who seek the merger to show that there is an outweighing of the anticompetitive effects of the public interest.

I think you must be very careful in interpreting that.

Mr. MULTER. I think we are saying the same thing. If the public interest outweighs the anticompetitive effects the merger will be approved.

Mr. WELTNER. Mr. Chairman, will the gentleman yield?

Mr. HALPERN. I am happy to yield to the gentleman.

Mr. WELTNER. Would not the gentleman think that the antitrust laws and the preservation and application thereof constitute the public interest?

Mr. HALPERN. I would think so; yes, sir.

Mr. WELTNER. Would the gentleman not then think that what we should do in properly acting upon bank merger legislation is to assure that the antitrust laws do indeed apply to banks as well as to every other institution and business and enterprise in the country?

Mr. HALPERN. Definitely so.

Mr. WELTNER. I thank the gentleman.

Mr. BROCK. That is exactly what we have done in this law.

Mr. HALPERN. Inasmuch, Mr. Chairman, as all this colloquy has been extremely helpful in establishing the legislative history on this bill and since I have yielded thus far to my colleagues, I would now like to use the time that has been assigned to me and if I have any additional time, I will be very happy to yield further.

Mr. Chairman, as a member of the House Banking and Currency Committee, I have followed closely the course of the legislation now before the House, and I can say without qualification that H.R. 12173 represents the finest achievement of our legislative process. We began with almost as many opinions on this legislation as there were interested parties. And after months of hearings and many committee meetings, I believe that we now have a bill which restores order and reason to the law which governs the merger of banks.

I believe that the Subcommittee on Domestic Finance, which held extensive hearings on this issue, did a marvelous job of bringing out all the divergent opinions which made it possible for the ultimate shaping of the bill before us. The chairman's full committee and the efforts of many individuals were herculean, and I think this is amply reflected in the quality of the bill we are now discussing.

Under the provisions of this bill, all relevant factors would be considered in passing upon a proposed merger, and no single factor would be determinative of the issue. The regulatory agencies, the courts, and the Department of Justice would all employ the same criteria, and this uniformity would serve to guide those in the banking industry concerned with advancing the competitive position of their institutions within permissible legal limits. At the same time, no substantially anticompetitive merger would be permitted, unless the needs and convenience of the community would clearly outweigh any untoward accretion of market power.

Another salient aspect of this bill is its provision for a 30-day waiting period prior to the consummation of any approved merger. This period gives the Department of Justice ample opportunity to register any objections it may have with respect to the proposed merger, by applying for an injunction. I think it is important to note that this injunctive action would not be automatic, but would rest with the discretion of the courts. If grave doubts are to be raised about the legality of a merger, it is at this time—before consummation—that they should be voiced. For it is difficult to exaggerate the hardship entailed in endeavoring to unscramble a merger, and this is particularly unfortunate when the parties were acting in the utmost of good faith, on advice of competent counsel.

In addition to the timing of these judicial proceedings, their nature is also of significance. Under H.R. 12173, the regulatory agencies would be at liberty to intervene in any case initiated by the Department of Justice, to provide the court with the benefit of their expertise in the banking industry. I believe that it is in the best interest of all parties to this kind of litigation, to have a full presentation of all pertinent facts, particularly since the courts would examine such issues de novo.

Thus the present bill provides an orderly procedure for the timely consideration of all relevant factors, and authorizes the participation of all interested parties. It establishes, as well, a uniformity of standards to be applied by all decisionmaking institutions. I believe that this is a sound and fair bill, imaginative in its conception, which commands the support of the entire House.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Georgia [Mr. STEPHENS].

Mr. STEPHENS. Mr. Chairman and Members of the Committee, as you realize, the bill that we have before us today is a compromise measure. The first compromise in the bill is a compromise relating to six banks which were involved in litigation that came up under an interpretation by the courts that the antitrust laws pertain to banks. The compromise is between three banks that were merged prior to the decision of the Court and three banks that were merged after the decision of the Court.

In order to provide a compromise in those different situations, we have provided in the bill that the three banks which merged before the Court decision would stand as merged and the three banks which sought to merge after the Court decision would not be considered as merged. However, they could still have their day in court under the criteria provided in this new bill for bank mergers. They would still have an opportunity to come under the provisions of this statute. Those are parts of the compromise in this bill.

The major compromise in the bill is a compromise of divergent opinions upon the subject of whether or not the antitrust laws should pertain to banks or whether the antitrust laws should not pertain to banks. There has been a very strong division of opinion in respect to that in America, in banking circles, and in legal circles. The criteria that had been established for bank mergers seem to point to the belief that the antitrust laws did not pertain to bank merger procedures, and the first three banks proceeded under what they thought was existing law and merged.

The Court then came along and decided that the antitrust laws did pertain to the merger of banks, and, therefore, they enjoined the merger of the banks because, as they said, using the yardstick applied to other businesses, the merger was in diminution of competition and that alone would stop the merger.

What we have tried to do is to do what we should do. We should not leave up to the courts the interpretation of what we intended. So this bill is an attempt to exercise our duty, which is to set forth the intent of Congress.

The major compromise comes about in this fashion. The bill provides that the antitrust laws do pertain to banks, but that the banks being already regulated—the banks being different from any other kinds of business—the banks should be under the antitrust laws and the competition factors only if they are weighed in the light of considerations that are peculiar to banks. These factors we try to set up in the measure.

So we have compromised ideas and said that the antitrust laws do pertain to banks if the criteria for bank mergers are not met as set in the bill, but that diminution of competition in a merger is not the sole factor to be taken into consideration.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. STEPHENS. I yield to the gentleman from Ohio.

Mr. ASHLEY. Is the gentleman saying, as I believe he is, that it is the consensus of the committee, in drafting this bill, that the public interest is to be considered as combining the consideration both of the anticompetitive factors of a particular merger on the one hand, and, on the other, the needs and convenience of the community that may derive from that merger, which, as I say, may result in a diminution of competition; in other words, that the public interest has got to involve a consideration of both of these rather considerable factors?

Mr. STEPHENS. That is correct, and that is what we attempted to put into this bill as a compromise because of the flat statement of the Court concerning antitrust laws pertaining to banks which was: If there is a diminution of competition, there shall not be a merger. You have to take into consideration, too, that when we talk about public interest, we know public interest is already taken care of in the banking industry, even if we did not have this legislation, because it is a regulated industry. The justification of regulation is in the fact that banks affect closely the public and its interest must be protected. As a result of difficulties during the depression period we started regulation of the banks in order to protect the public interest. So this is merely a further cumulative step which protects the public interest in merger proceedings.

Mr. BROCK. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio.

Mr. STANTON. Mr. Chairman, I rise in support of H.R. 12173. I think we can all agree that it was the expressed purpose and intent of Congress when it passed the Bank Merger Act in 1960 to make certain that control of bank mergers should be in the hands of the appropriate banking supervisory agencies, and that while the competitive effects of a proposed merger should be considered, they were not to be given a predominant position.

These standards were repudiated by the Supreme Court in the Philadelphia National Bank and the Lexington Bank cases in which the Court decided that the Justice Department had the final say in bank mergers. Contrary to the intent of Congress, the bank regulatory authorities were relegated to advisory roles.

By taking such action the Court demonstrated that the 1960 act was not as clear cut as Congress thought, and it cast serious doubt on the validity of a large number of consummated bank mergers as well as prospective ones.

Last spring the Congress set out again to clarify the merger picture when the Senate passed a bill, S. 1698, which would exempt bank mergers from the application of the antitrust laws, unless challenged within 30 days. The Senate bill would place bank mergers in the same category as mergers in other regulated industries approved under other statutes which delegate to specialized agencies the responsibility of carrying out our antitrust policies. S. 1698 would also give sanction to all past mergers, including those against which the Justice Department has filed suits now pending in the courts. Finally, the Senate bill gives the Justice Department an automatic injunction against bank mergers with a provision allowing antitrust suits to be filed 30 days after approval by the bank regulatory agencies.

Mr. Chairman, with all due respect to the other Chamber, we believe that the bill reported by the House Banking and Currency Committee makes significant improvements in the Senate bill all along the line.

The Justice Department's concern over monopolistic tendencies should be allayed, by our application to banking of section II of the Sherman Act, prohibiting mergers which create a monopoly. Further, the banking agencies could not normally approve a proposed merger which would lessen competition.

If, however, the banking agencies find that the anticompetitive effects are clearly outweighed by the needs and convenience of the community, they may approve a merger.

These provisions, taken together, serve two beneficial purposes. They reinstate a measure of antitrust consideration which was lacking in the Senate bill, and they provide a banking standard that may allow economic assistance to a community even though a merger tends to lessen competition in that community. It is this statutory balance that was intended in 1960, but obviously not achieved.

Moreover, the bill before us preserves this balance by allowing the Justice Department 30 days in which to file an antitrust suit against a merger, which would automatically enjoin its consummation, while at the same time providing that the merger may take place pending judicial proceedings, if the courts so decide.

The committee bill goes one step further, though, in that it directs the courts to apply the banking standards as well as the competitive standards in any judicial proceeding attacking an approved merger transaction. Thus, in a merger case about which the banking agencies and the Justice Department disagree, the courts would make the final decision weighing both the needs and convenience of the community and the effect on competition.

Mr. Chairman, not only does this bill set forth a single set of bank merger standards for the supervisory agencies, the Justice Department, and the courts, it also gives these standards equal weight as between economic and competitive circumstances, and it assures this equilibrium through the entire review procedure.

I am convinced that we have a bill which is structurally sound and one

which can clarify the application of antitrust laws to bank mergers.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. STANTON. I yield to the gentleman from Tennessee.

Mr. BROCK. Am I correct in assessing the weight of the gentleman's statements to the effect that a proper definition of the term "in the public interest" would be the inclusion of "the convenience and needs of the community?" That is what we mean. Is that not so?

Mr. STANTON. That is the point that was made earlier on the floor of the House, and that is certainly my interpretation.

Mr. BROCK. I thank the gentleman, and I concur.

Mr. WELTNER. Mr. Chairman, will the gentleman yield?

Mr. STANTON. I yield to the gentleman from Georgia.

Mr. WELTNER. Is the gentleman saying that the only criterion for public interest as used in this bill is some standard developed around the adequacy of banking facilities?

Mr. STANTON. No, I do not think that would be the interpretation at all. I think that point was cleared up by the gentleman from New York who went further in clarifying it.

Mr. WELTNER. If the gentleman will yield further, the gentleman did not mean to imply, I trust, that under the antitrust laws as they now exist any diminution of competition would be in violation thereof.

Mr. STANTON. I would not say that. No.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. MINISH].

Mr. MINISH. Mr. Chairman, I rise to speak in support of H.R. 12173, amendments to the Bank Merger Act of 1960.

When S. 1698 was sent to the Banking and Currency Committee for action, the Domestic Finance Subcommittee, of which I am a member, held extensive hearings on proposed amendments to the Bank Merger Act. We heard testimony from Government agency witnesses, representatives of individual banks and bank associations, law professors, professional economists, and others.

It became clear that the issues involved in this area were quite complex and in some respects controversial. Under these circumstances it is understandable that the bill that was finally reported out of the Banking and Currency Committee could not satisfy all the interests involved.

However, considering this background, I feel that this is a good piece of legislation, a workable compromise between those who feel that the banks should be exempt from all application of the antitrust laws and those who feel that the Justice Department should be given exclusive responsibility for determining whether a proposed bank merger should go unchallenged.

The reasons why I feel this bill deserves support are:

First. That it establishes a single standard by which the bank supervisory agencies and the courts shall decide on the legality of a proposed bank merger.

Second. That this bill establishes competition as the primary factor in determining whether a bank merger shall be approved by the appropriate bank supervisory agency.

Third. That it provides for de novo review by the courts of any proposed bank merger approved by a bank supervisory agency which is challenged by the Department of Justice.

Fourth. That it establishes a procedure for the review of proposed bank mergers which will eliminate the necessity for the dissolution of merged banks which have been found in violation of the antitrust laws.

It is clear that the intent of Congress in passing the 1960 Bank Merger Act, which was to discourage bank mergers rather than encourage them, has not been fulfilled by the application of the 1960 act by the bank supervisory agencies. Since 1960 these agencies have approved well over 90 percent of all bank merger applications presented to them. In establishing a single standard by which bank mergers shall be approved, it should be clear to the bank supervisory agencies that the single standard established by this bill puts far greater emphasis on the competitive factor in approving a bank merger than did the standard under the 1960 act. In the 1960 act competition was only one of seven factors to be considered by the bank supervisory agencies, and competition could be outweighed in a particular case by any one of the six other so-called banking factors.

In this proposed legislation, on the other hand, competition is preeminent, and only where the proponents of a merger can show a preponderance of the evidence that the convenience and needs of the community to be served clearly outweigh the anticompetitive effects of a merger, only then can the competitive factor be overridden.

It should also be clear from the language of paragraph (5)(b) of this bill, which establishes this single standard, that the competitive factor to be used is drawn directly from Clayton Act section 7 and Sherman Act section 1. Thus, all of the principles developed over the last 75 years in regard to these statutes, such as the definition of relevant market and the failing company doctrine are carried forward unchanged by this proposed legislation.

Because I feel that this piece of legislation directs the bank supervisory agencies to give more weight to the competitive factor in determining whether to approve a bank merger than the Bank Merger Act of 1960, and because I feel that this bill leaves virtually intact the application of the antitrust laws to banking as announced by the majority of the Supreme Court in the Philadelphia National Bank case, I strongly urge the support of this legislation.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. WELTNER].

Mr. WELTNER. Mr. Chairman, I am somewhat reluctant at this point in these proceedings to interrupt a calm and tranquil afternoon. I feel somewhat as an intruder in the glade of a great consensus.

However, Mr. Chairman, there is another view, and I should like to direct myself to that view.

At the outset I wish to say that I believe the mechanical portions of this bill are quite good. We need a speedy resolution of these matters, so that if a merger is to be contested in court, it might be on with and over with. I have no quarrel with the forgiveness of the three banks who merged prior to the Philadelphia decision in 1963, and I believe that to be in order, looking at the broad inequities of the matter. However, the central thrust of this bill is not to create a new procedural action for the quick determination of the validity of mergers, nor is it to resolve the troubles of three or four—or five or six—major banks in the country. The main thrust of this bill has to do with basic legislation that has been a strong guide in the growth of our country for 70 years—the antitrust laws.

Mr. Chairman, I for one do not agree that this is simply a little, perfecting amendment. I do not agree that the purpose of this bill and the entire import and thrust of it is simply to clarify the existing law. Nor do I agree that this is a simple, clearly understandable standard to which the wise and honest might repair. As a matter of fact, I think that just the opposite of each of these propositions is the fact.

We have given lipservice, throughout the course of this afternoon's discussion to the proposition that the antitrust laws are important, and we have all joined in saying, "Yes, they are pretty important laws, and we ought to abide by them, and where it is not too inconvenient, we ought to recognize those laws except in certain circumstances where we ought to do otherwise." What are those circumstances? What is this clear, concise, plain, simple, little clarifying amendment to the antitrust laws?

Well, Mr. Chairman, if my colleagues will look on page 4 of this bill they will see that there is an admonition to the responsible agency that in carrying out this law, it do certain things. That responsible agency can be one of three entities within our governmental system. It can be one man, the Comptroller of the Currency in the case of the national banks; it can be a majority of the Board of Governors of the Federal Reserve banks; it can be a majority of the members of the Federal Deposit Insurance Corporation, of which the Comptroller is by statute a member.

But at any rate, the responsible agency is enjoined under this bill that it shall not approve any transaction which results in a monopoly, or would be in furtherance of any combination or conspiracy to monopolize or attempt to monopolize the business of banking. That is good, for we would all be in dire straits if it were to the contrary.

But, Mr. Chairman, let us look at section (B), because this is the heart of this matter. It states that the responsible

agency shall not approve any other proposed merger "whose effect in any section of the country may be substantially to lessen competition, or tend to create a monopoly, or which in any other manner would be in restraint of trade." That sounds fine until you come to that small word, "unless."

In effect, what we have said up to this point is that the Sherman Act and the Clayton Act must be obeyed by the regulatory agency in passing upon bank mergers. But then we remove the protection of the Clayton Act mergers which do tend to lessen substantially competition; mergers which do tend to create a monopoly; and mergers which do act in restraint of trade—provided a new standard is met.

What is that standard? Is it the simple, plain, clearly understandable, objective test that has been alluded to? Let me read it to you:

> Unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

That is the plain, simple test that this bill will now impose. Plain and simple—all it has to do is to clearly outweigh the anticompetitive effects in the public interest by the probable effect of the transaction in meeting the convenience and the needs of the community to be served.

Let us examine that, Mr. Chairman, because this is where I come to a parting of the ways with my colleagues. I do not think that this is clear. I do not think it is subject to any kind of judicial interpretation. I think that we will catapult ourselves into 70 more years of litigation as to the meaning of this if we depart from the antitrust laws as they have been delineated over the past 70 years.

What is clearly outweighed? How clearly outweighed? By what standard and on what scale?

What is the public interest? Some of my colleagues here have said that the antitrust laws are in the public interest. So do we outweigh antitrust laws in the public interest by something else in the public interest?

What about the convenience and needs of the community? I must confess I am one who has charged that this bill places drive-in windows and personalized checks above the antitrust laws. It is perfectly a logical and sound conclusion which can be drawn from this language.

After all, it is very convenient to have a drive-in bank next door, and it is awfully helpful when you cash a check in a grocery store to have your name printed on that check. But these factors should not outweigh the restraining and the beneficent effect of the antitrust laws of the United States.

As we have seen, "the convenience and needs of the community to be served" can outweigh, and discharge any obligation under the antitrust laws. What community to be served? Is a community a small town where there may be three or four or five banks? Is a community a regional trading center such as my city of Atlanta, which is the financial capital of the southeast? Or is it a whole area of the country or, indeed, is it the whole United States where the money market is fairly well determined in one city.

What is that community? Would it be New York City? Would it be the eastern seaboard? Would it be Decatur, Ga., or Stone Mountain, Ga.? Would it be Fairburn or Alpharetta, Ga.? Would it be Milwaukee?

That is the question? What community is it that is to be affected?

I have sought some response to this question in my mind and I must acknowledge that the report seeks to address itself in some measure to answering that point. It states on page 3 of the committee report:

> The bill acknowledges that the general principle of the antitrust laws—that substantially anticompetitive mergers are prohibited—applies to banks, but permits an exception in cases where it is clearly shown that a given merger is so beneficial to the convenience and needs of the community to be served—recognizing that effects outside the section of the country involved may be relevant to the capacity of the institution to meet the convenience and needs of the community to be served.

If you do not exactly understand that, let me read it again, because I do not exactly understand it and I have read this one sentence many times. It reads:

> Recognizing that effects outside the section of the country involved may be relevant to the capacity of the institution to meet the convenience and needs of the community to be served.

Well, I suppose this is something about regional competition. Does this mean it is all right to have only one bank in a State if that one bank competes with another bank of equivalent magnitude in an adjoining State—and provides personalized checks and a drive-in window? Is that what this means? I do not know.

So, Mr. Chairman, I must part with my colleagues when they say that this is just a simple little compromise and just clarifies the law as it now exists.

I would like to use what time I have to propound some questions, with the hope some Members of the majority might enlighten me on.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PATMAN. Mr. Chairman, I yield 5 additional minutes to the gentleman.

Mr. WELTNER. I notice my colleague and friend, the gentleman from Wisconsin [Mr. REUSS], is on his feet. I will yield to him at this point if he desires.

Mr. REUSS. I thank the gentleman. I was going to admit that we of the majority and the minority of this Committee on Banking and Currency who have joined in supporting this bill are not able to claim to the Members here today that we have answered every question and prevented the need for courts of law. Unfortunately—or fortunately, depending on your point of view—that need continues to exist. But I do not really think we have done so badly. The gentleman from Georgia alludes to and magnifies the venerable antitrust laws. Those laws, among others, contain the phrase that a merger is no good if it would be in restraint of trade. I do not think the phrase "restraint of trade" is self-executing either. That requires a court of law.

I suggest to the gentleman from Georgia that the words "convenience" and "needs of the community" are capable of some meaning. They will require court interpretation. But I think the legislative history that we are making here is not unreasonable. Indeed, when the gentleman from Georgia gets down to specific cases of what merger should be valid and what should be struck down, I do not think that there would be any disagreement between him and myself. So let us not get too semantically involved here. Let us remember that whatever language is adopted, it will take a court of law to do a little interpreting of it.

Mr. WELTNER. The gentleman agrees that if the proposed language is adopted, it will be many a case before the meaning has been fully extracted.

Mr. REUSS. We will need courts to interpret it, yes.

Mr. WELTNER. We will be embarked, then, the gentleman agrees, upon a long career of lawsuits to determine just what the Congress meant by this legislation?

Mr. REUSS. But it will be a far shorter career of lawsuits than would be the case if we did not enact this bill into law today, in my opinion.

Mr. WELTNER. If the gentleman will hold a moment, let us assume that we have a bank merger which tends to create a monopoly. I should like to ask the gentleman if he can suggest to me some circumstances involving the convenience and needs of the community where the tendency to create a monopoly may be clearly outweighed in the public interest by the probable effect of that proposed transaction on meeting the convenience and needs of the community to be served.

Mr. REUSS. I will be very glad to do so. Take a community with two banks. One of those banks is failing. In such a situation, even though the absorption of the failing bank will create in the community thereafter one bank, a monopoly, I think that that might well be upheld as a merger which would meet the convenience and needs of the community. Indeed, I remind the gentleman from Georgia that under existing antitrust law such a merger would be valid. I reiterate my contention that we are not here today in any way tampering with the existing enlightened interpretation of the antitrust laws.

Mr. WELTNER. Is the gentleman saying that this legislation does not affect the antitrust laws as they are written and presently interpreted by the Court, to wit, in the Philadelphia case of June 1963?

Mr. REUSS. I am so saying. I think under this law, as amended, a court could very well come to precisely the same conclusion as the Court did in the Philadelphia case, holding that the 30-percent concentration inherent in the merger sought in that case was not overweighed by the convenience and needs of the community.

Mr. WELTNER. The gentleman's response is encouraging. As one of the chief architects of this bill, his interpretation is helpful to me as one concerned about the application of the antitrust laws.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. WELTNER. I yield to the gentleman from New York.

Mr. MULTER. I thank the gentleman from Georgia. The gentleman has made a very fine exposition of his own viewpoint. I am sure, however, that the gentleman will agree that whether it is one agency or three agencies or the Department of Justice reviewing the case or the court reviewing a case at the instance of the Department of Justice, the same standards should apply in determining whether a merger should or should not be approved. Would not the gentleman agree with that statement?

Mr. WELTNER. I agree with that. I further suggest that the proper standard to be applied is that embodied in the Sherman Act and the Clayton Act.

Mr. MULTER. Mr. Chairman, will the gentleman yield further?

Mr. WELTNER. I yield.

Mr. MULTER. May I direct the gentleman's attention to the fact that we have to bear in mind in this country that banks originally were organized and given monopolies. In other words, we have an immediate divergence of purpose between the antitrust act and the original organization of banks in this country which exists even today. While they do not get a complete monopoly, they get a quasi-monopoly. In the chartering of a new bank they must take into account what the conditions are in the community. In addition to what our colleague, the gentleman from Wisconsin [Mr. REUSS] referred to as the failing bank, let us say it is not a failing bank. Let us say that there are two banks in the community, one of which takes its deposits and invests them only in Government securities. This is not a suppositious case. This is an actual situation which has occurred in many parts of the country. Instead of lending the depositors' money to the community to help build up the economy of the community, this bank invests its money in Government securities only. If that bank is being merged with another bank which is serving the community and lending its money to the community, do you not think that the public convenience is better served by that kind of merger?

Mr. WELTNER. Does the gentleman suggest that the proposed legislation will enable the banking agencies to direct whether the banking policy be liberal or conservative, expansionist or contractive?

Mr. MULTER. Oh, no.

The situation I just referred to, and that the gentleman from Wisconsin [Mr. REUSS], referred to, is that the Department of Justice and the courts will no longer be able to say, because of the cutting down in competition, because you have only one bank instead of two, that therefore they must take action.

Mr. WELTNER. The antitrust law does not prevent any diminution of competition, but only substantial diminution.

Mr. MULTER. In the cases referred to, it is very substantial diminution; instead of two banks we wind up with one.

Mr. WELTNER. This is a case of a failing bank, which has long been recognized by the court. It has nothing to do with this legislation. I am sure the gentleman from Wisconsin will agree with me, that we do not have to pass any bill to permit the approving agency to merge a failing bank in order to save it from insolvency. I am certain that the gentleman from New York, indeed, would say, as a well-educated lawyer, that the failing bank doctrine exists independently of any statutes which has been passed in the last 20 or 30 years. I yield to the gentleman for the purpose of responding to the correctness of that proposition.

Mr. MULTER. The gentleman is correct as far as he goes, but I have gone beyond the failing bank theory. There are many instances where we are not concerned with the failing bank, where there is an absolute and complete diminution of competition, yet under all the circumstances and all of the factors the courts should approve that merger just as the regulatory agencies may approve the merger.

Mr. PATMAN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. GONZALEZ].

Mr. GONZALEZ. Mr. Chairman, the bill before us today, H.R. 12173, has been appropriately named the Bank Merger Act. It is designed to facilitate bank mergers. It is even designed to give a few giant banks the retroactive consent of the Government to mergers which have been judged by the courts to have been consummated in violation of the antitrust laws. It is a bad design, one in which Congress will find no pride in the years to come.

I opposed the favorable report of this bill in committee, and I oppose the bill today. In my dissenting views, contained in the House Report No. 1221 accompanying this bill I stated that the new so-called guidelines are as vague and undefined a standard as any group of men could possibly dream up. I repeat that charge today. I refer to the language found on page 4, beginning on line 9, stating that an exception from the antitrust laws may exist where a merger is so beneficial to "the convenience and needs of the community to be served" that it would be in the public interest to permit it.

Later in the bill, on page 8, line 21, the same phrase is used: "the convenience and needs of the community to be served."

This is the standard which is supposed to remove the doubts about the law on bank mergers which are supposed to exist in the minds of untold numbers of bank officials and bank customers. But what, exactly, does that phrase mean? It is not defined in the bill, it is not defined anywhere. It is not certitude which this bill will create, but confusion.

I am in favor of uniformity in the law, but I am against vagueness. Vagueness is the cardinal sin in the drafting of new legislation. Why, one of the most profound revolutions in the history of man occurred in ancient times when, for the first time, the laws were put into a form which could be understood by the people. Once this was done the people could know what the laws regulating conduct were, and they could guide themselves accordingly. Once the laws were written down, the people were no longer subject to the whims and caprices of their rulers who would say what the law was one day and change it the next.

In the writing of the laws the greatest virtue is precision. If we write the law to let the people know, what do we accomplish by drafting language so vague that it is impossible to know its meaning?

Of course, the bill before us was not drawn in ignorance. It was drawn in mistake. For while some may think that this bill creates an exception or a loophole in the law wide enough to drive a bank through, there is a serious question as to whether even this much certainty will result. I have no doubts that some of the proponents of this measure, not all, are trying to accomplish with uncertainty what they could not do with certainty. For the original Senate version would have flatly exempted from the antitrust laws all bank mergers approved under the Bank Merger Act. This much could not be swallowed and the bill was somewhat changed before finally passed by the other body. Yet, the language of the original version of S. 1698 is highly instructive. It reveals the true intention of those who have struggled so mightily for passage of an amendment to the Bank Merger Act.

No one can doubt, after all that has transpired since S. 1698 was introduced last year, that the proponents would like to simply exempt banks from the antitrust laws. And that is why I say today, that they are trying to accomplish with uncertain and vague language what could not be done with express language.

And this desire on the part of some, the desire to remove the banks from the antitrust laws, has been so strong, has caused them to go to such extreme and undignified lengths, has obsessed them so, that it will be their undoing. This bill will not do what the proponents think it will do. It will not settle what they believe to be questions in the law. In fact, the questions that they themselves raised have been answered quite satisfactorily by the Supreme Court. But this bill raises more questions than it answers. There is only one place where these questions can be finally resolved, the courts.

So in passing this bill we are not setthing anything. The language is too vague to settle anything. We are merely laying the predicate for the next round of litigation. And the Supreme Court will have to be asked to tell us what we meant when we enacted the abomination we are passing on today.

In this morning's Wall Street Journal is a very significant article. I disagree

with much of what is said in this article which discusses the Bank Merger Act. But it is significant to me that the writer concludes that this bill "is so vaguely worded that the Supreme Court inevitably will be asked to define what Congress really meant, and the honorable Justices will have considerable leeway again to make their own law."

No reasonable person who has read this bill can conclude anything but that it is vague and uncertain. We who are responsible for it should not let it pass.

Mr. WIDNALL. Mr. Chairman, at this time I yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman and Members of the Committee, it was Edmund Burke who once said:

> All government and indeed every human benefit and enjoyment, every virtue, every prudent act is founded on compromise and barter.

In a sense, this bill is founded on compromise and barter. It is not what I would wish as far as antitrust is concerned, but when you compare it with what the Senate gave us, I certainly prefer this bill. I do not think anything has been stated concerning the justification in this bill for the immunization of the three banks that were merged prior to the so-called Philadelphia National Bank decision. I would like to give you the history and the justification of the provisions of this bill—the legislative history.

In 1950, with the passage of the Celler-Kefauver Act, to close a loophole that existed in the Clayton Act, section 7, so as to make it apply to mergers by means of acquistion of assets, a degree of confusion did develop as to whether the provisions of amended section 7 relative to merger by asset acquisition applied to banks. I for one—and I was in a fairly good position to know—did not understand nor did Senator Kefauver, of honored memory, understand that the Celler-Kefauver amendment to section 7 was to apply to acquistion of bank assets in cases of merger. To correct this supposed defect, in the 84th Congress and subsequent Congresses I repeatedly sponsored legislation that would specifically have placed bank mergers by asset acquisition within the prohibition of the amended Clayton Act, section 7. H.R. 5948 in the 84th Congress, for example, which passed this House but was not acted upon in the Senate, would have accomplished this. In the 86th Congress my bill, H.R. 4152, would have had this effect. In my opening statement in the hearings on H.R. 5948 in the 84th Congress I said among other things, and I quote my exact statement more fully:

> My bill would close the gap insofar as banks are concerned and prohibit bank mergers achieved by asset as well as stock acquisition where the effect might be substantially to less competition or tend to create a monopoly in any section of the country.

My statement to the House, when I introduced H.R. 5948, was noted by Justices Harlan and Stewart in their dissent in the Philadelphia National Bank case. At that time I explained:

> All the bill does is plug a loophole in the present law dealing with bank mergers * * *. This loophole exists because section 7 prohibits bank mergers * * * only if such mergers are accomplished by stock acquisition.[9]

In addition, in the hearings on the bank merger bill, Acting Assistant Attorney General Robert A. Bicks, in charge of the Antitrust Division, said:

> To remedy this problem present law seems inadequate. Clayton Act, section 7, as now written, is little help for present section 7 covers bank stock—but not bank asset—acquisitions.

Former Congressman Spence, former chairman of the House Banking and Currency Committee, when he commented on the floor of the House concerning the Bank Merger Act of 1960, stated:

> The Clayton Act is ineffective as to bank mergers because in the case of banks it covers only stock acquisitions and bank mergers are not accomplished that way.

Attorney General Nicholas deB. Katzenbach, testifying on S. 1698, the pending bank merger bill, on Wednesday, August 18, 1965, among other things, stated:

> Even though a good argument can be made that banks merging before the Philadelphia Bank decision had reason to doubt that bank asset acquisitions were subject to section 7 of the Clayton Act, there would have been no basis for believing that the Sherman Act did not apply.

The foregoing history makes it abundantly clear that the banking community could be confused with respect to whether Clayton Act section 7, as amended by the Celler-Kefauver Act, applied fully to bank mergers. The Clayton Act confusion was set to rest, on June 17, 1963, by the opinion of the Supreme Court in the Philadelphia National Bank case.

In these circumstances, Mr. Chairman, we have a perfect moral right, although it may not be justified legally under the Philadelphia decision, but morally, we have the right and the duty to grant immunization to these three banks, because of the confusion to which I just referred. There was substantial confusion. Indeed, if I were a lawyer and some bank had come to me and said, "If I were to merge with this particular bank by asset acquisition, would I be violating the law?"—meaning the Celler-Kefauver Act—in good conscience I would have had to say, "No," prior to the Philadelphia case.

Therefore, it is only fair and proper and just and equitable to immunize these three banks from the operation of the provisions of this act.

Now, Mr. Chairman, there is one provision that I would like to make reference to, and that is on page 6, subdivision (d), which states that in any action brought under the antitrust laws arising out of a merger transaction, there can be intervention by any of the agencies of the Government or any State bank supervising agency.

I do not know why that was put in except I think it was one of the pet projects of my good friend Jim Saxon, for whom I have an affectionate regard, and whom I look upon as a very dedicated public servant. But why do you permit the dragging in of the U.S. agencies is beyond my comprehension because it is going to prove as irritating as a hangnail.

This is very much like putting a second story on a ranch house. You simply do not do that. For that reason I again say I do not understand why it was put in. I am not going to offer an amendment, but I do hope, Mr. Chairman, you will take that out in conference, because it has no place in this legislation. I believe there is very little justification for anything like this. It is going to create confusion.

Mr. Chairman, I remember the story of the judge who had the greatest record of trial decisions. He tried more cases than any judge at all. Someone asked him what was the secret of his trying so many cases. He said "I would hear the plaintiff's case and then I made the decision." They said, "Well, did you not hear the defendant's case?" He said "I used to, but it confused me."

Mr. Chairman, this is going to create confusion worse confounded, and I hope that provision will eventually be eliminated.

Mr. OTTINGER. Mr. Chairman, will the gentleman yield?

Mr. CELLER. I yield to the gentleman from New York?

Mr. OTTINGER. I would like, Mr. Chairman, to comment on this last point of my colleague from New York, the worthy dean of the New York delegation.

There is no question in my mind that we have the courts to consider the convenience and needs of the community to be served and the banking services to be rendered to a community.

The Justice Department just is not adequately equipped nor does it have an adequate interest to speak to the court on that question. That is question on the facts which have been presented to the agency which had considered the merger in the first instance.

It is a question of specialized knowledge. It is a question that has nothing to do with the interpretation of the antitrust laws. It is the Justice Department's primary concern.

So if we establish this standard which requires the court to consider the convenience and needs of the community, then I think we should have the experts on that subject in court to testify with respect to it. Therefore, I feel it is a sound provision.

Mr. CELLER. We have never had it before and, I do not see why we should have it now. I would rather abide by the laws we now have than go into those we know not of. I do not think we should create a procedure in the courts that would constitute a sort of town meeting where every Tom, Dick, and Harry would stick his nose into the proceeding and try to get his oar into the situation. I fear me that that is what is going to happen. We have never had this before and there is no reason why we should have it now and I think it should be eliminated.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from Illinois [Mr. ANNUNZIO].

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[9] CONGRESSIONAL RECORD, vol. 102, pt. 2, p. 2109.

Mr. ANNUNZIO. Mr. Chairman, I rise in wholehearted support of H.R. 12173, to amend the Bank Merger Act of 1960.

Aside from the bill's substantial improvements upon the current state of the law, my support stems in no small part from a profound appreciation for the legislative statesmanship of so many of my colleagues on the Banking and Currency Committee, under the leadership of our great chairman, the gentleman from Texas.

I sincerely believe we have reported out a fine bill. Chairman PATMAN steadfastly insisted upon full and complete hearings on this very important proposal in which the needs and interests of the banking public are vitally involved. While many of us did not at the time fully appreciate extended hearings, looking back now, I can say with great conviction that we could not have done the job without all the expert testimony we received and considered. An important lesson I have learned in this, my first term, is that we legislators can give no less than a 100-percent effort in order to produce sound legislation, and this bill is the result of such an effort.

Simply stated, the primary purpose of H.R. 12173 is to provide a procedure whereby dissolution of merged banks may be avoided with an absolute minimum of confusion and uncertainty.

Under present law the courts can order dissolution of a bank merger consummated in complete good faith years before without any thought of restraining trade or substantially lessening competition. Banks, their stockholders, and the public are greatly inconvenienced when two banks combine, only to learn that the combination violated the law and, therefore, must be undone. Particularly is this true when large commercial banks have been merged into one single business and operated as such over a period of years.

H.R. 12173 would avoid the serious unsettling effects resulting from such dissolutions by no longer permitting antitrust suits against bank mergers unless brought within 30 days after approval of the merger by the appropriate banking agency.

This bill thus provides a 30-day statute of limitations with respect to section 1 of the Sherman Antitrust Act and section 7 of the Clayton Act. The general antimonopoly prohibition in section 2 of the Sherman Act would not be affected. Once bank management and stockholders should decide upon a merger, then the banking agencies would review the proposal to be sure that the public interest and needs are met. If the responsible agency then approves the merger, the transaction cannot be consummated prior to 30 days after that approval. If an antitrust action is not brought against the merger within the 30 days, the transaction may never again be challenged on the ground that it alone and of itself constituted a violation of any of the antimerger laws, with the sole exception of section 2 of the Sherman Act, as I have just mentioned. The commencement of any antitrust suit within the 30-day period would automatically stay the consummation of the merger unless the court decides otherwise.

So this, in a nutshell, is what the bank merger bill is all about—to provide a greater degree of certainty that bank mergers, once consummated, will not have to be undone. Of course, if the court should decide to permit consummation of a proposed merger which is contested within the 30-day period, the merging parties would be aware of the risks involved and take their own chances on the outcome of the litigation.

Businessmen require certainty in the law; they must know precisely what the rules are so that carefully laid plans may not end up in disaster. H.R. 12173 provides this certainty and that is why it is a good bill.

In addition to providing this clarifying procedure, which is, of course, the overriding purpose of the bill, H.R. 12173 would also afford blanket antitrust immunity to all mergers consummated before the law was settled by the 1963 Supreme Court decision in the Philadelphia case—except those mergers violating section 2 of the Sherman Act. The committee agreed upon this provision on the ground that many banks may have merged in reliance on the assumption that our antimerger laws did not apply to banks. It seems unfair to subject these banks to prosecution and possible divestiture when the applicable statute was not clear at the time they merged, even though competition may have been lessened as a result.

This proposal also directs the courts, in passing upon the legality of a bank merger, to take into account the overall public interest and not to decide the case just on the basis of some mechanical formula and find a merger ipso facto illegal because concentration is increased by x percentage points.

I understand that the Attorney General, who is responsible for enforcement of the antitrust laws, does not object to this feature. Mr. Katzenbach informed your committee that the courts do in fact consider the overall public needs in deciding merger cases and not just some rigid, theoretical legal standard. He clearly indicated his agreement that it would be desirable for the banking agencies and the courts to apply the same standards in passing upon mergers. Therefore, H.R. 12173 in no substantial way would amend or weaken the existing antitrust laws in terms of what is and what is not an illegal bank merger. It was clearly the understanding of the Banking and Currency Committee when we reported out the bill that the competitive factor would remain preeminent in bank merger cases. After all, antitrust law is not within the particular expertise of the Banking and Currency Committee and it is not our function to recommend changes in that body of law.

The so-called forgiveness provision and the new language in paragraph (5) (B) of section 1 of the bill were not the motivating factors in our favorably reporting this bill. I think the title of the bill confirms this conclusion:

> To establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks.

Thus, the other provisions are incidental and essentially unimportant.

Again, I would like to restate my appreciation to Chairman PATMAN and my colleagues on the Domestic Finance Subcommittee without whose rare ability and dedication we would never have succeeded in bringing before the House a sound bank merger bill. The public interest is the beneficiary, and I hope all Members recognize this and support Chairman PATMAN and your committee in passing it. Thank you.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from New York [Mr. RYAN].

Mr. RYAN. Mr. Chairman, I rise to express my grave reservations about the effect of H.R. 12173 on our antitrust policy.

The proposed amendment to the Bank Merger Act of 1960 promises to establish a uniform standard—but instead it proposes a vague standard. It promises to end conflicts of interpretation between Government agencies—but instead it encourages agency conflicts in the courts. Indeed, for all of its promises, the only concrete effect of this amendment would be to permit three mergers, two of which have already been disapproved by the courts.

The amendment may have one other notable effect: its ambiguous language may finally be interpreted to have narrowed the scope of the Clayton Act.

It is no secret that H.R. 12173 is before the House because of dissatisfaction with the Supreme Court decision in *United States* v. *Philadelphia National Bank*, 374 U.S. 321 (1963). That case held that section 7 of the Clayton Act had survived the Bank Merger Act of 1960 and applies to bank mergers. Its critics maintain that the Supreme Court misinterpreted the Bank Merger Act; that the Bank Merger Act prescribed a balancing act in which Clayton would stand or fall depending on the "needs of the community." However, the Supreme Court has the final word on the construction of statutes. The bill before us would restrict the application of the Clayton Act as regards banks and banking. As a matter of policy, it would mean that antitrust laws are not as applicable to banks as they are to oil.

Proponents of the bill construct several arguments to show that banks should enjoy a privileged position in our economy. One of their principal arguments is that it is particularly important to prevent bank failures, which unlimited competition can produce. This argument has merit. A bank failure not only injures a bank's owners, but it can be a community disaster. However, the merger of a failing bank would be permitted under the Clayton Act as it now stands. The courts have recognized a failing company exception to section 7's prohibition of acquisitions that tend to lessen competition substantially. See *International Shoe Company* v. *FTC*, 280 U.S. 291, 299–303. In the Philadelphia Bank case, the court specifically stated:

> Section 7 * * * does not exclude defenses based on dangers to liquidity or solvency if to avoid them a merger is necessary.

Rather than demonstrate that banks should enjoy a privileged position in our economy, economic studies indicate that concentration affects them in precisely the same way that it affects industry. A study by Franklin R. Edwards, senior economist in the Bureau of the Comptroller of the Currency, indicates that high concentration of banks leads to high loan rates, low rates on time and saving deposits, and high profits.

Some economists have taken the results of Edwards' study a step further, pointing out that a concentration of banks can lead to a concentration of industry. As banks become larger, the argument runs, they become less concerned with small loans. They begin to cater to large industries rather than small ones. Thus the concentration of banks may be more detrimental than the concentration of other industries, for it may have a multiplier effect which runs through the economy.

In any case, the committee majority has failed to demonstrate that the Clayton Act should not apply to bank mergers. Moreover, the proposed legislation is vague and ambiguous.

The language of paragraph (5)(B) of the bill points to the "convenience and needs of the community to be served." But what does this mean? I am afraid that the use of vague and unfamiliar factors and ill-defined balancing tests will produce confusion both in the courts and the banking agencies. How is a court to determine the effect of a bank merger upon the convenience and needs of the community to be served? Is the creation of a larger trust division an important convenience to the community? What does it mean to balance such a consideration against an increase in concentration in the local banking market? Just how does a court go about deciding whether the additional convenience for large borrowers of being able to float a $10 million loan in Philadelphia instead of having to do so in New York justified the possibility of higher interest rates resulting from merger and increased concentration?

Mr. Chairman, finally, I am persuaded by Attorney General Katzenbach's view as set forth in his letter of January 5, 1966, to the gentleman from Wisconsin [Mr. REUSS]. He wrote, page 17 of the report:

> In thus permitting the single factor of "convenience and needs" to override all other considerations, the proposal goes far beyond the desirable objective of achieving uniformity * * * and does not accord with my view that a substantive change in existing law is neither necessary nor appropriate.

Assistant Attorney General Donald F. Turner, who is in charge of the Antitrust Division, has publicly opposed the proposed legislation, pointing out that the bill is marred by the defects to which the Attorney General referred in his letter of January 5.

Mr. Chairman, I believe that this legislation will create many difficulties in the interpretation and application of the antitrust laws and should be defeated.

Mr. PATMAN. Mr. Chairman, I yield to the gentleman from New York [Mr. OTTINGER].

Mr. OTTINGER. Mr. Chairman, I rise in support of H.R. 12173.

This bank merger bill has been criticized unjustly as being too complex and too imprecise. I think it is neither.

The bill gives certainty and promptness to resolution of antitrust problems involved in bank mergers. This was badly needed. Presently merging banks are subject to attack at any time and in fact have been attacked by the Justice Department years after their consumation. The provisions that the Attorney General must bring suit within 30 days following a merger if a challenge is to be made against its anticompetitive effects is a simple and constructive remedy.

The bill provides uniformity in an area that has been chaotic. A single standard is provided for the regulatory agencies, the Attorney General and the courts where previously each had followed different standards.

The standard is clear and as adequately precise as is possible in an area of judgment where many factors play and there is a wide variety of situations to which the standard is to be applied. The public interest in competition is to prevail unless clearly outweighed by the public interest in meeting the convenience and needs of the community to be served. Certainly this convenience and needs standard is as definite as the words of the antitrust laws themselves when they speak of restraint of trade or tendency to monopolize in any section of the country. It is very analogous to the public convenience and necessity standard included in Federal and virtually every State public utility regulatory statutes.

The standard represents a good compromise between unadulterated application of the antitrust laws to banks and total exemption. It preserves intact section 2 of the Sherman Act as applied to banks and weighs other antitrust laws against the convenience and needs of the community, keeping anticompetitive factors predominant. Those who say that it has the effect of repealing the antitrust laws as applied to banks are misleading their colleagues.

There has been much concern expressed about permitting Federal and State bank regulatory agencies to intervene in antitrust suits. The claim is made that this will muddy up the waters and particularly that it will have the effect of having the Federal Government speak to the court with more than one voice.

It is my opinion that the most important consideration in an antitrust suit is to get all information adequately before the court. A court's decision, as that of an administrator, can be no better than his facts. Since the Federal and State regulatory agencies are very involved in these disputes and are in a unique position to inform the court on the facts, they certainly should be allowed to intervene, particularly since the new standard of this bill requires consideration of the convenience and needs of the community as to which these agencies are expert.

Furthermore, it is artificial in these situations to say that the Federal Government should speak to the court with one voice when in fact the interests and outlooks of its agencies are varied. The Justice Department has no real interest or expertise in applying banking factors, while the agencies do. On the other hand, the agencies have no interest or expertise in application of the antitrust laws and the Justice Department does. Why should not both views be presented before the court?

Indeed, in point of historical fact, the Justice Department and the bank regulatory agencies have been at odds more than they have been of one voice, and by a long shot.

This situation is not unusual. Each of the Federal regulatory agencies, banking and otherwise, has its own counsel. Each appears in litigation of its own right. The agencies are not represented by the Justice Department in litigation, except by the Solicitor General before the Supreme Court.

All in all, I think this is an excellent bill, creating certainty where there was doubt, uniformity where there was diversity, and a good resolution of the problems of protecting and promoting the public interest in bank mergers. I warmly urge my colleagues to support it.

Mr. PATMAN. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. TODD].

Mr. TODD. Mr. Chairman, I appreciate the fact that my distinguished colleague, the gentleman from Georgia [Mr. WELTNER] has broken the ice in opposition to the bill.

I rise in opposition to the bill which we have before us. Its limited usefulness is overwhelmed by provisions which display contempt for our free competitive enterprise system through the retroactive repeal of the antitrust laws to take two offenders and one alleged offender off the hook, and by a confusion of established practice of law by administrative agencies in section 7(d).

Furthermore, since the meaning of the 1960 bank merger act has already been clarified by the courts, I see no need to go through the judicial process again to gain clarification of a provision which will actually apply to nothing and do nothing until it reaches the Supreme Court.

In this connection, Mr. Chairman, I am very gratified to note that a number of my colleagues have said that this bill does not change the antitrust laws, that the public interest is paramount and that the antitrust laws are paramount in a preservation of the public interest. I think this is very important and to me it has been very gratifying in this discussion.

We have had some problems here today and I think we have had problems in the committee in defining what are the convenience and needs of a community. I would like to submit, Mr. Chairman, that these needs are best defined by the role that commercial banking plays in business. The role which commercial banking plays in the public interest is primarily and first of all the role of creating deposits and providing checking account services and, secondly,

making and suppling commerical loans at interest rates—interest rates established by the market.

I think it is interesting to note that a recent report of the Comptroller of the Currency contains several studies which have been made indicating that as competition goes down, interest rates on loans go up and interest rates on savings deposits go down.

This would indicate to me that the convenience and needs of the community are demonstrably not served by an increase in the concentration in banking services.

This is why I believe the inclusion of the phrase "public interest" as a modifier of the convenience and needs of the community is very important in the legislation as drafted before us. And by public interest, I mean the role which commercial banking plays, as illustrated previously. In this connection, I would like to call the Committee's attention to remarks which I noted during our own Banking and Currency Committee's discussion on this bill.

You will recall that we had a number of bills before us. Paragraph (5)(B) in the bill which was finally accepted, and finally written into the bill, was an attempt to make it clear that competitive factors are in a sense preeminent. With respect to section 1 of the Sherman Act and section 7 of the Clayton Act, where there is or may be a substantial diminution of competition, the burden shall be upon the merging institution to show that the diminution resulting from the merger clearly is outweighed by the needs and conveniences of the community.

Now aside from the needs and convenience of the community as expressed in low interest rates on loans and the availability of loans and interest rates on time deposits, I think we may tend to imply that there is some need for things such as the gentleman from Georgia [Mr. WELTNER] calls drive-in windows, or credit cards and Christmas clubs.

But I do not believe that this is one of the appropriate areas for a bank regulatory agency to consider when they talk about convenience and the needs of a community. We are talking fundamentally about banking services, which again are defined as they are in Supreme Court decisions and studies of commercial banking made by the staff of the Office of the Comptroller of the Currency. This is what we are talking about when we speak of convenience and needs.

I think we should be clear as to the role which the regulatory agency plays in the scheme of things. In the first place, the function of the regulatory agency is to keep banks sound. This means that it has to keep banks solvent and keep them from failing. As a consequence, the regulatory agency does have expertise in evaluating a merger and making certain that the institution which results will be viable.

In addition, the committee has decided that the regulatory agency should consider whether or not a merger may violate the antitrust laws. This, we hope, should prevent conflict between the regulatory agency or supervisory agency and the Department of Justice. It is not altogether certain that this will happen. If the supervisory agency approves the merger on the ground that it is not anticompetitive, or that it fulfills the needs of the community, it may, of course, still be challenged by the Justice Department if Justice feels that it is anticompetitive. This is clearly contemplated by this bill. Next we find, I believe, an area of some uncertainty in the bill. I think that this was brought to our attention in an earlier discussion. If the gentleman from Ohio [Mr. ASHLEY] is present, I should like to pose the following question to him. I refer to page 3 of the committee report, where the following language appears: "but permits an exception in cases where it is clearly shown that a given merger is so beneficial to the convenience and needs of the community to be served," and so forth. In a case such as this are we talking primarily about the effect on the local market of the merger, or are we talking about the service to the community in which the bank is located?

Mr. ASHLEY. I think the answer to that question is that it can be both. It depends on the facts of the particular case.

Mr. TODD. If, for example, the market is not served by the national money market, then you might say that the national money market should be considered in addition?

Mr. ASHLEY. This might well be a factor.

Mr. TODD. But if the institution is in there and has access to the national money market, there would be no need to bring in a large outsider.

Mr. ASHLEY. That would certainly be taken into consideration.

Mr. REUSS. Mr. Chairman, will the gentleman yield?

Mr. TODD. I am pleased to yield to the gentleman from Wisconsin.

Mr. REUSS. I merely wish to make sure that everything is perfectly clear here. The subject we are working on relates to paragraph (5)(B), which states as follows:

> (B) any other proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

So that there may not be any misunderstanding in what I am about to say, and if it is in collision with what might be in the mind of the gentleman from Ohio, I know that he will speak up. What is meant by that provision and what counts is the effect of the transaction in meeting the needs and conveniences of the community which that particular sought-to-be-merged bank serves. In considering the convenience and needs of that community, one may, of course, look at the situation outside of the community in the larger regional or national market. But conditions in that regional or national market are relevant only insofar as they affect the convenience and needs of the community to be served.

I should like to ask the gentleman from Ohio [Mr. ASHLEY] with the permission of the gentleman from Michigan [Mr. TODD] whether he disagrees with what I have said.

Mr. ASHLEY. I can scarcely disagree with my friend inasmuch as we worked hard and long over that language and that very interpretation of the language.

Mr. TODD. Would you not further agree that the convenience and needs of the community would be best served by whatever would bring them the lowest interest rates on loans and the highest interest rates on deposits, time-saving deposits—that this would be a consideration of the banking agency as well as the courts?

Mr. REUSS. There are, of course, other aspects to banking than loan policies and time deposit requirements. A bank has a trust department, frequently. A bank has an investment policy. A bank does some limited underwriting of municipal bonds. This whole conjury of bank services has to be taken into account in considering what is competitive.

Mr. TODD. May I ask the gentleman this: Would he be willing to sacrifice competition in commercial banking in order to achieve greater efficiencies in the trust department in a given area?

Mr. REUSS. My answer to that would be that the main business of a bank in this country is to make loans. This is the big thing. Therefore, while I would want to take into account what its trust department does—or for that matter what its travel desk does—obviously, banking is banking and commercial loans are its principal business.

Mr. WELTNER. Mr. Chairman, will the gentleman yield?

Mr. TODD. I am pleased to yield to the gentleman from Georgia.

Mr. WELTNER. Would the gentleman from Michigan agree that in determining what is in the public interest, in meeting the needs and convenience of the community to be served, it would be important to consider as probably primary among those factors, the free and open competition between banks unfettered by contracts or agreements in restraint of trade, undiminished by monopolies or near monopolies, and without being strictured by the creation of economic units intended to stifle free and open competition?

Mr. TODD. I think that the gentleman from Georgia states it very well. I think he indicates in his minority views the effect of lack of competition on a community in a given area.

The Supreme Court has said exactly what the gentlemen from Georgia said in defining public interest. The public interest is the preservation of competition.

Mr. BROCK. Mr. Chairman, will the gentleman yield?

Mr. TODD. I am pleased to yield to the gentleman from Tennessee.

Mr. BROCK. Is that not what we are trying to determine today, that we do not accept the Supreme Court's very limited interpretation of the law as set forth in the Bank Merger Act of 1960?

We are in effect spelling out that they did not take into consideration all of the intent of Congress, that there are other factors than the competitive factor, and the needs and interests of the community as broadly defined can override in certain circumstances the so-called competitive factor. Is that not correct?

Mr. TODD. I think the gentleman states it well, and it seems to me that this is documented in the floundering bank section of the report. Is that not correct? Here we are discussing what can happen in a community when the bank goes bad. We do not expect the antitrust law to prevent a supervisory agency from taking action if the bank goes bad.

Mr. BROCK. I do not believe that it is limited to that at all. There is much broader application. The needs of the community do not relate to the interest rate or to any other single function that the bank performs. The bank is in the service area. There are many different functions. I think that this is something that we as individuals cannot write into specific law because we do not know each specific case. That is why we have to write it as we have, to include the community needs and interests and services.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. TODD. I am pleased to yield to the distinguished gentleman from New York.

Mr. MULTER. We must keep clearly in mind at all times the history of banking in this country, if not throughout the world, has indicated that we get an unsound banking system when we have completely unrestrained and unrestricted competition. While it is fine to have as low an interest rate as possible on loans and as high a rate as possible on the deposits, obviously the one must come from the other. The interest received is earnings. The interest paid is going out to the depositors. One must have a fair balance of all these things and one cannot take into account one of these things without taking into account all of them. That is why in the banking field particularly we cannot look solely to the antitrust laws or the Clayton Act in order to arrive at a proper conclusion.

Mr. TODD. Yes; that is why we have bank regulatory agencies, to prevent unrestrained and unrestricted banking practices which could undermine the soundness of the banking system.

But some aspects of commercial banking—and, in my view, some of its most important aspects—are for the most part entirely unregulated by any of the bank regulatory agencies. For the most part, no agency regulates the interest rates which banks charge their commercial and industrial borrowers, and, unlike utilities, banks are not required by any regulatory agency to serve all comers. The only effective regulator of the interest rates charged on commercial bank loans is competition, and the only effective way to insure that free and open competition continues to play its important role is to make sure that the antitrust laws continue to apply in full force to every unregulated aspect of commercial banking. Moreover, since it is one of the basic assumptions of our national economic policy as expressed in the antitrust laws that the greater the number of competitors, the more vigorous competition will be, antitrust also has an important role to play in preventing any substantial diminution in the number of competing banks. That role was recognized by the Congress in enacting the Bank Merger Act of 1960 and, in my view, that role is recognized and reemphasized in this bill.

The remainder of my speech will be divided into three parts: First, a further explanation of the hopefully clarified, but probably confused, antitrust section of this bill; second, a discussion of a novel and most unexpected provision of the bill which will promote further chaos and conflict in the executive agencies, section 7(d); and third, I will offer amendments to strike from the bill the sections which are properly private bills for the relief of three banking institutions from the burden of being under laws which have been instrumental in preserving our system of free competitive enterprise.

The hopefully clarified but probably confused paragraph 5(B) which states:

> Any other proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

Although I do not take exception to the intent of paragraph 5(B), I consider it superfluous, and for that reason, not desirable. Its meaning, although presumably clear to those of us who have participated in the House Banking and Currency Subcommittee hearings on S. 1698, will not necessarily be clear to the courts in the future. In my opinion, it will require litigation to define with precision the manner in which this section would be applied. It therefore contributes unnecessary—and certainly unneeded—confusion to the bank merger situation.

The portion of paragraph 5(B) preceding the word "unless" is an international restatement of the language used in section 7 of the Clayton Act. This is not undefined, ambiguous language with meanings unknown to all. Indeed, it is clearly defined and precise, with exact and very specific interpretations and applications.

Therefore, the plain meaning rule of statutory interpretation must be applied by the courts in interpreting this section of the statute. The plain meaning is that the Clayton Act definition was conscientiously used by the committee and as such carries the meaning previously defined by the law and judicial interpretation. The portion of paragraph 5(B) which has been added to this traditional Clayton Act language, and which I consider superfluous, utilizes the term "Anticompetitive," which is, of course, of the same meaning as has been used in Clayton Act law and practice. In addition, it uses the term "public interest," as well as the phrase, "convenience and needs of the community to be served." I should like to discuss the interpretation of these phrases as brought out in the committee hearings.

The majority report states:

> The maintenance of a sound banking system and the promotion of healthy competition among financial institutions * * * is * * * the primary concern of your committee in recommending for enactment the bill reported herewith.

This recognizes, in my opinion, the proper function of the supervisory agencies, which concerns the maintenance of a sound banking system, as well as the role of competition, which is to provide public services at minimum costs.

That these two concerns are complimentary, rather than exclusive, has been well documented in the hearings, and is well accepted in much of the current literature on banking. For example, in the Senate hearings, Mr. Wallace Kirkpatrick, special counsel to the Independent Bankers Association of America, states:

> Moreover, although commercial banking is subject to a variety of governmental controls, the regulatory scheme does not cover many areas of banking and is particularly absent from the area of interrelation of bank and customer * * * competition regulates the market forces in those areas, and competition must be guaranteed its freedom by the protection of the antitrust laws so that it may perform its function * * * if banking were to be immunized from the antitrust laws, there would have to be, in the public interest, far more direct and pervasive Federal regulation than has been proposed.

This philosophy was also reflected in the report of the Comptroller of the Currency in 1963, where he stated:

> No principle of our private enterprise system is more fundamental than the presumption that public controls will be imposed only where they are clearly needed to serve carefully defined public objectives. This principle is reflected in the settled policy of this country to place primary reliance on individual initiative safeguarded by efforts to secure the maintenance of competition. We have departed from this basic policy only in industries which unmistakably call for special treatment. Banking has been one of those industries * * * one purpose of bank regulation is to maintain this essential confidence in the banking system by sustaining its solvency and liquidity * * *. A second criterion for bank regulation is thus to fashion the controls so that proper scope is allowed for the exercise of individual initiative and innovation.
>
> These dual objectives of bank regulation entail a balancing of considerations which may in some degree conflict * * *. Any unique form of bank regulation which is not essential to the preservation of the solvency and liquidity of the banking system must be regarded as a harmful impediment upon the capacity of banks to meet the public requirements which they are designed to serve.

This same view was expressed by the Board of Governors of the Federal Reserve System in its booklet, "Federal Reserve System Processes and Functions," published in 1963 that states:

> Fundamentally, bank supervision is directed to safeguarding and servicing the community's interest. In relation to individual banks, the objective is to foster the

maintenance of each in sound and solvent condition and under good management, in order to protect depositors and to assure uninterrupted provision of essential banking services. With respect to all banks, a further objective is to help maintain a banking system which will adapt continuously and responsively to the financial needs of a growing economy and in which individual units will compete actively in rendering banking services * * * given these aims, the major responsibility of supervisory authorities is to keep informed of the condition, operations, and management of the banks subject to their review and to contribute to the prevention or correction of situations that, through inadequacy of either banking capability or banking competition, might adversely affect the economy of the general public interest.

Likewise, as far back as 1962, the Comptroller of the Currency, Mr. James Saxon, stated:

The banks of our country are not * * * controlled in the same degree as the public utilities. This same difference is of vital significance in determining the proper role of competition in the field of banking. In the public utility industries, the cost conditions which prevail require in many instances the granting of monopoly powers as a means of assuring service and avoiding destructive competition. Accordingly, in that industry, in addition to the regulation of entry, the serving of public convenience and need is made mandatory, and the terms under which those services are offered are publicly controlled. Neither of these latter two forms of public control is applied to the field of banking.

In banking, even though entry is regulated, there is broad scope for the exercise of private initiative. Unfortunately, the significance of this distinction is not always fully understood. * * * There remains today, as in the past, a public concern to maintain confidence in the banking system. But we must not regard this objective as justifying protection against competition. For if the public controls in the field of banking were designed to provide a shelter against rivalry, it would also become necessary to require the mandatory provision of banking services at rates fixed by the public authorities. There would be no other way, under those circumstances, to protect the public interest.

Prof. Thomas G. Moore, in an invited contribution to "Studies on Banking Competition and the Banking Structure," printed by the Comptroller of the Currency, finds three factors relating to the public interest in the banking industry. He states as follows:

What is, in fact, the public interest in banking? It is at least threefold.

The first interest is in the safety of the funds of the public held by banks * * *. Therefore, we need supervision to keep banks solvent. This basis for regulating banking is akin to the public health laws and to inspection of restaurants. While competition will weed out those who cut too many corners, the public can be badly hurt in the process * * *. Second, the public interest requires that the banks furnish their services at the lowest possible rates. It is clear that regulation does nothing to foster this need. There is no meaningful control of maximum charges, nor anything to prevent banks from offering very low rates on savings accounts. Only competition safeguards the public interest.

The banking community is the custodian of a large part of the Nation's money supply; herein lies the third interest of the public in banking. The most desirable banking system would be one that was quickly responsive to the actions of the Federal Reserve. Banks will generally respond more quickly to a move of the Federal Reserve if there is considerable competition among them.

Thus, we can conclude that competition has a very real role to play in the operation of the banking system. While we need some regulation to insure the safety of depositors in the public interest, competition should be fostered as much as possible.

Thus, we find that the role of the supervisory agency, in the public interest, is to maintain solvency and liquidity of the banking system, and to promote, wherever possible, effective competition in the industry it supervises. The role of antitrust law is to protect competitive structure so as to allow maximum play of individual initiative in enterprise and to promote the maximum degree of self-regulation as far as the dispensing of services, charging of rates and maximization of profits are concerned. This role of competition, in the public interest, is well stated by the Supreme Court in the Philadelphia case, in its statement that—

Competition is our fundamental national economic policy, offering as it does the only alternative to the cartelization or governmental regimentation of large portions of the economy.

The phrase "community to be served" which has been written into section 5(b) appears with less degree of regularity in the committee hearings. A definition of the term used by the District Court for the Southern District of New York, which appears in the hearings was taken from the Federal Reserve Board, and is as follows:

While local markets handle most of the relatively small loans originating from local needs and based on local conditions, regionally or nationally known concerns, whose borrowings involve large sums, obtain most of their credit in a broader, even nationwide market. The changing allocation of their borrowing demand, region by region, in response to changing financial conditions helps keep interest rates in fairly close alinement.

In such ways geographically separated markets are linked in a broad national market. If lendable funds are scarce and costly in one center, the local supply will tend to be augmented by an inflow from centers where funds are more abundant and less costly. As a result, well-established borrowers with a high credit rating can obtain loans from banks or others, on much the same conditions in one city as in another. There are many regional credit centers—such as Chicago, Boston, San Francisco—but the largest share of the Nation's credit and money market business is transacted in or through New York City.

In many of the discussions appearing in the documents in the hearings before our committee, the "community to be served" and its "convenience and needs" are discussed together. Very often, these discussions are tied in with the Federal Reserve Board's definition of the terms which came out of the Transamerica case, that the economic functions of commercial banks are the relevant line of commerce:

These are money-payment and money-creation functions—and are dominant in the extension of short-term business credit.

Obviously, in these areas there are no other institutions competing with commercial banks. Various studies have indicated that medium to small size businesses are dependent upon local banking institutions for their credit needs, as well as other banking services. This means that borrowers whose limited size and credit needs are such as to render it impossible for them to enter the regional or national money markets are wholly dependent upon their local banking system for their needs, and that the interest charged them will reflect the conditions in the local market and not in the national market. Consequently, the maintenance of competition in a local market is of overriding significance in meeting the convenience and needs of the community. For example, three recent independent studies conclude that if market concentration is used as an indictator of the degree of competition in a given market, it is found that loan rates increase and interest rates on savings deposits decrease as competition decreases. This is in accord with economic theory; that a reduction of competition increases the cost of services to the public and decreases the prices at which those vendors who are still competitive are able to sell their services to those with concentrated economic power.

It is also estimated in one of these studies done by the Comptroller's office, that the concentration which existed in 36 major metropolitan areas raised bank earnings because of lack of competition in interest rates on loans by approximately $400 million, and decreased bank expenses because of lower interest rates on time and savings deposits by approximately $200 million with a gain to the banking industry of approximately $600 million, spread through these 36 communities. Because of the sophistication of the studies which led to these conclusions, I think it is very clear that the maintenance of competition is paramount to the "public interest" and "convenience and needs of the communities" standards.

It should be pointed out further that the relevant market area considered in these studies is the local market and not the national market area served by these banks. This is in accord with the general definitions arrived at by the Supreme Court decisions in the recent bank merger cases. This same general definition, the so-called 75 percent I.P.C. factor, is also used by the Federal Reserve Board and FDIC in determining the relevant market area, and was the subject of considerable discussion by the subcommittee in its studies.

The majority report, in its discussion of the floundering bank, is not entirely clear as to when the banking agency or the courts would be justified under the antitrust laws, in allowing a merger which "might result under general antitrust law criteria in a substantial lessening of competition." Under present law, should there be two banks in a small town and one of the banks be failing, it is very clear that a merger can be allowed. This is under a doctrine, which has its basis in industries outside of banking, as well as in banking, which holds that if a business is to disappear because of insolvency, it cannot be considered anticompetitive to merge it into a viable organization, that it is not in the public

interest to allow it to fail. The failing bank doctrine is an accommodation of solvency and antitrust considerations. It is an exception.

The floundering bank case arises when it is not absolutely certain that a bank is failing, but when it may be in a position of stagnation, which might lead, at a later date, to a closing of its doors. If its case is valid, it would appear that a court would be justified in allowing a merger under the failing bank doctrine.

On the other hand, there may be an implication in the report of the majority that it is procompetitive to permit a merger between organizations, provided the management of one of the organizations is, "unrealistically conservative," regardless of the size of the two merging institutions or the dominance of the resulting institution in its market. I think this is clearly wrong. I do not feel that it enhances competition to merge, for example, the second largest and sixth largest banks in a community, to make the largest bank of the community, because one of the two merging banks was unable to develop or attract top-quality management and was not willing to offer its stock to an underwriter. It might have been arguable that the sixth largest bank should have been merged with an aggressive smaller bank, resulting in no undue increase in concentration, but it does not seem reasonable that it was necessary to merge the second and sixth largest banks in order to take the management of one of the banks off the hook.

The law, as written, now requires that the supervisory agencies apply the same standards as the courts will ultimately apply to the merger. In a sense, this is a distinct improvement. Under the 1960 law, the supervisory agencies were instructed to weigh the so-called banking factors with the anticompetitive factors of a merger, and the supervisory agencies in some cases took the position that if a merger met the criteria of the banking factors, because it did not impair the solvency or liquidity of the banks, this could outweigh anticompetitive effects. It is now clear that the supervisory agencies must use the banking factors to evaluate whether or not a merger will result in a solvent and viable institution, and that they should not allow a merger unless this prerequisite is met. In addition, it is recognized that public policy requires the maintenance of competition in the market served by the merging banks, and they must not allow the merger if it has an anticompetitive effect.

Any court interpreting this passage and applying it to a specific antitrust suit is not required to pass judgment on the banking factors, but will apply the text of section 5(a) and 5(b) to the merger. It must be remembered that the court is in no way bound by the finding of the nonjudicial supervisory agency. The findings of the court are to be considered on the merits of the antitrust considerations of the case, and are in no way to be influenced or prejudiced by the supervisory agency's findings.

I approve the statute of limitation contained in paragraph 7, as well as the immunization of unchallenged mergers from actions under Sherman 1 or Clayton 7. I think this will give needed certainty to those banks that have merged or who will merge in the future.

A part of H.R. 12173 which this House should remove is paragraph 7(d), which would allow Federal and State bank regulatory agencies to intervene "as a party of its own motion and as of right, and be represented by its counsel."

Of the reasons why paragraph 7(d) is not only bad, but ludicrous, I would like to cite only a few:

First. Under our present laws, 5 U.S.C. 306, 5 U.S.C. 314, and 28 U.S.C. 507(b), the Attorney General, who is in charge of the Justice Department, is responsible for the supervision and direction of all Government court actions, and attorneys representing the executive in court are under his supervision. Paragraph 7(d) would be in violation of all three of the above statutes.

Second. The very reason why the Justice Department was created in 1870 was to bring all the attorneys for the various departments and agencies under one department. This was to end confusion and duplication. This was to end the practice of agencies hiring lawyers and then sending bills to the Treasury. When a governmental agency tried to send a $20,000 attorney's bill to the Government to be paid, the court of claims in the case of Richard Ross Perry against the United States in 1893, denied Perry's claim for $20,000 in fees, by stating that this was what the Justice Department was designed to prevent.

To pass paragraph 7(d) would be a return to a pre-1870 organization of Government.

Third. It would be a waste of the taxpayers' money to have the U.S. Government, as legally represented by the Justice Department, to be opposed by an agency of the United States. The executive must make up its mind and act accordingly; it cannot speak out of both sides of its mouth to the judge. Taxpayers' money should represent only one side of the lawsuit; to represent both would be an exercise in redundancy and deliberate waste. As a Member of Congress, I cannot support a paragraph which would waste taxpayers' hard-earned dollars.

Fourth. It would be improper for a governmental agency in these circumstances to oppose the Justice Department in court. This would lend encouragement to antitrust violations in the banking field, as banks would know that should they violate the laws, they would not have to bear much of the legal expenses, and that they would not have to carry the full burden of the lawsuit. They would know that a governmental agency might well be on their side.

Fifth. Paragraph 7(d) would be forcing the executive branch into the position of opposing itself in court. Such legislated confusion would create the impression that the President could not administrate the executive branch properly or that the President could not make up his mind. This is poor policy, promoting executive incoherence.

Sixth. With the administration opposing itself in court, no judge could remain sane for very long and understand who was arguing what. The Government should not seem to oppose itself in suit against itself. Fights in the executive branch of the Government must be resolved there. If it cannot be resolved among heads of agencies and Cabinet members, then someone higher should resolve the matter. The courts should not have to run the executive.

Seventh. There is also a broad and practical public policy issue at stake: Should the supervisory agency be the idea defender of its supervised institutions in court? Who are the banking agencies representing: the public or the banks that they regulate?

Insofar as a supervisory agency has a direct relationship with a bank, it would appear that its primary function is to maintain its solvency and integrity. In practice, the audits for the banks, and the evaluation of its statements, are designed to meet this end. Its function is not to protect the bank's stockholders, nor is it to serve the bank's management.

It is perfectly natural for any supervisory agency to identify itself with some of the problems which face the industry it supervises. It wants to see its industry prosper, wants to see it expand, and wants to provide it with protection and security.

Under these circumstances, it is advisable to have matters of broad public policy subject to review by agencies not directly involved, and wherever possible, under the ultimate jurisdiction of the courts.

As the views of Senators DOUGLAS, CLARK, PROXMIRE, and MUSKIE so clearly presented the situation in their supplemental views to the 1960 Senate report on the Bank Merger Act:

> There is a pronounced tendency in American life for the regulatory bodies which are set up to protect the public to become influenced and largely controlled by the very groups which they were created to regulate. In this respect, there is nothing sacrosanct about the bank regulatory agencies.

My attention was also attracted to a statement of Comptroller of the Currency Dawes, on page 744 of the Treasurer's report of 1922–23, in which he said:

> The Comptroller of the Currency should, in the governmental organization, be the representative and partisan of the national banks.

It would not be unnatural for this philosophy to have persisted, to a greater or lesser degree, to this day. This is why it is all the more important that final determinations in antitrust matters be made in the courts, and that no confusion enter the courts mind because a governmental agency, which may be a partisan of the banks it supervises, plead the case of the banks against the Antitrust Division of the Department of Justice.

Mr. PATMAN. Mr. Chairman, if Members will bear with me, I think we can conclude the debate in about 5 minutes.

I yield 5 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, we have here a private bill, which should be denominated as such, for the benefit of certain large members of the bank-

ing industry. I think the House ought to summarily strangle this legislation.

We have three distinct proposals wrapped into one legislative basket. Two of these are so limited and so private that I cannot see, in good conscience, why this legislation is being treated as other than private relief.

The first proposal is to grant a giant retroactive relief to three banks whose mergers took place before June 30, 1963. In the public mind this is the principal reason why we are considering this legislation today.

The rationale given in the report on this legislation is that "These three banks had reasonable grounds to rely on the authority of the banking agencies to approve mergers under the Bank Merger Act of 1960," and that "These three banks, acting in good faith, and their depositors and other customers and their communities should not be required to suffer the confusion, the disruption, and the losses which would result from further efforts to unscramble them."

This rationale is about as valid as other principles upon which the legislation is founded. Each and every one of these banks was faced with a court order before the merger became effective, posing this problem of disruption, and each and every one of the banks assured the courts that such disruption and confusion was both unlikely and a risk that they were willing to assume.

In effect, by asking for this relief, they are pleading that they deliberately misled the courts and now should be protected from the consequences of their prevarications.

Two of these three banks are in the multibillion-dollar category, while a third had a 90-percent share of its market, with a long history of predatory tactics. Two of these—the multibillion-dollar banks—Manufacturer's Hanover and Continental Chicago—have used every legal strategem to prolong a final decision in the hopes of just such legislation as we have before us now.

The third bank, Lexington, so outraged the district judge that he levied daily contempt fines to overcome the stalling tactics in this institution. These contempts have been since suspended upon appeal. Yet these are the banks whose good faith is vouched for by the committee report.

The second private proposal is even more murky and repugnant to good order. I refer, of course, to proposed subparagraph (d) of paragraph (7) which permits any Federal banking agency approving a merger which is subsequently challenged in an antitrust suit to appear in the suit by its own counsel and to present to the court the reasons for its action. The actual reason for this novel section is to allow the Comptroller to assuage his injured feelings by appearing in court in opposition to the Attorney General. I would point out to my friends in the Congress, including the distinguished freshman from New York, to whom I cannot yield at this time, that this is an unusual thing in the jurisdiction of the United States and one which we have never seen before in the Congress. It would be exceedingly unseemly for this body to dignify and justify his further excursions—and I refer to the Comptroller—by allowing this provision to remain. The public spectacle of individual subdivisions of the executive branch appearing before the courts in open conflict to quarrel publicly over broad questions of public policy certainly is going to do little to bring on a high estimation of the Federal Government.

The third important provision of this bill purports to redefine the standards applicable to bank mergers when tested in the courts. My good friend from New York got up to say that this is language that everybody can understand, referring to lines 14 through 17 on page 4. I would point out to him that this is absolutely novel language, both in the antitrust laws and in the language of public regulatory agencies which this Congress is charged with protecting and in the protection of which it is doing such a remarkably poor job today. There is indeed some hypothetical testimony in the hearings concerning the possible application of antitrust standards to failing banks, yet I note that never in the history of the antitrust laws have banks in a failing institution or indeed other industries been treated other than with great tenderness by the Antitrust Division of the Justice Department and indeed whether there be an official exemption in the antitrust laws or not, there has been for long practically such an exemption in the antitrust laws for such banks.

I am also assured that this redefinition will not allow mergers to take place when the banks are held by owners who insist on unrealistically conservative policies. That is, "the failing company" doctrine is not being extended to agency supervision of management policies.

I also note that this is the second piece of special-interest legislation in as many years affecting the antitrust aspects of the banking industry. Last year we gave a limited immunity to help the balance-of-payments problem. This year we are passing a private bill to protect two in-excess-of-a-billion-dollar banks and to inflate the ego of a certain functionary. I would be most appreciative if the representatives of the banking industry would tell us now what antitrust exemption they intend to seek next year.

In summary, I am opposed to this legislation for the following reasons:

First. It grants private corporations special immunity from the consequences of their actions.

Second. It divides the Government by enhancing the possibility of interdepartmental squabbling.

Third. It adds a possible period of uncertainty to the presently clear application of the antitrust laws to the banking industry.

I say this legislation, which has been so gingerly presented to the Congress and brought to us at arm's length in tongs, is unsavory legislation and should be returned whence it came.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROSTENKOWSKI. Mr. Chairman, I am delighted to have this opportunity to speak on behalf of the Bank Merger Act amendment. After painstaking consideration, the Banking and Currency Committee has favorably reported H.R. 12173 by an initial vote of 26 to 4 and a final vote of 30 to 2. I have followed this legislation carefully and sincerely believe it is a good bill which fills a vital need.

The bill establishes uniform standards for the consideration of future bank mergers under the antitrust laws by the banking supervisory agencies, the Department of Justice, and the courts. There has been serious confusion about bank mergers. Congress established certain standards in the Bank Merger Act of 1960. However, the Supreme Court decision in the Philadelphia case in June of 1963 put an entirely different light on these standards. This led to an intolerable situation where no one knows just what the ground rules are.

This bill not only clears up the confusion but sets uniform standards based on the committee's careful consideration of today's needs. Even though the bill was reported favorably by an overwhelming vote, there has been considerable publicity given to the minority views of the few dissenting members. One of these contentions is that the bill will not clarify the situation but will simply lead to additional confusion. After reviewing the bill, I conclude the judgment of the overwhelming majority of the committee was sound. While there obviously will have to be additional clarification and interpretation based on specific decisions in individual cases, the standards are clear and forthright.

I have been particularly impressed with this bill in the way it successfully recognizes the special requirements of the banking industry and yet—contrary to some assertions—maintains in banking the basic antitrust policies so important to the growth of our free enterprise economy. There is no question but what banking has a unique position in our economy. This was recognized long ago as Government moved into close regulation of banking. There are regulatory agencies in each of the 50 States, plus three Federal agencies, which regulate and examine individual banks in detail and also carry out broad, general control of the monetary system under powers granted by the Congress.

We all favor and, in fact, we do have an intensely competitive banking industry. But Congress decided long ago that this special position of banking meant that we could not rely exclusively on unregulated competition in banking. Clearly, this means the usual antitrust standards cannot be applied to banking without some modification, but no one seriously wants to exempt banking from the antitrust statutes.

Contrary to some comments, it is made abundantly clear in this bill that banks are subject to the antitrust laws. The standards laid down are actually stricter than in the 1960 Bank Merger legislation. On the other hand, provision is made for the special needs of banking by giving consideration to the convenience and

needs of the community involved. Under certain very limited circumstances, the applicability of the antitrust laws may be a modified in a particular case based on the particular needs of a special situation. This certainly cannot be labeled exempting banks from the antitrust statutes.

Finally, I want to comment on the relief given in the bill to bank mergers consummated prior to the 1963 Supreme Court decision in the Philadelphia bank case, including three cases currently pending in the courts. This action by the committee represents a fair and equitable solution to a thorny problem. It is good public policy. It is not special-interest legislation. Perhaps this is best stated in Mr. PATMAN'S report on the bill which says:

> Your committee considered carefully what to do with the six banks against which the Department of Justice now has cases pending. The Attorney General strenuously opposed any legislation which might relieve these six banks * * *. Other witnesses urged equally strongly that all six mergers should be relieved * * *. Three of these mergers were consummated and the antitrust suits instituted before June 17, 1963, when the Supreme Court for the first time held that bank mergers were subject to section 7 of the Clayton Act * * *. Under these conditions, your committee took the position that the first three mergers—the "pre-Philadelphia" mergers—should be exempted * * * like all other mergers consummated before the Philadelphia case. These three banks had reasonable grounds to rely on the authority of the banking agencies to approve mergers under the Bank Merger Act of 1960. These three banks, acting in good faith, and their depositors and other customers and their communities should not be required to suffer the confusion, the disruption, and the losses which would result from further efforts to unscramble them.

In summary then, I strongly endorse the action of the Banking and Currency Committee. This is a good bill which will finally solve a difficult problem in antitrust legislation. I hope the House will act accordingly.

Mr. CALLAWAY. Mr. Chairman, many of my colleagues have given in detail their reasons for support of the proposed Bank Merger Act amendment. Their arguments chiefly center around the chaos created by recent decisions on bank mergers, and while I wholeheartedly agree with these arguments, I feel that aside from the effect that the passage of this legislation will have on the banking industry, there is a more important principle involved.

I refer, Mr. Chairman, to our precious system of checks and balances, which each branch of government has the highest responsibility to maintain. By its action today, Congress is fulfilling that responsibility and is clearly saying that the intent of the 1960 Bank Merger Act is not to be ignored. Mr. Chairman, I congratulate my colleagues on taking this stand, and asserting their responsibility to say to another branch of government: "This time you have gone too far."

Mr. GRABOWSKI. Mr. Chairman, I wish to record my support of H.R. 12173. This bill is designed to establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks.

This bill is sponsored before this House by the Banking and Currency Committee, of which I have the honor to be a member.

The bill is the result of many weeks of work, hours of thoughtful debate and discussion and a consensus of the views of the experts consulted.

I am proud to have been associated with my colleagues, the gentleman from Pennsylvania [Mr. MOORHEAD], the gentleman from Ohio [Mr. ASHLEY], and the gentleman from New York [Mr. OTTINGER] in helping to draft this legislation.

The major purpose of this bill is to resolve the apparently conflicting interpretations which have been given the Bank Merger Act of 1960. It would also provide a procedure for the adjudication of the propriety of bank mergers prior to their taking place. Legally the effects of the bill may be summarized as follows:

First. The bill would establish a single set of standards for the consideration of future mergers by the banking supervisory agencies, the Department of Justice, and courts under the antitrust laws. These standards are stricter than those in the Bank Merger Act. Two factors would be considered—the effect of the merger on competition, and the convenience and needs of the community to be served.

Second. This bill would exempt from all provisions of the antitrust laws, except section 2 of the Sherman Act, mergers consummated before June 17, 1963.

Third. It would exempt from all provisions of the antitrust laws, except section 2 of the Sherman Act, mergers consummated after June 16, 1963, and before enactment of the bill, except mergers against which antitrust suits had been brought before such enactment.

Fourth. It would require the courts to use the new standards of the bill in all cases instituted under the antitrust laws after June 16, 1963.

It seems to me abundantly clear that this legislation is needed to clarify how the antitrust laws apply to bank mergers. I make no attempt to interpret the intent of the Congress in the Bank Merger Act of 1960, but I point out that a number of distinguished jurists and capable administrators have arrived at a diametrically opposed interpretation of the act.

The Federal banking agencies and the Department of Justice are united in a common goal: the maintenance of a sound national banking system, and the promotion of healthy competition among financial institutions. I am confident this bill meets this goal and I ask my colleagues to vote for its passage.

Mr. VIVIAN. Mr. Chairman, I certainly favor assuring the banking community of this Nation fair and even application of the antitrust laws, and surely favor assuring expeditious resolution of antitrust actions arising out of bank mergers.

Bill H.R. 12173 before us today purports to produce these benefits. But this bill, unless improved by amendments, will create more problems to all concerned than benefits.

In critical paragraphs, the phraseology of the bill is so imprecise that years of litigation, costly to both the banks and to the taxpayer, will become inevitable in order that the sterile words of the bill can be given practical meaning.

Why pass legislation ostensibly drafted to clarify and define standards for judicial decisions, but which in fact first invalidates well-established case law guidelines, without then providing any equivalently useful replacement?

Furthermore, I object that the bill unnecessarily interferes with the functioning of the Justice Department, as the sole and responsible legal agent before the courts of the executive branch of this Government.

This bill has had a bizarre history. An article in today's edition of the Wall Street Journal entitled "The Bank Merger Bill's Zany Journey," tells the story well. I commend this article to my colleagues. The second paragraph of the article summarizes the situation well:

> And now, after months of comic parliamentary pratfalls and fishwifely invective, the bank merger bill is about to pass. Sure enough, it reasserts congressional authority over the subject. But that reassertion is so vaguely worded that the Supreme Court inevitably will be asked to define what Congress really meant.

Mr. Chairman, I intend to vote against this bill, as now drafted, in the hope that the committee will introduce an improved version.

Mr. WIDNALL. Mr. Chairman, I have no further requests for time.

Mr. PATMAN. I have no further requests for time, Mr. Chairman, and I ask the Clerk to read.

The Clerk read as follows:

H.R. 12173

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended to read:

"(c)(1) Except with the prior written approval of the responsible agency, which shall in every case referred to in this paragraph be the Corporation, no insured bank shall—

"(A) merge or consolidate with any noninsured bank or institution;

"(B) assume liability to pay any deposits made in, or similar liabilities of, any noninsured bank or institution;

"(C) transfer assets to any noninsured bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank.

"(2) No insured bank shall merge or consolidate with any other insured bank or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank except with the prior written approval of the responsible agency, which shall be—

"(A) the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a District bank;

"(B) the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a District bank);

"(C) the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a District bank).

"(3) Notice of any proposed transaction for which approval is required under paragraph (1) or (2) (referred to hereafter in this subsection as a 'merger transaction') shall, unless the responsible agency finds that it must act immediately in order to prevent the probable failure of one of the banks involved, be published—

"(A) prior to the granting of approval of such transaction,

"(B) in a form approved by the responsible agency,

"(C) at appropriate intervals during a period at least as long as the period allowed for furnishing reports under paragraph (4) of this subsection, and

"(D) in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located, or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto.

"(4) In the interests of uniform standards, before acting on any application for approval of a merger transaction, the responsible agency, unless it finds that it must act immediately in order to prevent the probable failure of one of the banks involved, shall request reports on the competitive factors involved from the Attorney General and the other two banking agencies referred to in this subsection. The reports shall be furnished within thirty calendar days of the date on which they are requested, or within ten calendar days of such date if the requesting agency advises the Attorney General and the other two banking agencies that an emergency exists requiring expeditious action.

"(5) The responsible agency shall not approve—

"(A) any proposed merger transaction which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

"(B) any other proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

In every case, the responsible agency shall take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served.

"(6) The responsible agency shall immediately notify the Attorney General of any approval by it pursuant to this subsection of a proposed merger transaction. If the agency has found that it must act immediately to prevent the probable failure of one of the banks involved and reports on the competitive factors have been dispensed with, the transaction may be consummated immediately upon approval by the agency. If the agency has advised the Attorney General and the other two banking agencies of the existence of an emergency requiring expeditious action and has requested reports on the competitive factors within ten days, the transaction may not be consummated before the fifth calendar day after the date of approval by the agency. In all other cases, the transaction may not be consummated before the thirtieth calendar day after the date of approval by the agency.

"(7) (A) Any action brought under the antitrust laws arising out of a merger transaction shall be commenced prior to the earliest time under paragraph (6) at which a merger transaction approved under paragraph (5) might be consummated. The commencement of such an action shall stay the effectiveness of the agency's approval unless the court shall otherwise specifically order. In any such action, the court shall review de novo the issues presented.

"(B) In any judicial proceeding attacking a merger transaction approved under paragraph (5) on the ground that the merger transaction alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), the standards applied by the court shall be identical with those that the banking agencies are directed to apply under paragraph (5).

"(C) Upon the consummation of a merger transaction in compliance with this subsection and after the termination of any antitrust litigation commenced within the period prescribed in this paragraph, or upon the termination of such period if such litigation is commenced therein, the transaction may not thereafter be attacked in any judicial proceeding on the ground that it alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), but nothing in this subsection shall exempt any bank resulting from a merger transaction from complying with the antitrust laws after the consummation of such transaction.

"(D) In any action brought under the antitrust laws arising out of a merger transaction approved by a Federal supervisory agency pursuant to this subsection, such agency, and any State banking supervisory agency having jurisdiction within the State involved, may appear as a party of its own motion and as of right, and be represented by its counsel.

"(8) For the purposes of this subsection, the term 'antitrust laws' means the Act of July 2, 1890 (the Sherman Antitrust Act, 15 U.S.C. 1–7), the Act of October 15, 1914 (the Clayton Act, 15 U.S.C. 12–27), and any other Acts in pari materia.

"(9) Each of the responsible agencies shall include in its annual report to the Congress a description of each merger transaction approved by it during the period covered by the report, along with the following information:

"(A) the name and total resources of each bank involved;

"(B) whether a report was submitted by the Attorney General under paragraph (4), and, if so, a summary by the Attorney General of the substance of such report; and

"(C) a statement by the responsible agency of the basis for its approval."

(b) Section 18 of such Act is further amended by adding at the end thereof the following new subsection:

"(i) (1) No insured State nonmember bank (except a District bank) shall, without the prior consent of the Corporation, reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

"(2) No insured bank shall convert into an insured State bank if its capital stock or its surplus will be less than the capital stock or surplus, respectively, of the converting bank at the time of the shareholder's meeting approving such conversion, without the prior written consent of—

"(A) the Comptroller of the Currency if the resulting bank is to be a District bank;

"(B) the Board of Governors of the Federal Reserve System if the resulting bank is to be a State member bank (except a District bank);

"(C) the Corporation if the resulting bank is to be a State nonmember insured bank (except a District bank).

"(3) Without the prior written consent of the Corporation, no insured bank shall convert into a noninsured bank or institution.

"(4) In granting or withholding consent under this subsection, the responsible agency shall consider—

"(A) the financial history and condition of the bank,

"(B) the adequacy of its capital structure,

"(C) its future earnings prospects,

"(D) the general character of its management,

"(E) the convenience and needs of the community to be served, and

"(F) whether or not its corporate powers are consistent with the purposes of this Act."

SEC. 2. (a) Any merger, consolidation, acquisition of assets, or assumption of liabilities involving an insured bank which was consummated prior to June 17, 1963, the bank resulting from which has not been dissolved or divided and has not effected a sale or distribution of assets and has not taken any other similar action pursuant to a final judgment under the antitrust laws prior to the enactment of this Act, shall be conclusively presumed to have not been in violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2).

(b) No merger, consolidation, acquisition of assets, or assumption of liabilities involving an insured bank which was consummated after June 16, 1963, and prior to the date of enactment of this Act and as to which no litigation was initiated by the Attorney General prior to the date of enactment of this Act may be attacked after such date in any judicial proceeding on the ground that it alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2).

(c) Any court having pending before it on or after the date of enactment of this Act any litigation initiated under the antitrust laws by the Attorney General after June 16, 1963, with respect to the merger, consolidation, acquisition of assets, or assumption of liabilities of an insured bank consummated after June 16, 1963, shall apply the substantive rule of law set forth in section 18(c)(5) of the Federal Deposit Insurance Act, as amended by this Act.

(d) For the purposes of this section, the term "antitrust laws" means the Act of July 2, 1890 (the Sherman Antitrust Act, 15 U.S.C. 1–7), the Act of October 15, 1914 (the Clayton Act, 15 U.S.C. 12–27), and any other Acts in pari materia.

SEC. 3. Any application for approval of a merger transaction (as the term "merger transaction" is used in section 18(c) of the Federal Deposit Insurance Act) which was made before the date of enactment of this Act, but was withdrawn or abandoned as a result of any objections made or any suit brought by the Attorney General, may be reinstituted and shall be acted upon in accordance with the provisions of this Act without prejudice by such withdrawal, abandonment, objections, or judicial proceedings.

Mr. WIDNALL (during reading of the bill). Mr. Chairman, I ask unanimous consent that further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The CHAIRMAN. Are there amendments to be considered?

AMENDMENT OFFERED BY MR. TODD

Mr. TODD. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TODD: On page 8, strike line 25 and all down through line 10 on page 9, and on page 9, line 13, strike "after June 16, 1963, and —".

Mr. TODD. Mr. Chairman, one of the implicit premises behind the laws of this Nation is that they will be equally applied to everyone: everyone; whether he is rich or poor or influential or ignorant. If this is not so, then we are not passing laws that will right wrongs, but we are passing laws which will persecute the ignorant and the poor, and which the influential and the wealthy will be able to avoid.

Such will be the case regarding the antitrust laws in the bank merger field if we pass section 2(a) of this bill, which would give three bank mergers retroactive immunity from violations of the antitrust laws.

The U.S. Supreme Court and Federal district court have already ordered the First National Bank of Lexington to divest, because its merger is in violation of the Sherman Act. This bank has not done so. A Federal district court has ordered the Manufacturers-Hanover Bank to divest, and the bank has not done so. The third bank which would be given an exemption from the antitrust laws, just in case it is in violation, is the Continental-Illinois Bank of Chicago, which is still before the courts.

Before these banks merged, the Justice Department went to court to ask for injunctions to prevent them from consummating their mergers, on the grounds that once they physically merged, it would be difficult to demerge, or divest. The banks in all three cases argued that they were willing to assume the risks of possible future divestiture, that divestiture was a feasible remedy and the only remedy, and so they should be allowed to proceed. The position of these three banks in three different lawsuits could not be clearer: an attorney for Manufacturers-Hanover stated:

(Mr. Drye): Quote, that there are always some problems about divestiture, if they win, but we are willing to assume those problems. They are much more serious to us than they are to the Government, but their only relief and the only procedural relief they are entitled to is a suit for divestiture. There are scores of divestiture cases * * *. If we have to face that * * *. We will take our risk, end quote.

Other examples documenting the banks' position will be found on pages 31 and 32 of the report for this bill.

It is clear that the banks stated that they would accept divestiture should they lose their antitrust lawsuits, and on this basis, they were allowed to go ahead. The judges in these matters took the statements of the banks in good faith. The Justice Department, representing the United States, charged with enforcing laws the Congress had passed, took the representations of the banks to be in good faith.

But now the banks are refusing to abide by the decisions of the court. They say, in good faith, we take back what we said because it hurts us. They say, in good faith, let us be absolved of the penalty—divestiture—which we said we would accept in good faith, if we were found guilty. So these banks are here asking Congress for relief from the antitrust laws by which they said they would abide. Manufacturers-Hanover has assets of $7.3 billion as of December 31, 1965. In the last calendar year its assets rose a full 10 percent. The assets of Continental-Illinois were $4.3 billion as of June 30, 1965. These banks are big enough to know the meaning of what they said. Manufacturers-Hanover did not even appeal its case because it does not have one. It came to Congress. Should we place ourselves in the position of taking it off the hook, just because it is big?

If we legislate immunity for these three banks, this House will be open to the charge of granting retroactive exemptions to the antitrust laws; private relief legislation will be camouflaged in a general bill.

These banks waged an intensive and highly organized campaign to protect their own self-interest. If they succeed, on what moral grounds can this House deny others protection from prosecution if they violate the antitrust laws?

Legally and morally, these three banks should not be granted exemption from the antitrust laws.

There are those who now claim that economic stability demands that the banks remain merged, for to have divestiture now would endanger the communities which these banks serve. This is incorrect. If divestiture did not exist, how would the antitrust laws be enforced? To deny divestiture would be inconsistent with the very existence of the antitrust laws.

Not only is divestiture necessary logically if we are to have antitrust laws, but it is entirely practical. Divestiture is the only feasible remedy. The banks said so, in good faith, before they lost. And Mr. Saxon says so. In the St. Louis merger case, Comptroller Saxon submitted a memorandum to the court. In part, it states, in refuting the argument of the Government for preliminary injunction:

It is therefore submitted that since divestiture is an adequate remedy, plaintiff cannot establish that it will suffer immediate and irreparable injury if the merger of defendant banks is consummated.

Thus, there is no moral, legal, or economic basis for granting these three banks relief from the antitrust laws.

If we grant these three banks this special relief, we will have bowed to the influential and the wealthy. We will have concerned ourselves with advancing the profits of three banks at the expense of their communities and competitors. We will be condoning monopoly, in the guise of antimonopoly legislation.

This retroactive exemption should be taken out of the bill before us. I urge my colleagues to support this amendment.

Mr. PATMAN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, this bill is a compromise. The Member of Congress who says that he will never yield, that he is going to stand by his convictions, exact justice instead of equal justice, and things like that, will never accomplish much in the U.S. Congress, or in any other legislative body.

Mr. Chairman, every major law that passes Congress represents a compromise of view or a sacrifice of opinion on the part of practically every Member of the House and of the other body. Without compromise and without give and take, legislation would be practically impossible. Someone must yield.

Mr. Chairman, if I alone were writing this legislation and proposing it, I certainly would not propose it as it is before us. I would be against it as a matter of principle. But this is not the situation here. Your Banking and Currency Committee was far apart. We were just like hawks, one might say, and we were not getting anyplace. We had to become doves in order to rationalize the situation and see if we could not compromise our differences and get a bill passed. So by all of us yielding a little bit, we brought out a bill which I believe, and the majority of the committee believes, is a good bill. I support this bill.

Mr. Chairman, sometimes we have to take something that is considered bad in order to keep from taking something worse.

In this bill we are sacrificing a little in order to maintain the antitrust laws in their full vigor.

I do not apologize to anyone for yielding on this minor matter that our fellow committee member, the gentleman from Michigan [Mr. TODD], raises. I think it is a thing we must do because we must yield in order to have legislation.

Mr. Chairman, we have worked long and hard on this bill. We had our differences reconciled and we have presented a bill with a vote from the Committee on Banking and Currency where we have 33 members; the vote was 30 to 2. I submit that is a mighty good vote.

Mr. CELLER. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman.

Mr. CELLER. I think it would be really fatal to adopt an amendment of this sort. The immunization of these three banks is amply justified by the legislative history. Morally it would be indefensible to adopt this amendment. There is no question about that in my mind.

Mr. BROCK. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I would like to say very briefly as one who perhaps was classified as a dove with respect to this particular position, it is rather interesting that the gentleman who sponsored the amendment was also the author of three bills, private bills for the relief of these same particular banks. Today the gentleman offers an amendment which would violate the intent of his bills. It seems to me there is some inconsistency here. Would the gentleman like to comment on that?

Mr. TODD. I would be very happy to explain to the gentleman about what he thinks is an inconsistency.

The argument put forward by these banks is that they merged in good faith. I think the record in the committee report on the bill indicates the banks were well aware of the risks they took when they merged. I think it is improper for banks to come before our committee and utilize the good faith argument if they have these arguments which entitle them to relief because they have merged

and because unexpected hardships have arisen as a result of the divestiture order which has gone through the Supreme Court of the United States.

I think it is appropriate for a private bill to be introduced but I do not think private legislation should be camouflaged by a general bill.

This is precisely what I object to.

I believe I would support any private bill which has merit. I doubt very much if any of these private bills have merit but I would be happy to consider them on the merits and that is precisely why I introduced them.

Mr. BROCK. In effect, the gentleman is saying that we ought to consider each one upon the merits.

Mr. TODD. That is correct.

Mr. BROCK. Would the gentleman not admit that the Senate bill, as passed, exempted all six banks and the committee in its wisdom did investigate the case of each and in its wisdom it did remove the exemption from three of the six and, in effect, did consider each case on its merits?

Mr. TODD. No. I think I first drew the committee's attention to the June Philadelphia case or July Philadelphia case where six banks had merged after the Philadelphia case and then tried to come in and say it was in good faith and argue that they were under the law. This is utterly preposterous. If the banks merged after the Supreme Court laid down the law, they should be aware of it. I think the committee was wise in eliminating the three banks that merged after the Philadelphia case. I think it is fine that they have done so.

Mr. MULTER. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. MULTER. I would like to say in opposition to the amendment that the record indicates very clearly the situation as to these banks and the attempted divestiture.

Even the Department of Justice cannot come up with a formula under which they can divest. I think what we are doing here is not only relieving the courts of a lot of litigation but relieving the Department of Justice of a burden which it just cannot carry.

Mr. BROCK. The gentleman is correct.

Mr. ASHLEY. Mr. Chairman, will the gentleman yield?

Mr. BROCK. I yield to the gentleman.

Mr. ASHLEY. Is it not true that the provision in the bill that the gentleman from Michigan seems to be objecting to would validate not three bank mergers prior to the Philadelphia case but as a matter of fact some 2,200?

Mr. BROCK. The gentleman is correct.

Mr. TODD. That is correct.

Mr. ASHLEY. Does the gentleman take exception to 2,200?

Mr. TODD. No, it would not validate others by Congress changing the words "and after".

Mr. ASHLEY. The gentleman would validate 2,170?

Mr. TODD. That is correct.

Mr. ASHLEY. The 2,197 I should say—but not 3?

Mr. TODD. Not those in litigation.

Mr. ASHLEY. I thank the gentleman.

Mr. Chairman, the Bank Merger Act passed by the other body last year would validate six bank mergers which have been attacked by the Justice Department since enactment of the 1960 Bank Merger Act. These six mergers fall into two separate categories—those entered into prior to the 1963 Supreme Court decision in the Philadelphia case and the three which were entered into following this decision.

Prior to the Supreme Court decision in the Philadelphia case banking institutions contemplating merger had reason to believe, as the gentleman from New York, Chairman CELLER, has pointed out, that section 7 of the Clayton Act was not applicable to bank mergers. They also had reason to believe that proposed mergers would be considered in accordance with the procedures of the act passed by the Congress in 1960 which allowed so-called banking factors to be weighed against diminution of competition in determining whether a merger would be in the public interest.

When the 1960 act was being considered in the Senate, the then majority leader, Senator Johnson of Texas, stated that "this bill establishes uniform and clear standards, including both banking and competitive factors, for the consideration of proposed mergers" and he went on to say that the bill "provides for a thorough review by the appropriate Federal bank supervisory agency of bank mergers by asset acquisitions which are now and will continue to be exempt from the antimerger provisions of section 7 of the Clayton Antitrust Act."

But in the Philadelphia case, Mr. Chairman, section 7 of the Clayton Act was for the first time applied to bank mergers and it was also in this case that the Court declined to weigh the banking factors against a lessening of competition, as provided for in the 1960 act. Instead it proscribed all "anticompetitive mergers, the benign and malignant alike."

The Committee on Banking and Currency has taken the position, Mr. Chairman, that under these circumstances the three so-called pre-Philadelphia mergers—which in each instance had the approval of the responsible Federal supervisory agency—should be approved.

Because the banks involved in the post-Philadelphia case mergers were on notice of the new case law emanating from that decision, it was decided that these mergers should not be validated but instead should be subject to review in accordance with the new standards established in paragraph 5 of this bill.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The CHAIRMAN. If there be no further amendments, under the rule the Committee rises.

Accordingly, the Committee rose; and the Speaker having resumed the chair, Mr. BOGGS, Chairman of the Committee of the Whole House on the State of the Union, reported that that Committee, having had under consideration the bill (H.R. 12173) to establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks, and for other purposes, had directed him to report the bill back to the House with the recommendation that the bill do pass.

The SPEAKER. Under the rule, the previous question is ordered.

The question is on engrossment and third reading of the bill.

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

The SPEAKER. The question is on passage of the bill.

The bill was passed and a motion to reconsider was laid on the table.

AMENDMENT OFFERED BY MR. DINGELL

Mr. DINGELL. Mr. Speaker, I offer an amendment to the title of the bill.

The Clerk read as follows:

Amendment offered by Mr. DINGELL: Amend the title so as to read, "A bill for the relief of the First Security National Bank and Trust Company, the Continental-Illinois National Bank and Trust Company, and the Manufacturers-Hanover Trust Company, and for other purposes."

The SPEAKER. The question is on the amendment of the gentleman from Michigan.

The amendment was rejected.

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that the Clerk may correct an erroneous cross-reference to the United States Code in line 4, page 1, of the bill.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. PATMAN. Mr. Speaker, pursuant to the provisions of House Resolution 708, I move to take from the Speaker's table the Senate bill (S. 1698) to establish a procedure for the review of proposed bank mergers so as to eliminate the necessity for the dissolution of merged banks, and for other purposes, strike out all after the enacting clause and insert in lieu thereof the provisions of H.R. 12173 just passed.

The Clerk read the title of the Senate bill.

The SPEAKER. The question is on the motion of the gentleman from Texas.

The motion was agreed to.

The Clerk read as follows:

S. 1698

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That subsection (c) of section 18 of the Federal Deposit Insurance Act is amended by adding after the seventh sentence the following: "The Comptroller, the Board, or the Corporation, as the case may be, shall immediately notify the Attorney General of the approval of any merger, consolidation, acquisition of assets, or assumption of liabilities pursuant to this subsection, and such transaction shall not be consummated until thirty calendar days after the date of approval: *Provided, however,* That, if an antitrust suit to enjoin such transaction is instituted within said thirty-day period, the merger shall not be consummated until after the termination of such antitrust suit and then only to the extent consistent with the final judgment

in such antitrust suit: *Provided further,* That when the agency finds that it must act immediately in order to prevent the probable failure of one of the banks and reports on the competitive factors involved may be dispensed with, the transaction may be consummated immediately upon approval by the agency: *And provided further,* That, when an emergency exists requiring expeditious action and reports on the competitive factors involved are requested within ten days, the transaction may not be consummated within less than five calendar days after approval by the agency. When a transaction is consummated pursuant to the above procedure, no proceedings under the antitrust laws, including the Sherman Antitrust Act (15 U.S.C. 1–7) and the Clayton Act (15 U.S.C. 12–27), shall thereafter be instituted concerning the transaction. Notwithstanding the above provisions, any merger, consolidation, acquisition of assets, or assumption of liabilities involving an insured bank, which was consummated prior to the enactment of this amendment pursuant to the then appropriate regulatory approval or approvals, State or Federal, and where the resulting bank has not been dissolved or divided or has not effected a sale or distribution of assets or has not taken any other similar action pursuant to a final judgment under the antitrust laws prior to the enactment of this amendment, shall be exempt from the antitrust laws including the Sherman Antitrust Act (15 U.S.C. 1–7) and the Clayton Act (12 U.S.C. 12–27)."

AMENDMENT OFFERED BY MR. PATMAN

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PATMAN: Strike out all after the enacting clause and insert the following:

"That (a) section 18(c) of the Federal Deposit Insurance Act (12 U.S.C. 1823(c)) is amended to read:

"'(c)(1) Except with the prior written approval of the responsible agency, which shall in every case referred to in this paragraph be the Corporation, no insured bank shall—

"'(A) merge or consolidate with any noninsured bank or institution;

"'(B) assume liability to pay any deposits made in, or similar liabilities of, any noninsured bank or institution;

"'(C) transfer assets to any noninsured bank or institution in consideration of the assumption of liabilities for any portion of the deposits made in such insured bank.

"'(2) No insured bank shall merge or consolidate with any other insured bank or, either directly or indirectly, acquire the assets of, or assume liability to pay any deposits made in, any other insured bank except with the prior written approval of the responsible agency, which shall be—

"'(A) the Comptroller of the Currency if the acquiring, assuming, or resulting bank is to be a national bank or a District bank;

"'(B) the Board of Governors of the Federal Reserve System if the acquiring, assuming, or resulting bank is to be a State member bank (except a District bank);

"'(C) the Corporation if the acquiring, assuming, or resulting bank is to be a nonmember insured bank (except a District bank).

"'(3) Notice of any proposed transaction for which approval is required under paragraph (1) or (2) (referred to hereafter in this subsection as a "merger transaction") shall, unless the responsible agency finds that it must act immediately in order to prevent the probable failure of one of the banks involved, be published—

"'(A) prior to the granting of approval of such transaction,

"'(B) in a form approved by the responsible agency,

"'(C) at appropriate intervals during a period at least as long as the period allowed for furnishing reports under paragraph (4) of this subsection, and

"'(D) in a newspaper of general circulation in the community or communities where the main offices of the banks involved are located, or, if there is no such newspaper in any such community, then in the newspaper of general circulation published nearest thereto.

"'(4) In the interests of uniform standards, before acting on any application for approval of a merger transaction, the responsible agency, unless it finds that it must act immediately in order to prevent the probable failure of one of the banks involved, shall request reports on the competitive factors involved from the Attorney General and the other two banking agencies referred to in this subsection. The reports shall be furnished within thirty calendar days of the date on which they are requested, or within ten calendar days of such date if the requesting agency advises the Attorney General and the other two banking agencies that an emergency exists requiring expeditious action.

"'(5) The responsible agency shall not approve—

"'(A) any proposed merger transaction which would result in a monopoly, or which would be in furtherance of any combination or conspiracy to monopolize or to attempt to monopolize the business of banking in any part of the United States, or

"'(B) any other proposed merger transaction whose effect in any section of the country may be substantially to lessen competition, or to tend to create a monopoly, or which in any other manner would be in restraint of trade, unless it finds that the anticompetitive effects of the proposed transaction are clearly outweighed in the public interest by the probable effect of the transaction in meeting the convenience and needs of the community to be served.

In every case, the responsible agency shall take into consideration the financial and managerial resources and future prospects of the existing and proposed institutions, and the convenience and needs of the community to be served.

"'(6) The responsible agency shall immediately notify the Attorney General of any approval by it pursuant to this subsection of a proposed merger transaction. If the agency has found that it must act immediately to prevent the probable failure of one of the banks involved and reports on the competitive factors have been dispensed with, the transaction may be consummated immediately upon approval by the agency. If the agency has advised the Attorney General and the other two banking agencies of the existence of an emergency requiring expeditious action and has requested reports on the competitive factors within ten days, the transaction my not be consummated before the fifth calendar day after the date of approval by the agency. In all other cases, the transaction may not be consummated before the thirtieth calendar day after the date of approval by the agency.

"'(7)(A) Any action brought under the antitrust laws arising out of a merger transaction shall be commenced prior to the earliest time under paragraph (6) at which a merger transaction approved under paragraph (5) might be consummated. The commencement of such an action shall stay the effectiveness of the agency's approval unless the court shall otherwise specifically order. In any such action, the court shall review de novo the issues presented.

"'(B) In any judicial proceeding attacking a merger transaction approved under paragraph (5) on the ground that the merger transaction alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), the standards applied by the court shall be identical with those that the banking agencies are directed to apply under paragraph (5).

"'(C) Upon the consummation of a merger transaction in compliance with this subsection and after the termination of any antitrust litigation commenced within the period prescribed in this paragraph, or upon the termination of such period if no such litigation is commenced therein, the transaction may not thereafter be attacked in any judicial proceeding on the ground that it alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2), but nothing in this subsection shall exempt any bank resulting from a merger transaction from complying with the antitrust laws after the consummation of such transaction.

"'(D) In any action brought under the antitrust laws arising out of a merger transaction approved by a Federal supervisory agency pursuant to this subsection, such agency, and any State banking supervisory agency having jurisdiction within the State involved, may appear as a party of its own motion and as of right, and be represented by its counsel.

"'(8) For the purposes of this subsection, the term "antitrust laws" means the Act of July 2, 1890 (the Sherman Antitrust Act, 15 U.S.C. 1–7), the Act of October 15, 1914 (the Clayton Act, 15 U.S.C. 12–27), and any other Acts in pari materia.

"'(9) Each of the responsible agencies shall include in its annual report to the Congress a description of each merger transaction approved by it during the period covered by the report, along with the following information:

"'(A) the name and total resources of each bank involved;

"'(B) whether a report was submitted by the Attorney General under paragraph (4), and, if so, a summary by the Attorney General of the substance of such report; and

"'(C) a statement by the responsible agency of the basis for its approval.'

"(b) Section 18 of such Act is further amended by adding at the end thereof the following new subsection:

"'(1)(1) No insured State nonmember bank (except a District bank) shall, without the prior consent of the Corporation, reduce the amount or retire any part of its common or preferred capital stock, or retire any part of its capital notes or debentures.

"'(2) No insured bank shall convert into an insured State bank if its capital stock or its surplus will be less than the capital stock or surplus, respectively, of the converting bank at the time of the shareholder's meeting approving such conversion, without the prior written consent of—

"'(A) the Comptroller of the Currency if the resulting bank is to be a District bank;

"'(B) the Board of Governors of the Federal Reserve System if the resulting bank is to be a State member bank (except a District bank);

"'(C) the Corporation if the resulting bank is to be a State nonmember insured bank (except a District bank).

"'(3) Without the prior written consent of the Corporation, no insured bank shall convert into a noninsured bank or institution.

"'(4) In granting or withholding consent under this subsection, the responsible agency shall consider—

"'(A) the financial history and condition of the bank,

"'(B) the adequacy of its capital structure,

"'(C) its future earnings prospects,

"'(D) the general character of its management,

"'(E) the convenience and needs of the community to be served, and

"'(F) whether or not its corporate powers are consistent with the purposes of this Act.'

"SEC. 2. (a) Any merger, consolidation, acquisition of assets, or assumption of liabilities involving an insured bank which was consummated prior to June 17, 1963, the bank resulting from which has not been dissolved or divided and has not effected a sale or distribution of assets and has not taken any other similar action pursuant to a final judgment under the antitrust laws prior to the enactment of this Act, shall be conclusively presumed to have not been in violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2).

"(b) No merger, consolidation, acquisition of assets, or assumption of liabilities involving an insured bank which was consummated after June 16, 1963, and prior to the date of enactment of this Act and as to which no litigation was initiated by the Attorney General prior to the date of enactment of this Act may be attacked after such date in any judicial proceeding on the ground that it alone and of itself constituted a violation of any antitrust laws other than section 2 of the Act of July 2, 1890 (section 2 of the Sherman Antitrust Act, 15 U.S.C. 2).

"(c) Any court having pending before it on or after the date of enactment of this Act any litigation initiated under the antitrust laws by the Attorney General after June 16, 1963, with respect to the merger, consolidation, acquisition of assets, or assumption of liabilities of an insured bank consummated after June 16, 1963, shall apply the substantive rule of law set forth in section 18(c)(5) of the Federal Deposit Insurance Act, as amended by this Act.

"(d) For the purposes of this section, the term 'antitrust laws' means the Act of July 2, 1890 (the Sherman Antitrust Act, 15 U.S.C. 1–7), the Act of October 15, 1914 (the Clayton Act, 15 U.S.C. 12–27), and any other Acts in pari materia.

"SEC. 3. Any application for approval of a merger transaction (as the term 'merger transaction' is used in section 18(c) of the Federal Deposit Insurance Act) which was made before the date of enactment of this Act, but was withdrawn or abandoned as a result of any objections made or any suit brought by the Attorney General, may be reinstituted and shall be acted upon in accordance with the provisions of this Act without prejudice by such withdrawal, abandonment, objections, or judicial proceedings."

The amendment was agreed to.

The Senate bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the Senate bill, as amended.

The question was taken; and the Speaker announced that the ayes appeared to have it.

Mr. WIDNALL. Mr. Speaker, I object to the vote on the ground that a quorum is not present and make the point of order that a quorum is not present.

The SPEAKER. Evidently a quorum is not present.

The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 372, nays 17, answered "present" 2, not voting 40, as follows:

[Roll No. 13]

YEAS—372

Abbitt	Adams	Anderson, Ill.
Abernethy	Addabbo	Anderson, Tenn.
Adair	Albert	Andrews, George W.
Andrews, Glenn	Findley	McFall
Annunzio	Fino	McGrath
Arends	Fisher	McMillan
Ashbrook	Flood	McVicker
Ashley	Fogarty	Macdonald
Ashmore	Foley	MacGregor
Aspinall	Ford, Gerald R.	Machen
Ayres	Ford, William D.	Mackay
Bandstra	Fountain	Mackie
Baring	Frelinghuysen	Madden
Barrett	Friedel	Mahon
Bates	Fulton, Pa.	Mailliard
Battin	Fulton, Tenn.	Marsh
Beckworth	Gallagher	Martin, Ala.
Belcher	Garmatz	Mathias
Bell	Gathings	Matthews
Bennett	Gettys	May
Betts	Giaimo	Meeds
Bingham	Gilbert	Michel
Blatnik	Gilligan	Miller
Boggs	Goodell	Mills
Boland	Grabowski	Minish
Bolling	Gray	Minshall
Bolton	Green, Oreg.	Mize
Bray	Green, Pa.	Moeller
Brock	Greigg	Moore
Brooks	Grider	Moorhead
Brown, Calif.	Griffin	Morgan
Brown, Ohio	Griffiths	Morris
Broyhill, N.C.	Gross	Morrison
Broyhill, Va.	Grover	Morton
Buchanan	Gubser	Mosher
Burke	Gurney	Moss
Burleson	Hagan, Ga.	Multer
Burton, Utah	Hagen, Calif.	Murphy, Ill.
Byrne, Pa.	Haley	Murphy, N.Y.
Byrnes, Wis.	Hall	Murray
Cabell	Halleck	Natcher
Callan	Halpern	Nedzi
Callaway	Hamilton	Nelsen
Cameron	Hanley	Nix
Carey	Hanna	O'Brien
Carter	Hansen, Iowa	O'Hara, Ill.
Casey	Hansen, Wash.	O'Konski
Cederberg	Hardy	Olsen, Mont.
Celler	Harsha	O'Neal, Ga.
Chamberlain	Harvey, Mich.	O'Neill, Mass.
Chelf	Hathaway	Ottinger
Clancy	Hawkins	Patman
Clark	Hays	Patten
Clausen, Don H.	Hébert	Pepper
Clawson, Del	Hechler	Perkins
Cleveland	Helstoski	Philbin
Cohelan	Henderson	Pickle
Collier	Herlong	Pike
Colmer	Holifield	Pirnie
Conable	Horton	Poage
Conte	Hosmer	Poff
Cooley	Howard	Pool
Corbett	Hull	Price
Craley	Hungate	Pucinski
Cramer	Huot	Purcell
Culver	Hutchinson	Quie
Cunningham	Ichord	Quillen
Curtin	Irwin	Race
Curtis	Jacobs	Randall
Daddario	Jarman	Redlin
Dague	Jennings	Rees
Daniels	Joelson	Reid, Ill.
Davis, Ga.	Johnson, Calif.	Reid, N.Y.
Davis, Wis.	Johnson, Okla.	Reifel
Dawson	Johnson, Pa.	Reinecke
Delaney	Jonas	Resnick
Dent	Jones, Ala.	Reuss
Denton	Jones, Mo.	Rhodes, Pa.
Derwinski	Karsten	Rivers, S.C.
Devine	Karth	Rivers, Alaska
Dickinson	Kastenmeier	Roberts
Dole	Kee	Robison
Donohue	Keith	Rodino
Dow	Kelly	Rogers, Colo.
Downing	Keogh	Rogers, Fla.
Dulski	King, N.Y.	Rogers, Tex.
Duncan, Oreg.	King, Utah	Ronan
Duncan, Tenn.	Kluczynski	Rooney, N.Y.
Dwyer	Kornegay	Rooney, Pa.
Dyal	Krebs	Rostenkowski
Edmondson	Kunkel	Roush
Edwards, Ala.	Laird	Roybal
Edwards, Calif.	Landrum	Rumsfeld
Edwards, La.	Langen	Satterfield
Erlenborn	Latta	St Germain
Evans, Colo.	Leggett	St. Onge
Everett	Lennon	Saylor
Evins, Tenn.	Lipscomb	Scheuer
Fallon	Long, La.	Schisler
Farbstein	Long, Md.	Schneebeli
Farnsley	Love	Schweiker
Farnum	McCarthy	Secrest
Fascell	McClory	Selden
Feighan	McCulloch	Senner
	McDade	Shipley
	McDowell	Shriver
	McEwen	Sickles
		Sikes
		Sisk
		Skubitz
		Slack
		Smith, Calif.
		Smith, Iowa
		Smith, N.Y.
		Smith, Va.
		Stafford
		Staggers
		Stalbaum
		Stanton
		Steed
		Stephens
		Stratton
		Stubblefield
		Sullivan
		Sweeney
		Talcott
		Taylor
		Tenzer
		Thompson, N.J.
		Thompson, Tex.
		Trimble
		Tuck
		Tunney
		Tupper
		Tuten
		Udall
		Ullman
		Utt
		Van Deerlin
		Vanik
		Vigorito
		Waggonner
		Walker, Miss.
		Walker, N. Mex.
		Watkins
		Watson
		Watts
		Whalley
		White, Idaho
		White, Tex.
		Whitten
		Widnall
		Williams
		Wilson, Charles H.
		Wolff
		Wright
		Wyatt
		Yates
		Young
		Younger
		Zablocki

NAYS—17

Burton, Calif.	Fraser	Ryan
Clevenger	Gonzalez	Schmidhauser
Conyers	O'Hara, Mich.	Todd
Corman	Olson, Minn.	Vivian
Diggs	Roncalio	Weltner
Dingell	Rosenthal	

ANSWERED "PRESENT"—2

Holland	Wydler

NOT VOTING—40

Andrews, N. Dak.	Gibbons	Powell
Baldwin	Hansen, Idaho	Rhodes, Ariz.
Berry	Harvey, Ind.	Roudebush
Bow	Hicks	Scott
Brademas	King, Calif.	Springer
Broomfield	Kirwan	Teague, Calif.
Cahill	Martin, Mass.	Teague, Tex.
de la Garza	Martin, Nebr.	Thomas
Dorn	Matsunaga	Thomson, Wis.
Dowdy	Mink	Toll
Ellsworth	Monagan	Whitener
Flynt	Morse	Willis
Fuqua	Passman	Wilson, Bob
	Pelly	

So the Senate bill (S. 1698), as amended, was passed, and a motion to reconsider was laid on the table.

A similar House bill was laid on the table.

The Clerk announced the following pairs:

Mr. Kirwan with Mr. Martin of Massachusetts.
Mr. Passman with Mr. Bow.
Mr. Whitener with Mr. Berry.
Mr. Scott with Mr. Harvey of Indiana.
Mr. Dowdy with Mr. Thomson of Wisconsin.
Mr. Monagan with Mr. Cahill.
Mr. Hicks with Mr. Baldwin.
Mr. King of California with Mr. Teague of California.
Mr. Powell with Mrs. Mink.
Mr. Toll with Mr. Andrews of North Dakota.
Mr. Brademas with Mr. Ellsworth.
Mr. Thomas with Mr. Broomfield.
Mr. Willis with Mr. Bob Wilson.
Mr. Matsunaga with Mr. Springer.
Mr. Flynt with Mr. Rhodes of Arizona.
Mr. Fuqua with Mr. Morse.
Mr. Dorn with Mr. Roudebush.
Mr. de la Garza with Mr. Martin of Nebraska.

The result of the vote was announced as above recorded.

The doors were opened.

GENERAL LEAVE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent that all Members may have 5 legislative days in which to extend their remarks on the bank merger bill just passed and to include therein extraneous matter.

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

There was no objection.

JOB CORPS JOB PLACEMENTS

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

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

There was no objection.

Mr. WALKER of New Mexico. Mr. Speaker, I am pleased to bring to your attention a story about a young lady from my district who is a recent graduate of the Los Angeles Women's Job Corps Training Center.

The story was written by Mrs. Elizabeth Shelton, staff writer for the Washington Post. The story is about Juana Marie Waquiu, of Jemez Pueblo, N. Mex.

It is of paramount importance that industry scrutinize the graduates of the Job Corps for potential job placement. This point of view is well expressed by W. C. Hobbs, senior vice president of Consolidated American Services, Inc., and chief executive of its management and engineering services division. This company was the first to hire male Job Corps graduates and now blazes a new trail by being the first in private industry to hire female graduates of the Job Corps.

Mr. Hobbs feels certain of the abilities of the Job Corps graduates. His quotation is worth repeating:

I feel very strongly that in the Job Corps, industry has a natural young mine of flexibility and a pool of labor.

He said:

Just because these are poor kids who have dropped out of school doesn't mean they are not good workers.

Once industry realizes they have a pool, and can direct the skills and technical training they need, they are going to come to Job Corps and say, "I need so many of this type of skill."

This is an inspiring and impressive story. It should be of interest—of great interest—to all Americans.

[From the Washington Post, Nov. 30, 1965]

JOB CORPS START TO WORK

(By Elizabeth Shelton)

The first two career girls to come to the Capital with Job Corps diplomas as their credentials are happily at work in the downtown office of a management consultant firm.

Juana Marie Waquiu, a 21-year-old from Jemez Pueblo, N. Mex., arrived here yesterday to double as a PBX switchboard operator and receptionist with the Management and Engineering Service Division of Consolidated American Services, Inc. She was the first graduate of the Los Angeles Women's Job Corps Training Center.

The second graduate, Willye L. Evans, 20, of Oklahoma City, Okla., has been on duty in the same office for a week as a clerk-typist. "It's just like home," Willye says. "Everybody is so friendly."

Both live on Buchanan Street N.E., with the family of a member of the MES staff.

Neither has had a chance yet to sightsee around the city, but Willye went on a motor trip in Maryland on Sunday and thought it "very nice."

Her mother is a domestic worker in Idabel, Okla. Willye tried working her way through Langston University in Oklahoma but had to leave in her second year because her salary as an assistant to the adviser of the New Homemakers of America was applied only to tuition and left her no money for expenses or to send home.

She plans to go to business college at night with an eventual goal of teaching business subjects. She attended the Metropolitan Junior College in Los Angeles and graduated in 5 months.

Juana, daughter of a carpenter, attended Albuquerque Business College, in New Mexico, for a year, but couldn't find a job in that city. She learned switchboard operation at the Los Angeles Trade Technical College while enrolled at the Los Angeles Job Corps Center.

Back at home are five brothers and two sisters. The older sister is married and the oldest of her brothers helps his father, but the others are still of school age and Juana helps to support them.

The brandnew white collar girls make $2 an hour at their new jobs. They will receive in-grade promotions and the chance to rise, through training, to new grades.

W. C. Hobbs, senior vice president of Consolidated American and executive chief of its MES division, is confident the Job Corps is producing a competent employment pool for industry.

The organization was the first to hire male Job Corps graduates as employes and found their work so satisfactory that two are being given additional pay and responsibilities. The third was assisted to return to high school so he will have a base for higher education.

One of the reasons that Hobbs feels so assured is that the 24-hour-a-day living experience at a Job Corps center gets everything about the enrollee's abilities and habits down on the record.

"This provides a great deal more information than a series of interviews, or even a job trial," he said.

"I feel very strongly that in the Job Corps, industry has a natural young mine of flexibility and a pool of labor," he said. "Just because these are poor kids who have dropped out of school doesn't mean they are not good workers.

"Once industry realizes they have a pool and can direct the skills and technical training they need, they are going to come to Job Corps, and say, 'I need so many of this type of skill.'

"This is one place where the Government is spending money that is an investment. The kids will put money back into the country."

A WOLF NATIONAL SCENIC WATERWAY IN WISCONSIN

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

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

There was no objection.

Mr. REUSS. Mr. Speaker, I have today introduced in H.R. 12671, a bill to provide for the establishment of the Wolf National Scenic Waterway in Wisconsin. An identical bill, H.R. 12670, has been introduced today by the gentleman from Wisconsin [Mr. RACE], and in the other body, S. 2894, by the gentleman from Wisconsin [Mr. NELSON].

The Wolf River is one of a handful of unspoiled wild rivers left in the United States. Its fast water, forests, and wildlife inspire the camper, the hiker, the canoeist, the fisherman, the hunter.

While the Wolf is included for study in the wild rivers bill recently passed by the Senate, the need for preserving it requires not simply study but action. That is the purpose of H.R. 12671.

The bill authorizes the Secretary of the Interior, in cooperation with State and local government in Wisconsin, to formulate a comprehensive plan for the Wolf National Scenic Waterway, including proposed boundaries, acquisition and preservation procedures, zoning regulations and administration. Eligible for inclusion in the Wolf National Scenic Waterway would be the main branch of the Wolf River downstream to Keshena, Menominee County, Wis., from the confluence with its tributary Hunting River in Langlade County, and upstream along Hunting River, together with suitable additional adjacent stretches.

This includes as its central feature 48 miles of the main stream of the Wolf south to Keshena—48 miles in which the river drops 700 feet down through the granite boulders.

This 48-mile section of the Wolf is a truly beautiful wilderness river. By the riverside grows everything from lichens and ferns to the tallest white pine, hemlock, and arbor vitae. Songbirds and waterfowl, deer and bear, muskrat, and mink inhabit its banks. Trout fill its waters.

But already there are threats to the Wolf. Developers are moving in and scarring its banks with their bulldozers. Shacks and trailers are already peeping through the forest cover at the riverbank. In potato fields on the watershed, pesticide sprays have no place to run off but into the Wolf where the trout live. Only recently local conservationists conducted a successful battle to stop a dam across the Wolf to form an artificial lake for summer cottages—an operation which would have warmed up and seriously endangered the wild river below.

The history of the Wolf reflects the history of Wisconsin. Along its course runs the old Military Road which served the Indian agents. Pine logs of northern Wisconsin used to come down the Wolf to the sawmills at Oshkosh, and remains of dams to raise the water of the rapids so that the logs could float down can still be seen. The Menominee Indians still live along the wild water stretches of the Wolf. And all of this within a day's drive of some 9 million residents of Wisconsin and Illinois.

H.R. 2 goes on to provide that as soon as a comprehensive plan has been completed, and approved by the Secretary of the Interior and by State and local governments in Wisconsin, the Secretary shall publish notice of the establishment of the Wolf National Scenic Waterway. The bill then provides for the development of the plan by purchase with Federal funds of up to 10,000 acres of land on the Wolf and its feeder streams, or alternatively for the rental thereof. It is envisaged that a large part of the purchased lands will be lands in Menominee County owned by Menominee Enterprises, Inc. Such a purchase would not only serve the purpose of preserving this priceless asset, but would make available to the people of Minominee County some much-needed financial relief. The bill envisages that the State of Wisconsin will administer the Wolf National Scenic

Waterway, an arrangement similar to that in effect in the Ice Age National Scientific Reserve in Wisconsin.

In addition to purchases, it is envisaged that zoning ordinances will be adopted by local governmental agencies to prevent uses which would impair the wild character of the Wolf. Where zoning ordinances are not feasible, conservation easements can be sought from landowners, either by purchase or gift, to achieve the same purpose.

At a meeting at the Hotel Northland, Green Bay, Wis., held last Saturday, February 5, 1966, attended by the Senator from Wisconsin [Mr. NELSON], the gentleman from Wisconsin [Mr. RACE], the gentleman from Wisconsin [Mr. REUSS], along with representatives of Menominee County, Menominee Enterprises, Inc., the Wisconsin Menominee Indian Study Committee, and the Wolf River Basin Planning Commission, the text of H.R. 12671 was approved. Vigorous support was also given to the proposal by Senator NELSON, first made by him on November 10, 1965, that in the years which will undoubtedly be required before a Wolf National Scenic Waterway can be actually created, "the State of Wisconsin negotiate immediately with Menominee County to lease Wolf River shoreline in Menominee County" Senator NELSON listed two purposes:

First. It would preserve without further delay this section of Wolf River shoreline until some permanent arrangement that is mutually beneficial and satisfactory to Menominee County and the State or Federal Government can be worked out.

Secondly. It would provide an immediate source of income to Menominee County, which suffers from some of the most severe economic problems found anywhere in Wisconsin.

In addition to urging this immediate action by the Governor and Legislature of Wisconsin for the interim rental of sections of Menominee County, the group unanimously endorsed legislative and administrative action at the Federal level to procure much-needed economic, education, and welfare assistance for Menominee County.

H.R. 12671 prohibits the licensing of any dams on the Wolf National Scenic Waterway. It directs the Secretary of Health, Education, and Welfare to cooperate with the Wisconsin water pollution control agencies in eliminating present or future pollution of the Wolf. Hunting and fishing shall continue to be governed entirely by Wisconsin law.

The text of H.R. 12671 follows:

H.R. 12671

A bill to provide for the establishment of the Wolf National Scenic Waterway in the State of Wisconsin, and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That—

SECTION 1. CITATION.—This Act may be cited as the "Wolf National Scenic Waterway Act".

SEC. 2. STATEMENT OF POLICY.—The Congress finds that the Wolf River, in Langlade and Menominee Counties, Wisconsin, possesses unique water, conservation, scenic, fish, wildlife and outdoor recreation values as a free-flowing river of present and potential benefit to the American people, and that the people of Langlade and Menominee Counties need assistance to preserve this priceless resource.

SEC. 3. CREATION OF WOLF NATIONAL SCENIC WATERWAY.—The Wolf River complex in Wisconsin, from Keshena, Menominee County, Wisconsin, upstream to its confluence with Hunting River, Pearson, Langlade County, thence upstream along Hunting River to the westernmost boundary of section 32, township 34, north, range 11 east, Langlade County, and such other areas on or adjacent to the Wolf River deemed necessary to preserve its unique values, is hereby designated as the Wolf National Scenic Waterway. The Secretary of the Interior is authorized and directed, in cooperation with the State of Wisconsin, and with local governmental authorities and conservation organizations of Langlade and Menominee Counties, Wisconsin, to formulate as soon as possible a comprehensive plan for the Wolf National Scenic Waterway, including proposed boundaries, acquisition and preservation procedures, zoning regulations and administration. The comprehensive plan shall assure that the Wolf National Scenic Waterway shall be administered for the purposes of water, conservation, scenic, fish, wildlife, and outdoor recreation values contributing to public enjoyment; that development shall be limited to administrative facilities, nature interpretation and information centers, nature trails, hiking trails, bridle paths, picnic areas, carefully supervised concessions, primitive campgrounds, canoe landings, and similar uses; and that the Waterway shall be open to the people of the entire Nation. When the comprehensive plan is completed, and approved by the Secretary of the Interior, the Governor of Wisconsin, and the County Boards of Langlade, and Menominee Counties, Wisconsin, the Secretary shall within ninety days thereafter publish notice in the Federal Register of the establishment of the Wolf National Scenic Waterway and of the proposed boundaries thereof, together with the comprehensive plan.

SEC. 4. DEVELOPMENT OF WOLF NATIONAL SCENIC WATERWAY.—The development of the comprehensive plan shall thereupon proceed as follows:

(a) PURCHASE OF LAND.—The Secretary of the Interior shall negotiate with present owners for the purchase by the Federal Government of not more than ten thousand acres of land on or near the Wolf River and its feeder streams in Langlade and Menominee Counties, or alternatively for the rental thereof, and there is hereby authorized to be appropriated such sums as are required for the purpose of such purchase or lease. Negotiation for lands in Menominee County shall be conducted with Menominee Enterprises, Inc., and the purchase shall not be consummated until approved according to the articles and bylaws of Menominee Enterprises, Inc., and until the price, boundaries, and proposed disposition of the proceeds are approved by a majority of the adult beneficial owners not under guardianship of Menominee Enterprises, Inc. The Secretary of the Interior shall negotiate an agreement with the State of Wisconsin for the administration and management of such purchased lands by the State of Wisconsin, and for the development thereof by Wisconsin State and local government (in coordination with lands acquired for the Wolf National Scenic Waterway other than by the above authorization), with particular regard to camping sites, river access, trails, recreation areas, and fish and wildlife habitat preservation and improvement.

(b) ZONING ORDINANCES AND EASEMENTS.—The Secretary of the Interior shall plan cooperatively with the State of Wisconsin, with regional planning agencies, and with local government authorities and conservation organizations of Langlade and Menominee Counties, Wisconsin, for otherwise preserving the Wolf National Scenic Waterway by an appropriate combination of the following:

(1) Enactment of zoning ordinances prohibiting commercial or industrial uses, and restricting the construction of future residential and other structures in terms of height and of setback from the water, so as to maintain the wild character of the landscape of the Wolf River and its feeder streams.

(2) Purchase-lease (subject to the authorization contained in sec. 4(a) hereof) or, preferably, securing the donation of, conservation easements from landowners adjacent to the Wolf River and its feeder streams prohibiting commercial or industrial uses, and restricting the construction of future residential and other structures in terms of height and of setback at least 150 feet from the water so as to maintain the wild character of the landscape. The Secretary shall work to this end with State and local governments and with private nonprofit organizations devoted to wilderness preservation, and shall supply Federal, State, and local tax officials with data to facilitate adequate income and real property tax deductions or credits for the donors of scenic easements.

SEC. 5. GENERAL PROVISIONS.—The Federal Power Commission shall not authorize the construction, operation, or maintenance of any dam or other project under the Federal Power Act (41 Stat. 1063) as amended (16 U.S.C. 791a et seq.) on the Wolf River or its feeder streams north of Keshena. The Secretary of Health, Education, and Welfare shall cooperate with the appropriate Wisconsin water pollution control agencies for the purpose of eliminating any present or future pollution of the waters of the Wolf River and its feeder streams. Hunting and fishing on lands and waters within the Wolf National Scenic Waterway area shall be governed entirely in accordance with the laws of the State of Wisconsin and of its political subdivisions, including Langlade and Menominee Counties.

THE REDWOODS—A TIME FOR ACTION AND RESPONSIBILITY

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

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

There was no objection.

Mr. COHELAN. Mr. Speaker, one of the great resources of this country is being destroyed in our time and before our eyes.

Not too many years ago some 2 million acres of magnificent virgin redwood forests stood proudly on our Pacific coast. Today that figure has systematically been reduced by fully 90 percent—to only 200,000 acres—and even this last remaining treasure is being cut while we talk.

We only need remind ourselves that in the last year alone some 15,000 acres of redwood giants fell to the woodsman's ax to know how great the job of preservation is, or how little time we have left in which to act.

In the last few weeks many newspapers from coast to coast have joined in a common cry for a redwood national park that would preserve meaningful stands of this unique resource for the recreation, pleasure, and study of future generations of Americans. They have been

unanimous in their rejection of proposals that would be unworthy or a travesty of their name.

Mr. Speaker, I include several of these editorials—from the New York Times, the Chicago American, the Washington Post, the Salt Lake City Deseret News, the Cleveland Plain Dealer, and the Santa Barbara News Press—as a reminder to our colleagues of the opportunity and the great responsibility which is ours in the months ahead:

[From the New York (N.Y.) Times, Jan. 27, 1966]

DEADLINE FOR THE REDWOODS

Last year the lumber industry cut down more than 15,000 acres of primeval redwoods, many of the trees 2,000 years old. Many more of these ancient trees, living since the dawn of the Christian era, will be sawed up into lumber, including fenceposts, in the coming year. If Federal action is not taken promptly, the original redwood forests, once the glory of the Pacific coast, will be only a memory except for small State parks.

In his budget message President Johnson confirmed reports that the administration will soon propose legislation establishing a Redwoods National Park. It is critically important that such a park protect the best surviving groves of trees and that it be of sufficient size to withstand a heavy flow of visitors. If a park is too small, the automobile traffic and the facilities needed to accommodate tourists can wreck the very values a park is intended to protect.

Representative COHELAN, of California, has proposed a 90,000-acre park, more than a third of it made up of unprotected primeval redwoods. Lumber interests have long resisted the creation of any national park. Recently, consideration has been given to a compromise proposal that would set aside only 38,000 acres near the Oregon border for a park. This is a compromise unworthy of the name. It would save a mere 6,000 acres of primeval redwoods still subject to logging. The park would be too small to absorb large numbers of visitors.

This compromise is not worthy of an administration that really is desirous of protecting the Nation's natural wonders, and willing to fight for them.

[From the Chicago American, Jan. 11, 1966]

REDWOODS' LAST STAND

The 2d session of the 89th Congress which has just begun will be so occupied by the Vietnamese war and threat of inflation in an election year that a campaign now being waged for present and future generations may well be shelved or ignored.

This is the effort of conservation groups to establish a redwood national park before some of the last of these forest giants are toppled to become someone's paneled den or picnic table. The Sierra club, a conservationist group with chapters across the country, has been leading the fight to have a national park established on a 90,000-acre site at Redwood Creek, adjoining an existing California park in the northwest corner of the State.

Pilot bills have been introduced in Congress to set aside land for a park of these dimensions. The Sierra Club says it is now or never, estimating that if logging interests continue to fell the redwoods at their present rate, there wouldn't be anything to save in 2 years.

The Bureau of the Budget, however, has placed a ceiling of $50 million on Federal expenditures for a redwood national park, which wouldn't begin to provide the money needed for a preserve of the proportions recommended.

The National Park Service, Wilderness Society; the Audubon Society, and many others favor acquiring the Redwood Creek site, which would still only be about one-twenty-fifth the size of Yellowstone National Park.

The destruction of the redwoods has been as rapine and shortsighted an example of spoliation as can be found. A freeway runs like an open wound through some of the finest redwood stands in the State; protected trees in Humboldt Redwoods State Park have been decimated by floods caused by excessive upstream logging activities, and many of the great Sequoia forests along the Klamath River are gone, leaving an earth scarred by erosion.

The redwoods, saplings at the time of Christ's birth, appear to share the fate of the whales, largest creatures in creation, which are threatened with extinction by the international whaling industry's methodical butchery.

Some may ask of what good are these forests except to convert into fences and boardwood? Those who have visited these wooded sanctuaries know the answer. As growth continues to clot our cities with people, mortar, and foul air, more, not less, of this wilderness land will be needed. Then, there is something almost sacred about these giants of the wood; there is just nothing else like them, and their loss would be a national tragedy. Congress should enact legislation to avert such a dismal occurrence.

[From the Washington Post, Dec. 21, 1965]

NATIONAL HERITAGE

What kind of a Redwood National Park does this country want? Almost everyone seems to agree that Congress should now get into the act of saving the redwoods for the benefit of present and future generations. But there is still much controversy over what areas should be saved and the size of the Federal investment. Negotiations are approaching a critical stage, and it is important for all interested groups to make their feelings known.

No doubt this is the most difficult national park decision the country has ever had to make. Most of the national parks have been carved out of the wilderness. The very purpose of the proposed Redwood National Park is to take land from flourishing timber industries and preserve it for recreational use. This will necessarily involve painful adjustments for county and local governments no less than for the timber industry and its employes.

Another highly controversial item is the price tag to be placed on the proposed park. The cost figure that is most frequently bandied about is $120 million, although it might well be higher. Certainly that is a substantial sum when all the other demands for additional recreational space are taken into consideration.

What is proposed, however, is not a boondoggle or pork barrel or even a costly experiment. Rather, it is an investment in the national heritage. The towering fact that rises above all controversy is that this unique habitat of arboreal giants will be needed by the overcrowded Americans of tomorrow as an escape from the growing pressures of urban life. Had it been acquired 30 years ago, the cost would have been a tiny fraction of what it will be now. But if action is further delayed, many times the present figure will be paid in the future. Worse than that, most of the virgin redwoods would be lost forever to the lumbermen's saws.

In these circumstances the national interest obviously lies in a maximum effort to save the best of the now unprotected redwood country. It is estimated that the most favored plan recommended to the National Park Service, together with the existing State parks, would save only 5 to 6 percent of the original redwood-producing lands. Officials who are asked to trim plan A to a wizened or skeletonized national park ought to remember, therefore, that it is the national heritage they are dealing with.

Of course some compromises will have to be made. It is imperative that the Johnson administration, the State of California, the Save-the-Redwoods League, the Sierra Club, the interested foundations and other groups work together toward a common objective. Some preferences will have to be sacrificed for the sake of devising a project which all the conservation groups can support. We hope too that the local interests and the timber industry will come to see the great advantage in extending Federal protection over the proposed park area. For the effect will be to invite the Nation to their front yard—a prospect that a foresighted industry should welcome with open arms.

[From the Deseret News, Salt Lake City, Utah, Jan. 8, 1966]

SAVE THE REDWOODS

In 1879 the Secretary of the Interior first called for preservation of a representative forest of giant redwood trees, the tallest growing things in the world.

Since 1911 legislation to do just that has been before Congress intermittently without getting anywhere.

While we've dawdled, the Nation's redwood resources have dwindled drastically. At one time there were almost 2 million acres of giant redwoods along California's coast. Today only about 200,000 acres are still in virgin growth—and most of this is in small isolated blocks.

Of this land, only 485 acres is administered by the National Park Service. Protected in California State parks are 50,000 acres of virgin redwood stands—but this acreage is badly scattered.

"Nowhere," says Representative JEFFERY COHELAN, of California, "is a major block of virgin forest preserved where the entire growing range of the species from sea level to 2,000 feet can be represented."

Just such an area, however, has been located by the National Park Service in northern Humboldt County along Redwood Creek.

As the last remaining area of virgin redwoods, this area should be set aside as a national park—and fast, before the redwoods join the long list of natural wonders that have vanished into extinction.

[From the Cleveland Plain Dealer, Jan. 8, 1966]

MAJESTIC REDWOODS PERILED

(By Wes Lawrence)

SAN FRANCISCO.—The things to see in San Francisco are far too numerous to mention, but at the top of my list is the Muir Woods National Monument, just 6 miles north of the Golden Gate Bridge.

Here are 485 acres of virgin redwood forest, where the towering, ancient trees occupy so much of the sky that visitors are moved to compare the woods with a dimly lit cathedral. And like a visit to a great cathedral, a visit to Muir Woods is a spiritual experience.

Beside one path, the Park Service has enclosed in glass a cross-section of a felled redwood, so that one may, if he wishes, count the rings and learn the tree's age.

To make it easier, however, the Park Service has labeled a few of the rings to indicate the year in which they were created.

Thus, one learns that the tree began its growth early in the 10th century, or more than 1,000 years ago. It was a well-developed tree when William the Conqueror invaded England in 1066, and going strong when the Magna Carta was signed 750 years ago. Near the perimeter is the ring that was coming into being when the Declaration of Independence was signed.

One hates to think of a single tree of that age and size being cut down, but the really horrifying fact is that in the last 100 years or so all but about 200,000 acres of the origi-

nal 1.7 to 2 million acres of primeval coastal redwood forest in northern California have been felled by man for his temporary use.

These are the tallest trees in the world. One recently was found reaching 367 feet into the heavens. An even taller one is reported to have been cut down for lumber in recent months.

About 49,000 acres of virgin redwoods are protected in State parks. Another 107,000 acres have been preserved by private funds in one way or another. But in recent years heavy rains running off privately cutover redwood forest land have ruined hundreds of big trees in the protected woods.

Conservationists have been trying since 1879 to get Congress to save this great American heritage for posterity, but to no avail. Now efforts are being made to create a Redwood National Park of 90,000 acres in the area of the tallest trees where a full sweep of coastal and upland forest exists.

The lumber industry is fighting this movement, and according to the Sierra Club it has taken to cutting here and there in the area of the proposed park, so that in a very short time this area will be virtually ruined.

Equally disheartening is a report from Washington, published last week in San Francisco papers, that President Johnson's Budget Bureau has put a limit of $50 million on what the National Park Service could spend for a redwood park—a sum about one-fourth that needed. The money, it seems is more needed by the Government to send men to the moon, where a less benevolent nature has accomplished what man is trying to do to this beautiful earth.

Only a few months remain in which to save a unique natural wonder which could not be restored in less than 500 years.

[From the Santa Barbara (Calif.) News Press, Jan. 10, 1966]

A Real Redwood National Park

The Bureau of the Budget apparently has placed a ceiling of $50 million on Federal expenditure for a redwood national park in northern California.

This sum seems far too little, and may well be too late in coming, to assure a redwood preserve commensurate with the value of these majestic trees and with the recreational needs of this and succeeding generations of Americans.

Current legislation, endorsed by the National Park Service, the Sierra Club and other enlightened conservation organizations, seeks to rectify this situation. It envisions an appropriate and comprehensive program designed to conserve some 90,000 acres of inspiring timberland as a national park worthy of the name; as a valid complement along Redwood Creek in Humboldt County to acreage already protected by the Prairie Creek Redwoods State Park.

In this "last large valley of virgin redwoods" lies the recently discovered world's tallest trees, the largest hill mass completely forested with virgin sempervirens, valuable second-growth redwood vital to watersheds, unique opportunities for diversified public recreation.

Federal funding for this preserve is proposed, under the legislation, to come from two main sources. One would be composed exclusively of Federal money from the land and water conservation fund and Treasury appropriations. The other would come from private sources to be matched on a 50-50 basis by the Federal Government.

This proposal for a bona fide redwood national park should be large enough in its scope, deep enough in its meaning, to excite the imagination of the American people, to stir a sustained public call upon Congress and the White House for the perpetuation of an invaluable national heritage.

The time in which we may still act is short indeed. Within 2 years, it is estimated, this majestic valley of redwoods where "trees * * * were saplings on the first Christmas" may well become a stumpland.

NATIONAL COMMISSION ON TECHNOLOGY, AUTOMATION, AND PROGRESS

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

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

There was no objection.

Mr. DICKINSON. Mr. Speaker, a group called the National Commission on Technology, Automation, and Progress, which was authorized by Congress at Executive request, recently recommended to the President that he consider a guaranteed income for everyone in the United States whether he works or not, at a cost of up to $20 billion annually. With the trend the Federal Government has been taking lately, I do not know why I should find this shocking, but I do.

Think of the implications of this. There can be nothing more socialistic or even Communistic—"Take from the haves and give to the have-nots."

Human nature being what it is, this will remove the incentive to work and strive; it will mean that the productive will support the unproductive by giving them a good income from their own earnings; it will convert the American people into so much computer-fodder.

The 210-page report by this Commission, which President Johnson asked Congress to establish in order to study the very real problems arising from automation and technological progress, advocates the regulation of individual lives by Federal bureaucrats operating computers.

It calls for expenditure of vast sums of taxpayers' money on compensatory education for those from disadvantaged environment. It calls for the elimination of hourly and piecework pay systems. It even calls for the establishment of a permanent commission to analyze national goals and monitor progress.

In social terms, this will mean glorifying the incompetent and the failure, publicly supporting them and downgrading those with initiative, energy, and imagination. It is not a solution for automation but a proposal to let automation dissolve America and take charge of the American people. It is the all-out welfare state.

This proposal is directly in line with the age-old Communist dogma, "From each according to his ability, to each according to his need." This dogma has not worked in the Soviet Union, even in time of peace. It will not work here. We are not offered an American solution but a socialistic narcotic. We are going to pay the incapable well, to do nothing, and let the computers tell the rest of us what to do.

The Roman Empire fell from this kind of a policy. The barbarians took a Rome that had become too effete to work for a living or fight for its life.

This country is extraordinarily durable and resilient. It must be even more so if it is to survive the goof-ball policies and kooky experiments being perpetrated on it in the name of a grand design. Why bother to shoot the moon when there is so much lunacy right here at home?

I suggest to the American people that the only way they can resist the continuous propaganda in favor of the wild and the wierdies is to remember that two and two still make four, and not five as we are daily being informed.

Mr. Speaker, this country was built upon individual enterprise, upon the desire of hard-working Americans to improve themselves and their environment. It cannot survive by glorifying the incompetent, the ignorant, and the shiftless, who are now to be not only our heroes but a privileged ruling class whom we must support in a style to which they are not accustomed.

COST-OF-LIVING INCREASES FOR SOCIAL SECURITY RECIPIENTS

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

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

There was no objection.

Mr. HALL. Mr. Speaker, I have today introduced legislation in the U.S. House of Representatives to provide cost-of-living increases for recipient of social security benefits.

This bill would provide an automatic 3-percent increase in benefits, whenever the Consumer Price Index reflects a similar increase in the cost of living. I am advocating these cost-of-living adjustments to social security payments because cost of studies by the Department of Health, Education, and Welfare indicate that this method, alone, among all the proposals for reasonable improvements in benefits, can be accomplished without any further increase in social security taxes.

The actuarial studies show that the growth of the economy would provide the necessary revenues to provide cost-of-living adjustments. Obviously, the best way to protect the earning power of those living on fixed incomes and who have seen fit to secure their own future, is to stop Government-induced inflation, which reduces the value of their dollars. But, until we have an administration which will stop deficit spending, we should make a strong effort to protect older Americans from the loss of income because of factors beyond their control.

From 1958 until the most recently enacted increase in social security cash benefits, recipients suffered a 7-percent loss in buying power. The bill I have introduced would prevent such loss of purchasing power in the future.

There are other changes that should be made in the present social security system, including raising the present earnings limitation and increasing the widow's benefit rate to 100 percent of

primary. It was never the congressional legislative intent that State welfare agencies would reduce their various types of relief in direct proportion to the amount of social security increase.

But, both of these would require tax rate increases, according to HEW studies, and I want to determine how much of an increase would be required before adding to the already heavy tax increases that went into effect with medicare.

It must be recognized that social security tax rate increases are, themselves, inflationary, because they add new costs to everything we produce and these increases, inevitably, are passed on to all consumers, young and old alike. Despite the presumption that most older Americans will have income from sources other than the old-age and survivors insurance program, it's apparent that many older people cannot meet even minimum subsistence requirements with present benefit levels, without resort to relief programs.

The pattern already has been established for cost-of-living provisions in legislation approving the same type of arrangement for civil service retirees. I sincerely hope that this legislation can be considered this session, so that it can become effective as soon as possible. In the meantime, unless more drastic measures are taken to halt the inflationary spiral, the cost of living will keep going up and older citizens will be in greater need than ever for an increase of this type.

THIRD-TIME LOSER ENROLLEE IN JOB CORPS DEFENDED

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

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

There was no objection.

Mr. GOODELL. Mr. Speaker, yesterday my colleague, the gentleman from Minnesota [Mr. QUIE], and I took the floor with reference to the case at Mountain Home, Idaho. The specific case involved a three-time felony loser who was a Job Corps enrollee. I have this morning talked to the prosecuting attorney in that area of Idaho, Mr. Fred Kennedy, and he asked me to make one clarification as follows:

He said all of the things in the memorandum upon which we based our statement to the House were true in his opinion, but that he wanted it clear that local Job Corps officials had cooperated with him fully, after initially refusing to sign a complaint. Job Corps officials asked that the Jones case be handled through administrative action, rather than criminal court action. They wanted Jones taken back into the camp and dealt with by administrative means.

I should also point out, Mr. Speaker, that one of the Job Corps regulations states as follows:

The Job Corps will not be able to enroll youths who show a history of serious and repeated offenses against persons or property. Minor or isolated offenses or instances of antisocial behavior, however, will not be regarded as grounds for ineligibility. In those cases when applicant is in between being a serious and repeated offender and having been involved in only relatively minor offenses, the Job Corps will require the submission of supplementary information from the appropriate public agencies before it can consider the youth. Such information should be submitted only if the local screening agency is of the opinion that the youth should be considered for selection and if the youth qualifies on all the other criteria previous to the medical examination.

But, Mr. Speaker, in spite of this regulation, the Job Corps refuses to take fingerprints of applicants. Fingerprints are taken of our boys entering military service, in order to check to see if there have been any previous criminal convictions. Why should the Job Corps be different?

Mr. Speaker, there are many cases in which young men with criminal records are put into positions of leadership in the Job Corps, apparently without any knowledge on the part of the Job Corps officials.

Mr. Speaker, this haphazard screening procedure in the Job Corps jeopardizes a basically good concept.

Mr. Speaker, this procedure must be corrected in the future.

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

Mr. GOODELL. I yield to the gentleman from New York.

Mr. FINO. The gentleman from New York has made reference to the fact that this was a youngster. Would the gentleman tell the Chamber how old this youngster was?

Mr. GOODELL. This youngster was either 20 or 21 years old. He was not a 16-year-old. He had three prior felony charges, and one of them included attempted murder. In addition, he was at that time in violation of his probation from California. The Job Corps has been unable to set up any procedure for screening and supervising parolees so that they will not be in violation of parole or probation.

DISTRICT OF COLUMBIA DELEGATE BILL

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

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

There was no objection.

Mr. MATHIAS. Mr. Speaker, I have today introduced with our colleague, the gentleman from Arizona [Mr. UDALL], identical bills to establish in the House of Representatives the office of delegate from the District of Columbia, to be elected by the people of this city, and within the present constitutional framework. These bills would also strengthen in a number of respects the existing election laws in effect here in the District.

The matters embraced by these bills are wholly separate and apart from home rule for Washington, a measure which we also both support. These matters are not in any way covered by or in conflict with the provisions of the Sisk home rule charter bill, which the House passed last session.

Earlier in this Congress each of us introduced other bills to establish the office of delegate for the District of Columbia. Since that time, a number of useful changes and improvements have been suggested, which are now incorporated in the bills which we have introduced today. We believe that these proposals have great merit and that they warrant favorable consideration by the House early in this session.

PERSONAL EXPLANATION

Mr. COLLIER. Mr. Speaker, on January 27, I was unavoidably absent and in my district and therefore missed rollcall No. 3, House Resolution 665, authorizing the expenditures of certain funds for the expenses of the Committee on Un-American Activities. Had I been present, I would have voted "yea," and would like the RECORD to so indicate.

A RECKLESS ATTACK ON THE JOB CORPS IN IDAHO

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

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

There was no objection.

Mr. WHITE of Idaho. Mr. Speaker, the Job Corps was subjected to a reckless and brutal attack yesterday by two Members of this body who give lipservice to our antipoverty program but are actually determined to undermine it. I refer to the joint statement of Representatives ALBERT H. QUIE and CHARLES E. GOODELL, which appeared in the body of the RECORD. These colleagues from the other side of the aisle used an isolated incident which occurred at the Mountain Home, Idaho, Job Corps camp on November 15 in an attempt to demonstrate the entire nationwide program is based on a "faulty philosophy." Presumably this effort to discredit the Job Corps was a trial balloon. Their statement is a mixture of half truths and misleading conclusions and shows, if nothing else, their ignorance of criminal law. Idaho, which has taken the Job Corps to its heart, is incensed at this brutal attack. While I believe the motive is purely political, the effect can be extremely damaging if the charges stand unanswered. Therefore, let us take a look at the truth, for a change, by closely examining the statement.

It was stated that the Job Corps had violated the interstate compact on parole and probation by failing to notify Idaho authorities that the accused in the knifing incident had a criminal record and was a parolee in California. These gentlemen should know that it is not the function of the Federal agency to fulfill the provisions of an interstate compact. The agreement is between the States.

These two Republican Congressmen called appalling and incredible the fact

that the accused Job Corps man was represented by an attorney who they alleged was retained at Federal expense. The true fact is that according to Job Corps policy, any corpsman accused in a criminal court should be provided legal services at his own expense. The attorney's fees are deducted from the corpsman's readjustment allowance at the rate of $5 per hour for time expended in a judicial proceeding, and $3 per hour for time expended in office consultation and preparation. This information is taken from Bulletin 66–40, dated November 9, and issued by the Office of Economic Opportunity.

Our colleagues allege that the Job Corps sent a wire to the court asking that the accused be placed on probation without punishment. The fact is that the court investigator asked Job Corps officials whether the boy would be accepted or reaccepted by the Job Corps if he were to be placed on probation. Job Corps replied that it would reaccept the boy if the court decided to place him on probation, and if he did not require psychiatric help.

It was further alleged that Job Corps officials refused to cooperate with the county prosecutor. This misrepresentation was yesterday absolutely denied by the Elmore County prosecuting attorney, Mr. Fred Kennedy. Mr. Kennedy stated that the Job Corps officials cooperated in every way possible. The Job Corps officials placed the corpsman under civil arrest and brought him to the county authorities.

In further evidence of the true purpose of our colleagues' discussion to discredit the administration of the Job Corps, they stated that no reply was sent to the prosecuting attorney with regard to his inquiry about recruitment policies. On January 17 a reply was sent by the Job Corps to Mr. Kennedy, signed by the Director of the Job Corps, Mr. Franklyn A. Johnson. A copy of that reply was sent to me and I forwarded it to Mr. Kennedy. Further, Mr. Johnson indicated that a full investigation would be conducted, and on January 28, I received a report of that investigation.

Finally, the two Congressmen charged that the Job Corps pleaded with the district judge to withhold sentence on the accused. The fact that the corpsman was placed on probation by the court seems in their minds to be a result of Job Corps intervention in the case. Our two colleagues should be apprised of the fact that in the State of Idaho attorneys, not Federal agencies, plead criminal cases. I would like to point out that the judicial system in the State of Idaho is sound and would not vary its judgment in a criminal proceeding to accomodate any county, State, Federal, or international organization. The judge's decision was based on pleading of the attorneys. Upon hearing that the corpsman is a fugitive from justice in California, he was placed in jail and Job Corps officials have not sought to bail him out.

I resent the publication of lies about what is going on in the State of Idaho. When there is a just criticism about the administration of any Federal program in the State, I am the first to give it expression. I have done so, but not with press releases in hand and the purpose in mind of wrecking the program to further the political ambitions of individuals within my own party, or to destroy those of others in another party. I think it would be appropriate to point out at this time that Idahoans are supporters of the Job Corps program. To illustrate my point, I would like to include in the RECORD a letter written by the Most Reverend Sylvester Treinen, Catholic bishop of the diocese of Boise, which was published in the Idaho Register on January 28:

YOUR BISHOP WRITES

In a surprisingly short time several youth corps camps have been set up in our midst and are in full operation. I can think of four or five, and there may be more. This is part of our national attack on illiteracy and poverty. Not that all of the young men in the camps are necessarily illiterate. But many of them are, and all of them are poor. The aim is to teach them enough, so that they can get a job, keep it and become self-supporting.

The men and women who make up the adult personnel of the camps are of course highly qualified in their fields. I am not acquainted with the salaries they are paid. Some may say they are in it for the money. Such a charge is naturally easy to make and perhaps hard to prove. In any event, I am sure they are sacrificing much by way of comfort and ease. Many of these people gave up home, friends, a job and much more in order to come out and live in the woods or desert and there try to guide and teach under difficult circumstances. If they are well paid, they should be. If the job is worth doing, it is worth doing in the best possible way. This takes the best people around.

It is conceivable that many are not at all in sympathy with this youth corps program. This is their privilege. Personally, I have suspended judgment for the time being. But whether we like this attempt to make society greater or not, the camps exist and living in them are hundreds of youths who are far away from home. They have not had many good breaks so far in life. Evidently they are looking for something better than what they had. Some of them may be toughs. But it would be unfair and uncharitable to put them all in that class by way of a snap conclusion.

Several months back I asked priests who have these camps in their parish to consider these boys their parishioners and thus to look after their spiritual welfare with the same zeal as for those who reside permanently in their parish. I am sure this is being done.

However, it is not just the duty of priests to be interested in them. Certainly every Catholic worthy of the name will be desirous of doing everything possible to make life more pleasant for those in the youth corps. They should be welcomed into our homes especially on the holidays. Parish societies, in particular societies of Catholic men, can be expected to visit the camps to see of what assistance they can be, bringing them religious articles and reading material, planning recreational activities, etc. With some effort communities can make the young men feel at home. This in turn will help them to profit more by their stay among us. It is true, some of the youths may take an advantage and misuse the help extended. But this happens among the home folks too. We do not give up in despair because of a few, nor may we brand the many with the mark some deserve by their misbehavior.

The message of the Gospels is not out of date. Our Divine Master did promise a reward for those who took in strangers, who clothed and fed them, who visited them, who took care of them when they were sick. He also promised condemnation for those who failed to do these things. We now have strangers in our midst. If they are still strangers when they leave, it will be our fault, and it will be Christ that we have turned away. For what we do to others, He considers as having been done to Himself.

SYLVESTER TREINEN,
Bishop of Boise.

Mr. Speaker, the Mountain Home News, a weekly newspaper serving the county in which the incident occurred, publishes on its editorial page each week "Companion," a report on the Job Corps. I incorporate in the RECORD for the critics, the February 3 column:

COMPANION: A REPORT ON JOB CORPS

From the base road, driving into Mountain Home at night, a bracelet of lights gives off a faint green glow against the hillside above town. These are the lights of the Job Corps camp reflecting the green metal surfaces of the buildings at the center.

All the buildings borrow the style and versatility of modern mobile homes.

Interior walls are paneled in rich looking but inexpensive walnut veneer. Custom-made draperies in burnt orange, autumn gold, and cranberry red burlap strengthen the oil rubbed finish of the walls.

Brightness is afforded by light-colored tile floors and overhead fluorescent lighting.

In the education building, accordion doors in leatherette divide a room for classes or expand space for movies and conferences. Long formica study tables are sectioned by dividers into individual study cubicles, affording a sense of privacy in a room full of boys.

Appropriately the only white structure is the hospital-dispensary. Within, it is a monument to compact efficiency. Modern equipment is arranged in a minimum of space.

Small trailer-sized rooms are miniatures of modern sterile hospital rooms.

Food is prepared in a kitchen of stainless steel appliances that would make any chef's domain a paradise. Meals are served cafeteria style over a glass-cased stainless steel bar. A variety of salads, cool and crisp, may be selected from an ice-filled bin of matching stainless steel.

The picnic-style dining furniture is perfect for rugged young men, but has its problems for visting ladies in skirts.

Menus are planned to tempt seconds and even thirds. Weight gains among the corpsmen came to attention when many returned to the quartermaster for clothing in larger sizes.

Despite the cuisine, cornbread and beans is the favorite fare and steak is looked upon like foreign food; some lack even the courage to take a bite.

Mothers "back home" are tensely concerned about their boys here. A mother from Ohio wrote, "School here was not helping him, that's why he's in the Job Corps. I felt they could help him. * * * I hope he settles down and learns to read. His brother is in the Job Corps also. I've been doing my best to keep the boys from getting homesick. But I feel they need this education so badly. In fact, I feel so strongly about it that I, myself, am going to night school."

And from a mother in Alabama: "I love him so that I miss him all the time, for he is the only child that I have to look forward to see him to make a man out of himself and see he can get him a good job. Well, you ask me what I thought about Job Corps; so I think it is the best thing that ever was put out for the young boys like mine."

Mr. Speaker, I am not here today to say that in the incident so incorrectly reported by our colleagues, everything was 100-percent pure. I have asked the Job Corps

to revise its screening process so that their State policy is carried out, to wit: that known felons are not placed in the camps. Further, I have suggested to Job Corps officials that small communities be given some assistance in law enforcement where a Job Corps camp is situated.

I have found the people in the comunities of my district to be not only supporters of the Job Corps concept, but of the concrete reality of Job Corps centers. Of course, it takes an extra effort on the part of the community to accommodate itself to and help Job Corps centers. I have found this to be the case in my district, and I am very proud of it.

PERSONAL ANNOUNCEMENT

Mr. DE LA GARZA. Mr. Speaker, on the vote on the bank merger bill, I was unavoidably detained. Had I been present, I would have voted "yea."

QUALIFICATIONS FOR SUPREME COURT JUSTICES

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. GURNEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GURNEY. Mr. Speaker, it is the hope of the American people that they will be represented and governed by the best possible people that this great land can offer. It is the purpose of legislation I am introducing today to more firmly guarantee that these hopes will be fulfilled.

The joint resolution which I propose calls for an amendment to the Constitution requiring that Supreme Court Justices have prior judicial experience, and further, that they be chosen from the best qualified of both political parties.

To each of the three branches of the Government is entrusted a precious part of our way of life. Each must function well in order for our Government to function as it should.

While the people elect both the President and the Congress, the courts are in the unique position of being appointed. There are few limitations placed upon the President in his selection of the jurists who shall have the final word on our laws. Our founders trusted in the wisdom of the President to chose wise jurists.

Holding the scales of justice in steady balance requires much. It demands that the Court be wise and unprejudiced by political alinements. Since we cannot expect each Justice to be without his own political beliefs and convictions, we can at least expect that the Court as a whole be unprejudiced. A reasonable balance of viewpoints assures this objectivity in the mind of the Court.

The American people have a right to expect that the Justices who serve them on their Supreme Court be more than old political cronies who have never before served on the bench. We have in our lifetime seen the Court packed in favor of a particular political philosophy. It has been our misfortune to see Presidents who were not so wise and just as those envisioned by the framers of the Constitution.

Under the language of the amendment I propose, a Justice must have had at least 2 years of service on an appellate court or 4 years on a court of original jurisdiction. This can be on either a Federal court or the highest of any State. In addition, appointments must be made in such a way as to maintain a balance of political affiliation. No party should have a majority of more than one Justice. This would give us a Court with a 5-to-4 split.

Although, of course, there is no way to guarantee fully that the President will choose for us the best possible men, nor that he will always be wise in his choice, we can at least require that a little more care be taken.

I am hopeful that the Congress and the American people will join in support of this measure to strengthen our Federal system by assuring that the Court will not become a political tool.

AN ELDER CITIZEN SPEAKS

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from Alabama [Mr. MARTIN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MARTIN of Alabama. Mr. Speaker, under the guise of helping the poor, the Great Society is creating conditions which are robbing many of our hardworking people of the just fruits of their labors. Although the President and his political-financial advisers will not admit it, inflation brought on by big Federal spending is seriously threatening the welfare of all our people. It is especially harmful to those who can afford it least, our old people, those on fixed incomes, and the handicapped who must depend on fixed pensions.

To call attention to how some of these people feel, I would like to include, as a part of these remarks, a letter I received from a citizen in Trussville, Ala. I assure you I have the letter in my files, but under the present trend of Government snooping, I will not use the name here. The letter follows:

SIR: We got an election year coming up. How wasteful can a government get. With foreign aid and the Great Society.

We are in our middle seventies and are having a hard struggle to live on our small social security. Now Johnson has eaten that up.

You know there are about 20 million of us old folks. Quite a block vote. Wife and I worked hard for 50 years to raise a family of 10, so we did not get to become a millionaire. If we did not own our own home, I don't know just what we would do. See if you can help stop this inflation.

A year ago we bought bacon at 49 cents a pound, bread, 16 cents a loaf. Now pay 90 to 95 cents and 22 cents, respectively. And everything is the same. No wonder we got poverty which is ripe for communism to take over our cherished land.

REPUBLICANS CALL FOR REEXAMINATION OF BUSINESS LOAN PROGRAM

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia [Mr. MOORE] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MOORE. Mr. Speaker, the principal reason for the establishment of the Small Business Administration was the absence of adequate loan facilities to serve the Nation's small business community. The business loan program was the agency's key program and its principal mission.

It is deplorable for us today to find that thousands upon thousands of qualified and deserving businessmen are denied financial assistance, and that the SBA business loan program is at a virtual standstill. The agency is not doing the job which Congress intended it to do and for which it was designed.

Certainly the Congress deserves high praise for the constant and complete sympathy with which it has met the requests of the agency. Despite the mandate of the Congress, however, and despite the continuous support SBA has received, it has virtually scuttled its own program. Today the agency indicates that it is without funds to meet the loan needs of the small business community. Yet, $36 million authorized by the Congress for this SBA program remain uncalled for.

The Republican members of the House Small Business Committee, the gentleman from California, H. ALLEN SMITH; the gentleman from Indiana, RALPH HARVEY; the gentleman from Massachusetts, SILVIO O. CONTE; the gentleman from New York, FRANK HORTON; the gentleman from North Carolina, JAMES T. BROYHILL; and myself, last Friday, February 4, issued a statement calling for a reexamination and restoration of the SBA business loan program. I include the statement in the RECORD at this point:

STATEMENT ON SBA PROGRAM

Republican members of the House Small Business Committee today called for reexamination and restoration of the business loan program of the Small Business Administration.

Congressman ARCH A. MOORE, JR., ranking Republican member of the committee, speaking on behalf of the minority members, bitterly complained about the present absence of SBA business loan activity.

"Contrary to the specific direction of the Congress," MOORE stated, "the business loan program has been radically altered, and is now virtually abandoned. During the past 2 years the loan limits were arbitrarily lowered by SBA, and since last October loan applications have not been accepted. Funds the Congress intended to be used for loans to qualified and deserving small businesses have been employed instead for an assortment of loan experiments for which no congressional approval was requested or given. Such use of available funds severely limited the program for which the agency and its funds were historically intended.

"Despite the urgency of the need for loans by thousands of deserving small businesses

across the country," MOORE continued, "SBA refuses to request appropriations to supplement the loan fund which they indicate is depleted. Thirty-six million dollars which have been authorized by the Congress remain uncalled for," he pointed out.

"Just what are the present SBA requirements for a small business to qualify for financial assistance?" MOORE asked. "What is the true situation as far as available loan funds, and what are SBA's plans for this once excellent, but now ineffective, nationwide program?

"We have heard all too many rumors. Of one thing, however, we can be certain: the Nation's small businessmen are completely disillusioned and disgusted with the present status of the Small Business Administration loan program," MOORE added. "The present administration cannot continue insensitive to the needs and demands of small business. We urge an immediate restoration of a vitally needed small business loan program."

This is the third successive week in which the minority members of the House Small Business Committee have pointed up "specific evidences of lack of concern for the small business community by the Johnson administration." On January 21, a letter "deploring the lack of SBA leadership" and calling for immediate appointment of an SBA administrator was forwarded to the President; last week the dwindling proportion of Government purchases awarded to small businesses and the withdrawal of SBA representatives from Department of Defense and General Services Administration procurement centers were severely criticized.

Joining with ranking Republican MOORE in these protests were all minority members of the committee: H. ALLEN SMITH, of California; RALPH HARVEY, of Indiana; SILVIO O. CONTE, of Massachusetts; FRANK HORTON, of New York; and JAMES T. BROYHILL, of North Carolina.

COLD WAR GI BILL OF RIGHTS

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. MCCLORY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. MCCLORY. Mr. Speaker, passage of the cold war GI bill of rights—H.R. 12410—marks a forward step in the recognition of fairness to veterans who have served in the Armed Forces of our Nation since the Korean war.

The cruel war being fought in Vietnam focuses attention on the contribution which our fighting men are making—although no state of war has been declared. Others in our Armed Forces have rendered important and courageous service along the Berlin wall, in Japan, in South Korea, in the Dominican Republic, and in other areas where they have been required to serve.

The Congress has taken numerous steps to advance educational opportunities to deserving citizens. This legislation—H.R. 12410—carries out that objective and fills a large gap in our obligation to our men and women of the Armed Forces.

UNFORTUNATE PUBLICITY ON NATIONAL PROGRAM ON FOOD IRRADIATION

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from Massachusetts [Mr. BATES] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BATES. Mr. Speaker, recently there was a great deal of notoriety in the news media given to the results of experimentation carried out under a Cornell-sponsored study on the effects of irradiated sugar solution on the growth of certain plant cells. It is unfortunate that well-intended research conducted in an area of considerable interest to botanists and plant physiologists should be publicly misconstrued and wrongfully used to cast doubt upon a well-conceived national program on food irradiation. This, however, is exactly what has happened.

Irradiation of a sugar nutrient solution was undertaken to determine what effects this would have on the growth of carrot seedlings in this media. An inhibition of plant growth was observed. In addition, experiments relating to possible mutations in fruitflies reared on irradiated sucrose were cited. Unfortunately, in stating their conclusions the investigators speculated that breakdown of sugar under irradiation, which they had observed, constituted a phenomenon which had serious implications for the food irradiation program, especially for foods which were high in sugar content. A number of newspapers carried articles stressing this statement and this has resulted in unfavorable publicity for the food irradiation program as a whole. Unwarranted damage has been done and those of us who have been following the food irradiation program and those scientists who have been performing research for many years in this field have been striving to right the wrong.

As you well know, Mr. Speaker, the corrections never receive the same level of notoriety that the initial allegations receive. Thus it is very difficult to counterbalance the ill-founded impression which has been created.

Those of us who are members of the Joint Committee on Atomic Energy have been following both the Army's and the Atomic Energy Commission's food irradiation research programs for a number of years and are convinced that they are very worthwhile programs. This approach holds the promise of introducing a new form of food processing which may result in significant savings in crops, marine products, meats, fruits, vegetables, and other foods at a time when the world as a whole is facing tremendous shortages.

The Joint Committee requested that appropriate Federal agencies study the previously mentioned Cornell research paper and comment on the significance of the research findings to the food irradiation program.

The Army evaluation reached the conclusion that there was no relationship between the research paper cited and the food irradiation program which had been carried out, with the exception, of course, of the unfortunate news coverage.

The Food and Drug Administration, which has already approved for human consumption irradiated bacon, irradiated wheat and wheat products, and irradiated potatoes, commented that they saw no reason to change any of their pronouncements on these products on the basis of the Cornell work.

The Atomic Energy Commission pointed out:

> While the referenced article has been found to be of scientific interest, we see nothing in the findings which would suggest a need to modify the current food irradition program.

As added evidence of the inapplicability of the Cornell findings to the food irradiation program, I would like to submit for the RECORD comments offered by technical personnel of the International Atomic Energy Agency in an article which appeared in the New York Times on January 23, 1966. This evaluation was in part summarized by the remarks "after all, a man is not a carrot" and "what applies to fruitflies, in this study, could not be inferred to apply to human beings."

In conclusion, I think it is fair to say that the research programs in this country on food irradiation have been carried out conscientiously and a great deal of attention has been given to the wholesomeness aspects of foods so treated. A great deal of literature has been published on this subject, and it is unfortunate that the Cornell researchers did not take the trouble to review some of the existing findings before offering speculation so far afield from the specific objectives of their research experiment.

The referenced news article follows. In addition I include in the RECORD at this point letters from the Atomic Energy Commission and the Food and Drug Administration on this subject which were received by the Joint Committee on Atomic Energy:

[From the New York Times, Jan. 23, 1966]

ATOM UNIT DENIES MUTATION PERIL—GLOBAL AGENCY SAYS FRUITFLY DATA DON'T COVER HUMANS

VIENNA, January 22.—A flurry of irritation has been caused at the International Atomic Energy Agency here by "unfavorable publicity" linked to a paper by three Cornell University researchers on the genetic effects of irradiated foodstuffs containing sugars. The paper has been seen on many desks at the agency's headquarters.

Last year the agency embarked on a 6-year research project on the preservation of fruit and fruit juices by Cobalt 60 gamma irradiation.

"After all, a man is not a carrot," was the comment that seemed to summarize the scientific objections to the alleged implications of the paper, which described chemical changes lingering after irradiation had subsided in coconut milk and carrot cell tissue culture.

The authors were Richard Holsten, Michiyasu Suglii, and Frederick Steward.

In their article, published last December in the British scientific journal, "Nature," they suggested that genetic change observed in fruitflies after they had fed on irradiated substances would indicate the necessity to look into possible mutagenic effects on human beings of irradiated foods.

SEEK TO EASE FEARS

A three-man panel of scientists attempted to answer a newsman's questions and to dispel any worries about mutation hazards leading to sterility and extinction.

The Cornell paper was an excellent piece of work on one aspect of the problem, but

its final reference to possible hazards in human nutrition was just not tenable, said Prof. C. F. Konzak, of Washington State University. He is the international agency's consultant on genetics.

One scientist explained that ordinary cooking caused "a million more chemical changes in food than radiation" but that this did not prevent a whole canning industry being based on cooking.

"One of the beauties of radiations is just that it causes even fewer changes than smoking," said the scientist, Dr. Maurice Fried. He is director of the Joint Division of Atomic Energy in Agriculture of the International Atomic Energy Agency and the Food and Agriculture Organization of the United Nations.

IRRADIATION USED IN THE UNITED STATES

The United States had already cleared irradiated bacon, wheat, and wheat products for human consumption "after searching and exhaustive testing the likes of which had never been required before," said Dr. Fried.

What applies to irradiation certainly holds true at least to the same extent for chemical methods, he went on, and if one were to avoid chemical residues in the substances treated, no insecticides could ever be used.

"If you were starting to give your food to flies to see which produced increases in their mutation rate and then ate only those foods that didn't you would have a mighty restricted diet," Dr. Fried suggested.

Coffee or alcohol or spicing are powerful agents in this respect, Dr. Fried said, but no one ever discusses them as genetic hazards.

He explained that the whole purpose of irradiation was to find selective methods to destroy lower forms of life such as mold growth and fermentation (yeast organisms) by impeding the microbial reproductive processes without harming higher forms of life.

Dr. Fried said that "we have no quarrel with the scientific findings of Dr. Steward," but that what applies to fruitflies could not be inferred to apply to human beings.

The drosophila or fruitfly has a high mutation rate anyway, Dr. Konzak interjected, and its genetic system lacks many of the protective mechanisms of higher animals. Why did no one try to give the drosophila a cooked diet and see what happened?

Here Dr. Karoly Vas entered the discussion by saying the Cornell team had worked on carrot cell tissue culture, but after all, he said, "a man is not a carrot."

Professor Vas, of the Budapest Institute of Food Technology and Microbiology, is now with a joint fruit juice project of the agency here. Eight European countries and the United States are participating.

U.S. ATOMIC ENERGY COMMISSION,
Washington, D.C., January 24, 1966.

Mr. JOHN T. CONWAY,
Executive Director, Joint Committee on Atomic Energy, Congress of the United States.

DEAR MR. CONWAY: Reference is made to your letter of January 3, 1966, concerning news reports relating to Dr. F. C. Steward's article entitled "Direct and Indirect Effects of Radiation on Plant Cells: Their Relation to Growth and Growth Induction," which appeared in the November 27, 1965, issue of Nature.

The Atomic Energy Commission is cognizant of this work and previous literature in similar and related areas, and has supported research studies in such areas for the past several years. The results reported by Holsten, Sugii, and Steward demonstrate a marked inhibitory effect on cell division of carrot cells grown on irradiated media or media supplemented with irradiated sugar solutions when high radiation doses are used (0.5 to 4.0 megarads). At lower doses (0.02 to 0.5 megarads) there appears to be a stimulatory effect on cell division. In addition to these results, the paper reported, although no quantitative data were presented, that chromosome aberrations are produced in both meiotic and mitotic cells of plants raised on media supplemented with irradiated sucrose, and that gene mutations, produced in Drosophila raised on media containing irradiated sucrose, were increased. The evidence for the increase in mutations can be considered to be suggestive of an effect, but more information would be necessary before definite conclusions could be made as to whether the effect was real. Evidence of a similar nature has been reported previously by others on each of these biological effects, and although the subject article adds to the body of similar existing information, it does not affect in any significant way our current understanding of the phenomena.

It is our belief that any compounds produced when carbohydrates are irradiated should be considered in the light of two possible long-term biological effects; one possible effect is that such products might be carcinogenic, while the second possibility is that such compounds could be mutagenic. The vast amount of toxicity evaluation work conducted under the U.S. Army Surgeon General's Office auspices on 21 major classes of radiation sterilized foods has provided convincing evidence that no carcinogenic effects are present in animals fed high-level radiation sterilized food over four generations. Currently, additional toxicity studies are being conducted under AEC auspices using protocols approved by the Food and Drug Administration. The possibility of genetic damage resulting from ingestion of irradiated carbohydrates, however, must still be considered.

In this connection, the findings to date on tissue or cell culture systems demonstrate that these compounds can be toxic to these systems and can induce chomosome aberrations in them. Reports as to the mutagenicity of products from irradiated food which contains sucrose as measured in Drosophila have been published. At the present time, this evidence is controversial. There is evidence reported from work supported by the Atomic Energy Commission that there is a mutagenic effect in Drosophila but, on the other hand, there are other published reports which indicate that there is no such effect.

Regardless of the question of the mutagenic effects of these compounds in Drosophila, it is our considered judgment that the present evidence cannot be construed to mean that compounds produced by irradiation of carbohydrates would necessarily behave in a mutagenic manner when fed to mammals or man. Our reasons for this belief are as follows: (1) The availability to mammalian germ cells of possibly mutagenic substances produced in irradiated foods and ingested in the diet of mammals would be greatly reduced relative to the concentration available to microorganisms and cells in culture or to germ cells of Drosophila larvae. (2) Such compounds may be rendered ineffective from a mutagenic standpoint by the enzymatic degradation processes to which they would be subjected prior to leaving the gastrointestinal tract or to the detoxification processes normally present in mammalian systems. (3) It is known that heat treatment of sugars, as might be used in food processing, produces many of the same substances that irradiation yields. Nevertheless, work supported by AEC is now in progress to investigate further the mutational and genetic consequences of irradiated sugars. Experimentation along these lines using mammalian systems will begin shortly in Oak Ridge.

News reports which have implied that these findings indicate a potential health hazard to mammals and man are indeed unfortunate. While the referenced article has been found to be of scientific interest, we see nothing in the findings which would suggest a need to modify the current food irradiation program.

Sincerely yours,

DWIGHT INK,
Assistant General Manager.

DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE, FOOD AND DRUG ADMINISTRATION,
Washington, D.C., January 19, 1966.

Mr. JOHN T. CONWAY,
Executive Director, Joint Committee on Atomic Energy, Congress of the United States, Washington, D.C.

DEAR MR. CONWAY: We have your letter of January 6, 1966, requesting our evaluation of the paper concerning irradiation of food, published by Dr. Steward et al. of Cornell University (Nature 208, 850–6, 1965).

Unfortunately, and perhaps unknowingly, the lay press have extrapolated the valid findings of the very fine research paper of Dr. Steward et al. much further than is justified by the facts presented.

We have, in response to food additive petitions, promulgated regulations authorizing the use of radiation for the preservation of canned bacon, for the control of insect infestation in wheat and wheat products, and for inhibiting the sprout development of white potatoes. The regulations prescribe the conditions under which each of these foods may be safely treated, including the source of the radiation (gamma radiation from sealed isotope units, electron beam radiation, or X-ray treatment), the absorbed dosage limitations, and manufacturing controls to assure compliance with the regulations. We also have authorized the use of ultraviolet radiation for the sterilization of water used in food production and for the control of surface micro-organisms on food products.

The comprehensive data on irradiated foods which have been furnished by the FDA in support of the authorized uses show that these foods are safe and wholesome. The background radioactivity of these foods is not increased and there is no evidence that they or their components can cause cancers or mutations.

The safety of food additive uses authorized by our regulations is reviewed periodically in the light of any new scientific data bearing on the safety question. We have now made that review with respect to irradiated foods because of the Cornell University paper and conclude that our regulations are sound.

We trust that you will find this information helpful.

Sincerely yours,

W. B. RANKIN,
Acting Deputy Commissioner.

BANK MERGER BILL

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the gentleman from Washington [Mr. PELLY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PELLY. Mr. Speaker, I expect to be absent on official business during consideration of H.R. 12173. Therefore, I wish to announce to the House that if I were present I would not vote for or

against this legislation because under rule VIII of the Rules of the House of Representatives I feel I might have a direct personal or pecuniary interest in this bank merger bill. Therefore, if I were present I would abstain.

CHURCH AWARD GOES TO CLEVELAND SYNAGOGUE

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

Mr. FEIGHAN. Mr. Speaker, in an unusual ceremony attended by a host of dignitaries on January 14, 1966, Cleveland's Fairmount Temple received a unique award. Dr. Norman Vincent Peale, famed Protestant clergyman, presented the ninth annual Guideposts Church Award to the Jewish congregation for its "initiative and spiritual creativity." This marked the first time that the award had gone to a synagogue.

The presentation was made in the crowded sanctuary during the congregation's regular Friday Sabbath eve service. Distinguished clergymen, educators, and public officials walked together in formal academic procession. On the pulpit for this special interfaith occasion were representatives of the Jewish, Protestant, and Roman Catholic religions.

The Guideposts Award recognized the many ways in which the Fairmount congregation reached beyond the normal call of religion in its efforts to understand and help their fellow man.

Mr. Speaker, it was my privilege to be present when Dr. Peale, who is president of the Protestant Council of the City of New York, presented the congregation's president, Edward Ginsberg, with an impressive bronze plaque upon which was inscribed:

For the form and force of the congregation's social concern—deeds, not just words, in the struggle to elevate all men.

In his presentation remarks Dr. Peale told Rabbi Arthur J. Lelyveld and his congregation:

What you have accomplished is a thrilling demonstration of how the message of God can be taken outside of the temple's walls to the people of the world.

Specifically, Guideposts cited: Fairmount's junior alumni group, in which the temple's teenagers tutor elementary school children, mostly Negro, at Friendly Inn, a Cleveland settlement house; the groups within the synagogue which have made organized efforts to learn about other religions; and the congregation's vigorous stand on human and civil rights, especially in their adoption of the principles embodied in "A Call to Racial Justice." This is a document with a point-by-point pattern of conduct for members of the congregation to follow. It prescribed nondiscriminatory practices for individuals as well as for the temple's own administration. It lists ways in which the congregation's educational, cultural, and worship program can reflect "our efforts to achieve equal rights for all peoples."

Among the distinguished voices heard during the ceremony were those of Irving Jay Fain who came from Providence, R.I., to represent the Union of American Hebrew Congregations; the Very Reverend H. E. Dunn, S.J., president of John Carroll University; and the Reverend Dr. Donald Jacobs, president of the Cleveland Chapter of NAACP.

Two newspapermen, Jack Hume, of the Cleveland Press, and Roy W. Adams, of the Plain Dealer, made the nominations that led to Fairmount Temple receiving national recognition. Every year religion editors across the country are asked to nominate the outstanding church in their area. This year, Hume and Adams, both religion editors of their papers, were each unaware that the other had nominated the synagogue.

Guideposts Associates, Inc., is a nonprofit organization whose purpose is to build bridges of understanding among the various religions. In addition to publishing the monthly inspirational mazagine Guideposts, it sponsors "know your neighbor's faith" conferences throughout the Nation and other projects designed to increase understanding among people of various faiths.

Mr. Speaker, the congregation of Fairmount Temple adopted a program of moral action which has served as a challenge as well as a guide to all its members in performing deeds to remove injustices in the social-economic order. That program is titled "A Call to Racial Justice." The good works and community programs growing out of that pronouncement of moral purposes brought unique national recognition to Fairmount Temple. I include in my remarks the text of the pronouncement, which follows:

A CALL TO RACIAL JUSTICE

Preamble: "Have we not all one father? Hath not one God created us? Why do we deal treacherously, every man against his brother, profaning the covenant of our fathers?" (Malachi 2: 10.)

The resolution of America's race problem is not the exclusive responsibility of any single group, of Negroes or whites, of Christians or Jews, but rather it is the collective responsibility of all Americans. However, we who every Passover still relive the lash of the taskmaster and who still recall that the ghetto was first invented to segregate Jews, have a special commitment. Jews are committed by faith and fate, by theology and history, to eradicate every trace of racism. The synagogue, the institutionalization of Jewish ideals, must not be a passive participant in the struggle, but must take initiatives and assume positions of leadership, true to the essence of Judaism that "not the word, but the deed is primary."

In order to fulfill our moral responsibilities, we herewith endorse the following as a statement of the congregation's position:

I. RACIAL JUSTICE IN OUR CONGREGATION'S ADMINISTRATIVE POLICIES

1. Our congregation and all its affiliate groups will not patronize nor sponsor any activity at a place of public accommodation which discriminates against anyone because of race, religion, or ethnic origin.

2. Our congregation will pursue a policy of nondiscrimination in all relationships with our employees.

3. Our congregation will require a nondiscrimination employment clause in any contract to build or improve our physical facilities.

4. Our congregation, in connection with deposits and loans, will urge those financial institutions with which we do business to have nondiscriminatory lending, borrowing, and employment practices, and will give preference to such institutions as will demonstrate such nondiscriminatory policies.

5. Our congregation will require agreements not to discriminate in the sale of its real property.

6. Our congregation, wherever feasible, in the purchase of equipment or supplies will give preference to purveyors who are known to have nondiscriminatory hiring policies.

7. Our congregation, in accordance with its Constitution, will welcome as members all Jews, regardless of their racial origins.

II. HUMAN RIGHTS IN OUR CONGREGATION'S EDUCATIONAL, CULTURAL, AND WORSHIP PROGRAMS

1. Our worship services will reflect in prayer, sermon, and educational content our efforts to achieve equal human rights for all peoples, regardless of race, creed, or ethnic origin.

2. Our religious school curriculum and program will be frequently reviewed in order to incorporate the most recent developments and the most progressive techniques for inculcation of respect for all races and creeds.

3. Our congregation will devote sessions to the subject of human rights in our educational programs for youth and adults.

4. Our congregation will sponsor and urge its affiliate groups—youth, men's club and sisterhood—to sponsor programs at home, in our temple and in other institutions with all social, religious and ethnic groups and individuals in an effort to establish positive and meaningful interpersonal relationships.

5. Our congregation, through its social action committee, will seek out appropriate organizations with which to work for racial justice and will encourage the active participation of our members in their programs.

III. RACIAL JUSTICE IN THE LIVES OF OUR INDIVIDUAL CONGREGANTS

Because the ultimate objective of the synagogue is to have an impact on the lives and characters of our individual members, we deem it our duty now and in the future to direct the attention of our members to discriminatory practices in their own businesses, occupations, and neighborhoods.

1. We urge our members who are in business to institute and enforce nondiscriminatory employment and promotion policies, and to provide training to upgrade jobs for all employees, regardless of racial origin.

2. We urge our members who belong to labor, business, and professional groups to take positive steps to encourage the introduction of Negroes and other discriminated minority groups into skilled trades and professions, and to exert their influence in providing them with equal opportunities for occupational and professional advancement.

3. We urge our members who sell or rent real estate or other property to adopt an open occupancy nondiscriminatory policy.

4. We urge all our members to support and participate in effort for racial integration in their own communities, neighborhoods, and public schools.

5. We urge all our members to give preference to places or businesses open to the public which do not discriminate against Negroes and other discriminated minority groups, either as patrons or employees.

6. We urge our members to invest in financial institutions which make funds and services available on a nondiscriminatory basis, and further urge that our members attempt to prevail on those financial institutions which do not now have such nondiscriminatory practices to change their policies.

7. We urge our members to adopt such business policies and practices as will not

create nor cause to be created unfair discrimination by reason of neglect of property and maintenance of the same.

8. We urge our members not to frequent private luncheon clubs which refuse membership or service on racial or religious grounds.

9. We urge all our members to give active support to the enactment of local, State, and Federal civil rights legislation and to forceful executive action in support of civil rights.

Mr. Speaker, Fairmont Temple has a long and worthy tradition in the Greater Cleveland community. The congregation was established 127 years ago and its history is interwoven with the vital history and development of our city. A brief summary of that history, which follows, tells the story of growth and progress, of religious dedication, of perpetuated leadership and of faith in the future of America:

HISTORY OF ANSHE CHESED CONGREGATION

For the city of Cleveland and its 9,573 souls, the year 1846 was a momentous one. It marked the semicentennial of the city's founding. Just 50 years earlier the Connecticut surveyor, Moses Cleaveland, along with a party of emigrants, had debarked on the shores of the Cuyahoga and had formally opened up the area for settlement.

The Jewish community of Cleveland likewise made history for its tiny self in the memorable year of 1846. For then it was that a series of events culminated in the building of its first synagogue. The congregation had been founded in 1839. That congregation grew and thrived with the years, paralleling the growth of the city, until today the Fairmount Temple, its direct descendent, ranks among the largest and foremost institutions of the Nation and the world.

The Israelitic Anshe Chesed Society of the city of Cleveland built Cleveland's first Jewish house of worship on a plot of ground presented to the congregation by Leonard Case, non-Jewish Cleveland philanthropist. The structure, located on Eagle Street, built at a cost of $1,500 was officially dedicated on August 7, 1846. Frederick Goldsmith was the society's first president. And they had as their spiritual leader S. L. Stern (or Stein).

As the city of Cleveland grew in size, so did the Anshe Chesed congregation. Its members participated in the expanding life of the community and the congregation.

More and more Jewish groups created synagogues and Jewish institutions, but Anshe Chesed retained its position as the foremost Jewish organization of the city, from which others derived their inspiration. The congregation's rabbis helped mold the character of Cleveland Jewry. During the first 30 years of its existence, the congregation was served by a number of rabbis, some of them for short tenures. In a report of the dedication of the Scovill Avenue temple, the Cleveland Leader states that the following were the rabbis of the temple: Rev. I. Hoffman, Rev. S. L. Stern, Rev. P. Frould, Rev. Dr. I. Kalish, Rev. G. M. Cohen, and Rev. Dr. Machol.

Rev. Dr. Michaelis Machol, who was destined to lead the congregation for more than three decades, was called to the fold in 1876. The new rabbi was well attuned to the liberal spirit of the congregation, and under his guidance, the congregation prospered culturally and physically.

It soon became obvious that the Eagle Street edifice was too small to accommodate the rapidly burgeoning congregation, and spurred by Rabbi Machol, the congregation sought larger quarters. A site was selected on Scovill and Henry Streets.

On September 2, 1887, the dedication services were impressively begun with reading of the first verses of Genesis by Rabbi Machol.

A newspaper reporter recorded his impression of the ceremony: "As we enter the church proper our eyes were dazzled by the magnificent spectacle presented. This room is 140 feet long and 72 feet wide, with a gallery all around it. It contains 182 pews with an entire seating capacity of 1,500 people * * * the Anshe Chesed congregation may justly point with pride to a most magnificent place of worship and return thanks to their efficient officers for their untiring efforts." The cost of construction was $85,000.

Rabbi Machol continued to lead the congregation with conscientious zeal and forceful inspiration. By 1905, Rabbi Machol was agitating for a larger house of worship. He had the good fortune to see his dream realized and, as rabbi emeritus, took part in the dedication of the third building used by his congregation, the Euclid Avenue Temple.

In 1907, Anshe Chesed called to its pulpit, Rabbi Louis Wolsey, who served for 18 years, leaving in 1925 to answer a call to serve as rabbi for the Rodeph Sholem congregation in Philadelphia. Following the lead begun by Rabbi Machol, the new rabbi vigorously pressed for the building of a larger temple.

The new building on Euclid Avenue, at 82d Street, was dedicated on March 22, 1912. It was hailed as one of the most handsome sanctuaries in the country. One observer described the temple as follows: "The building is alive with color, free from the artificiality of smooth brickwork; the colors and the roughness harmonize with nature's kaleidoscope appearance. The very irregularities of color, joints, lines and mortars liberate the building from any impression of mechanical effect. Being of rough brick, dirt and dust cannot settle upon it for the rain washes it away."

This great event in the religious life of the city of Cleveland was hailed in a prophetic editorial which appeared in the March 15, 1912, issue of the Jewish Independent: "After tomorrow, old Scovill Temple, which has done such a valiant service for Cleveland Judaism will be memory only. It was the Eagle Street Shul first, then the Scovill Temple, and on the evening of March 22 it will be the Euclid Avenue Temple. Will the Euclid Avenue Temple be too far downtown in 25 years?"

Answer: Cleveland expanded so rapidly that the temple was too far downtown 15 years after its construction.

Large though the temple was, it did not provide enough space for the growing religious school. By dint of continuous persuasion, Rabbi Wolsey succeeded in winning the congregation over to the task of constructing an annex. This task was consummated in 1923, when the temple house adjoining the temple and matching it in design, was completed.

The modern era and the period of its greatest growth began for Anshe Chesed congregation with the advent in September 1925 of its rabbi, Dr. Barnett Robert Brickner. Rabbi Brickner's ministry encompassed a never-ending series of innovations, achievements, and activities which resulted in added luster for the temple, locally and nationally.

Rabbi Brickner's religious philosophy as it manifested itself in his policies, was that liberal Judaism must be amenable to change and adjustment, whether it be by innovation or restoration.

Rabbi Arthur J. Lelyveld succeeded the late Rabbi Brickner in October 1958. A native of New York City, Dr. Lelyveld is a distinguished scholar and author with an impressive record of service as executive, board member, and officer of many national organizations. He was general chairman of the 1963 Cleveland Jewish Welfare Fund Campaign and is presently a member of the board of trustees of the Jewish Community Federation and its executive committee, cochairman of the emergency committee of the Clergy for Civil Rights, and, the executive committee of the National Association for the Advancement of Colored People, Cleveland chapter.

Stimulated by the energetic zeal of their rabbi, the Anshe Chesed members have helped him create a vital kind of Judaism. Alive to their responsibilities toward an expanded service to their fellowmen, the members have joined with their rabbi in enterprise after enterprise to deepen their understanding of their faith and to convey the Jewish heritage to their children. This spirit of experimentation, characterized by a willingness to change, modify and reappraise has caused the Fairmount Temple to be called the "laboratory temple."

At the end of a century and a decade, Anshe Chesed, in its fifth home, Fairmount Temple, built at a cost of $2,500,000 is reckoned as one of the principal bulwarks of Judaism in the Nation. Many of the members have spanned, in their lifetimes, the major portion of the congregation's history, and are still as loyal to its ideals as they were in their youth. Many of the children are children of the pioneers, and the numbers grow greater with the generations.

Anshe Chesed has provided American Jewry with a large number of lay leaders, who gained their knowledge and inspiration within the confines of the temple and its religious school. Former members and confirmands are to be found in cities all over America in positions of secular and civic leadership.

A substantial number of rabbis have gone into reform Judaism from this temple family. Among them are: the late Rabbi Eugene Hibshman; Rabbi Newton Friedman, Macon, Ga.; Rabbi Bernard Rosenberg, Stockton, Calif.; Rabbi Jerome Folkman, Columbus, Ohio; the late Rabbi Bernard Dorfman, Dr. Alan S. Green, Temple Emanu-El, Cleveland; Rabbi Roland Gittelsohn, Boston, Mass.; Rabbi Elmer Berger, New York City; Rabbi Sanford Rosen, San Mateo, Calif.; Rabbi Benno Wallach, North Miami, Fla.; Rabbi Robert Raab, McKeesport, Pa.; Rabbi Balfour Brickner, Washington, D.C.; Rabbi Samuel Soskin, Brooklyn, N.Y., and Bernard Starkoff and Jack Skirball who left the ministry for private business.

RABBIS WHO HAVE SERVED THE ANSHE CHESED CONGREGATION

According to available records the following served as rabbis prior to 1876; Rabbi Isaac Hoffman, Rabbi S. L. Stern, Rabbi P. Frould, Rabbi I. Kalish, Rabbi Wetterhahn, Rabbi Hertzman, Rabbi Field, Rabbi Liebman, Rabbi Gustavus M. Cohen, Rabbi Nathan, Rabbi M. Tinter; 1876–1906, Rabbi Michaelis Machol; 1906–25, Rabbi Louis Wolsey; 1925–58, Rabbi Barnett R. Brickner; 1958 to present Rabbi Arthur J. Lelyveld.

CONGREGATIONAL PRESIDENTS

Frederick Goldsmith, 1846–49; Simon Newmark, 1849–55, 1859–60, 1865–68, 1876–78; Aaron Halle, 1855–57; Abraham Strauss, 1857–58; Simon Thorman, 1858–59; S. Goodhart, 1861–62; Jacob Rohrheimer, 1862–63; Abraham Schwarz, 1863–64; Moses Loeser, 1864–65; M. J. Moses, 1870–72; Nathan New, 1872–75; Isaac Reinthal, 1879–81, 1890–94; Simon Skall, 1882–90; Moses Halle, 1894–95; Isaac Levy, 1896–1912; Simon Fishel, 1913–16; Nathan Loeser, 1916–21; David S. Kohn, 1921–30; Irwin S. Loeser, 1930–35; Myron A. Cohen, 1935–38; James M. Miller, 1939–42; Judge Maurice Bernon, 1943–47; Otto J. Zinner, 1948–49; J. W. Grodin, 1949–50; Emil M. Elder, 1951–53; Alfred I. Soltz, 1954–57.

The presidents of the congregation since 1957 have been: Bertram W. Amster, 1958–

59; Bernard J. Kaufman, 1960–62; Irving J. Ringel, 1963–64; Edward Ginsberg, 1965 to the present.

IMPORT-EXPORT STATISTICS OFF THE BEAM—REVISION IS NEEDED

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

Mr. SIKES. Mr. Speaker, for years our export surplus in merchandise has been a source of gratification and comfort, offsetting the shadow cast on our economy by the balance-of-payments deficit. During the past decade, we have become accustomed to reading optimistic reports about our merchandise export balance. During the past 5 years this surplus has not fallen below $4.5 billion and in 1964 leaped to nearly $7 billion; a thick cushion—we thought.

It was comforting to believe that our merchandise exports did so much to offset our foreign expenditures in the form of foreign aid, both economic and military, tourist outlays, investment outflow, and similar drains on our dollars. But for this surplus the bleeding away of our gold from Fort Knox would have been even more serious than it has been; and we could have been hard put to uphold our continuing outlays for foreign aid in the form of heavy shipments of goods paid for from our Treasury; military assistance, extension of soft loans to the developing countries, and other distribution of the goods and dollars produced by our economy.

It comes now as a blow to learn that these surpluses were not all that they were held out to be. Some of what was regarded as sinew turned out to be blubber. The result was a serious shrinkage of the supposed trade surplus and damage to our competitive position in world markets.

Through the years we had been compounding an error in surplus computations. In part, on that error we built a trade policy and it has influenced foreign policy positions. We have drawn false conclusions from illusory computations. One was that our exports were a solid bulwark against a worsening balance-of-payments problem. We needed only to stimulate exports, and the balance-of-payments specter would largely vanish with its disquieting threat.

The other fallacy lay in the easy conclusion that since we enjoyed such an export surplus we must be highly competitive in the markets of the farflung corners of the earth. How could we ring up such comfortable balances on our export cash registers if we were not top-notch competitors, whether it be in Europe, Asia, Africa, Oceania, or elsewhere? Surely the test of the pudding was in the eating of it.

Unfortunately the trade balances were not what they appeared to be. They were overstated. I do not say that they were manipulated. Nevertheless they conveyed an impression not borne out by the facts. The value of our imports has been understated by nearly one-fifth through the use of foreign cost as the basis of evaluation. This is the same as computing the cost of an automobile at its f.o.b. price, Detroit, no matter whether the purchaser lives in Detroit, Dallas, New York, or San Francisco. Obviously the freight charges are not included in such a basis of evaluation, but they must be paid by the buyer. Our imports from Japan, for instance, are recorded on the basis of the cost at Yokohama or other port, without including freight and insurance charges incident to landing them in this country, exclusive of duty. Competent calculations have shown that during the past 3 years this manner of recording our imports from Japan produced an average underevaluation of some 23 percent. The same method is applied to imports from all other countries. With respect to imports from the United Kingdom, the average underevaluation during the 3-year period of 1962–64 was approximately 22 percent, according to the same source.

Some of our imports, notably those from Canada and Mexico do not incur such heavy charges. Other imports come from still greater distances than those from the United Kingdom and Japan, such as those from some Asiatic, African and Australian sources. Altogether some 80 percent of our total imports come from overseas areas and incur rather heavy shipping charges. It has been calculated that a global average of 17½ percent would not be an excessive margin of enhancement to bring our official statistics into line with those recorded and published by nearly all other countries with respect to their imports.

If we apply this global percentage to our imports we find them coming much nearer to our export levels. In 1964 our import bill instead of being $18.6 billion would have been $3.25 billion higher, or $21.8 billion. The supposed surplus of nearly $7 billion would thus have been cut almost in half.

Admittedly this error of computation does not change our balance of payments even if it changes our balance of trade. Nevertheless, it produces an incorrect picture of our competitive prowess in world markets, and possibly influences our trade policy. Beyond that it has a bearing on our broader foreign economic policy. To appreciate this influence we have but to remark that instead of enjoying an export surplus in our trade with Japan, this country has been running a deficit in recent years. Yet, the supposed surplus has been used as evidence of our restrictive trade policy. I daresay that the public believes that we have been buying less from Japan than we have been selling them. The same holds true with a minor exception, in our trade with England.

These erroneous impressions have been used as weapons to encourage us to liberalize our trade policy and to move toward free trade more rapidly, although we have come about 80 percent of the way toward free trade under the tariff-cutting program.

The other error that has been promulgated without any visible effort by the Government to correct it, has been to include in our exports under our foreign aid program no less than food-for-peace shipments and our subsidized shipments of wheat, cotton, and other farm exports, in our export totals.

To this there need be no objection but for the temptation to lump together all exports and then point to the handsome surplus as evidence of our competitive muscle and to conclude that further tariff reductions are in order. That temptation, to say the least, has been but lightly resisted. Yet, if these various exports—exports that would not be made on a private commercial competitive basis—were not included in our export figures, the total export figures would be seriously deflated. If our exports are to be used as evidence of our competitive standing in foreign markets, the subsidized and often gift shipments should, of course, not be included.

Studies show that in 1964 our exports under various nonmilitary governmental programs, including subsidized products, amounted to $3.7 billion. Added to the error already described, the total rises to nearly $7 billion, or enough to wipe out completely the alleged surplus.

Meantime, since 1958 we have been recording a deficit in the shipping costs incident to moving our exports and imports. In 1963 this reached the level of $300 million.

This record offers little as evidence of the competitive vigor of this country. The fact is that in our competitive struggle with the other leading trading nations, we have been lagging badly since 1958. This lag is especially notable in manufactured goods, with the one exception of machinery. While chemical exports have done well, they have consisted in great part of raw or processed materials. On the other hand, our imports during the past decade have moved heavily toward manufactured goods.

The upshot is that in a score of important industries we have been losing out in the export field. An outstanding example has been the steel industry. Another is finished automobiles. Other examples are typewriters, sewing machines, various items of hardware, shoes, cotton textiles, watches, and so forth. Yet, not many years ago we were the world's leaders in the exportation of most of these items. Specifically, in 1962 we experienced a deficit—even by the official basis of computation—of $4.6 billion in our foreign trade in petroleum, nonferrous metals—copper, lead, zinc, and so forth—and paper and paper products, and a host of others. Even if the items mentioned are excluded, the deficit was $2.1 billion. This included a long list of products, among them cotton and wool textiles, wood manufactures, beverages, meats, fishery products, toys, athletic goods, jewelry, leather and rubber goods, and so forth.

In my own district, hardwood plywood imports have taken their toll, and imports of manmade fibers continue to increase year after year, outpacing the increase in our exports.

Our foreign trade is not on a healthy trend and no amount of official selling efforts by Government agencies will change the basic trouble. Our disadvantage lies in costs. Our labor costs are higher in nearly all instances than abroad, and the fast-rising technological advancement in other industrial countries dims the outlook for closing the gap. Our high wages provide our public purchasing power; so it is not a matter of reducing wages. Nevertheless the pressure to remain or to become competitive exerts a strong pressure to reduce costs by automating, modernizing, and so forth. This pressure falls on the work force, not as reduced wages but as jobs that are abolished or jobs that do not open.

In response to the noncompetitive position of so many of our industries, scores upon scores of U.S.-owned plants have been opened abroad or their existing foreign operations enlarged. For the future this does not spell more lively export markets. Our capital, now continuing to install American machinery abroad in foreign plants, will serve more markets from within. Even our parts shipments will decline as other countries raise their requirements for the portion of parts that must be manufactured in the home country, as they now are doing in country after country.

The escape hatch of foreign investment is not open to small industry, lacking the necessary reserves; to suppliers of parts and components to mass producers; nor to farmers, except on the borders or the near islands in the Caribbean, and not to labor unless it wishes to emigrate. These are the people who are left holding the bag.

The steps now proposed to overcome the balance-of-payments deficit will fall short of what is needed. We need a reorientation of our foreign economic policy, taking its cue from the basic fact revealed by the new studies; namely, that we are in a weaker competitive position in the world than we had believed, and that we must recognize this fact and act accordingly.

Obviously, further sharp tariff reductions as contemplated under the Kennedy round cannot be justified. Scores of our industries are already overexposed and no further exposure should be risked. To do so could create a crisis in our balance of payments that will call for ever greater governmental interference and control of private enterprise.

Mr. Speaker, I am happy to join with other Members in the introduction of a joint resolution designed to correct the error of statistical reporting that I have described.

HONOLULU CONFERENCE EXCLUDED ALLIES

The SPEAKER. Under a previous order of the House, the gentleman from Illinois [Mr. FINDLEY], is recognized for 15 minutes.

Mr. FINDLEY. Mr. Speaker, today I have written to President Johnson urging him to call another Vietnam strategy conference and this time invite the chiefs of state of Australia, South Korea, and others like the Philippines from whom we seek increased support in the war effort.

This action would help to repair the damage caused by the exclusion of Australia and South Korea from the Honolulu conference and might lead to the support which Secretary of State Rusk recently sought from NATO nations.

Australia and South Korea have combat troops in South Vietnam, but the Honolulu conference structure gave the appearance that the only nations whose combat contributions deserved recognition were the United States and South Vietnam.

Sunday night I had sent a telegram to the President in Honolulu, urging that Australia and South Korea be invited.

The text of my telegram follows:

FEBRUARY 6, 1966.

DEAR MR. PRESIDENT: I take the liberty to transmit the suggestion that you invite the chiefs of state of Australia and South Korea—the only other nations with combat troops in South Vietnam—to join your strategy discussions with Premier Ky. The suggestion was made earlier today by House Minority Leader FORD.

This would demonstrate our desire for help at the strategy table as well as on the battlefield, and perhaps would encourage other nations to send combat troops.

Recently Secretaries Rusk and McNamara pleaded vainly before the NATO Council in Paris for aid in Vietnam.

The American people are distressed because we are receiving so little help, and they are worried about what lies ahead if we try to police the world virtually alone.

We can more reasonably expect help in carrying out war plans if we call our allies into council when plans are made. Counseling with Australia and South Korea at this time would be a step in the right direction, and hopefully lead to broadened free-world aid in the defense of South Vietnam.

PAUL FINDLEY,
Member of Congress.

Today I received the following reply:

THE WHITE HOUSE,
February 7, 1966.

DEAR CONGRESSMAN FINDLEY: On behalf of the President, in response to your telegram to him dated February 5, I would like to express his appreciation for your highly constructive proposal for broadening the Honolulu Conference to include the leaders of South Korea and Australia.

I have been asked to advise you that close consultations with these and other of our allies in South Vietnam took place shortly before the Honolulu meeting was called, and followthrough consultations will be undertaken when that conference adjourns. The President determined, for separate reasons, that the participants in Honolulu should be as announced. This in no way diminishes the common purpose and collective sacrifices of our allies, or the high importance that the President gives to continuous consultations with them. They will continue to participate in both strategic and tactical decisions, and there are likely to be other meetings where they will be present.

May I assure you that the President's clear purpose remains to broaden free world assistance to our common purpose in Vietnam.

Sincerely yours,

DON ROPE.

Here is the text of the letter I sent today to the President:

FEBRUARY 8, 1966.

DEAR MR. PRESIDENT: I appreciate very much the prompt response to my telegram. It was gratifying to learn that close consultations with South Korea and Australia occurred prior to the Honolulu meeting and further, that followthrough consultations will occur when the conference adjourns.

It was encouraging to have your assurance that these two nations—the only ones presently aiding our effort in South Vietnam with combat troops—"will continue to participate in both strategic and tactical decisions, and there are likely to be other meetings where they will be present."

Although the separate reasons for not inviting South Korea and Australia to Honolulu may have seemed compelling, their absence seems to me most unfortunate.

This was a splendid opportunity to demonstrate the teamwork character of the defense of South Vietnam. As these allies are actually participating in strategic and tactical decisions, why not tell the world? The Honolulu Conference quite properly drew tremendous worldwide publicity and today's newspaper carried the headline "Allies Pledge Fight Till Victory."

How much better it would have been if the allies so mentioned had included all the allies whose boys are fighting in the jungles with our own. The presence and participation of Australia and South Korea would surely have built sentiment in support of the war effort in those countries, and equally important, it would have demonstrated that the United States welcomes and appreciates help at the strategy table as well as in combat.

As it was, the conference structure gave the appearance that the only nations whose combat contributions deserved recognition were the United States and South Vietnam.

This is bound to deepen the concern of many Americans who already regard the conflict as a U.S. war, and of others who see the urgent need for broadened allied support. It is not too late to repair the damage.

I respectfully suggest that you arrange at the earliest possible date a conference which will let the world know that this is and must increasingly become a team effort.

I further suggest you invite the chiefs of state of Australia and South Korea and perhaps others like the Philippines from whom we seek increased support.

Such a conference might well lead to the support which Secretary of State Rusk recently sought from our NATO allies.

PAUL FINDLEY,
Representative in Congress.

EDUCATION ON COMMUNISM

The SPEAKER. Under a previous order of the House, the gentleman from Ohio [Mr. ASHBROOK] is recognized for 10 minutes.

Mr. ASHBROOK. Mr. Speaker, some years ago a former President of the United States, Dwight D. Eisenhower, in an address to the American Bar Association, stated:

> Our people, and especially our children, should be taught the facts about communism. Only thus will they be able to discriminate between truth and falsehood.

In the light of events of the past few years, few can deny that the advice of former President Eisenhower regarding responsible education on communism assumes a greater urgency day by day, especially in the ranks of American youth, our leaders of tomorrow.

Jerry Greene of the New York Daily News in his column of February 2 provided us with additional justification for arming our students with the weapon of knowledge to identify and resist present Communist plans to entrap American youth.

To show that the danger of Communist designs, like the symptoms of cancer, increase from day to day, I ask that Mr. Greene's column, along with the February message of Director Hoover in the FBI Law Enforcement bulletin to which Mr. Greene refers, be placed in the RECORD at this point.

[From the New York Daily News, Feb. 2, 1966]

CAPITAL STUFF

(By Jerry Greene)

WASHINGTON, February 1.—For a few short hours today, the crusty slush, lingering from the weekend blizzard, proved a blessing here. There were no pickets at the White House.

The occasion was made to order for demonstrations, this day after President Johnson ordered air strikes resumed in North Vietnam. Much of the time, rain or snow, the pickets are on hand along Pennsylvania Avenue, proclaiming objections to anything. The Government's Vietnam policy has been the pet target for a year.

The pickets range in appearance from fancy to frowzy. But almost without exception, they all wear that grim, humorless, vapid face that labels them members of the new left.

In pinko jargon, the new left is composed of intellectuals with a cause, based in or around the college campus.

In FBI eyes, the new left is a happy recruiting ground where the Communist expect to enroll thousands of new members in 1966.

FBI Director J. Edgar Hoover laid down a strong warning in the February issue of the Law Enforcement Bulletin of what the Nation and its police officers can expect from the Commies and the new left in the months ahead. It adds up to one word: trouble.

Hoover noted that today's college student is being "subjected to a bewildering and dangerous conspiracy." He said this student faces turbulence "built on unrestrained individualism, repulsive dress and speech, outright obscenity, disdain for moral and spiritual values and disrespect for law and order."

This conspiracy, this turbulence Hoover said, is the movement "commonly referred to as the new left."

The Commies do not consider the college flareups insignificant, Hoover reports. And high on the agenda at the Communist Party's planned national convention this spring will be a plan to capture the new lookers as full-fledged, dedicated members.

TOP COURT LETS REDS HARMONIZE ON DISCORD

The Communists have been plunging ahead boldly with plans for expansion and disturbance since the Supreme Court's November ruling, which knocked the guts out of the Internal Security Act. That decision killed the requirement that individual Communists had to register as party members.

For months the domestic Reds had been using the Viet war as a vehicle for promoting turmoil; now they have emerged in triumphant voice to sing of discord and strife. National Secretary Robert Thompson died and was cremated in October; by January the Reds were ready with a blatant attempt to profane Arlington National Cemetery with a big anti-Viet war meeting disguised as a hero's funeral.

A man widely accredited as a top spokesman for the new left, Staughton Lynd, went to Hanoi a month ago as a self-anointed peace emissary. This young Yale assistant professor and perpetual bleeding heart got a lot of headline and video tape mileage out of the expedition—a pure, illegal, pinko meddling job.

THE MAN TO WATCH GOES UNNOTICED

Oddly enough, beyond barebones identification, little attention was given to one of Lynd's two companions—Herbert Aptheker, 50, variously described as a chief theoretician of the U.S. Communist Party or as its top ideologue.

Aptheker was the man to watch on that Hanoi junket, and the odds are heavy that Ho Chi Minh and his pals actively in charge of the war gave him a lot more time than they had for the younger, and louder, spokesman of the so-called peace trio.

Aptheker has long been high in the councils of the Communist Party, U.S.A., as this thing calls itself. An editor, ghostwriter, and top party man since 1939, Aptheker was a character witness—a defamation of the term—for the party before the Subversive Activities Control Board in 1956.

The presence of Aptheker was a tipoff, if ever one was needed. These pseudo-intellectuals who have wrapped themselves in the innocent guise of new left may have a few fresh faces out in front, plain dupes or pure converts, but close behind are the same old bitter faces.

There isn't much new about Aptheker or his associates in pushing for peace on Communist terms. You've heard their names before. There's Gus Hall, the general secretary, and Danny Rubin, the national organizational secretary. There's Gilbert Green, the troubleshooter, and James Jackson and Arnold Johnson.

WHY COMMIES COACH THE COLLEGE REBELS

Most of them have been out there pitching around the college campuses. As FBI Director Hoover tells it: "The unvarnished truth is that the Communist conspiracy is seizing this insurrectionary climate (on some college campuses) to captivate the thinking of rebellious-minded youth and coax them into the Communist movement itself or at least agitate them into serving the Communist cause."

So the new left will be back picketing around the White House tomorrow, or next week, many of the marchers perhaps unmindful of the potential danger to the country packed into the mouthings of the old faces in the near background.

Some demonstrators not yet thoroughly hooked might find it profitable to think over the closing lines in the memoirs of retired Gen. Curtis LeMay, the old bomber man. He had a parting thought for a younger generation:

"I hope that the United States of America has not yet passed the peak of honor and beauty and that our people can still sustain certain simple philosophies at which some miserable souls feel it incumbent to sneer. I refer to some of the Psalms and to the Gettysburg Address and the Scout oath. I refer to the Lord's Prayer and to that other oath, which a man must take when he stands with hand uplifted and swears that he will defend his country."

The soul can get pretty miserable walking the sidewalk in front of the White House on a day like this.

[From the FBI Law Enforcement Bulletin, Feb. 1, 1966]

MESSAGE FROM THE DIRECTOR

(By John Edgar Hoover, Director)

The American college student today is being subjected to a bewildering and dangerous conspiracy perhaps unlike any social challenge ever before encountered by our youth. On many campuses he faces a turbulence built on unrestrained individualism, repulsive dress and speech, outright obscenity, disdain for moral and spiritual values, and disrespect for law and order. This movement, commonly referred to as the "new left," is complex in its deceitful absurdity and characterized by its lack of commonsense.

Fortunately, a high percentage of the more than 3 million full-time college students are dedicated, hardworking, and serious-minded young people; however, their good deeds and achievements are greatly overshadowed by those who are doing a tremendous amount of talking but very little thinking.

Much of this turmoil has been connected with a feigned concern for the vital rights of free speech, dissent, and petition. Hard-core fanatics have used these basic rights of our democratic society to distort the issues and betray the public. However, millions of Americans, who know from experience that freedom and rights also mean duties and responsibilities, are becoming alarmed over the anarchistic and seditious ring of these campus disturbances. They know liberty and justice are not possible without law and order.

The Communist Party, U.S.A., as well as other subversive groups, is jubilant over these new rebellious activities. The unvarnished truth is that the Communist conspiracy is seizing this insurrectionary climate to captivate the thinking of rebellious-minded youth and coax them into the Communist movement itself or at least agitate them into serving the Communist cause. This is being accomplished primarily by a two-pronged offensive—a much-publicized college speaking program and the campus-oriented Communist W. E. B. DuBois Clubs of America. Therefore, the Communist influence is cleverly injected into civil disobedience and reprisals against our economic, political, and social system.

There are those who scoff at the significance of these student flareups, but let us make no mistake: the Communist Party does not consider them insignificant. The participants of the new left are part of the 100,000 "state of mind" members Gus Hall, the party's general secretary, refers to when he talks of party strength. He recently stated the party is experiencing the greatest upsurge in its history with a "one to two thousand" increase in membership in the last year.

For the first time since 1959, the party plans a national convention this spring. We can be sure that high on the agenda will be strategy and plans to win the new left and other new members. A Communist student, writing in an official party organ, recently stated, "There is no question but that the new left will be won."

Thus, the Communists' intentions are abundantly clear. We have already seen the effects of some of their stepped-up activities, and I firmly believe a vast majority of the American public is disgusted and sickened by such social orgies. One recourse is to support and encourage the million of youth who refuse to swallow the Communist bait. Another is to let it be known far and wide that we do not intend to stand idly by and let demagogs make a mockery of our laws and demolish the foundation of our Republic.

EXPORT SURPLUS A $7 BILLION MIRAGE

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. DENT] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. DENT. Mr. Speaker, the Department of Commerce recently issued a report on our balance of trade for 1965. According to that report this country ran up an export surplus of $5.2 billion last year.

This was a decline of $1.5 billion from the surplus reported for 1964, which was

given as $6.7 billion. The setback came from an import increase of 14 percent in 1965 over 1964 while exports rose only 4 percent.

Even so, the 1965 surplus of $5.2 billion is nothing to be sneezed at. Too bad then that it is a mirage, a myth, a figment of a numbers game, or what you will.

Mr. Speaker, according to the Department of Commerce, our 1965 imports came to $21.36 billion, compared with exports of $26.56 billion. These are pretty figures to contemplate. Unfortunately for our inclination to complacency, our imports were not $21.36 billion but more nearly $25 billion. The discrepancy comes from the way the Treasury Department and the Department of Commerce record our import statistics. They base them on foreign value, as if it cost nothing to bring the goods to our shores. Everyone of us knows that this adds up to a false representation. What is worse, this country incurred a deficit of $227 million in 1964 in its international transportation account—Statistical Abstract of the United States, 1965, table 844.

Several months ago I inserted in the RECORD a calculation provided by O. R. Strackbein, chairman of the Nationwide Committee on Import-Export Policy, in which he estimated the average global burden of freight and insurance on our total imports. His estimate, based on our trade with England and Japan, was 17½ percent for our trade with the world as a whole. I have no reason for questioning Mr. Strackbein's estimate. It was well documented.

Virtually all other countries record their imports on a c.i.f. basis, which includes not only the cost but also insurance and freight charges incurred in bringing the goods from the foreign port to the port of entry. This is what we should do as a basis for reporting our imports. Because of the method we follow our imports are undervalued by the amount of the shipping charges, including insurance.

That is why it creates the wrong impression to report that our 1965 imports were only $21.36 billion when it cost some $3.7 billion more to bring the goods to our ports of entry. We swell our breasts with pride over our ability to compete with other countries. Well, at this point we should release $3.7 billion of this air from our lungs and bring in our chest by that much.

On the export side, in order to feel good and in order to prove that the trade agreements program has been a huge success, we commit an equally unpardonable sin—one of about the same proportions as the one just described.

Our executive departments—not including Agricultural which should be given honorable mention for showing the volume of farm exports generated by Public Law 480 and Federal subsidies of wheat, cotton, and so forth—namely, Treasury and Commerce, have not been satisfied to show our private commercial exports, free of vast subsidies, but include giveaways, sales for foreign inedible currencies and seemingly whatever else they can lay their hands on. They do leave military shipments out of total exports, but that is about the only place where they draw the line.

Mr. Speaker, I do not know how large the 1965 exports were under Public Law 480, AID, and so forth, but in 1964 the combined exports generated in this fashion plus those called commercial—because they were sold through private channels but were subsidized—amounted to $3.7 billion. The outstanding ones among the so-called commercial sales were wheat, wheat flour, and cotton. Our disposal of these products did nothing to prove our competitive capacity. Quite the contrary. Without the subsidies we could not have met the world price and could only have sold at cut prices, if at all.

It is safe to say that the 1965 exports under AID, Public Law 480, and so forth, were at least equal to the $3.7 billion of 1964.

Add this to the $3.7 billion by which we undervalued our imports in 1965 and we reach a total of $7.4 billion. This is a respectable distortion.

Reduce our reported exports of $26.56 billion by $3.7 billion and the figure drops to $22.9 billion. This operation might be called trimming away the blubber and streamlining our figures. Compare this with imports of $25 billion and we come up with a deficit of $2.1 billion in our merchandise trade account.

How competitive does that leave us?

Mr. Speaker, this is a most serious matter, especially since Mr. Herter's delegation have been sitting in Europe for more than 2 years awaiting the opportunity to cut our tariffs another 50 percent across the board with "a bare minimum of exceptions."

Mr. Speaker, last October I introduced a joint resolution designed to halt the deceptive statistics fed to the public by the Department of Commerce. I am shocked that the Department continues to issue this type of report, without an explanation. It was one thing to do this when possibly they knew no better. It is a different matter when they continue to report on the same basis, and presenting a false picture, when they must know the distortion involved.

I do not intend to stand idly by and see this practice continued. While I cannot singlehandedly get action, I do appeal to the fair minded Members of this Congress to look into this serious problem, and if convinced I am right, to appeal for action on the part of the committee.

REMARKS OF VICE PRESIDENT HUBERT HUMPHREY, NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS, CLEVELAND, OHIO, FEBRUARY 7, 1966

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Ohio [Mr. VANIK] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. VANIK. Mr. Speaker, last evening Vice President HUBERT H. HUMPHREY visited the city of Cleveland and addressed the 50th annual convention of the National Association of Secondary School Principals.

Before an audience of 8,000 educators from all over the United States, the Vice President placed high priority on education in the United States and stressed the need for extending American educational efforts overseas. He urged support for President Johnson's foreign-aid proposal to put health and education in the forefront as basic building blocks to lasting peace. Vice President HUMPHREY spoke strongly against Federal control of education while voicing the need for further strengthening educational programs at home.

The Vice President's message to secondary school principals, a landmark and guideline of our educational policies at home and abroad, is as follows:

REMARKS OF VICE PRESIDENT HUMPHREY, NATIONAL ASSOCIATION OF SECONDARY SCHOOL PRINCIPALS, CLEVELAND, OHIO, FEBRUARY 7, 1966

I am happy to be here in the good company of my fellow educators.

As you may know, I am a refugee from a college political science department.

And in my 20 years of public service—as mayor, as Senator, and as Vice President—I have taken the approach of the educator. For I believe that the way enlightened ideas become public policy is through the enlistment of support and active advocacy by enlightened, informed people.

Jefferson rightly said that no nation can be both ignorant and free.

Certainly this has never been more true than today, when the very survival of free institutions—and, for that matter, of mankind—depends on our ability to absorb, to understand, and to wisely use the flood of information, impulses, and events which engulfs us each day.

It seems quite obvious to me, therefore, that urgent, national priority must be given to investment in education. And this is what is being done.

This Congress—because of the legislation it has enacted, culminating in the landmark Elementary and Secondary Education Act of 1965—has fully earned the right to be called "the education Congress." It has set the basic foundation on which we can build American education in the difficult years ahead.

I think this has happened for two reasons.

First, President Johnson, as a former teacher himself, feels the importance of education right down to the marrow of his bones, and has given superb leadership to our quest for better education.

Second, the majority of Americans have come to realize that the soundest, the most productive investment a nation can make is in the education of its children.

We have leadership. And we have citizens willing to support leadership.

Last week the President, in a historic special message to Congress, proposed giving education an added international dimension. And he laid special stress on the importance of education in the developing countries.

Ever since old Ben Franklin, we Americans have believed with him that

"Early to bed, early to rise
Makes a man healthy, wealthy, and wise."

Well, for a good half of the world's people—the half that live as peasant farmers in Asia, Africa, and Latin America—Ben Franklin's formula just doesn't work.

These people get up before sunrise. They go to bed not long afer sunset. And they work hard in between. But they are lucky if they win, by their dawn-to-dark efforts, the barest subsistence.

It is hard for us, in the comfort, convenience, and security that most of us enjoy, to truly know what life is like for those on the outside of affluence and well-being.

Today we are engaged in a great effort to help bring peace, stability—and, finally, some degree of social and economic well-being—to the tortured nation of South Vietnam. We are trying to help create an environment in which the Vietnamese people may be left in peace with the opportunity for self-determination and independence.

We stand firm in our resolve to see this effort through.

Yet how many of us truly appreciate the scope of the task—even should Communist aggression and terrorism be checked tomorrow?

Life for the Vietnamese peasant means living in ankle-deep black mud in the rainy season and choking dust in the dry season.

It means turning old at age 30 under the everyday burdens of existence. It means living with disease as a constant companion. It means hopelessness for the future.

It means illiteracy and ignorance. Life like this means, as one American information officer has put it, "cutting off the development of a man's mind, his birthright access to thousands of years of human civilization, human thought, human enjoyment of this world."

The peasants of Vietnam—and of other nations on other continents—live many thousands of miles away from here. But they are nonetheless of crucial importance to us.

You all recall the poem by Edwin Markham inspired by Millet's painting, "The Man With the Hoe." It begins:

"Bowed by the weight of centuries he leans
Upon his hoe and gazes on the ground
The emptiness of ages in his face."

And Markham concludes with the solemn warning:

"O masters, lords and rulers in all lands
How will the future reckon with this man . . .
After the silence of the centuries?"

Make no mistake: The time of reckoning has come and the silence of the centuries has ended. The outsiders of mankind have awakened to the fact that hunger and poverty are not inevitable—not written in the stars.

How and where will these people turn for their chance for a better life? Will they cast their lot with peaceful, democratic means? Or will they fall victim to the promises—or brute force—of totalitarians?

The Chinese Communists, indeed, have frankly announced their master plan for the future—to turn the peasant masses of the world, largely nonwhite, against the privileged minority in the industrial nations, largely white.

I believe that we can—as we must—meet this challenge. It is the supreme challenge of this century.

We first accepted this challenge with President Truman's historic 1949 inaugural address, launching the point 4 program of technical assistance to the developing countries, and we have been at work meeting it ever since.

We have done enough, and learned enough, to realize that there is no single panacea. But one thing has become increasingly clear in recent years—that, while investment in harbors, dams and factories is important, investment in human beings and their capabilities is critical—investment such as we make in the citizens of our own country.

That is why the foreign aid program proposed by the President last week puts health and education in the forefront as "basic building blocks to lasting peace."

"Education," the President has said, "lies at the heart of every nation's hope and purposes. It must be at the heart of our international relations."

Well, here I am speaking to the converted. But I think you must have been pleased to hear this basic principle restated.

We have proposed the enlargement of the programs of educational assistance administered by AID in developing countries, with special emphasis upon teacher training and vocational and scientific education.

We have urged stepped-up research in development of new techniques for teaching basic skills and eradicating illiteracy.

We have called for the expansion of the U.S. Summer Teaching Corps for teacher-training workshops in the developing countries.

We have offered help to these countries in their programs for teaching English as a language of international communication and national development.

We have proposed the use of counterpart funds to support binational educational foundations and assist technical training in food production.

And we know that this is not a one-way street.

We need to know more about other countries, and they have much to teach us. We have made a number of proposals for this purpose including the imaginative one of a Peace Corps in reverse—"Volunteers to America."

I commend this message and these programs for the kind of thoughtful attention which I know that you, as professional educators, will give them.

Now let me turn to something of vital concern to us, both as educators and as members of the great family of man.

Now and then, in the accounts of Americans who have spent their lives in the developing nations as teachers, we run across observations like this.

"In the beginning, youngsters are bright and eager to learn. But too many of them seem to lose their zest year by year."

And occasionally some acute observer will say: "The light seems to fade out of their eyes."

What these perceptive teachers sense almost intuitively, recent scientific research has shown to be all too tragically true.

We have known for a long while that malnutrition causes physical retardation. In very recent years, we have come to realize that it can cause lasting mental retardation as well.

The statistics about malnutrition in the children of the developing countries are frightening.

Half of them die before they reach their sixth birthday, many of seemingly trivial childhood diseases such as measles—largely because their undernourished bodies cannot stand up to them.

Of those that survive, 7 out of 10 suffer from malnutrition, and particularly from protein deficiency.

Up to the past year or so, we had thought that, if we could assure every child in these countries the opportunity for an education, he would take full advantage of it.

Now we realize that we must start much further back if these children are to retain and develop the capacity to learn.

That is why the President has laid new stress as well on nutrition, on a balanced diet, on food enriched with proteins and vitamins.

We know, in undertaking these initiatives, that we cannot do it all alone. That is why there is a strong emphasis on self-help, and on helping the developing countries to grow more of their own food.

And, of course, we welcome and encourage the contributions of other countries which, as ours, are blessed with agricultural abundance.

It was a full week in Washington, last week. For, as well as calling for the enactment of the International Education Act of 1966, the President urged last week parallel international action for health.

He proposed the creation of an International Career Service in Health. He offered our national commitment to help meet health manpower needs in the developing countries * * * to step up campaigns to eradicate or control certain of the major contagious diseases which afflict the developing nations * * * and to cooperate in worldwide efforts to deal with population problems.

Education for peace, food for peace, health, for peace—these are practical and basic ways in which we Americans may help meet mankind's plea for something more than a struggle for everyday existence.

These are ways we can make the years ahead not years of disaster and destruction but years of hope and progress.

For, as Arnold Toynbee has well said, our generation has the chance to "be well remembered not for its horrifying crimes nor its astonishing inventions, but because it is the first generation since the dawn of history in which mankind dared to believe it practical to make the benefits of civilization available to the whole human race."

BILLS TO AMEND THE IMMIGRATION AND NATIONALITY ACT OF 1965

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. GILBERT] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GILBERT. Mr. Speaker, I have introduced legislation to remove an inequity that slipped unnoticed into the Immigration and Nationality Act of 1965. My bills, H.R. 12594, H.R. 12595, and H.R. 12596, will abolish the requirement that Latin Americans currently in the United States leave this country to apply for permanent resident status. This inequity is causing severe hardship to many Latin Americans, who want to remain permanently in the United States, many of whom had applications pending to adjust their status when the new immigration law was passed late in 1965.

It is unfair that these people who are already residing in the United States be required to leave. Their applications should be accepted in the United States.

I do not believe that Congress intended the immigration law as it applies to Latin Americans to work in this way. It was an oversight. After all, these people entered the United States legally and in good faith. It is absurd to ask them to leave in order for them to stay here.

I want to call this to the attention of my colleagues in the House and to request support of my bills, which will merely correct an oversight. I am hopeful my bills to amend the Immigration Act of

1965 in this respect will receive prompt approval in committee and in the House and Senate.

OUTRAGEOUS BLUNDER IN GIVE-AWAY OF $13 MILLION AIR FORCE BASE AT GREENVILLE, MISS.

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from New York [Mr. RESNICK] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. RESNICK. Mr. Speaker, whenever a large-scale disaster strikes a large number of Americans, the U.S. Government has customarily stepped in to take all necessary emergency relief measures. This is not only true of natural disasters like floods, drought, and earthquakes, but also of economic disasters, such as we have experienced in Appalachia and other areas.

When such a problem arises, we expect the local community to help first. If the problem is too large, the State steps in, and finally the Federal Government.

However, we now see a situation in the State of Mississippi which is unparalleled in the history of the United States. We have in that State a severe economic crisis, but we find that local government, instead of offering help and requesting additional needed help from the Federal Government, is actually preventing assistance from reaching those that need it.

Specifically, I am referring to the seriously distressed condition of the Negroes of the Mississippi Delta region.

I visited Mississippi late last November, and after seeing first hand the appalling plight the Negroes were in, I wrote the President, saying:

> In spite of the fact that this potential human disaster is well known in Mississippi, not one single State or Federal employee or agency has made plans to cope with this extremely unfortunate situation.

The signs of desperation and frustration were all about me. Therefore, I was not surprised when a large group of Negroes moved into the abandoned Air Force base at Greenville last week to find shelter. On the other hand, I was surprised when Federal troops, acting with far more efficiency than compassion, forcefully ejected these hungry and tattered unfortunates.

Only last night I received another surprise—one for which I was totally unprepared. I learned that while the military police were throwing Negroes out into the cold in Greenville, the U.S. Government was in the final stages of a deal to give this $13 million base to the city of Greenville and the State of Mississippi.

This gift is ostensibly for the purpose of allowing the State of Mississippi to establish a vocational high school, a junior college, and a manpower training program. On the surface, this looks like a meritorious idea indeed—provided that Negroes will have a chance to be helped in this program.

But what are the chances of this actually happening? We can only answer this question by looking into the record of the State of Mississippi and inquiring into its true motives in acquiring the base. I firmly believe that Mississippi wants to acquire this base to make certain that it will never be used by the Federal Government to help Negroes in any way. Significantly, the Greenville Air Force Base lies in the center of five of the poorest counties in the United States, all of which have a preponderant Negro population. Logically, it is an ideal location for programs that would benefit the local Negro population—Job Corps training center, housing, or an industrial park to provide jobs for Negroes forced off the farms.

How much benefit will Negroes get from a school owned and operated by Mississippi? The State certainly has not distinguished itself in the field of Negro education. But an even better indicator of their attitudes is their record in a much more basic area—food.

The Federal Government has known for a long time that thousands of Negroes in the Mississippi Delta have been actually living on the edge of starvation. The Government first tried to solve this problem by stepping up its food distribution programs through regular State welfare channels, with emphasis on the delta's eight counties. It is significant that in this kind of emergency, where a State would normally call upon the Federal Government for aid, the State of Mississippi was strangely silent. Worse yet, an impassible obstacle course was set up by State officials which made it virtually impossible for more than a token amount of food to reach those who desperately need it. The sum of $25 million worth of food was allocated for a special emergency feeding program, above and beyond the regular food program. Very little of it was ever delivered.

The American people have traditionally responded to the cries of the hungry all over the world, and in fact, still do so today. But, when the Delta Ministry of the National Council of Churches tried to run trucks of food to starving Negro families in isolated rural communities, they were stopped cold by the Mississippi State police, heavily fined, and sent away, for allegedly having improper license registrations.

As the situation became more desperate, the Federal Government pulled out all stops. It took the extraordinary measure of appropriating $1.2 million in antipoverty funds to set up the machinery for distributing the $25 million in food. This appropriation was obtained by the Department of Agriculture. And even this massive, unprecedented effort failed to get the food to the people. This past weekend, the Department of Agriculture sent two top experts, including a special assistant to the Secretary, Mr. William Seabron, down to the delta to try to break through the stone wall erected by Mississippi authorities. Up to this minute, according to the latest information I have been able to get, none of this food has yet been distributed.

This is the way Mississippi cares for its helpless, needy, and hungry. This is a record of calculated cruelty without parallel in American history. It is impossible for me to believe, in the face of these harsh facts, that, if the State of Mississippi gets the Greenville base, they are going to turn it into a school that would ultimately train Negroes to get jobs. This action on the part of the Federal Government must be recognized as an outrageous blunder.

Because nothing in its past or present behavior would give us confidence in believing that Mississippi wants to live up to either the letter or spirit of civil rights legislation, and the concept of equal opportunity, I have sent the following telegram to President Johnson, the Vice President, Secretary Robert S. McNamara, Secretary John W. Gardner, Lawson B. Knott, Jr., Senator MIKE MANSFIELD, Speaker JOHN W. MCCORMACK, and Attorney General Nicholas deB. Katzenbach:

> The entire world was shocked that some Americans are so desperate for warmth and shelter that they were forced to trespass upon the Greenville Air Force base. Their shock turned to horror at the sight of the Air Force military police evicting these hungry and homeless victims of Mississippi's inhuman policies toward them. I was utterly astounded to learn that at this very moment the General Services Administration is negotiating with the city of Greenville and the State of Mississippi to turn over this $13 million installation to them at no cost.
>
> What justification can there be for bestowing this windfall on local and State governments that have demonstrated time and time again their complete indifference to the needs of its poor and hungry? Ironically, this facility is desperately needed to house tens of thousands of Negroes that are being driven from the land in the surrounding counties which are the poorest in the entire Nation.
>
> I strongly urge that the transfer proceedings be halted until a complete investigation is held to determine the best disposition of base.

We are calling upon the Attorney General, in his new role as coordinator of, and spokesman for, the entire Federal offensive in the field of civil and human rights, to launch an immediate investigation into all phases of the conspiracy that the State of Mississippi is conducting against its Negro citizens.

NEW DIRECTION FOR FOREIGN AID

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Pennsylvania [Mr. ROONEY] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ROONEY of Pennsylvania. Mr. Speaker, the administration's "new and daring direction" for its foreign aid program is an honest attempt to be realistic. Aid will go to those nations which can use it to help themselves.

In his foreign aid message, the President spoke about food deficiencies and the need to face the population problem "squarely and realistically." The "new direction" will be toward improved food output and hospitals and schools to im-

prove the conditions of people in the developing nations.

In commenting on the message, the Philadelphia Inquirer said:

It is easy enough to agree with the President that human suffering exists on a wide scale and that something should be done about it.

The Inquirer adds that the subject matter of the message "is too important to be accepted casually or dismissed."

It then proceeds with some helpful, thought-provoking ideas which will interest many, and I, therefore, offer the article for inclusion in the RECORD:

[From the Philadelphia (Pa.) Inquirer, Feb. 3, 1966]

JOHNSONIAN IDEALISM IN A WORLD OF WOE

President Johnson's special message to Congress Wednesday on the needs of underdeveloped nations abroad in the fields of health and education was, in effect, an elaboration on segments of his foreign aid program outlined the previous day.

He calls for expenditures of $524 million in fiscal 1967 to combat hunger, disease, and ignorance which plague hundreds of millions of persons in distant lands, and in some not so distant.

It is easy enough to agree with the President that human suffering exists on a wide scale and something should be done about it. It is even easier to disagree with him on the question of whether the Federal Government should commit itself to massive new humanitarian programs abroad when so much needs urgently to be done to meet growing health and education requirements at home.

The Inquirer believes that the subject matter of President Johnson's message is too important to be accepted casually or dismissed.

We recommend that Congress examine the President's proposals in the following order:

Assign top priority to his imaginative plans to eradicate smallpox and malaria from virtually the entire world in the next 10 years. These are practicable goals, attainable by means of existing medical knowledge.

High priority should go to the President's request that the food-for-peace program, as it applies to hungry children abroad, be doubled in the next 5 years. This, too, is an objective well within the limits of America's resources.

Many of the other proposals might best be handled by private foundations and charitable groups or through appropriate agencies of the United Nations.

Wasteful and costly Federal duplication of international good works that can be done by existing organizations should be avoided. The President indicated a desire to utilize private funds and facilities when possible. This concept should be explored further.

A RESOUNDING SUCCESS FOR THE FOOD STAMP PROGRAM

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia [Mr. SLACK] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. SLACK. Mr. Speaker, several years ago I was privileged to associate myself with a bipartisan group headed by Congresswoman LEONOR K. SULLIVAN in a successful drive to secure passage of the original authorization for the food stamp program. Like all new programs involving Federal financial commitments, the food stamp proposal was criticized in many quarters and its practicability was questioned.

The program is now in operation on a broad scale, and today I would like to place in the RECORD a newspaper story published February 6 in the Post-Herald & Register of Beckley, W. Va., which reflects the favorable reaction of both the merchants and recipients of food stamps.

Here in plain, down-to-earth language is a gratifying report of progress in our efforts to better conditions facing the disadvantaged. I commend it to your attention:

[From the Beckley (W. Va.) Post-Herald & Register, Feb. 6, 1966]

FOOD STAMP PROGRAM HAILED BY MERCHANTS AND PARTICIPANTS

(By Betty Bare)

After approximately 3 months of operation in Raleigh County, the food stamp program is termed a tremendous success by both Beckley area merchants and recipients of the food coupons.

This was evidenced by a recent survey conducted by the Register, in which merchants and recipients were interviewed. Without exception, all praised the program.

According to James B. Kincer, family service supervisor of the county program, the purpose of the food stamp program is to increase the food purchasing power of people with no, and/or low, income by providing them with free, or bonus food stamp coupons. This will improve the diets of these households by enabling a person to select and purchase adequate and nutritional food items.

Figures released by the office on South Kanawha Street show that, out of a total county population of 77,826, there are 1,210 recipients of these coupons with 4,452 people in the household.

The amount paid for the food stamp coupons through December was $46,234, and the value of these stamps was $70,198, an additional purchasing power of $32,964.

Food stamp coupons may be spent at any grocery store authorized by the U.S. Department of Agriculture to accept these coupons.

Comments by owners and managers are:

Nick Brash, manager, Acme Supermarket, Valley Drive: "It assures the children they will get a more balanced diet to eat. Customers seem to buy more carefully and the food stamp business is growing."

Harold Blankenship, manager, Acme Plaza: "I think it helps people who have a limited income and that it is a good program. It is no extra trouble to store personnel."

Lloyd Warden, manager, Kroger: "The recipient is really helped because he is allowed to purchase items in quantities needed, and they can get fresh produce and meats."

Posey Rhodes, owner, Carolina Supermarket: "This stamp program has proved to be a real shot in the arm for our market. Our business has improved to the extent that we purchased a machine that will count, bundle, and stamp our store number on it at the rate of 600 per minute. Customers are using it to their advantage and we have had no instances of misuse. According to the food stamp man, we are the No. 1 supermarket in Raleigh County receiving the stamps and we broke all records in overall sales in the month of December."

Bruce Tilson, owner, Coal City Supermarket: "This program is definitely helping the people who are getting the stamps, as it supplements their regular diet and they have better balanced meals. Our fresh meat, produce, and milk sales have increased tremendously, and we attribute it to the stamps."

Sam Carmen, manager, A. & P. Supermarket: "This has been a very good plan from its inception in McDowell County. There has been a great stimulation in the sale of foods that were previously commodity items."

John Michael, owner, Johnny Dollar Supermarket: "Food stamps represent 7 or 8 percent of our total sales, and we are well satisfied in the increased sales volume. The small added trouble is worth it, and our customers are cooperating with us and abiding by the regulations. We take in 85 or 90 percent of our total sales (in stamps) during the first 4 or 5 days of each month."

Buren Atkinson, owner, Atkinson Shopping Center: "We appreciate the fact that the Federal Government has gone out of the food business. There have been no problems at all as this whole operation has worked very smoothly for us. The business that we have gained is new business. We feel that it is a very good thing in that it channels additional money into the local economy, and we feel that it aids the lower income families insofar as their diet is improved and they can have a choice in their selection of food."

Some restrictions are in effect for this program, i.e., certain items cannot be purchased with food stamp coupons, such as alcoholic beverages, tobacco, soaps, household cleaning supplies, and imported meats and meat products.

Households receiving a grant of public assistance are to apply at the local county welfare office and households not receiving a grant will apply at the local county food stamp office.

The coupons are in books valued at $2, $3, $10, and $20. There are 50-cent and $2 coupons in the coupon books.

When an applicant is determined eligible to participate in the program, he is given an identification card. This card must be shown before the food stamp coupons can be purchased at the issuance office and before the coupons can be spent at an authorized retail grocery store.

The Carlos Cozart family of Fairdale has high praise for this new program. Cozart, who works on the State aid to dependent children for the unemployed program, says, "This is much better than commodities. It is the best thing that ever happened to us."

Mrs. Cozart said that now she could prepare better meals for their two children.

Even the checkout girls think it is a much better program because customers can select a greater variety of food.

Mrs. Glenna Huffman said a family with 13 children, using the food stamps, purchased approximately $134 in groceries Thursday morning and then bought about $26 in soaps, cleaning supplies, etc.

Mr. George A. Sexton of Eccles says, emphatically, "We would starve if we did not have the extra food which the stamps allow us to buy. There is no comparison to the commodities."

His wife, Marie, said, "Now at least we know we will have enough food in the house for the children."

FEDERAL INCOME TAX CREDIT FOR LOCAL INCOME TAX PAYMENTS

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Michigan [Mr. O'HARA] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. O'HARA of Michigan. Mr. Speaker, in July of 1962, I introduced a bill (H.R. 12388) which proposed amendment of the Internal Revenue Code to provide an annual credit against a taxpayer's Federal income tax for any State and/or local income taxes he may have paid during the year. Today I am reintroducing that legislation.

I believed when I originally introduced this bill, as I do now, that enactment of such legislation would serve two desirable purposes:

First. It would give the taxpayers of America a well-deserved break.

Second. Approval of my bill would help State and local units of government in their search for new and needed sources of revenue to finance the cost of essential public services.

When I introduced this legislation in 1962, I made a statement summarizing its objectives. The facts I cited then in support of the bill are as valid today as they were then—if not more so. I include my statement, as it appeared in the CONGRESSIONAL RECORD of July 2, 1962, as part of my remarks:

FEDERAL INCOME TAX CREDITS FOR LOCAL INCOME TAX PAYMENTS

Mr. O'HARA of Michigan. Mr. Speaker, we are all familiar with the great difficulties being experienced by State and local units of government in obtaining the tax revenues needed by them to discharge their essential responsibilities. An increasing number of local units of government have turned or are turning to one form or another of income taxation in order to meet their needs. The harassed local taxpayer is beset on every side by taxes of nearly every description. The price of civilization is high and getting higher.

Mr. Speaker, I have today introduced a proposed amendment to the Internal Revenue Code which would, at one and the same time, provide relief for the taxpayer and an improved opportunity for other units of government to seek tax sources so badly needed by them.

My bill, designated as H.R. 12388, would provide a credit against Federal income tax for State and local income taxes paid during the taxable year. If H.R. 12388 is enacted, the Federal tax liability of individual taxpayers would be reduced by the amount of any State or local income tax paid by them.

In order to protect Federal revenues and to avoid encouraging the enactment of unreasonably high State and local income tax levies, the maximum reduction permitted under my bill is 5 percent of the individual Federal income tax liability.

Under present tax laws individual taxpayers who itemize their deductions are permitted to deduct any State or local tax payment from their income before calculating their Federal tax liability.

However, this provision does not adequately recognize either the needs of hard-pressed local units of government or the financial pressure on the local taxpayer.

In the first place, not all taxpayers itemize their deductions. Many of them, particularly those of low or moderate income, who are subject to withholding, take advantage of the optional standard deduction instead of itemizing their deductions. Those who utilize the optional standard deduction receive no benefit from the deductibility of State or local tax payments.

In addition, the Federal tax saving flowing from a deduction varies according to the citizen's tax bracket and may not be large. Those taxpayers who do itemize their deductions reduce their Federal income tax liability by an amount equal to the State or local tax payment multiplied by the percentage rate applicable to their particular Federal tax bracket. The largest number of taxpayers are in the 20-percent bracket. Their saving, under present law, is therefore only 20 percent of their State or local tax payment.

On the other hand, a Federal income tax credit would reduce their Federal tax liability by the entire amount of State or local income tax paid by them up to the limit of 5 percent of Federal tax liability provided in my bill.

Mr. Speaker, there has been a good deal of talk lately about a Federal tax reduction either now or next year. I believe that any tax reduction enacted by this Congress should include within it the principles of my bill introduced today. Enactment of the amendment to the Internal Revenue Code I have proposed would provide a tax reduction which has been estimated by the professional staff of the Joint Committee on Internal Revenue Taxation at $750 million. It would have the additional advantage of combining meaningful tax reduction with an opportunity for States and local governments to place their own revenue system upon a sounder foundation.

Mr. Speaker, I was pleased this past weekend to read that the Advisory Commission on Intergovernmental Relations has recommended that taxpayers be permitted to take a bigger credit on their Federal income tax for State income taxes they must also pay.

A United Press International account of the Commission's recommendations was carried in the Washington Post on Sunday, February 6, 1966. I insert the article, which appeared under the headline, "More U.S. Credit Asked for State Income Tax," and the text of my bill be included as part of my remarks at this point in the RECORD:

MORE U.S. CREDIT ASKED FOR STATE INCOME TAX

Congress was urged yesterday to let Americans take a bigger credit on their Federal income tax for the State income taxes they also must pay.

The Advisory Commission on Intergovernmental Relations said a more generous writeoff would encourage the States to make greater use of the income tax system as a way to raise money to meet their growing responsibilities.

The Commission was established by Congress in 1959. Its 26 members include Governors, mayors, county officials, State legislators, and representatives from Congress, the executive branch of the Federal Government and the general public.

A substantial credit for State income taxes would cost the U.S. Treasury anywhere from "less than $1 billion to several billion dollars" a year, the Commission said.

Last week, Treasury Secretary Harry H. Fowler told the Joint Congressional Economic Committee that schemes of this sort are out of the question so long as the war in Vietnam continues and the Government needs more and more money to pay for it.

Under the plan, taxpayers would have a choice of either continuing to deduct their State income taxpayments along with other itemized deductions, or crediting some percentage of their State payments against their Federal tax liability.

In arguing for greater use of the income tax system by States, the Commission said that while 33 States now tax personal income, "about half of them do not use the tax effectively."

The personal income tax, which brings the Federal Government $50 billion a year, brings the States only $4 billion—or about half the yield of sales taxes.

In its report, it made these other recommendations.

The States should bring their income tax provisions into harmony with the Federal income tax in order to make it easier for taxpayers to comply and to reduce collection costs.

Congress should let the Internal Revenue Service collect income taxes for States that want it that way.

States be allowed to collect income taxes for local governments, "piggyback" style.

States should simplify tax rules for people who work in one State and live in another.

H.R. 4661

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That (a) part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits against tax) is amended by redesignating section 38 as section 39 and by inserting after section 37 the following new section:

"SEC. 38. STATE AND LOCAL INCOME TAXES

(a) IN GENERAL.—There shall be allowed to an individual, as a credit against the tax imposed by this subtitle for the taxable year, an amount equal to the total of the State and local income taxes paid during such year.

"(b) LIMITATION ON AMOUNT OF CREDIT.—The credit allowed by subsection (a) shall not exceed 5 percent of the amount of tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowed by this part (other than this section and sections 31 and 32 (1)).

"(c) NO CREDIT ALLOWED FOR AMOUNTS CLAIMED AS DEDUCTION.—No credit shall be allowed under this section for any amount which is (or has been) taken into account for purposes of a deduction allowed the taxpayer under section 164."

(b) The table of sections for part IV of subchapter A of chapter 1 of such Code is amended by striking out

"Sec. 38. Overpayments of tax."

and inserting in lieu thereof

"Sec. 38. State and local income taxes.
"Sec. 39. Overpayments of tax."

SEC. 2. Section 164 of the Internal Revenue Code of 1954 (relating to deduction for taxes) is amended by redesignating subsection (g) as subsection (h) and by inserting after subsection (f) the following new subsection:

"(g) NO DEDUCTION ALLOWED FOR STATE OR LOCAL INCOME TAXES CLAIMED AS CREDIT.—No deduction shall be allowed under this section for any State or local income taxes which are taken into account for purposes of a credit allowed the taxpayer for the taxable year under section 38; but if the amount of the State or local taxes paid during the taxable year by a taxpayer claiming such a credit exceeds the maximum credit allowable under the limitation contained in section 38(b), the excess may be allowed (to the extent otherwise allowable) as a deduction under this section."

SEC. 3. The amendments made by this Act shall apply only with respect to taxable years beginning after December 31, 1961.

HARRY S. TRUMAN CENTER FOR ADVANCEMENT OF PEACE

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Missouri [Mr. HUNGATE] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. HUNGATE. Mr. Speaker, it was a great pleasure and honor to attend the

dedication ceremonies of the Harry S. Truman Center for the Advancement of Peace in Independence, Mo., January 20 of this year. The remarks delivered by our President on that day are deserving of the attention and consideration of all of my colleagues in the House.

Let his splendid tribute to our beloved former President, Harry S. Truman, and his reaffirmation of our Nation's historic goals, serve as a reminder of the greatness that is our heritage, of which we are now the guardians.

Let us seek to bequeath to those who follow a nation and a world in which freedom and liberty have grown stronger, through their responsible exercise. A world in which the universal rights of man constitute more than a declaration.

Mr. Speaker, under leave to extend my remarks, I present President Johnson's address:

REMARKS OF THE PRESIDENT AT THE ANNOUNCEMENT CEREMONY OF THE ESTABLISHMENT OF THE HARRY S. TRUMAN CENTER FOR THE ADVANCEMENT OF PEACE

President Truman, Mrs. Truman, Mr. Chief Justice, Senator SYMINGTON, Senator LONG, members of the Missouri delegation and the Congress of the United States, Senator ANDERSON, Congressman BOGGS, ladies and gentlemen. I come back to Independence to be with one of the world's most persistent searchers for peace in the world. It is quite fitting that this day is set aside for the announcement of the Harry S. Truman Center for the Advancement of Peace in the world.

I first want to congratulate the men here today whose generous public spirit is making this center possible.

I take my text from the words which President Truman spoke just 17 years ago in his inaugural address of January 20, 1949.

"We must embark," he said, "on a bold new program for making the benefits of our scientific advances and industrial progress available for the improvement and the growth of underdeveloped areas in the world."

This was, as we know now, point 4. It was a bold and vital idea then, and it is just as bold and just as much alive as we meet here this afternoon.

The initial point 4 program of technical assistance was enacted in 1949 and has continued from that day to this. Congress after Congress has continued to appropriate to that program—with growing confidence—sums which now, I believe, add up to more than $3 billion. American experts have traveled the globe to every continent, bringing their skills to the worldwide war against ignorance and against hunger and against disease.

And to measure the success of this effort we have only to ask: What would the world be like today if President Truman had not launched this program?

In this year 1966, I am proposing, on behalf of our Nation, a major new effort in this same field that he began so long ago, and I am proud to add to the point 4 of President Truman, the fourth principle of this year's state of the Union speech: "to help improve the life of man."

How will we help improve the life of man?

First, we propose a radical increase in our response to the needs of international education. There can be no decent life for any man or any people without education.

The International Education Act of 1966 will help build partnerships between American and foreign schools.

It will recruit teachers for overseas work.

It will make possible long-term commitments by American universities toward solving the problems of international education.

It will launch a series of projects to attack illiteracy and to find new ways to teach basic skills. It will begin to provide for an exchange Peace Corps to bring able young people from other countries to live and work here with us.

Second, we are going to enlarge our work for world health. And the twin of the International Education Act will be the International Health Act of 1966.

And with that act we will strike at disease by establishing an international medical mission in our Public Health Service.

We plan to triple our effort to train medical manpower in the developing countries.

We plan to double the size of our nutrition program for mothers and for children. We plan to increase by 80 million those who will receive adequate diets.

We plan to set targets and to develop programs so in the next decade we can completely wipe out smallpox in the entire world; we can eliminate malaria in this hemisphere and large parts of Africa and Asia; we can end yellow fever in this hemisphere; we can find new controls for cholera, rabies, and other epidemic diseases.

Third, we will launch a major new attack on worldwide hunger. We will present this year a new food aid program, designed around the principle of intense cooperation with those in all hungry countries who are ready to help themselves. We will direct our assistance program toward a cooperative effort to increase agricultural production. We will ask the countries which we help to make the necessary land reforms—to modernize marketing and distribution—to invest greater energy and resources in their own food production.

In return, we will triple our assistance to investments in the powerful weapons of modern agriculture—from fertilizer to machinery we will direct the efforts of our agricultural scientists to the special problems of the developing countries—to the development of new foods and concentrates. We will call for an international effort, including institutions like the World Bank, to expand the world supply of fertilizer.

Fourth, we will increase our efforts in the great field of human population. The hungry world cannot be fed until and unless the growth in its resources and the growth in its population come into balance. Each man and woman—and each nation—must make decisions of conscience and policy in the face of this great problem. But the position of the United States of America is clear. We will give our help and our support to nations which make their own decision to insure an effective balance between the numbers of their people and the food they have to eat. And we will push forward the frontiers of research in this important field.

Fifth, the underlying principle of all our work with other nations will always be the principle of cooperation. We will work with those who are willing to work with us for their own progress, in the spirit of peace and in the spirit of understanding.

And while we work for peaceful progress, we will maintain our strength against aggression. Nothing is more false than the timid complaint that we cannot defend ourselves against the aggressor, and at the same time make progress in the works of peace. A celebration which unites the United States is a fit time to reaffirm that energy in the defense of freedom—and that energy and progress in the building of a free society—and it should be the common objectives of any free people—large or small.

Now this is the central necessity today of the brave people with whom we are associated in South Vietnam. Just this week, the Prime Minister of Vietnam has pledged his country to this necessity. He has spoken for progress in rural education, in housing, in land reform, and above all, of the need for progress in social revolution and in the building of democracy—by constitutional process and by free elections. All this he has said in the shadow of continuing aggression from the North. In all this he will have the full support of the United States of America.

And so, President Truman, as we dedicate today in your honor the Harry S. Truman Center for the Advancement of Peace, we recall the vision that you gave us to follow when you gave your farewell address, and I quote:

"I have a deep and abiding faith in the destiny of free men. With patience and courage we shall some day move on to a new era—a wonderful golden age—an age when we can use the peaceful tools that science has forged for us to do away with poverty and human misery everywhere on earth."

That is still our goal, President Truman. And now we are today redoubling our efforts to achieve it.

Today I informed President Truman of our worldwide efforts to move the violence of southeast Asia to the table of peaceful discussions. I received a report this morning before I left Washington from Secretary Rusk and Ambassador Harriman on their recent travels. I shall be meeting with the Secretary and the Ambassador again later this afternoon. Both the Secretary and the Ambassador told me that in all the capitals they visited—and Ambassador Harriman went to almost a dozen—government leaders recognized the U.S. genuine desire for peace in the world.

And of this one thing I am sure, the door of peace must be kept wide open for all who wish to avoid the scourge of war. But the door of aggression must be closed and bolted if man himself is to survive.

It is tragic that in the 1960's there are still those who would engulf their neighbors by force, still those who require that vast resources be used to guard the peace rather than to bring all the people in the world the wonders that are really within their grasp.

The central purpose of the American people is a peace which permits all men to remain free. But we must do more. We must work, and we must build upon the solid foundation, as the Chief Justice said, of law among nations. And this is America's determination, and this is America's commitment.

Now let me leave this one last thought with you. I think every schoolboy knows that peace is not unilateral—it takes more than one to sign an agreement. And it seems clear to all that what is holding up peace in the world today is not the United States of America. What is holding back the peace is the mistaken view on the part of the aggressors that we are going to give up our principles, that we may yield to pressure, or abandon our allies, or finally get tired and get out. On the day that others decide to substitute reason for terror, when they will use the pen instead of the hand grenade, when they will replace rational logic for inflammatory invective, then on that very day, the journey toward peace can really begin.

If the aggressors are ready for peace, if they are ready for a return to a decent respect for their neighbors, ready to understand where their hopeful future really lies, let them come to the meeting place and we will meet them there.

Here in the presence of the great man who was the 33d President of the United States, who labored so long and so valiantly to bring serenity to a troubled world, the 36th President of the United States speaks with a voice of 190 million Americans—we want a peace with honor and with justice that will endure.

Now President Truman, there is one more bit of business that I would like to take care of so long as I have come out here to Independence. I was here not long ago in connection with a little project that you inaugurated two decades ago, but when the

fellows last night in the social security office learned I was coming out here again to see you and Mrs. Truman today, they asked me to bring along your new medicare card.

And it is now my great pleasure to present here, in the presence of these distinguished friends of yours, and many of the young men of yesteryear who fought these battles with you, to bring card No. 1 for you, and card No. 2 for Mrs. Truman.

They told me, President Truman, that if you wished to get the voluntary medical insurance that you will have to sign this application form, and they asked me to sign as your witness. So you are getting the special treatment since cards won't go out to the other folks until the end of this month. But we wanted you to know, and we wanted the entire world to know that we haven't forgotten who is the real daddy of medicare. And because of the fight that you started many years ago, 19 million Americans will be eligible to receive new hope and new security when the program begins on July 1, and 19 million Americans have another reason, another cause to bless Harry S. Truman.

Again, I want to thank all of you who made this great day possible.

A SWEEPING STATE OF THE UNION MESSAGE

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Rhode Island [Mr. ST GERMAIN] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ST GERMAIN. Mr. Speaker, apparently a great many people were not prepared for a challenge as bold and as direct as that which the President laid before this Congress in his state of the Union message.

Those who may have thought that this administration—and that includes the 89th Congress as well as the White House—was willing to rest on its laurels were not looking far enough ahead.

A great deal is yet to be done, and President Johnson has acted wisely to call the many important remnants to our attention.

Truthfully, his state of the Union message was sweeping in its content and in its vision. The Providence, R.I., Journal has captured much of the flavor of his message, and I insert its editorial of January 14 in the RECORD:

[From the Providence (R.I.) Journal, Jan. 14, 1966]

A SWEEPING STATE OF THE UNION MESSAGE

President Johnson's state of the Union message was a message most notable for its sweep and its boldness. Even those who recognize Mr. Johnson as an activist must have been surprised by the broad scope of the programs he outlined, the innovations he proposed, and the determined way in which he insisted that all of these outlined objectives were attainable.

There had been speculation that the war in Vietnam would compel the Nation to choose between guns or butter, and that the choice in 1966 might have to be for more guns and less butter. There had been speculation, too, that this 2d session of the 89th Congress might be a brief session concerned only with tying up a few loose ends because so much legislative progress had been made at the session last year.

But President Johnson is of a different mind. He emphasized time and again in his address that the effort in Vietnam need not slow up our march toward the Great Society and that 1966 is not a year in which Congress can afford to rest on its oars.

The President called for new legislation to protect civil rights, to step up the battle against pollution, and to rebuild completely—on a scale never before attempted—entire central and slum areas of several of our cities. He demanded increased efforts to improve our health and educational programs and to fight poverty, and he proposed a broad, new approach to reduce highway accidents.

Some of the President's other suggestions involve innovations that could have far-reaching consequences. He proposed a constitutional amendment that would lengthen the terms of Congressmen from 2 to 4 years, new legislation to deal with strikes that cause national emergencies, and a new Department of Transportation at the Cabinet level.

All of these proposals have merits. Surely the crusade for civil rights cannot be halted until the civil equality of every citizen is guaranteed. Surely the battles against slums, against pollution, against disease, against inadequate education and against the highways carnage must be pressed if our society wants to live in a better tomorrow.

Surely there is merit, also, in the President's suggested innovations—the longer term for Congressmen, a more sensible pattern for settling strikes, and a single Department of Transportation that would bring together elements now scattered through more than 30 Federal departments and agencies.

But can we afford to do so much so rapidly? Can we find the wherewithal to finance this bold march toward the Great Society while still maintaining our heavy commitments abroad?

President Johnson says the answer is yes. "This Nation is mighty enough," he declared, "its society healthy enough, its people strong enough to pursue our goals in the rest of the world while building a Great Society at home."

He cited impressive figures to support that view. The gross national product is up; employment is up; wages are up. The total outlay he anticipates for the next fiscal year would push the Federal Government's spending to a record high of $112.8 billion. But the President matches that against anticipated revenue of $111 billion and concludes that "our total deficit will be one of the lowest in many years—only $1.8 billion.

The trouble with figures of this sort is that they can be very slippery, indeed. They apply to a fiscal year that doesn't begin until July 1 and will carry over to the middle of 1967. Estimates of revenues or expenditures that far away in time have a way of going awry. Even slight changes in our commitments abroad or in the health of our economy at home could multiply that estimated deficit figure by a considerable factor.

This is the point—financing—that seems likely to absorb much of the attention of Congress in the months ahead as it takes up the President's recommendations.

TO AMEND THE TARIFF SCHEDULES TO ADMIT CERTAIN FORMS OF COPPER FREE OF DUTY FOR A TEMPORARY PERIOD OF TIME

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Illinois [Mr. ROSTENKOWSKI] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. ROSTENKOWSKI. Mr. Speaker, I have today introduced a bill to provide for duty-free treatment for certain forms of copper imported into the United States. This legislation is strongly recommended by the administration.

The shortage of copper and the difficulties which such shortage is imposing on domestic users of various forms of copper and copper products is well known. In behalf of my constituents who have communicated with me on this subject, I intend to urge early consideration by the Committee on Ways and Means of this important legislation.

POST-KOREAN GI BILL

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. RODINO] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. RODINO. Mr. Speaker, I was proud to have the privilege of cosponsoring and voting for the new GI bill, which will provide a permanent system of educational and other benefits for veterans of service in our Armed Forces after January 31, 1955. I have always supported renewal of such essential readjustment assistance, and I am delighted that at long last the House has acted on the legislation so carefully developed by the able chairman of our Veterans' Affairs Committee, the gentleman from Texas, Representative OLIN TEAGUE.

In the 10 years since the Korean GI bill ended, young Americans have had their lives disrupted to face danger throughout the world in defense of democracy. And today, sadly, we can no longer call this legislation the cold war GI bill, for gallant young men are giving their lives for us in Vietnam. But whether it was across the Atlantic in Berlin or Lebanon, or across the Pacific in Vietnam, all who served us so well deserve the opportunity for further education or training, our aid in buying homes for their families, and in obtaining necessary medical care.

Differences in the House and Senate bills must now be resolved. But I am confident that the final version agreed upon will provide the basic assistance so merited by those who are called upon to carry such a disproportionate burden of citizenship.

I would emphasize that this legislation is not a matter of rewarding our service veterans. It is a matter of right, a way to render justice and equity in compensating them for lost time and opportunities by assistance to begin again civilian life on an equal standing with those not called upon to serve. It is also in our national interest that as many as possible of our citizens be trained to

fill productive roles in our increasingly complex and technological society.

Mr. Speaker, we owe a debt of gratitude to the thousands of young Americans whose civilian lives have been interrupted to guard the Nation's security. And we owe more than can ever be repaid to the men who now risk their lives each day in the bitter Vietnam conflict.

I urge Congress to act now with speed in giving final approval to this most meritorious and long overdue measure.

SUPPORT OF VIETNAM POLICIES

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from New Jersey [Mr. McGRATH] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. McGRATH. Mr. Speaker, I wish to reaffirm my undivided support for the Vietnamese policy conducted by President Johnson and to note that in a poll of my constituents in New Jersey's Second District, the support for his conduct of our effort on behalf of South Vietnamese defense against Communist aggression received a great majority of approval.

In December, I spent the Christmas holidays in South Vietnam, visiting Army, Marine, and Air Force installations ashore and vessels of the 7th Fleet steaming in the South China Sea, and there I not only saw for myself the value of our present course, but saw the support these policies have among our fighting men, both commissioned and enlisted, in all branches of the service.

Also, while in Vietnam, I discussed both the military and civil programs on which our Government is embarked and plans for future expansion of our wide variety of civil action programs in South Vietnam with United States diplomats and operations mission spokesmen. I returned more convinced than ever that if we are to achieve an end to the fighting in southeast Asia, we must convince the Communists by military means that we are there to stay; that we will not permit tyranny to achieve what democratic procedures reject, and that our determination is unshakable.

I am also convinced that we have a caliber of men in our Armed Forces superior in training and equipment to those who fought in the two wars in which I served. I cannot speak highly enough of the young men who are serving in all branches of our military forces. Their understanding of their mission and their support of their Government's policies exceeds anything I encountered in World War II and the Korean fighting. From General Westmoreland to Lt. Col. Jim Kelley, 7th Marines regimental commander at Chu Lai, I was told by our commanding officers that the young officers and enlisted men serving under them in Vietnam are better troops than were the servicemen of one and two generations ago. They explained this phenomenon by pointing out that these younger men are educated better than ever. This tribute is a fine testimonial to America's leaders of the past quarter-century, of both major political faiths, whose domestic programs in the realms of health, education, and welfare have proven their worth.

It was most impressive to converse with many South Vietnamese, not only in Saigon, where there is perhaps more awareness of the widespread implications of the war, but throughout the countryside where political implications are easily lost in the day-to-day contact with the Vietcong. I found without exception that every Vietnamese not only welcomed the American presence there, but hoped our military forces and our aid misssions would remain until democracy achieves permanence in their country.

Mr. Speaker, we mailed approximately 100,000 questionnaires dealing with our Vietnamese policy, 1 questionnaire going into the home of each registered voter in the Second Congressional District of New Jersey. To date, we have tabulated 4,200 replies. The questionnaire and the present results follow:

[In percent]

	Yes	No
1. Do you agree with our present policy in Vietnam?	69	31
2. If you were President of the United States, would you:		
A. Continue our present Vietnam policy?	67	33
B. Intensify our military efforts in Vietnam?	79	21
C. Pull our troops out of Vietnam?	31	69
D. Follow another course (please specify)?	20	--

Of the 575 persons who stated they would follow another course—48 percent advocated using nuclear or conventional bombs to blast North Vietnam; 20 percent suggested placing the matter in the hands of the United Nations and/or urging other friendly nations to supply troops; 14 percent urged that North Vietnamese ports be blockaded; 12 percent called for intensified diplomatic efforts to obtain negotiations; 3 percent wished for winning the war through increased aid to South Vietnam; 3 percent urged that we change our military tactics to guerrilla-type warfare.

Replies to this poll are still arriving with every mail delivery, but it is already obvious to me that in New Jersey's Second District, the majority of the residents are also in favor of what I consider the President's wise and correct decisions. This is the time for all Americans, regardless of party, to unite behind the President and support our southeast Asian policy. I am happy to report from personal knowledge that in New Jersey's Second District, this unification and support is obvious.

THE JOB CORPS

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. GIBBONS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. GIBBONS. Mr. Speaker, yesterday two of my colleagues [Mr. GOODELL and Mr. QUIE], who described themselves as friends of the Job Corps concept, took one small incident, distorted it, and then proceeded to unfairly accuse the Job Corps of following a philosophy which endangers the program and of advocating the law of the jungle.

My colleagues failed to recognize the great work which is going on in the 90 Job Corps centers now in operation; they failed to recognize the great number of needy youth who are benefiting from the program.

They declared that Job Corps administrators advocate lawlessness; that they are soft on criminality. Obviously, they do not take into account the hard work being done day and night to instill good citizenship into these youngsters, the wonderful self-government being performed in the centers by the enrollees—youth who had little or no use for any kind of government before.

They deplored the lack of cooperation by Job Corps officials with law enforcement officials on the basis of their erroneous information; they failed to tell of the constant and close cooperation which occurs constantly between Job Corps and local officials.

Mr. GOODELL and Mr. QUIE took as their text the case of a corpsman in the Mountain Home Job Corps Conservation Center in Idaho. They obviously did not check their story before loosing it on the House of Representatives and on the Nation's press.

If they had, they would not have wandered as far afield.

As the distinguished Member from Idaho [Mr. WHITE], said yesterday:

I was fully informed from the first and joined in making certain a full investigation was conducted.

That full information was available to everyone—including the gentlemen who chose to speak yesterday without recourse to the facts. Indeed, Mr. WHITE invited Messrs. QUIE and GOODELL to visit the great State of Idaho and its Job Corps camps. He had reason, indeed, to call these charges "inaccurate, misleading, politically motivated and designed to undermine the antipoverty program in Idaho."

Let us look at the case of Paul Dennis Jones, as any fair-minded person might.

Messrs. GOODELL and QUIE said that on November 15, Jones brutally beat a fellow corpsman, slashed his face and hands with a knife and then stabbed him in the abdomen. The incident did occur on November 15. Jones did slash another corpsman. The injured corpsman required a few stitches but was not hospitalized. The incident, like any other assault, is deplorable and Job Corps officials in the centers and in Washington strive constantly to reduce such happenings—but it was hardly a brutal beating.

They point out that Jones was a parole violator from California and had three felony convictions at the time he entered Job Corps. Had Job Corps known this at the time of his application, he

would never have been allowed in the program.

But the California State Employment Service, which screened Jones, failed to turn up any criminal record—which occurred in a different county—and recommended him for acceptance in Job Corps.

Job Corps depends on its local screening agencies to check the backgrounds of applicants, and these agencies do the best they can. There is no national file of parolees or juvenile offenders; and there is no way, except for a prohibitively costly security check, in which every facet of an applicant's life can be checked. Neither the screening agency nor Job Corps can be faulted for facts unavailable to them.

Jones came to Mountain Home and soon exhibited qualities of leadership, which led to his being named a dormitory leader. It was not known to the center, to Job Corps, or to the California State Employment Service that Jones had a record until after he had been sentenced to an Idaho prison for the assault.

Messrs. GOODELL and QUIE said Job Corps violated the Interstate Compact on Parole and Probation by failing to notify Idaho authorities that Jones was a parolee. First of all, Job Corps did not know he was a parolee; second, if they had, it is not the responsibility of Job Corps to notify a State about the presence of a parolee unless the State had been required to provide supervision. This is a compact between the States. The Federal Government and its agencies are not a party to it.

My colleagues declared that the center and Job Corps refused to let Idaho authorities know how many corpsmen are presently on parole or on probation from other States.

The truth of the matter is that the center director quite properly refused to allow Idaho parole officials to enter the center to interrogate each corpsman to find out this information. This would have been a gross invasion of the privacy of the corpsmen. Any pertinent information can be obtained if requested properly.

My colleagues said Job Corps paid for an attorney, bail, and psychiatric treatment for Jones. Again, facts have been ignored. Job Corps provides legal counsel for every enrollee who needs it. This policy is in keeping with the Supreme Court decision and the law of the land. And, the involved corpsman pays for part of this legal service.

No bail ever was provided Jones, because he did not have enough money in his readjustment allowance to cover the cost of a bail bond. Corpsmen pay for their bail; not Job Corps. Jones' defense counsel asked for a psychiatric examination as part of the defense and this was provided.

My colleagues obviously avoided checking their information when they declared Job Corps, by telegram from Washington, asked the court to release Jones on probation and let him return to the center.

The truth of the matter is that the court approached the center director, asking if Job Corps would accept Jones and provide needed psychiatric treatment if the judge were to put him on probation. The center director queried Job Corps headquarters. In its continuing effort to cooperate, Job Corps headquarters agreed to do this—and even at this time, mind you, Jones' criminal record still was not known.

Job Corps sent a teletype message to the center director—nearly every center has a teletype for quick communications—and this teletype message was shown the court.

My Republican colleagues said Job Corps did not file a complaint against Jones; the center director personally delivered the young man to the police and never was asked to sign a complaint. The local prosecuting attorney was given every assistance. The center director was ready to make any witnesses available to the prosecution, but was never asked to do so and the prosecution followed the normal channel of issuing subpenas. The center director appeared in court even though he was not asked to appear, nor was he subpenaed.

My colleagues make much of the meeting of Idaho officials, which decided to write to Mr. Shriver, from whom they claim not to have received a reply. The Idaho group received a reply from Job Corps officials who were acquainted with and involved in the matter.

Erroneously, my colleagues indicate the judge gave Jones 4 months in jail and 2 years probation on the pleading of Job Corps officials. Job Corps entered no plea for Jones; Job Corps was not a party to the action.

What would my colleagues have Job Corps officials do?

They turned over the assailant to the law enforcement authorities; they cooperated with the law enforcement agencies to the fullest extent; they stand ready to cooperate in any agreement reached by the States in the final disposition of the case.

The situation now is one in which the States of Idaho and California must come to some agreement. Idaho has notified California of the presence of one of its parole violators. It is up to the two States to work out the solution—Job Corps and the Federal Government are not a party to the interstate compact.

It is unfortunate that Messrs. GOODELL and QUIE should make such irresponsible charges that the Mountain Home case indicates to enrollees that the law of the jungle pays off and that—and I quote—"even officials of the U.S. Government countenance assault with a deadly weapon."

This is not true in this case, nor in any other case of law violation in Job Corps.

Messrs. QUIE and GOODELL say the case points up two flaws in the program—the screening of applicants and the philosophy of Job Corps administrators.

The screening of applicants is a difficult job and the procedures constantly are tightened for the benefit of the youth to be served and the program in general. The screeners, by and large, are doing a good job.

The other alleged flaw is the so-called soft and confused Job Corps philosophy. This is untrue, as many law enforcement officials can attest. Job Corps officials everywhere cooperate fully with the law to punish wrongdoers and to protect the innocent. As a matter of fact, there have been dozens of cases where the court has failed to sentence a wrongdoer and the Job Corps has been more strict—they have discharged such youth from the program.

I would suggest to my colleagues that if they really are friends of the program, as they profess to be, there is much good they can find in the program.

Instead of listening to the disgruntled few who could not fit into the program, why do not my colleagues talk to some of the hundreds of young men and women who have completed their training?

Why do they not talk to some of the 395 young men and women who have graduated from Job Corps and are gainfully employed?

Why do they not ask questions about Job Corps of the 275 young men who have left the program to enter the Air Force, the Army, the Navy, and the Marine Corps—services for which they could not qualify before coming to Job Corps?

Why do not my colleagues seek information from the 149 young men and women who have returned to school—10 of them going on to college—and find out the truth?

Why do not Messrs. QUIE and GOODELL talk to the employers who have hired Job Corps graduates and find out the truth?

I wish my colleagues who are so free and lavish with their criticism of the program would visit 1 or more of the 90 centers now operating, talk with some of the 18,000 young men and women in these centers, talk with some of the dedicated center staff who are giving these people the tools they need to meet life.

There will be isolated incidents of trouble, there will be youngsters who cannot adapt to the program and leave it too soon. But for the great majority, this is the opportunity of their lifetime—and they are taking advantage of it, for their benefit and for the benefit of the Nation.

Mr. WHITE said yesterday Idaho was proud of its four Job Corps centers—the people of the State have every reason to be proud of those centers. All of us can share that same pride in all the centers around the Nation.

But for objective valuation of the fine Job Corps program I refer all of my colleagues, especially those who are clearly so tragically uninformed, to the January 29 issue of Business Week entitled "Out of the Job Corps—Into a Job"—and that, gentlemen, beautifully sums up what Job Corps is all about.

The article follows:

OUT OF THE JOB CORPS—INTO A JOB

Running training centers for school dropouts has been a learning process for business, as well as for youths it teaches. Results so far are encouraging for both.

O'Neil Leroy Costley is 18 years old, a quiet-spoken Negro from Baltimore, who dropped

out of high school when he was 16. Despite his limited education, he holds a job as a reproduction clerk in the Washington, D.C., office of Consolidated American Services, Inc. His salary is $85 a week, and his superiors say he is so bright that he thought of a way to speed up their collating process.

Roger H. sits in a luncheonette on New York's East Side. He is 18, has no place to go, nothing to do. He lives with his mother and two younger brothers in a two-room flat. Sometimes he gets an odd job, but mostly the family lives on relief.

Testing ground

Both boys attended Job Corps camps, O'Neil for 7 months, Roger for 2 weeks before he left voluntarily ("I missed my friends," he says). Together, they represent two elements in a human balance sheet that eventually will decide the fate of one of the most experimental and controversial programs in President Johnson's antipoverty war. If enough Job Corps enrollees end up with steady jobs rather than on city streets, the Job Corps will become a permanent feature of the Great Society agenda.

The stakes for the Nation are enormous. There are an estimated 1 million jobless youngsters between the ages of 16 and 21. Each one, if he becomes a member of the hard core unemployed, will cost society upwards of $100,000 during his lifetime, plus the loss of his productivity.

I. ECONOMIC STAKE

Business has its own special stakes in the Job Corps:

With a growing shortage of skilled and semiskilled workers—and with the services sector of the economy expanding fast—the trained youngsters turned out by the Job Corps could help fill a vital need.

A number of big- and middle-sized companies—including IBM, Xerox, ITT, and Litton Industries—have put their names and resources on the line by operating Job Corps camps either as prime or subcontractors. These companies expect new and larger contracts as Government spending in social welfare areas mushrooms. They are also hoping to demonstrate their own special knowhow in the biggest growth market of them all—education.

Under attack

With so much in the balance, it's not surprising that the Job Corps—barely a year old—is under heavy crossfire. A group of professors at Rutgers University, which is under contract to advise Federal Electric Corp. on the operation of the Camp Kilmer, N.J., Job Corps Center, has attacked the whole concept of the Corps. Instead of a program that takes youngsters out of their home environments, the professors prefer on-the-job training in the neighborhoods, more stress on academic upgrading, more attention to individual needs. And they believe that placing the centers in the hands of profit-oriented business corporations is a mistake.

At the same time, some observers on Capitol Hill have spied elements of waste, boondoggling, and inefficiency in the program. Senate Minority Leader EVERETT DIRKSEN says he will air such charges during congressional hearings on the poverty program next month.

Undaunted

Job Corps officials aren't daunted. "This is a new and experimental program," says Dr. Lewis Eigen, Associate Director of the Corps. "Naturally, we've made some mistakes * * * but we can claim solid accomplishments."

Among the latter is the record chalked up by Job Corps graduates. About 700 young men and women have graduated from urban and conservation centers in the past 9 months (some 400 more will graduate next month). Of the 700, about 35 percent were drafted or enlisted in the service, and 18 percent returned to school. The rest all found jobs, and a preliminary survey indicates that about 90 percent of these are still employed. "We really won't know for a year or two how well we've done—but results so far look good," says Eigen.

To provide a long-run evaluation of the Job Corps, the Office of Economic Opportunity is linking its computers to those of the Social Security Administration, and thus keeping track of the earnings of every graduate. For purposes of comparison, it is also keeping tabs on the incomes of a control group of randomly selected school dropouts who didn't take part in the Job Corps.

Dropout rate

There are currently some 17,500 youngsters at Job Corps centers around the country. The dropout rate among them has been 32 percent, but an official points out that the attrition rate at most colleges is 50 percent, "and we pick kids who have failed in school, not succeeded."

A crucial test for the program came at Christmas, when virtually all of the corpsmen went home for a 10-day vacation. Some critics predicted that half of them wouldn't return after the holidays. Better than 95 percent showed up.

Crash program

The Job Corps, blueprinted by Ohio University President Vernon Alden and a group of academic and business advisers, is a crash program. The object is to speed up the learning process by placing youths from city streets and rural depressed areas in a radically new environment, free of many of the pressures and problems of their home neighborhoods. Three goals are stressed: vocational training, academic upgrading, and emotional and social reorientation.

"You can't simply put one of these boys in a machine shop, and expect him to learn," says Alden. "You have to change the way he thinks and feels, the way he relates to others, the way he looks at himself."

Job Corps officials say the time to train a youth can run anywhere from a few months to 2 years, but the average is around 9 months at a cost of $4,500.

Of the 88 Job Corps centers around the country, 74 are small conservation camps run by the Government on Federal land for semi-illiterate youths who need to be brought up to eighth-grade levels.

The other 14 are large urban training centers—8 for men and 6 for women—that teach specific vocational skills. These centers are run by a variety of organizations, including educational agencies, universities, and business corporations.

"We deliberately encouraged a number of different management arrangements," says Wray Smith, director of urban centers, "because no one has a monopoly on answers."

II. CORPORATE SCHOOLMARMS

Based on a preliminary evaluation, officials give business high marks both for effort and achievement. Smith says that two of the three most successful centers are operated by companies. This view is echoed by OEO Head Sargent Shriver: "Business enterprises have done an extraordinary good job; they have brought to this problem a great national resource."

As though to underline this belief, OEO announced last week that Southern Illinois University's contract to operate the center at Camp Breckenridge, Ky., will not be renewed, and that a private company will be awarded the job.

Big plus

The plusses Smith sees in having corporations operate centers include their ability to get needed resources and talent quickly, expertise in running a large plant, and, most important, tight management control and cost effectiveness. Says Smith: "We want to stretch our dollars to serve the maximum number of kids."

Though each Job Corps contract is negotiated separately, the general pattern for corporations is cost plus a fixed fee, which usually comes to about 4.7 percent of cost. "This is not exactly a huge profit, but there are certain intangible rewards," says John Theobold, head of U.S. Industries' Educational Division, which runs the center at Fort Custer, Battle Creek, Mich. Among the intangibles is the chance to prove that dropouts are able to learn, and to use U.S. Industries' teaching machines and methods in the process.

Other prime contractors operating men's centers are Litton Industries, Federal Electric, and Science Research Associates, an IBM subsidiary. Companies with prime contracts to run women's centers include Packard-Bell Electronics Corp., Burroughs Corp., Avco Corp., Westinghouse Air Brake, and Basic Systems, Inc., a Xerox subsidiary. In addition, Philco Corp. is subcontractor at two camps run by universities. Some two dozen companies are bidding for contracts, including—besides those already involved—RCA, Sperry Rand, General Electric, Thiokol Chemical, and Raytheon.

Problems

A survey of corporations involved in Job Corps camps turns up an encouraging picture. Almost all admit they have had problems, big ones. "It's been a learning process for us as well as the kids," one man puts it. Almost all are tremendously enthusiastic about the progress they have made.

Ernest Lareu, who heads up vocational education for Philco's Tech Rep Division at the Tongue Point, Oreg., camp, comments: "Sometimes you go home whipped and frustrated. You see the makings of fine men whom you just haven't been able to reach. Then the next day a kid you had given up on suddenly takes the chip off his shoulder and you know you've started another one toward becoming a good useful citizen."

The first problem many companies faced was simply getting things rolling. "It's like starting up a chemical plant—only worse," comments one man. More serious has been the problem of community relations. Many communities resent the location of Job Corps centers in their neighborhoods. At New Bedford, Mass., where Science Research's Rodman Center is located, citizens met to complain of disturbances caused by corpsmen. After the town's mayor called the meeting a "witch hunt," however, the group set up a committee to improve relations with the center. At Camp Parks, the heavy opposition came from the local John Birch Society.

Postgraduate work

Officials say corpsmen undergo a transformation while at camp. When they arrive, they are suspicious, sullen, and aggressive. "Some are out to prove how tough they are," says an administrator. "Others are just plain scared." Most of the dropouts leave during the first 3 weeks. Those who stay begin to make friends and show increasing confidence.

Each youth is allowed to progress at his own rate in vocational and academic classes, and discipline problems are handled by the corpsmen themselves in group sessions. "You can't force these kids to do anything, it has to come from them."

This administrator isn't worried about his charges while they are at camp. The big question, he feels, is what happens when they leave—"will there be jobs for all of them, will someone help them adjust?" The Job Corps replies that it has 13,000 job listings on file now, and it is working on plans to make sure that each youngster is not only employed, but helped with any social or personal problems he faces.

AN EDITORIAL ON THE TRUMAN DOCTRINE

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Louisiana [Mr. BOGGS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BOGGS. Mr. Speaker, I call to the attention of the Members of this body a thought-provoking editorial which appeared in the Washington Post for February 5.

The editorial follows:

[From the Washington Post, Feb. 5, 1966]

THE TRUMAN DOCTRINE

Senate Foreign Relations Committee hearings on administration policies in South Vietnam ought to clarify opposing views and might even help in reconciling some differences on foreign policy. It is to be hoped that the committee's witnesses will grapple with the fundamentals in a way that the Congress did in 1947 when the country embarked upon the policies we have followed ever since.

The Truman doctrine was recognized in 1947 as a historic declaration. The President in his March 12 message to Congress said bluntly: "I believe that it must be the policy of the United States to support free peoples who are resisting attempted subjugation by armed minorities or by outside pressures." The Congress and the country agreed with him and American aid was sent to Greece to back up the British in resisting the first of the wars of "national liberation" that have been a unique military and diplomatic phenomenon of our times. That resistance proved to be brilliantly successful and Greece and the Mediterranean were saved for the West. Since 1947 the pursuit of the policy then enunciated has led us into diplomatic and military confrontations around the globe—notably in Lebanon, the Congo, the Philippines, in Latin American countries, in Vietnam and in the Suez crisis. If there is any constant thread in our foreign relations it is the resistance to "subjugation by armed minorities or by outside pressures." It has not been universally directed against Communists as such—it has been applied, with pain and reluctance, against the policies of even our best friends as it was at Suez.

We can see the wars and diplomatic confrontations the Truman doctrine has involved us in; but we cannot see the aggressions that we have not had to check because of knowledge in the world of the existence of the Truman doctrine. In the current debate on that doctrine—and that is what any meaningful debate will be about—the wars that have not happened ought to be remembered, as well as the trials that have afflicted us.

At the time the doctrine was embraced, it did not go unchallenged. Many Senators pointed out then that it might eventually involve us around the world—even in China as the late Senator Arthur Capper, for one, pointed out. And Walter Lippmann attacked the policy both in its application to Greece and in its world-wide implications. He described it as "a vague global policy which sounds like a tocsin of an ideological crusade that has no limits." And he deplored "entangling ourselves as partisans in a Greek civil war." The criticism was useful, for it resulted in a cautious and restained application of the doctrine generally. And the critics were prophetic in seeing the far-reaching consequences of this policy.

The truth is that the Truman doctrine, like so many of the spunky President's utterances, came close to putting the national impulse into a single sentence. It reflected what Walter Lippmann had said in 1944 about the continuing and profound interest of Americans in conditions everywhere in the world. Lippmann called it "this persistent evangel of Americanism." And he thought it reflected "the fact that no nation, and certainly not this Nation, can endure in a politically alien and morally hostile environment; and the profound and abiding truth that a people which does not advance its faith has already begun to abandon it." President Truman's March speech and Mr. Lippmann's global eloquence faithfully mirror the impulses of our countrymen. But at the same time, on alternate occasions and off days, this expansive inclination has been matched by caution and restraint and a sense of our limitations. Lippmann, in discussing "U.S. War Aims" in 1944, expressed a widespread anxiety about the reach of American or Western power in Asia. "We must take it as decided," he said, "that the tutelage of the Western empires in Asia is coming to its predestined end." And that was and is an authentic reflection of American judgment.

So the two impulses meet now in Vietnam and will manifest themselves in their curious contradictory way in the Senate hearings, no doubt. If the Senators are to have a fair chance of reconciling this dichotomy, they must remember that in application the Truman doctrine turned out to be a peace-making and not a war-making doctrine. Even in Greece, the object was to secure the freedom of Greece—not to produce a confrontation between the Soviet Union and the West. The trick then was to save Greece without having a war with the Soviet Union. And it was accomplished. The aim now ought to be to save South Vietnam without having a war with China. This is essentially the policy the administration is pursuing. It is the policy that the Senators will be examining. It is the Truman doctrine enunciated in March 1947—a doctrine that not all Americans have caught up with yet—nearly 20 years later.

ADDRESS BY SECRETARY OF AGRICULTURE FREEMAN

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Louisiana [Mr. BOGGS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BOGGS. Mr. Speaker, prior to his trip to Vietnam, Secretary of Agriculture Orville L. Freeman was scheduled to address the 20th annual convention of the National Association of Soil Conservation Districts in my home city of New Orleans, La. In his absence, Under Secretary of Agriculture John A. Schnittker delivered this fine address for Mr. Freeman.

Secretary Freeman gives due credit to the fine contributions over the past 20 years of the National Association of Soil Conservation Districts. He particularly commends my old friend and an able leader in this vital field, Mr. Marion Monk of Batchelor, La., who served faithfully and well as president of the national association for a long time. Secretary Freeman offers his personal salute and that of the Department of Agriculture to the fine work done by Marion Monk at the helm of the national association. I am pleased to join him in this most deserved tribute.

Mr. Speaker, I would like to commend to my fellow colleagues in the Congress this splendid address by Secretary Freeman, who outlines the great progress made for our farmers in the past 5 years and calls on the members of the National Association of Soil Conservation Districts to work to revitalize rural America so that millions of our citizens will remain on the farms, and in the countryside, for the long-range benefit of our country.

The text of the speech, delivered on February 8, 1966, in New Orleans, La., follows:

(NOTE.—This speech was prepared for delivery by Secretary of Agriculture Orville L. Freeman to the 20th annual convention of the National Association of Soil Conservation Districts in New Orleans, La., February 8, 1966. The President on February 4 requested the Secretary to accompany him to the conference on Vietnam at Pearl Harbor. Under Secretary John A. Schnittker will deliver the speech.)

Four years ago, when I was your guest in Philadelphia, I said this: "We are on the threshold of a new era in the management of our resources—of land and water, forest and wildlife—and our people, who are the most important resource of all, are going to gain in the process."

And then, after exploring with you new and broadened avenues to resource development and use, I raised the challenge of a revised Memorandum of Understanding that would provide a wider yet more flexible base for the working relationships between the Districts which make up this Association, and the U.S. Department of Agriculture.

Much has happened since then. We have learned a lot; we have done a lot. But there is much more to be done that we knew as recently as 4 years ago. I want to talk with you about that. I would like to challenge you as you so frequently challenge me.

Truly, there is a great, exciting and important job to be done in and for rural America. And it cannot be accomplished without you.

You—the men and women who had this great National Association of Local Soil and Water Conservation Districts—have the capacity to literally remake the face of this Nation so the countryside blooms with both flowers and people—so that people may move not just from countryside to big city—but in the opposite direction.

Yes indeed, there is much to be done. You can do it. Your Government can help you do it. Let me tell you what I mean.

This is your 20th annual convention. There is another 20th anniversary associated with February of 1966. I believe there is a relationship between the two that goes beyond a mere coincidence of dates.

This month marks the 20th anniversary of the signing of what A. A. Berle has described as "a basic provision in the constitutional law of the American economic republic," the Employment Act of 1946.

In a declaration unchanged over two decades, this legislation says that "it shall be the continuing policy and responsibility of the Federal Government to use all practical means to coordinate and utilize all its plans, functions, and resources for the purpose of creating and maintaining—in a manner calculated to foster and promote free competitive enterprise and the general welfare—conditions under which there will be offered useful employment opportunities, including self-employment, for those able, willing and seeking to work and to promote maximum

employment, production and purchasing power."

Twenty years ago this month, when he signed the bill, President Truman said: "Occasionally, as we pour through the pages of history, we are struck by the fact that some incident, little noted at the time, profoundly affects the whole subsequent course of events. I venture the prediction that history some day will so record the enactment of the Employment Act of 1946."

If history started to record the changes in employment, production and purchasing power over just the last half-dozen years, the record would show that:

There will be more people in civilian employment in the United States this year than ever before—74 million of us. This is a gain of 7.3 million—11 percent—over the employment level of 1960.

The gross national product will climb to $722 billion—a rise of 43 percent since the first year of the decade of the 1960's.

Profits of corporations before taxes will amount to $80 billion—a jump of more than 60 percent over the $49.7 billion of 1960.

The incomes of Americans this year will reach $567 billion, a gain of $166 billion—more than 40 percent over 1960—and personal and business spending in 1966 will reach $575 billion. That's $170.8 billion, 42 percent more than the 1960 total.

So vast is the American economy of today, the Government's debt is smaller in relation to its total output of goods and services than at any time after the start of World War II. The debt total is equal to less than 45 percent of the Nation's output for 1 year, as compared to 133 percent 20 years ago.

Nowhere else on earth, at any time in history, has our economic growth rate been matched. One year's increase in our gross national product exceeds the total annual output of all but seven of the other countries of the world.

U.S. News & World Report of February 7 says a continuation of this growth rate into 1973—just 7 years ahead—would push the size of the U.S. economy beyond the trillion-dollar level.

All of this didn't just happen. And while there have been many factors contributing to the longest period of uninterrupted economic growth in our history, the most important is the imaginative new fiscal and tax policy that has been carried out by your National Government since 1960.

When the Full Employment Act was being debated 20 years ago, who dared to imagine that within two decades our private enterprise system—with resources added by Government when needed—would bring us to the doorway of a trillion-dollar economy? I doubt if anyone did, although President Truman tossed a hint in that direction.

But, 20 years ago—in the first convention of the National Association of Soil Conservation Districts—who dared imagine that in 1966 we would be well on the way to adapting the full employment guideline to natural resources as well as the economy?

Who thought then that recreation could become a crop more valuable to many a landowner and consumer than corn, that a golf course or lake could serve a community better than a field of cotton?

Who thought then that the resources of rural America could be shaped to make an excellent home for industry and business as well as support an ever-improving agriculture?

Who thought then that districts would be considering today a series of proposals to apply their skills in conservation planning and practices to the broad range of natural resource uses essential to community development? Thus we come closer to a true understanding of conservation. When wise use of natural resources is combined with the programs of health and education to improve human resources, we see more clearly that conservation is concerned not with nature alone but with the total relation between man and the world around him. The objective is to raise the quality of life and to give it new dimension.

If we have the will we can be well on the way to reaching maximum multiple-utilization of the great resources of rural America by the time we reach a trillion-dollar economy.

The record of resource conservation-development-use of the last half dozen years can be favorably compared to the economic growth record. Soil and Water Conservation Districts have had either leadership or supporting roles in most of it. We must now make sure that the record of the next 5 years is just as good.

As we look to the future, it is appropriate to take a quick look at the record we have built together since the start of this decade. I review it here not with any sense of finality, but rather as a dramatic example of what we can do, and as a challenge to do more, and to do it better, in the years immediately ahead.

Our family farm agriculture is stronger than in 1960, in numbers of farms with adequate resources, in productivity, in earning opportunity, in ability to feed our own people well and to contribute to the growth of agricultural productivity in the developing nations which want our help.

Private landowners and operators cooperating with districts—your clients and coworkers—number 150,000 more than they did as recently as 1960.

With your sponsorship a new and larger program for conservation and development was launched under the name of resource conservation and development projects—10 in 1964, 10 more in 1965, another 5 in 1966. In these areas about 500 identifiable project measures are now underway. Experience has already taught us the Nation can benefit from more of such programs.

Since 1960 more than 400 small watershed projects have been authorized for operations. Upstream projects in 30 States include 88 recreational developments designed to serve 5 million people a year. Sixty more such recreation developments are now in the advanced planning stages. These are real multiple-use projects, husbanding water for community distribution systems, for industry and for recreation, as well as for erosion control, flood prevention, and irrigation.

A half-million rural people who didn't have fresh, pure water piped into their homes in 1960 have it now through technical and financial assistance made available to their communities by the Department of Agriculture.

Efforts to combine your own and Federal resources with those of individuals and communities in new development programs are expanding rapidly.

This year we expect as many as 500 requests from planning commissions, zoning boards, conservation commissions, and other public bodies for assistance in comprehensive land use planning.

We anticipate processing 200 new watershed development applications, starting planning operations on 95 new projects, approving a hundred projects for operations, and launching at least 70 new construction projects.

Indications are that during the coming year we'll assist between 150 and 200 communities in the development of recreation facilities which will eventually serve more than a hundred thousand men, women, and children.

Soil and water conservation districts, and resource conservation and development projects, will share in the services of more than a hundred recreation specialists being added to the Soil Conservation Service staff.

The Department of Agriculture also is beefing up its "outreach" arm—the Rural Community Development Service—to help rural people gain better access to the broad range of education, cultural, health, and other community services and programs which are available from their Government. We have established RCDS offices in 12 States, and by the end of 1966 we anticipate having full-time directors in a dozen more to help put all Federal technical and financial resources at the disposal of people in rural communities.

Along with accelerating the traditional programs made available to private landowners and farm operators for resource development and recreation projects, we are this year providing new tools—including the cropland adjustment program. Through the crop adjustment program, local governments can get help in acquiring land for park and recreation use. Farmers are finding in it increased incentives for permitting public access to their lands for hunting, fishing, hiking and trapping.

The cropland adjustment program, which you helped bring into being, may prove to be one of the most important conservation instruments the Nation has ever known. Now it is important that you give leadership so it accomplishes its purpose in every rural community in America.

The newest, and one of the most promising, tools in the rural development kit is now before the Congress. This legislative proposal is the community development district bill.

I would like to discuss it in the light of some of the conclusions reached in your study committee's report on the future of districts—a report which I found candid, provocative, challenging, and constructive. Your study committee did a fine job, and this organization is better fitted to face the problems and potentials of the future because it has this excellent blueprint.

Let me quote four points from the report:

1. "America's political and social philosophy demands that the avenue down which responsible effort is directed must be broad in order to allow for experimentation, diversity, and freedom. But there must be an avenue if we are to get where we wish to go.

2. "Local citizens must participate in resource planning and development in order to enlighten themselves about resource problems and to exercise their rights in a democratic society. This is the greatest requirement of all as we look to resources and our future.

3. "The interests of resource users are sharing attention with the interests of resource owners.

4. "Important changes will be needed in our political and social 'machinery' to insure the proper conservation, utilization, and development of our natural resources in the years ahead. The organizational machinery must accomplish four purposes: Factfinding and interpretation, planning, coordination, and action."

The proposed community development districts are designed to:

1. Broaden the avenue for opportunity development in rural America.

2. Increase the participation of rural people in resource planning and development.

3. Better adapt our political and social machinery to more comprehensive and efficient factfinding and interpretation, planning, coordination, and action.

Perhaps the President had the report on the future districts in mind when he prepared his community development district message. Certainly the conclusions reached in the report and the principles contained in the message are solidly consistent.

President Johnson, in his message to the Congress accompanying the proposed legislation, put it this way:

He said that even with the help of the great new programs provided by the first session of this Congress, and in prior years, "too

few rural communities are able to marshal sufficient physical, human, and financial resources to achieve a satisfactory level of social and economic development * * *.

"It is difficult, if not impossible, for every small hamlet to offer its own complete set of public services. Nor is it economical for the small city to try to achieve metropolitan standards of service, opportunity, and culture, without relation to its rural environs.

"The related interests of each—the small city and its rural neighbors—need to be taken into account in planning for the public services and economic development of the wider community. In this way the benefits of creative federalism can be brought to our rural citizens.

"The base exists for such coordinated planning," the President continued in the message.

"New communities are coming into being—stimulated by advanced means of travel and communications. Because of these it is possible to extend to people in the outlying rural areas a richer variety of public services, and of economic and cultural opportunities.

"By combining resources and efforts in these larger and more functional groupings, rural and urban communities—comprising a population base large enough to support a full range of efficient and high-quality public services and facilities—can achieve the conditions necessary for economic and social advance."

The President explained that boundaries of the proposed community development districts will correspond to the normal commuting or trading patterns of rural and city residents. The proposed legislation provides that while the Secretary of Agriculture may designate a district, he can do so only after an area has been so delineated by a State's Governor or legislature or an authorized State agency.

The expanded public service opportunities provided for soil conservation district leaders in this enlarged grassroots planning process are apparent throughout the President's message.

Planning and soil conservation districts, like love and marriage, have always gone together.

The individual farm plan was the start, and is still deep in the heart of conservation and resource development on private lands.

From the individual farm plan you moved into planning the watershed, into multidistrict planning, and—by invitation—into some phases of urban planning. You know the benefits of planning.

President Johnson cited these benefits from coordinated planning for rural development:

"It can stimulate economic growth.

"It can provide the economies of efficient public services—which attract business and industry.

"It can insure that programs will comprise a logical and comprehensive effort to solve the community's interrelated problems at minimum cost.

"It can bring us closer to achievement of a more beautiful, more livable rural America. An increasing combination of local, State, and Federal resources is already beginning to transform the countryside, making multiple uses possible—for production, for outdoor recreation, and for the restoration of natural beauty. Planning can help make this beneficence a part of the lives of millions of urban Americans."

Let me call your attention to one more significant phase of the President's concept of community development districts that is completely consistent with your program and purpose.

"Planning activities for the district will be performed under the direction of representatives selected by each of the participating county or municipal governments * * *.

"Our purpose is not to supplant present efforts of local, State of Federal Governments—but to supplement them; not to forsake the small community, but to help it avoid underrepresentation in decisions that affects its life."

In other words, this suggested addition to rural development tools has its roots in the electorate, is responsive to it. This tool does not rebuild or superimpose, it coordinates.

But first of all it must be passed by Congress. And then it must be put to work by local people if it is to spark the rural progress we need. That's where you come in.

I hope you will study this proposal carefully and, before this convention adjourns, resolve to help bring this new conservation and development tool into law and into use.

The Bible questions the advisability of gaining the world and losing one's soul.

We can well question the advisability of achieving a trillion-dollar economy if we get it at the cost of increased pollution of air and water, increased pollution of the social and cultural lives of human beings resulting from piling up too many of them in too few cities, increased congestion in everything from traffic to kindergarten classrooms.

For the well-being of the whole of the Nation—urban and rural—the greatest contribution that rural leadership can make to our generation is to make it possible for people to live rich and rewarding lives where the space is, on the countryside.

That space must, of course, be equipped with adequate educational and health services, water distribution and sanitation systems, facilities for job training, social services and it must be marked by more industries, more businesses, more service institutions—because to live successfully in rural America, men and women must be able to work there.

Perhaps the fastest way to describe our task is that of rebuilding the gates of rural America so they open in as well as out.

This you can do. And the doing is filled with excitement and challenge.

Tomorrow you will elect a president to succeed Marion Monk, who has served all the time your bylaws allow in that office.

I want to place into the record of this convention, and into the history of the National Association of Soil Conservation Districts, my own appreciation—and that of the Department of Agriculture—to President Monk.

The Department of Agriculture has come to accept integrity, vision, and quality as standard equipment in your association's leadership. We look forward to a continued sharing of responsibilities and objectives with you through your new President, and through all who have leadership roles at National, State, and community levels.

I ask, respectfully and confidently, for your continued cooperation as we tackle the great and worthwhile task of reducing traffic through rural America's out gate, and widening the one marked in.

STATEMENT OF HON. HENRY H. FOWLER, SECRETARY OF THE TREASURY

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Louisiana [Mr. BOGGS] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BOGGS. Mr. Speaker, Secretary of the Treasury Henry H. Fowler, one of our Nation's most dedicated public servants, testified last week before the House-Senate Joint Economic Committee on the state of the Nation's economy and the measures which our National Government proposes to halt any inflationary pressures in our economy and to continue the tremendous growth and prosperity which business, industry, and the individual American are enjoying today.

In a splendid manner, Mr. Fowler outlined those actions which already have been taken, those which go into effect this year and those which the President proposed in his budget message and his economic message to the Congress.

The unprecedented development and prosperity which our country is realizing today, and which it has achieved over the past 5 years is due in no small measure to the increased cooperation by our National Government, and our State and local governments, in working more closely with business and labor for the greater benefit of all Americans.

I am happy and proud to congratulate Mr. Fowler for his fine presentation, and to commend his excellent testimony before the Joint Economic Committee to my colleagues in the Congress. The text of his testimony follows:

STATEMENT OF THE HONORABLE HENRY H. FOWLER, SECRETARY OF THE TREASURY, BEFORE THE JOINT ECONOMIC COMMITTEE, FEBRUARY 3, 1966

During these hearings members of the committee have expressed their concern about the threat of inflation. The administration shares that concern. Its actions on the Government employee pay raise in August, the steel settlement in September, and the aluminum, copper, and steel price situations this past fall, as well as its current budget, bear witness to this concern.

There are those who propose that the administration come forward now with a program to enforce much harsher restraints on the economy than those now in effect or proposed in the President's budget. The administration disagrees with the premise that more needs to be done now. However, it welcomes the putting forward of any specific proposals since they may add to the range of contingency planning in which it itself is engaged. Indeed, it suggests that the House Ways and Means Committee or this Joint Committee study, review, and recommend the type of tax increases which would be most suitable if inflationary pressures require additional fiscal action.

First, let us be very clear as to the position of the administration in the uncertainties that the situation in Vietnam makes inescapable. The President has given to the Congress an unqualified commitment that "should unforeseen inflationary pressures develop, I will propose such fiscal actions as are appropriate to maintain economic stability." He has pointed out that "the extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures will depend directly on the restraint and moderation exercised by those who have power over wages and prices." This is our answer to those who ask, "Will the Government go for tax increases later this year?"

Second, the administration does not believe it is wise to impose measures of restraint on the economy in addition to those in effect or proposed in the President's Budget and Economic Report unless or until the "unforeseen inflationary pressures" develop.

We have seen too many expansions turned into recessions by slamming down too hard on the brakes. We have seen too much unemployment and underemployment too long to cut back drastically and unnecessarily on private demand to provide purposefully an idle reserve of manpower and capacity. We advocate a course of moderation and balance in dealing with any danger

of economic excess as we have advocated moderation and balance in curing economic deficiency.

The national economic objectives as set forth in the Employment Act of 1946, under which this committee functions, provide that "it is the continuing policy and responsibility of the Federal Government to use all practicable means * * * for the purpose of creating and maintaining, in a manner capable to foster and promote free competitive enterprise and the general welfare, conditions under which there will be afforded useful employment opportunities, including self-employment, for those able, willing, and seeking to work, and to promote maximum employment, production, and purchasing power."

This administration includes price stability as a goal to be sought along with these more particularized objectives of full employment and a healthy rate of growth. It believes that there is a fundamental compatibility of these three objectives and that in seeking one of them it is unwise to sacrifice the others. If one objective, such as price stability or full employment, is sought with the utmost rigor without concern for the others, this is not wise national policy.

Of course, from time to time very special situations may force one economic objective to move ahead of the others. It is quite conceivable that the threat of an inflation of such size or duration might cause stabilization of the price level to be given top priority. These black and white situations seldom occur. The more usual task is to seek price stability, growth, and high employment simultaneously and in a reasonable degree. The challenge today is to find the mix of monetary, credit, and fiscal measures best designed to achieve all these objectives, recognizing that public policies will not be adequate if some groups who enjoy and exercise substantial market power choose to push up or maintain prices or wages at unwarranted levels.

Against this background let us look at the present situation objectively and carefully with a concern that we press toward all these goals rather than become preoccupied with a single one. In this calendar year 1966 restraints which did not characterize 1965 have already been imposed upon the economy. Beginning in January an extra $6 billion a year in social security and medicare taxes is being withdrawn from private purchasing power to flow into the trust funds. This was not true of December 1965, or November, or October.

In December 1965 the Federal Reserve Board announced two actions designed, in its words, "to dampen mounting demands of banks for still further credit extensions that might add to inflationary pressures." The full effect of these actions, which take a considerable period of time to be felt, is yet to be ascertained.

The new tax proposals recommended by the President, if adopted by March 15 as he urged, would withdraw from private purchasing power an additional $2.9 billion during calendar 1966.

The shift in the budgetary situation from substantial deficits in fiscal 1966, brought on by the response to the challenge of Vietnam, to surpluses or minor deficits in the administrative, cash and national income account budgets has been made possible by expenditure reductions coupled with the new tax proposals.

Coming on stream in 1966 are vast quantities of new industrial capacity which are the fruits of investment made in recent years. Coming into the labor force are a million and one-half additional new entrants from the younger age group and, in addition, many hundreds of thousands are being given the benefit of manpower training to better equip them to fill the needs of the labor market. And, of course, the dwindling rate of unemployment is stimulating renewed effort in the private sector to train and better utilize the available labor force.

Given all these new factors the wise course of balance and moderation in pursuing continued growth, a higher rate of employment and relative price stability would seem to call for determining how the economy reacts to this new mix of relatively moderate restraints before adopting without apparent present reason the far harsher measures—presumably increased tax rates, direct price and wage controls, and much tighter monetary restraint.

We meet today in economic circumstances of rather different complexion from those of a year ago or any of the past several years. At home our work force, more productive than ever, is also more fully employed than at any time in nearly a decade. Adding to the increasing demands of our own people for more of the fruits of our highly productive economy, is our firm commitment to the defense of freedom of Vietnam, which places a high-priority claim on our human and material resources. Rather than stimulate the economy further, it is now the broad task of Government economic policy to take in some sail. We have become more concerned with economic overheating than with the shortfalls of demand that marked most recent years.

Our international economic position has taken a decided turn for the better—and we expect that it will do still better in this current year. Yet here, too, our progress in meeting older problems has tended to uncover new ones—in this case the need to move ahead with improved machinery to cope with the international financial problems we will face in the future.

ECONOMIC ACCOMPLISHMENTS OF 1965

With the President's Economic Report now before you, there is no need to recount in detail the economic accomplishments of 1965. A few highlights will serve to make the point. In this fifth full year of business expansion, real output gained 5½ percent. During the year, industrial production climbed 7.4 percent, about 2.5 million more workers found employment, and the unemployment rate fell from 5 percent at the end of 1964 to just 4.1 percent of the civilian labor force at the end of 1965. In early 1961, when the current economic upswing was just getting underway, the unemployment rate reached a high of about 7 percent.

No stronger witness is needed to the success of earlier policies. The stimulus of carefully planned reductions in tax rates, working in tandem with a moderately expansive monetary policy, and blended with a range of Government programs addressed to more specific economic problems, has helped produce a 5-year economic rise of enormous scope. Our real growth rate during the expansion from early 1961 through 1965, 5½ percent annually, can stand proudly beside the record turned in by other industrial countries. And it far overshadows our own frustratingly slow growth during the recession-pocked 1950's.

Yet the very success of earlier policies has brought into range a different set of problems and hence of near-term policy objectives. On the whole, our long economic expansion has been remarkably free of price increases, but in the past year there has been greater upward pressure—understandable in light of our own closer approach to capacity operations and full employment—but nevertheless most unwelcome.

Amidst all our progress toward greater economic well-being, however, there remains a residue of older problems—ameliorated, but not solved, by gains in the economy at large. Unemployment among nonwhites, for example, has declined but remains about double the rate for whites, and is surely too high. Too many pockets of poverty remain; perhaps their number and extent are less than before, but their very existence is the more glaring in view of the general economic advance. And even among the employed, and among the many who are above the poverty threshold, there is much more they can contribute and gain in the framework of a healthy expanding economy.

FISCAL POLICY—A TURNING POINT

It is the overall economic picture to which general Government financial policy must be addressed, however, and that picture is clearly changed. The key factor calling for a different policy approach is our commitment in Vietnam—but I would emphasize that we had a very solid economic upswing in progress well before the buildup in our Vietnam effort that started this fall. It was an upswing that resoundingly demonstrated the logic of the reductions in tax rates of the last few years.

In this current fiscal year, for example, our income tax—even with its lower rates—will bring in substantially higher revenues than ever before because of the higher income base. The investment tax credit enacted in 1962 and improved in 1964, and the steps taken in 1962 and 1965 to liberalize depreciation have also borne fruit, stimulating a level of investment that not only contributed to overall economic activity and productivity, but also added to our productive capacity, so that our economy could expand without generating excessive inflationary pressure.

Industrial capacity is being more fully utilized than at any time in the past decade, but overall, we have the potential to meet both our commitments in Vietnam and our economic demands at home. I am convinced that the fiscal measures of the last few years to encourage investment deserve a good share of the credit for this.

Taken together, the stimulative effect of tax reductions on the economy has been such that tax revenues in the current fiscal year, apart from the effect of our new recommendations are estimated to be $21 billion more than in fiscal year 1961, despite tax rate reductions that have cut the burden of taxes by some $20 billion at this year's income levels—more than twice the revenue increase in the preceding 5 years when there were no substantial tax reductions.

Now, however, with the economy already moving in high gear and our Vietnam commitment superimposed on robust private demands, there is a clear need for a shift away from the stimulative policies of the past few years. An obvious first step is that additional fiscal dividends in the form of tax cuts must be put off for the time being. This was already apparent several months ago, before our new budget for fiscal 1967 began to take solid shape.

Moreover, in mapping out that new budget, and modifying our posture for the balance of fiscal 1966, it is clearly not sufficient merely to come up with a 1967 deficit that is no greater than that of 1966. With private demands running stronger, the flexible exercise of sound fiscal policy means that the Government's posture should be more restraining.

This is precisely what underlies the President's request for an acceleration of revenues in the balance of this fiscal year and fiscal 1967. The principle behind this tax program is to take actions that can be put in effect quickly and that do not make basic changes in tax programs already enacted. For corporations and individuals there is no change at all in final tax liabilities, but only a speedup in the payment of taxes against the currently accruing liabilities.

The proposed 2-year postponement in certain excise tax reductions which Congress had previously scheduled for graduated reduction follows through on the standard

adopted by the Congress to govern these excise taxes—that their reduction be scheduled so as to be of particular benefit to the economy as they take effect. Their reduction now would be stimulative when stimulus is not needed; their reduction later will come at a time when it is more likely that stimulus would be welcome or appropriate.

Altogether, these tax measures will be withdrawing an extra $2.9 billion in cash payments during calendar 1966. Coupled with the most rigorous pruning of expenditure plans consistent with meeting our urgent commitments abroad and at home, if enacted promptly they will substantially lower a budget deficit in fiscal 1966 and lead to a budget deficit of just $1.8 billion in fiscal 1967. On a cash basis, the proposed budget would produce a surplus of $500 million, while on a national income basis there would be a deficit of about $500 million.

The estimated deficits for fiscal 1966 are: administrative, $6.4 billion; cash, $6.9 billion; and national income, $2.2 billion—not far from the averages during the current expansion. But now with the need to shift in the direction of fiscal restraint, the administrative deficit will be reduced by about $4½ billion during fiscal 1967 and the cash and national income budgets will be coming into approximate balance over the same period.

Some critics have called our tax proposals one-shot remedies. Indeed they are. None of us knows the duration and extent of our commitment to the defense of freedom in Vietnam. We earnestly hope that our objective can be achieved quickly. In that case, our one-shot measures are quite appropriate. But if it turns out that our needs in Vietnam are of longer duration, then the meeting of that commitment will take first claim on the fiscal dividends deriving from an expanding tax base in fiscal year 1968. And if our Vietnam needs are greater in magnitude than is currently contemplated, or should unforeseen inflationary pressures develop, then further fiscal measures will be requested.

This is the course of maximum flexibility—requesting some moderately restraining measures, appropriate to the tasks at hand, and that can be put into effect quickly, while standing alert to ask for whatever further actions might be needed as circumstances unfold.

HARMONIZING FINANCIAL POLICIES

Developments in the credit markets during 1965 reflected stronger demands from a variety of sources, centered in the private economy, while the central bank followed a somewhat less accommodative policy. Thus, while we had record flows of funds through the markets, in support of the record level of economic activity, these funds moved at higher rates of interest.

For short-term interest rates the rise during 1965 represented a continuation of the upward trend that has proceeded over the last several years from the low point in the 1960–61 recession. For longer term rates, the rise after mid-1965 was the first significant upturn in the extended period of business expansion that began in 1961. Through most of this period, long rates were little changed despite rising demands for long-term money, because ample savings flows were augmented by the enormous efficiency of our financial institutions in placing relatively short-term deposits in long-term employment. The higher long rates of the past year emerged as demands for long-term credit accelerated further.

Against the background of less receptive credit markets, Treasury debt management in the past year faced a difficult task even though the Treasury's net cash borrowings were relatively modest; indeed, with the Federal Reserve and Government investment accounts adding significantly to their holdings of Treasury debt there was actually a decline in the volume of Federal debt in the hands of the public during calendar year 1965.

As the year progressed, the prodigious value of earlier advance refunding operations was increasingly apparent. Those operations, including one completed very successfully in January 1965, lightened the task that remained to be accomplished later in the year, and built up a reserve that we could draw on in subsequent debt operations. That cushion cannot be drawn on indefinitely, however, and in our current refunding we are taking advantage of an opportunity to lighten the refinancing tasks awaiting us next spring and summer.

We see our savings bond program as another area of prime importance to debt management. A higher rate on these savings, and a planned invigoration of the savings bond sales program, is expected to play a significant part in achieving our overall economic objectives in 1966. Indeed, in addition to the higher rate which will be announced shortly, we are exploring intensively the feasibility of several new types of special appeal to the 8 million participants in the industrial and governmental payroll savings bond programs and to new participants as well.

It has also become increasingly clear over the past year that Treasury debt management, and other official financial policies, require close coordination with the multitude of other Federal credit activities. To a growing extent, Federal credit programs are expanding their reliance on the private sector for financing, rather than use Treasury financing as a permanent crutch. In view of the great variety of different programs involved here, and the increased level of activity, an effort is now being made to centralize the bulk of these asset sales so as to achieve the best marketing terms and maximum coordination with overall financial policy.

Like debt management and fiscal policy, monetary policy also has a new environment to work with during this period. In view of recent events, I believe it would be more appropriate for this committee to hear directly from the monetary authorities on this important topic. As the President stated last December 5, "* * * I will continue to do my best to give the American people the kind of fully coordinated, well-integrated economic policy to which they are entitled, which has been so successful for the last 58 months, and which I hope will preserve the price stability so necessary for America's continued prosperity."

COST-PRICE STABILITY ESSENTIAL

In 1965 we developed some cracks in the excellent record of cost and price stability that has characterized the current economic expansion. Consumer prices rose 1.7 percent over the past year, a slightly greater rise than the gradual increases of other recent years which averaged about 1.3 percent. In wholesale prices we saw virtual stability from 1958 to early 1965, but then a 3.4-percent rise by the end of 1965.

These increases are still quite mild, and of limited duration as of now, compared either with U.S. experience in the mid-1950's, or the more recent experience of practically every other country in the world—but even a mild rise is not welcome and is a cause for concern. We are well aware that any complacency toward mild increases in costs and prices is an open invitation to more persistent or larger increases, and this we cannot have without endangering an enviable record of substantial economic growth at home with relative price stability, declining unemployment, and progress toward balanced international payments.

The attainment of nearly full employment means that our efforts to maintain stable costs and prices must be even greater than before. This calls for a combination of coordinated policies. The framework of fiscal and monetary policy is already in the process of shifting away from the stimulative leaning of recent years. But greater effort is needed on the cost and price side, too. Responsible restraint whether urged upon business, labor, of government, is meant to be more than a catch phrase. I believe it can work. But as the President pointed out in his January 27 economic message to Congress, the "extent of the fiscal or monetary restraint that will be needed to avoid inflationary pressures will depend directly on the restraint and moderation exercised by those who have power over wages and prices."

PROGRESS IN THE BALANCE OF PAYMENTS

The United States made a giant stride last year in its march toward balance-of-payments equilibrium. Between 1960 and 1964 we reduced our overall deficit, in uneven steps, from $3.9 to $2.8 billion. In 1956, it was cut to $1.3 billion—the improvement exceeding the total progress of the previous 4 years.

While the data for 1965 are still incomplete, it appears that this gain was achieved despite some setbacks on particular items. Our trade surplus, for example, was down about $1.9 billion and our tourist deficit widened by about $200 million. Direct investment by U.S. corporations rose by roughly $900 million for the year and was only partly offset by a $500 million increase in direct investment income. Moreover, purchases of U.S. securities by foreigners were offset by liquidations of securities and other U.S. assets totaling over $500 million by the United Kingdom Government.

How, then, was such outstanding overall progress made in 1965? The voluntary restraint program, announced by the President just a year ago, deserves the lion's share of credit. Its impact was felt first, and most dramatically, in the field of bank credit. Outflows of short- and long-term bank credit were reduced from $2.5 billion in 1964 to virtually nothing in 1965. As for nonbank capital, excluding the direct investment flows which did increase, we moved from an outflow of almost $1 billion in 1964 to an estimated inflow of around $300 million last year. More than half of this improvement came from repatriation of liquid funds by corporations in response to the voluntary program guided by the Commerce Department. Operating alongside the voluntary program, the interest equalization tax—strengthened by the Congress and extended to July 1967—continued as an integral and effective part of our overall effort.

In early December, the administration announced its balance-of-payments program for 1966, continuing the measures initiated in February and intensifying the efforts to moderate corporate direct investment abroad.

On the assumption that our trade surplus, in the absence of special factors, will improve in 1966, and in the expectation of smaller direct investment outflows, sustained success in other areas covered by the voluntary restraint program, continued vigilance on Government expenditures abroad, and the cessation of the large United Kingdom asset liquidations—we believe we can achieve equilibrium in our international payments—$250 million on either side of balance.

The importance of reaching equilibrium is vividly brought home by the fact that last year, despite the smaller payments deficit, the United States lost $1,664 million in gold—the largest loss since 1960. Of this, $259 million represented our payment of 25 percent of our quota increase to the International Monetary Fund, which will be offset by increased automatic drawing rights on the Fund. Much of the remainder of the loss was attributable to the large deficits we incurred in previous years, as foreign countries used their dollar accumulations to acquire gold. The rate of gold loss fell steadily throughout the year: $832 million in the first

quarter, $589 million in the second including the IMF payment, $124 million in the third, and $119 million in the fourth.

The fact that so much of last year's gold drain went to a single country—nearly $900 million to France—coupled with the fact that the rate of drain dwindled as the year progressed and our payments position improved, make it clear that there is at present no general lack of confidence in the dollar. The reverse is certainly the case.

We must make sure this confidence continues. If further action is necessary to bring our payments into equilibrium in 1966—either because circumstances change or our present expectations of success are unjustified—such action will be taken.

We look forward, of course, to the day when the restrictions necessary today can safely be removed. None of us wants to keep these trappings of constraint any longer than necessary. But we do have to be reasonably confident first that the underlying conditions for sustained balance are met, and this will require continued effort on our part and on the part of others as well.

Given price stability at home, the ingenuity of our marketing and scientific community, and the energy of our businessmen, I am sure that over the longrun our trade surplus will widen—and this will help.

Given the high level of overseas direct investment by our corporations in recent years and the sizable level still permitted under the new Commerce Department guidelines, I am confident that investment income will grow—and this will help.

Given passage of the foreign investors tax bill we will have created a domestic climate more conducive to foreign portfolio investment here—and this will help, too.

But over and above these, there must be a greater understanding by all industrial nations that the task of sustaining meaningful equilibrium—over the long term—requires adjustment by both surplus and deficit countries. Obviously, we simply cannot all be in surplus at once. We are unlikely all to be in equilibrium at once.

Before turning to a discussion of international financial arrangements, I wish to take note of your request that the advantages and disadvantages of wider permissible limits of exchange rate variation be examined. The Treasury has begun such a study and will carry it forward in consultation with other agencies. We hope to be in a position to make our conclusions available to the committee during this congressional session.

PROGRESS TOWARD BETTER INTERNATIONAL FINANCIAL ARRANGEMENTS

There is no need to remind this committee that our progress in correcting our own balance-of-payments deficit gives added urgency to the problem of strengthening the international payments system. The committee and its members have made substantial and highly useful and influential contributions to the now nearly universal recognition of this need.

As international trade and payments continue to expand we need to provide for the appropriate growth of world reserves. The dollar will no longer be supplying the rest of the world with increased monetary reserves as it has in the past.

You will recall that I visited many of the capitals of Europe last summer to impress upon my colleagues in the finance ministries the importance which this Government places upon timely preparation for the period when some additional form of international monetary asset will be required. The President's Economic Report reviews this question again this year and points out that progress is being made. We have moved from the discussion stage to the negotiating stage, and are coming to grips with some specific proposals.

Two major lines of approach have received serious attention in discussion and negotiations over the past year. One involves the gradual expansion of automatic drawing rights in the International Monetary Fund. A second approach involves creation of a new reserve unit to supplement the dollar as a part of available liquidity. Participating countries would put up their own currencies as backing for the new units and would undertake to accept the units under agreed procedures in international monetary settlements.

At the moment, negotiations are proceeding actively among the Group of 10 nations that are of major importance in international financial arrangements. Within the past few days the U.S. representatives at the Group of 10 have introduced certain proposals for consideration by the group which reflect some of our basic thinking and which entail a combination of drawing rights and new reserve units. I would not be so rash as to predict when some measure of agreement may be reached, or precisely what form it will take, but it is encouraging that these negotiations are going on, and are tackling the underlying issues.

When the Group of 10 countries have reached agreement on general lines of approach this will mark the first phase in realizing an improved system. A second phase will be needed to insure that the interests of countries not among the 10 are fully heard and weighed. The third phase will be to achieve adoption of a satisfactory plan by the governments concerned.

The potential for growth in production and trade, which has been so dramatically demonstrated in the postwar period, must not be constrained by inadequacy of world liquidity. Once we have agreed on satisfactory means of providing for the appropriate expansion of reserve assets, providing flexible responses to changing needs, and providing proper safeguards for our own best interests (including appropriate provision for the role of the dollar), we shall have set the foundation for a significant improvement in the international monetary system.

CONCLUSION

In conclusion, I feel compelled to observe that the path of progress consists inevitably of substituting one set of problems for another. In the economic sphere, some of the problems emergent today are a bit more welcome than those that beset us for the last few years. Domestically, the more immediate danger is one of overexuberance and upward pressures on costs and prices, rather than unemployment and shortfalls in activity. On the international payments side we are well along the road to eliminating our own payments deficit, but we have the rest of the way to go; and we have seen that as our own deficit is reduced we bring to the forefront the adjustment problems thus placed on the rest of the world, and the potential strains on international liquidity.

If these problems are less unwelcome than their predecessors it does not follow that they are any more easily solved. Yet, I believe these challenges, too, are within our capabilities.

CANDID ADVICE TO ENGINEERS

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from California [Mr. BURTON] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. BURTON of California. Mr. Speaker, the San Francisco Chronicle of February 4 contained an editorial entitled "Candid Advice to Engineers" which was prompted by a speech delivered by James K. Carr before the Consulting Engineers Association of California.

The challenge comes from one well equipped to raise the issue. James Carr is presently general manager of public utilities for the city of San Francisco. He is the former chairman, California Water Commission 1959–61, and Under Secretary of the Interior, January 1961 to July 1964.

I am enclosing at this point in the RECORD the Chronicle editorial and the text of Mr. Carr's speech which prompted it:

[From the San Francisco (Calif.) Chronicle, Feb. 4, 1966]

CANDID ADVICE TO ENGINEERS

"To provide leadership in this new era, engineers must move beyond the slide rule, the computer, the less human aspects of the profession, mathematics, materials and money. They must think of men and their government institutions. They must remember that man consists of body and soul. They must remember that engineering works are built to meet man's needs."

Here is an engineer speaking, speaking pointedly to other engineers and speaking with just and timely vehemence. Here is James K. Carr, former Under Secretary of the Interior and currently San Francisco's manager of utilities, addressing the Consulting Engineers Association of California at Pebble Beach last Monday.

Noting that there are an estimated 975,000 engineers in the United States against 30,000 architects and a few professional urban planners, he reported that engineers have the numbers but not the necessary grasp of the problem. With no sugar on the pill, he informed his fellow practitioners that "the ugly American metropolitan areas" against which Americans from the President on down—are in rebellion, "are largely the result of engineering projects."

"Too often," he said, "engineers have been the hirelings of men concentrating on profit alone, who are indifferent to their environment, indifferent to people's needs, men who are the real architects of ugliness, despoilers of communities and actually destroyers of values."

These are sharp, cutting words, but a casual glance around the bay area, at various freeways, public buildings, private subdivisions and shoreline developments will establish their validity. It may likewise arouse sympathy for his hope that the engineers of America may acquire a social conscience, recognize that their works must serve the needs of the people, and give due respect to the total environment in laying their plans.

CAN CONSULTING ENGINEERS MEET THE CHALLENGES OF THE CITIES?

(Excerpts from the remarks of James K. Carr to the Consulting Engineers Association of California, January 31, 1966)

The appointment of Robert C. Weaver about 2 weeks ago as the first Secretary of Housing and Urban Development, and President Johnson's massive program announced last week to revitalize our cities, makes the subject of my remarks more timely than could have been anticipated.

In this fast-changing world, it is more official than ever—the preponderantly rural influences in government under which most of us were born—are now history.

The challenges immediately before us in almost every field are the mounting challenges of the cities. Nearly three-fourths of all Americans are already urbanities. With

this new emphasis, forces have been set in motion to make drastic changes in our urban areas. It is none too soon if we are to arrest and reverse the tide of blight and decay that is sweeping over the central core sections of American cities.

As with most every other group, the challenges for engineers are more urban than ever—and it should be realized by engineers that the opportunities for service are greater than ever before in the history of the engineering professions.

To provide leadership in this new era, engineers must move beyond the slide rule, the computer, the less human aspects of the profession, mathematics, materials, and money. They must think of men and their governmental institutions. They must remember that man consists of body and soul. They must remember that engineering works are built to meet man's needs.

All of us must do some deep basic thinking about the troubles of the big cities. The San Francisco Examiner-Chronicle yesterday quoted Secretary Weaver as saying:

"We have developed a philosophic division between the central city and the suburbs. But urban problems do not recognize or reflect this division."

He said: "You can't talk about mass transportation and say it is going to stop at the city limits. Smoke does not know there is a city limit any more than the birds."

Dr. Weaver said the most serious, long-range problem of his agency is "to develop metropolitan thinking, and metropolitan approaches."

So with this new call to action on the broader, social frontiers, the question arises, "Can engineers—and for you, more specifically—can consulting engineers meet the challenges of the cities?"

The answer will be a "yes" or a "no," depending upon your determination to engage in some basic metropolitan thinking which considers the real needs of people and the total environment. The final answer will depend upon performance.

Let's take a look at performance. In the past few weeks, New York City, the worldwide symbol of metropolitan living, has been almost brought to its knees. New York City has suffered a strangulating water shortage, an incredible power blackout, and a chaotic, crippling transit tieup. In varying degrees, these systems failed. In different degrees, consulting engineers designed these systems. Therefore, in some measure, consulting engineers failed.

You will probably disagree with the indictment, but let's take a look at who you are. Let's consider what the truly professional consulting engineer is or who he should be. Let us focus on whom you represent.

You are the elite. You are the "College of Cardinals" in the vast and varied engineering profession. You are the leavening influence that determines the character of the total profession. You carry the greater responsibilities.

So, if engineers are going to improve the face of metropolitan America in the next decade, much of the leadership must come from you and from the members of other groups of consulting engineers throughout the Nation.

Failure to assume a broader role in the new invigorating climate of change will relegate engineers to the position of just another technical service group for architects and urban planners. The choice is ours in the engineering profession.

A recent issue of Fortune magazine states there are about 975,000 engineers in the United States. That is more than 30 times the 30,000 architects in the United States. It is probably hundreds of times the negligible number of professional urban planners in the United States. Engineers have the numbers, but do they have the necessary grasp of the problem? By past performance in many areas, the record is not good.

What do I mean? I mean that the ugly American metropolitan areas against which people from President Johnson on down are beginning to rebel are largely the result of engineering projects. The disfigurement of the land in which we live calls for a revolution in approach and in concept.

Too often engineers have been the mere hirelings of men concentrating on profit alone, who are indifferent to their environment, indifferent to people's real needs, men who are the real architects of ugliness, despoilers of communities, and actually destroyers of values. When the works are completed, engineers then have the dubious satisfaction of looking upon their handiwork. The massive monotony of cheap development by these fast buck artists starts the toboggan slide in value almost from the day the work is finished.

The dreary catalog of ailments threatening the health of American cities is not difficult to compile. Any smog-choked, noise-balmy, traffic-irritated, cooped-in urbanite can tell you we need imaginative programs to breathe new spirit into our cities.

Metropolitan sprawl devouring precious crop-producing bottomland, spawning shopping centers which weaken the commercial structure of downtown, the flight of warehousing and light industry to suburbia, the greater tax needs and the smaller tax base, the dying job opportunities for the unskilled—these are real problems that we must face. Engineers cannot live a half life by pretending that these are someone else's responsibilities.

And the "Frankenstein" that threatens to devour our cities is the automobile and its insatiable needs. The population of automobiles is growing twice as fast as the population of metropolia. Achieving a balanced transportation system with equitable charges for its users based on true costs is essentially an engineering problem. Why should urban transit systems be forced into higher and higher fares and a vicious cycle of decline while the concrete for new freeways flows across the countryside with 90 percent financing from the Federal taxpayers? The total transportation system needs to be examined—balanced—then the tax dollar can assist each mode of transportation from origin to destination.

For example, we need a new look at Federal aid to airports which was last authorized in the Truman administration. The Federal Government is certifying larger and larger aircraft, passenger and cargo loads are skyrocketing, and the airports are a local government responsibility with almost token Federal financial assistance as compared to other expenditures. A new examination of the problem by the Congress is vitally necessary. But the facts and figures and imaginative solutions to the problems must come from engineers.

A national air transportation system with faster, larger planes in high, broad skylanes can be crippled by hourglass takeoffs and landings at inadequate airports.

I won't prolong the list of the negative aspects—you can read such articles as you will find in the winter edition of the new magazine, Cry California and understand what I mean.

I should like to spend what minutes remain on the positive approach to a new era in the engineering profession—a possible new era of greatness. First, more and more people are aware that projects should be considered in light of their effect on the total environment. More people are accepting the late President Kennedy's definition of conservation—the wisest use of our natural resources—the highest form of national thrift.

There is a developing public opinion that is fundamental to a clientele which is willing to make a greater initial investment in order to preserve and, in places, create the developments with the greatest value.

In the purchase of homes, for example, more people are showing a desire to pay more for a lot or a house in subdivisions where unsightly utility structures are eliminated and electric utility feeder lines are put underground. This is an area in which for many years the investor was not even given a choice. It was just accepted that the lowest initial cost was the best engineering. Public response is showing otherwise. Among the Nation's leaders in this drive to put low voltage utility lines underground is the Sacramento Municipal Utility District. Compliments are certainly due Paul E. Shaad, general manager and chief engineer, and one of the Nation's foremost electric utility experts.

Here at Monterey, public opinion has triumphed over the stiff-necked views of the highway engineers and posterity will be spared from the proposed freeway structures that became known as Monterey's "can of worms."

The developing public opinion is being reflected in the opinions of the courts. Last month the United States Court of Appeals in New York set aside a license approved by the Federal Power Commission where a hydroelectric project threatened to destroy an area of unique beauty and historical significance. A similar position was taken regarding the effect of overhead power poles by the circuit court in San Francisco last spring. This represents legal support for the theory that true cost should represent the effect on long-term values including preservation of beauty.

This kind of support helps the professional consulting engineer meet his social responsibilities. We need to ask ourselves in each instance, "Is this project a contribution to community beauty or another addition to monotonous ugliness? Is the mathematics involved promoting a short-term gain at the price of a long-term loss?"

And don't tell me your clients don't have the money and, therefore, have to do it the cheap way. I attended a conference in southern California sponsored by a group of architects. A homebuilder and a shopping center developer were there to show how their companies had proved that the total environment, long-term approach was just good business on a dollars-and-cents basis. People were willing to pay for this type of more attractive design when given a chance. On another occasion, having discussed these problems, a land developer came to me after a meeting and said he thought he could change his approach, but frankly his engineering advisers had never presented it to him that way.

The action of the Congress and signature of President Johnson in designating the Whiskeytown National Recreation Area in Shasta County as a beautiful, mountainous core area to be preserved around Whiskeytown Lake is prompting investment around the boundaries which will far exceed the value of subdivisions had a "land butchering" job been tolerated. A member of your association, Clair A. Hill, was among those who helped achieve this long-range approach to the development of the area. Engineers can be leaders in the development of a social conscience and make it pay.

And the more topflight, professional performance is demonstrated, the more frequently consulting engineers will be called upon to help solve the problems of the cities.

My own experience shows that too often government has tried to build up an engineering organization to supposedly meet all its engineering needs and deny itself the services of consulting engineers which by the very nature of their place in the profession can provide the broader experience and judgment.

I believe it is fortunate that my latest employer, the San Francisco Public Utilities Commission, pursues a policy of generous use

of outside engineering and architectural assistance.

Just last week, the commission was successful in negotiating new contracts for power delivery to the International Airport with savings for the remaining 6½ years of more than $4 million. I am confident that results would not have been attained had it not been for technical backup by a very well-qualified consulting engineering firm.

We are at long last getting results on a study of San Francisco's municipal transit system which is absolutely necessary for intelligent future operation and expansion. In the study we are drawing from the nationwide experience of one of the Nation's top transportation consulting firms and certain subcontractors. It would have been impossible to have employed this engineering talent through the city's civil service system. It has added to rather than subtracted from the workload of our civil service engineers who are responsible for services of a different type.

At the international airport, an architect-engineering joint venture is producing a master plan for the San Francisco International Airport of dimensions that will truly be of international interest.

I could continue to recite the litany, but it is not necessary.

In summary, I should like to emphasize:

A new era of metropolitan crisis has suddenly emerged calling for engineers with a broad, social conscience; engineers who remember that their works are justified only as they serve the needs of people; engineers that at long last consider the total environment in their plans.

In this groping for solutions to these metropolitan problems, engineers will either learn to meet their broader responsibilities or become the subordinates of the architects and the urban planners.

You, representing the elite of the engineering profession, will decide the question because you automatically shoulder the responsibility of leadership in the profession.

Above all, we engineers must not forget that immediately before us are the greatest opportunities, as well as the greatest challenges of a profession that is essentially urban.

As we meditate on the options we face and the responsibilities of stewardship, let us recall the message of that more than a century old admonition:

"Let us develop the resources of this land, call forth its powers, build up its institutions, promote all its great interests, and see whether we also in our day and generation may not perform some things worthy to be remembered."

A PERSONAL ANNOUNCEMENT ON THE PASSAGE OF H.R. 12410

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. PEPPER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PEPPER. Mr. Speaker, the House yesterday passed unanimously H.R. 12410, the peacetime veterans' benefit bill.

Due to a longstanding commitment, I had a speaking engagement in my district at a fundraising event for Variety Children's Hospital. This hospital provides for medical care services for over 50,000 children a year afflicted with various diseases from birth defects to polio. This is by no means a local hospital. Many thousands of children all over the Western Hemisphere flock to Variety Children's to receive its wonderful gift of medical services. The hospital does not turn away anyone who cannot pay for its services. Therefore, there is never enough money to maintain the outstanding staff which must be required to maintain a hospital of this great magnitude.

Mr. Speaker, Variety Children's Hospital is a leader in cancer research and in research in general throughout the Southeastern United States. I am proud to have been a part of this very successful fundraising campaign and will always do what I can in its behalf.

On the other hand, Mr. Speaker, I missed the chance to vote for one of the most outstanding pieces of veterans' legislation that this body has acted upon in the last 5 years. I have been a sponsor of this legislation in this Congress and in previous Congresses.

Nearly 23 years ago, on this very hill, I introduced, in the other body, a bill to provide for the first GI bill. Later that year, President Franklin D. Roosevelt, in his remarks about this legislation said:

Vocational and educational opportunities for veterans should be of the widest range. There will be those of limited education who now appreciate, perhaps for the first time, the importance of a general education and who would welcome a year in school or college. There will be those who desire to learn a remunerative trade or to fit themselves more adequately for specialized work in agriculture or commerce. There will be others who want professional courses to prepare them for their lifework.

In my opinion, these simple yet eloquent sentences are as relevant to this, the third GI bill, as they were to the first bill.

On that October day, over two decades ago, the boys that F.D.R. wanted to send to college were already enrolled in some pretty stiff courses meeting between Naples and the Sangros River and in the Solomon Islands. Others were prepping at camps and bases scattered throughout the free world.

Today, the sons of those brave boys are learning—and teaching—similar lessons in the Vantuong Peninsula, at Danang, and in the Dominican Republic and around the globe. What their fathers did for our country, the sons are doing today. What our country did for their fathers, today we have done for their sons.

Mr. Speaker, we are all aware that the great numbers of the country's leaders, including a sizable portion of the membership of Congress, were educated under the earlier programs of the GI bill. Now I urge that the Senate quickly approve this legislation so that our President may sign it into the law of the land.

REMARKS ON THE SPEECH MADE BY DR. JOSE A. MORA, SECRETARY GENERAL OF THE ORGANIZATION OF AMERICAN STATES

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Florida [Mr. PEPPER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. PEPPER. Mr. Speaker, I had the privilege today to attend a meeting of the Inter-American Bar Association and the District of Columbia Bar Association to hear an outstanding address by one of the eminent statesmen of the Western Hemisphere—indeed, the world—the Secretary General of the Organization of American States, Dr. Jose A. Mora. Dr. Mora has been one of the farsighted and courageous builders of this noble edifice, the Organization of American States. Since Dr. Mora came to Washington as Ambassador of Uruguay, Dr. Mora and his lovely wife have adorned our Nation's Capital. In a few remarks I was privileged to make in tribute to Dr. Mora I emphasized the critical role the Organization of American States plays today not only in the Western Hemisphere but in the world. In part I said:

Who can measure the meaning to humanity of the success of the Organization of American States? When I contemplate its part in the affairs of freedom at this stage in history I recall a time when Britain was fighting with her back to the wall and by an eminent emissary, President Roosevelt sent some lines from our poet, Longfellow, to the Prime Minister of the United Kingdom, The Right Honorable Winston Churchill. These lines were:

"Sail on, O Ship of State.
Sail on, O Union, strong and great.
Humanity with all its fears,
With all the hopes of future years,
Is hanging breathless on thy fate."

With such a man as Dr. Jose Mora as its Secretary General leading all those whose shall have their great part in the perfection of this instrument for the peace and progress of the Western Hemisphere, I am sure that our hopes of the past shall be vindicated in the great achievements of the future by the Organization of American States.

Coming from Dr. Mora, out of his great wisdom and rich experience, I am sure that my colleagues will find the eloquent address he made informative, encouraging, and inspiring.

Hence, Mr. Speaker, I submit the address of Dr. Mora for the RECORD:

ADDRESS BY THE SECRETARY GENERAL OF THE ORGANIZATION OF AMERICAN STATES, DR. JOSE A. MORA, AT THE JOINT MEETING OF THE INTER-AMERICAN BAR ASSOCIATION AND THE DISTRICT OF COLUMBIA BAR ASSOCIATION

I deeply appreciate the invitation extended to me to attend today's meeting of the Inter-American Bar Association, among whose members I have many old and dear friends. For many years now I have been privileged to collaborate with this distinguished group of jurists in its highly significant efforts to strengthen relations among the lawyers of our hemisphere, and to bring the peoples thereof ever closer together, in a single, firmly knit American community. I am particularly pleased, moreover, to find present on this occasion members of another group with which I have long maintained relations of friendship, the District of Columbia Bar Association.

The Inter-American Bar Association is now more than a quarter of a century old, and, in consequence, is in the senior rank of nongovernmental institutions working in

cooperation with the Organization of American States. I was pleased to learn that, at its 25th anniversary meeting, held in Puerto Rico in May of last year, the distinguished Costa Rican Lawyer Fernando Fournier was elected to the presidency, and that a well-deserved tribute was paid to our mutual friend William Roy Vallance, the secretary general of the association. I should like to take this opportunity to join in recognition of the enthusiasm and deftness which have characterized Mr. Vallance's unremitting efforts to promote professional solidarity among the lawyers of the hemisphere.

At the time that the meeting took place in Puerto Rico, I was in the Dominican Republic. There I had the occasion to meet with a delegation which the meeting dispatched to Santo Domingo to study the situation in the island republic. I was deeply gratified by the declaration approved at the meeting in Puerto Rico, to the effect that the Organization of American States had original jurisdiction over the Dominican question, and that no other international organization had competence in the efforts which the OAS was making to solve it. This and other resolutions approved by the Inter-American Bar Association at that time show a salutary concern for our regional organization and a clear desire to cooperate therewith.

The inter-American system is currently undergoing a period of far-reaching change. Our regional juridical organs are to be studied in depth, with a view to possible modifications which will render them more efficient. We would welcome the advice and opinions of the Inter-American Bar Association as we embark upon this undertaking.

The need to bring about accelerated advance by the peoples of America in the economic and social areas will be a guiding factor in the performance of our tasks, even as it has oriented much of our effort during the past 5 years.

The programs of the Alliance for Progress, multilateral in nature, have produced results which have complemented in highly significant fashion the domestic efforts of the individual countries. Achievement of the objectives of the Charter of Punta del Este depends primarily on the latter, however. As the alliance is conceived, development presupposes a thoroughgoing reform of the economic and social structures of the Latin American countries. This in turn calls for a substantial revision of domestic legislation and of certain postulates and principles which are deeply rooted in Latin American juridical tradition. Specific provision is made in the multilateral instruments which govern the alliance both for reform of economic and social structures and for the revision and adaptation of domestic law to meet the needs of development.

The regional organization has been collaborating with the governments in this as in other areas. I would call your attention to assistance lent in the fiscal field, aimed at an overhaul of tax legislation along the lines set forth in the Charter of Punta del Este. As a suggestion of the significance of OAS activity in this area, I would mention the fact that two of the resulting studies were published last year by the Johns Hopkins University Press: "Problems of Tax Administration in Latin America" and "Fiscal Policy for Economic Growth in Latin America."

With a view to the reform of legal codes and current practices, the OAS General Secretariat has studied at length tenure, particularly in regard to real estate advertising. It is likewise lending technical assistance in this area to several countries which have requested it. Attention has likewise been given to problems of national and international law arising in connection with private foreign investment, one of the sources of financing for which the Charter of Punta del Este makes express provision. Our aim in making studies is the same as that which led the United Nations to engage in a similar undertaking; namely, to create or increase legal incentives and guarantees which will provide a better climate for private investment and stimulate the flow of foreign capital to Latin America on the scale and under the conditions required for a sustained progressive development of the region.

At the direction of the Inter-American Economic and Social Council, we have undertaken a broad program of study and research in regard to the juridical and institutional problems of Latin American economic integration. According to the Charter of Punta del Este and the Declaration to the Peoples of America approved in connection therewith, economic integration and complementary productive arrangements are indispensable to the accelerated development of the region. The same thought is evidenced in the instruments signed by Latin American countries which govern the two current integration arrangements, the Central American Common Market and the Latin American Free Trade Association. The integration process, like other aspects of development, has encountered juridical and institutional obstacles which could hinder its advance or even block it completely. Hence the need to seek ways of obviating those obstacles.

The research program to which I referred began with a study of Central America integration. With the collaboration of distinguished jurists and institutions of the area in question, efforts are being made to develop formulas for unifying, standardizing, or at least bringing into harmony the domestic legislation of the five countries governing such matters as contracts covering land transport, corporations, insurance and reinsurance, and negotiable instruments. As a result of the work that has been done, several drafts of agreements among the Central American States, or of uniform legislation, have been drawn up. With the aim of promoting and facilitating consideration and approval of those drafts by the governments, the General Secretariat of the Organization of Central American States (ODECA), with OAS cooperation has called a meeting, to be held in the next 2 weeks, at which experts named by the governments will evaluate the status of Central American juridical integration. Concretely, the idea is to see what measures the governments must take in order to continue reducing the current diversity of legislation in those branches of domestic law in which such diversity is hindering the integration process.

As regards LAFTA—the Latin American Free Trade Association—the first steps have been taken toward carrying out a program of research and analysis similar to the one for the Central American Common Market. After the fashion of the first study, a seminar was held at which jurists and other specialists from Latin America, the United States, and Europe participated in an examination of the juridical and institutional problems of the second integration process, and in selecting those topics which call for study and research. It only remains for the Inter-American Economic and Social Council, to give approval, at its meeting next March, to the seminar's selection in order for the studies to be initiated. The time is ripe for such a program: early last November the foreign ministers of the LAFTA countries met in Montevideo and took important decisions for accelerating the integration process, some of them involving the strengthening of the institutional framework. The executive secretariat and other organs of LAFTA are to carry out studies and prepare drafts with this end in view. We in the OAS are prepared to offer whatever collaboration may appear useful.

The need to accelerate the economic and social development of Latin America and to facilitate the integration process calls for emphasis on another task envisaged by the Charter of Punta del Este—that of seeking to bring about uniformity of legislation in those areas in which present legislative diversity or a lack of juridical standards may be a hindrance to the progress of development and integration. As a result of the Alliance, during the last 6 years the OAS General Secretariat has been increasing its technical resources in order that it might render adequate service in the economic and social fields. In the current stage of the Alliance, greater technical resources are called for in the legal area, particularly for dealing with integration matters.

In all frankness, I must say that, no matter how great may be the effort expended by the OAS General Secretariat and other organs of the inter-American system in the juridical field, I do not believe it can ever suffice for the immense tasks deriving from the economic and social development of Latin America. It is indispensable that it be supplemented by the collaboration and contribution of individual jurists and, above all, of private legal institutions. I would recall in this connection the significant role played by the former American Institute of International Law during the golden age of inter-American codification. This was kept in mind when the OAS Charter was drawn up, and one of its articles provides for consultation and cooperation with institutions of such a nature. In this connection, the General Secretariat promoted establishment of the present Inter-American Institute of International Legal Studies, which, since its creation, has devoted the greater part of its activities to study, research, and teaching in the area of juridical and institutional problems of development and integration. Some of these activities have been carried out in coordination with the work programs of the Inter-American Economic and Social Council, the Inter-American Committee on the Alliance for Progress, and Latin American integration agencies.

In this line of thought, it is my sincere belief that one of the institutions which is best in a position to offer valuable collaboration is the Inter-American Bar Association. Among its undertakings I recall one organized by one of the association's most distinguished members, Mr. Charles Norberg—a workshop on juridical problems of LAFTA which was held late 1963 in Montevideo. Just recently I have been informed by the current president, Mr. Fernando Fournier, and by the chairman of the committee on the future of the association, Mr. Herbert Brownell, of the plan that the organization take a more active part in matters of interest to the inter-American community. This design merits grateful commendation from all of us who, in various official positions, bear a greater or smaller burden of responsibility for the security and welfare of that community.

The Alliance for Progress has taken the legislator, the judge, the government official, the lawyer, the law professor, and the law student by surprise, so to speak.

Development and integration are phenomena which of necessity create new juridical relationships, transform ones now existing, and render others obsolete. All this has resulted in an increasing imbalance between the law and social and economic reality. In the face of this situation, the study of problems and topics which traditionally have occupied our attention must yield to research and analysis leading to the formulation of principles and the establishment of institutions and procedures which will permit of adapting the law to the interests and needs of our times.

This cannot be done without an effective expenditure of private energies, especially on the part of those independent lawyers who have a comprehensive knowledge of the problems involved and a responsibility for suggesting possible solutions therefor.

THE TARNISHED IMAGE OF SECRETARY McNAMARA

Mr. VIVIAN. Mr. Speaker, I ask unanimous consent that the gentleman from Louisiana [Mr. WAGGONNER] may extend his remarks at this point in the RECORD and include extraneous matter.

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

There was no objection.

Mr. WAGGONNER. Mr. Speaker, an item appeared in the February 6 issue of Parade magazine which, for sheer clarity and brevity, summarizes the criticism that exists of Secretary of Defense McNamara better than any item that has come to my attention in recent months. Because I believe the writer of this brief paragraph has hit the nail squarely on the head, I would like to insert it here in the RECORD for all to see:

TARNISHED IMAGE

Robert McNamara, the brilliant, dynamic, superefficient Defense Secretary, built up as the No. 1 whiz kid of two administrations, has come upon hard times imagewise. Once considered almost infallible he is now the object of growing disenchantment both in and out of Congress. After seven inspection trips to Vietnam his assessments of the war there appear consistently wrong.

European observers who admire his cost-accounting maintain that McNamara's defense advice to President Johnson has proven fallacious. They fault McNamara for not realizing that the No. 1 U.S. enemy in Asia is not little North Vietnam but massive Red China. It is no secret to McNamara that Red China is currently stockpiling nuclear weapons, that it will have operational by 1967 a medium-range ballistic missile, that it plans to equip submarines with nuclear rockets, that it is preparing its people for a war against the United States, that until it is ready to wage such a war it wants the Vietcong and Ho Chi Minh to keep fighting the United States endlessly. McNamara is accused of having fallen into a Red Chinese trap from which he refuses to extricate himself because he would then have to admit an error in basic judgment.

PERSONAL ANNOUNCEMENT

Mr. DON H. CLAUSEN. Mr. Speaker, on February 2 and 3 I was in my district on official business and was unable to be present in the House to vote on rollcall votes Nos. 6, 7, and 9. Had I been present, I would have voted "yea" on rollcall No. 6 and "nay" on rollcalls Nos. 7 and 9. I would like the RECORD so to indicate.

GI BILL OF RIGHTS

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

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

There was no objection.

Mr. GRIFFIN. Mr. Speaker, I can think of no Federal program that will be a more important investment in the future than the new GI bill of rights approved unanimously yesterday by the House of Representatives.

This is not a Federal handout. It represents justly deserved recognition for brave men who serve their country in time of need.

As one of many who served in World War II and gained part of his education through the original GI bill, I am very pleased that Congress is now extending this assistance to those who are serving in the Armed Forces of our Nation during this period of international conflict.

DEEP DISH PIE IN THE SKY

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

Mr. WAGGONNER. Mr. Speaker, "pie in the sky" is the favorite form of deception practiced by demagogs and fools. After reading the summary of the President's Commission on Automation, I am completely unable to make up my mind as to which group the members of the Commission belong. Of one thing I am sure; they belong to one or the other.

The 210-page document comes from the National Commission on Technology, Automation, and Economic Progress, though one must wonder how they came by this awesome title. What they have advocated is no cure for automation; it is certainly not economic progress, and it has always been my understanding that technology was a technical method of achieving a practical purpose. I doubt if there is a single suggestion made by this group that is of any practical value whatsoever.

Their suggestions of guaranteed incomes to everyone, free college educations for all, computerized matching of jobs and people, guaranteed Federal jobs for all, a $2 to $20 billion increase in the budget, drastically increased social security benefits and lavish giveaways to minorities, far exceed the fondest dreams of the most devout Socialist. The only item not spelled out is Federal confiscation of all property and that is taken care of by the taxation which would be necessary to pay for this program.

If it were not for the fact that this 14-man Commission spent a year to develop this idiocy and if it were not for the fact that it has actually placed this proposal on the President's desk, the entire matter would be so asinine as to be unworthy of our attention. But if there is one thing I have learned since becoming a Member of Congress it is that no proposal is so fantastic, so outrageous, or so thoroughly socialistic that there is not someone who will support it in the hope that it will get him a vote or two.

But I cannot believe that socialism is what the people want of our Federal Government. If, however, it is, then this is the time to remember and ponder over the similar sayings of two men who lived almost 2,000 years apart, the Greek philosopher, Plutarch, and a farmer in Normandy, France, 20 years ago. Both said the same thing in different ways.

Plutarch said:

The real destroyer of the liberties of people is he who spreads among them, bounties, donations, and benefits.

The Normandy farmer put it this way:

My country fell because we had come to consider France as a cow to be milked and not a watchdog to be fed.

The story of how this Commission proposes to milk the cow dry was covered thoroughly in the Washington Post of February 4. It is the sort of story you have to read twice before you can believe it. I would like to insert it here in the RECORD so everyone can have a second look:

TASK FORCE PROPOSES JOB AND INCOME PROPS

(By William J. Eaton)

A special Commission on Automation recommended to President Johnson yesterday a vast $2 billion program to provide work for 500,000 hard-core jobless and another multi-billion-dollar plan to insure needy families a minimum annual income.

The Commission also called for a national computer commission to match men and jobs and a minimum of 14 years free education and special help for Negroes to overcome job obstacles.

It said aggressive Federal tax, spending, and credit policies were essential to prevent widespread job losses from technological change in the next 10 years.

The recommendations were filed with Mr. Johnson in a report from the National Commission on Technology, Automation and Economic Progress. The 210-page document, delayed a month in a successful effort to prevent a minority report by organized labor, went into topics ranging from air pollution to reorganization of local government.

But its major conclusions from a year-long study centered on the pace of technological change and steps the 14-man Commission proposed to meet it.

After noting that productivity increases have gone up from an average 2 percent to 3 percent in the postwar period, the Commission said:

"There has not been and there is no evidence that there will be in the decade ahead, an acceleration in technological change more rapid than the growth of demand can offset, given adequate public policies.

"The growth rate required to match rising productivity and labor force growth rates is unprecedented in all our history. There will be a continuing need for aggressive fiscal and monetary policies to stimulate growth."

Three union leaders on the panel—Walter P. Reuther, Al J. Hayes, and Joseph A. Beirne—filed a separate comment that the report lacked a "tone of urgency." They called for swift, determined and vigorous measures to offset automation inroads on jobs.

The report said Federal economic policy should aim at reducing the Nation's unemployment rate to 3.5 percent or lower by the start of 1967. It was 4.1 percent at the close of 1965.

In addition to urging tax reduction and higher Federal spending to spur demand in the next decade, the Commission recommended a series of measures to help the least-qualified workers and Americans who cannot hold jobs.

It proposed public service employment in schools, hospitals, and similar agencies to provide opportunities for those unable to compete in the labor market. This was described as making the Federal Government an employer of last resort.

The report said a 5-year program should be established with an initial outlay of $2 billion to provide a half-million full-time jobs of this nature.

In another major proposal, the Commission said there should be a Federal floor under the income of families without breadwinners, physically and mentally handicapped, and people too old to work.

It urged that Congress increase social security benefits and give serious study to a minimum income allowance that would provide Federal payments to persons with incomes below a certain standard.

The Commission said the cost of such a plan would range from $2 billion to $20 billion a year, depending on the standards and the policing of the program.

The Commission also recommended:

Creation of a computerized nationwide service for matching job applicants to job openings, either under private or public ownership. Federalization of the Federal-State employment service, also was urged.

Special programs to help Negroes obtain better education and jobs, patterned after special programs for ex-servicemen following World War II, to compensate for past discrimination.

An offer of free education to every young American for 2 years after graduation from high school. Students would move on to community colleges or vocational schools.

SPECIAL ORDERS GRANTED

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

Mr. FINDLEY (at the request of Mr. DICKINSON), for 15 minutes, today; and to revise and extend his remarks and include extraneous material.

Mr. ASHBROOK (at the request of Mr. DICKINSON), for 10 minutes, today; and to revise and extend his remarks and include extraneous material.

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

EXTENSION OF REMARKS

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

Mr. Bow in two instances.

Mr. OTTINGER.

Mr. FINO and to include extraneous matter.

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

Mr. ROBISON.

Mr. MCEWEN.

Mr. GROVER.

Mr. COLLIER.

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

Mr. MCCARTHY.

Mr. CALLAN in two instances.

Mr. DULSKI.

Mr. DOWNING.

BILL PRESENTED TO THE PRESIDENT

Mr. BURLESON, from the Committee on House Administration, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 30. An act to provide for participation of the United States in the Inter-American Cultural and Trade Center in Dade County, Fla., and for other purposes.

ADJOURNMENT

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

The motion was agreed to; accordingly (at 4 o'clock and 31 minutes p.m.), the House adjourned until tomorrow, Wednesday, February 9, 1966, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

2010. A letter from the Acting Secretary, Department of Agriculture, transmitting the Annual Report of the Federal Crop Insurance Corporation for 1965, pursuant to the provisions of the Federal Crop Insurance Act; to the Committee on Agriculture.

2011. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket Nos. 18–B and 18–N, *Minnesota Chippewa Tribe, White Earth Band, Leech Lake Band, Mille Lac Band, Ed Wilson, James Davis, John Carbow, William Morell, Harold Emerson, Joseph Morrison, Ole Sam, Monroe Swinaway, Eugene Reynolds, Frank La Rose, Joseph Monroe, Archie Libby and John Squirrel, Petitioners,* v. *The United States of America, Defendant,* pursuant to the provisions of 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

2012. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket No. 127, *The Osage Nation of Indians, Petitioners,* v. *The United States of America, Defendant,* pursuant to 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

2013. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket No. 159, *The Oneida Tribe of Indians of Wisconsin, Petitioner,* v. *The United States of America, Defendant,* pursuant to the provisions of 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

2014. A letter from the Chief Commissioner, Indian Claims Commission, transmitting a report that proceedings have been finally concluded with respect to docket No. 165, *The Yakima Tribe, for and on behalf of the Wishram Band of Yakima Indians, Petitioners,* v. *the United States of America, Defendant,* pursuant to the provisions of 25 U.S.C. 70t; to the Committee on Interior and Insular Affairs.

2015. A letter from the associate executive director, American National Theatre and Academy, transmitting certain reports and minutes of the American National Theatre and Academy for the year 1965; to the Committee on the Judiciary.

2016. A letter from the Chairman, Battle of New Orleans Sesquicentennial Celebration Commission, transmitting the final report of the Commission, pursuant to Public Law 87–759; to the Committee on the Judiciary.

2017. A letter from the Secretary of the Treasury, transmitting a draft of proposed legislation to amend the tariff schedules of the United States to provide that certain forms of copper be admitted free of duty; to the Committee on Ways and Means.

2018. A letter from the adjutant general, Veterans of Foreign Wars of the United States, transmitting proceedings of the 66th National Convention of the Veterans of Foreign Wars of the United States held in Chicago, Ill., August 15–20, 1965, pursuant to the provisions of Public Law 88–224 (H. Doc. No. 376); to the Committee on Armed Services and ordered to be printed with illustrations.

2019. A letter from the president and chairman, Little League Baseball, transmitting Annual Report of Little League Baseball, Inc., for calendar year 1965, pursuant to the provisions of Public Law 88–378; to the Committee on the Judiciary.

PUBLIC BILLS AND RESOLUTIONS

Under clause 4 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. ANDERSON of Tennessee:

H.R. 12649. A bill to amend the Food and Agriculture Act of 1965; to the Committee on Agriculture.

By Mr. BARRETT:

H.R. 12650. A bill to extend the application of the Classification Act of 1949 to certain positions in, and employees, of the executive branch of the Government; to the Committee on Post Office and Civil Service.

By Mr. BATES:

H.R. 12651. A bill to amend title 37, United States Code, to insure equitable pay adjustments during 1966 for uniformed services personnel; to the Committee on Armed Services.

H.R. 12652. A bill to amend the Internal Revenue Code of 1954 to allow a credit against income tax to employers for expenses of providing training programs for employees and prospective employees; to the Committee on Ways and Means.

H.R. 12653. A bill to amend the Internal Revenue Code of 1954 to provide credit against income tax for an employer who employs older persons in his trade or business; to the Committee on Ways and Means.

By Mr. BECKWORTH:

H.R. 12654. A bill to amend title 39, United States Code, with respect to mailing privileges of members of the U.S. Armed Forces and other Federal Government personnel overseas, and for other purposes; to the Committee on Post Office and Civil Service.

H.R. 12655. A bill to amend the tariff schedules of the United States to permit the duty-free entry of gifts not exceeding $100 in retail value from members of the Armed Forces serving outside the United States; to the Committee on Ways and Means.

By Mr. BLATNIK:

H.R. 12656. A bill to provide readjustment assistance to veterans who serve in the Armed Forces during the induction period; to the Committee on Veterans' Affairs.

By Mr. BOGGS:

H.R. 12657. A bill to continue the suspension of duty on certain alumina and bauxite; to the Committee on Ways and Means.

By Mr. BOW:

H.R. 12658. A bill to prohibit profiteering in coins of the United States; to the Committee on the Judiciary.

H.R. 12659. A bill to amend chapter 15 of title 38, United States Code, in order to increase by 20 percent the income limitations imposed by that chapter on persons entitled to pensions thereunder; to the Committee on Veterans' Affairs.

By Mr. COLLIER:

H.R. 12660. A bill to amend the Economic Opportunity Act of 1964 to prohibit the use of funds appropriated to carry out that act to provide bail bonds; to the Committee on Education and Labor.

H.R. 12661. A bill to amend the Internal Revenue Code of 1954 to allow a deduction for premiums paid by individuals for certain retirement annuities; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 12662. A bill to amend title 18 of the United States Code to enable the courts to deal more effectively with the problem of narcotic addiction, and for other purposes; to the Committee on the Judiciary.

By Mr. DULSKI:

H.R. 12663. A bill to amend the Agricultural Trade Development and Assistance Act

of 1954 to provide for a method of designating U.S. ports for export of commodities donated abroad; to the Committee on Agriculture.

By Mr. EVANS of Colorado:

H.R. 12664. A bill to retrocede to the State of Colorado exclusive jurisdiction held by the United States over the real property comprising the Fort Lyons Veterans Hospital; to the Committee on Veterans' Affairs.

By Mr. GRIDER:

H.R. 12665. A bill to provide for a flat fee for services performed in connection with the arrival in, or departure from, the United States of a private aircraft or private vessel, and for other purposes; to the Committee on Ways and Means.

By Mr. HALL:

H.R. 12666. A bill to amend title II of the Social Security Act to provide cost-of-living increases in the insurance benefits payable thereunder; to the Committee on Ways and Means.

By Mrs. MAY:

H.R. 12667. A bill to authorize the Secretary of Agriculture to regulate the transportation, sale, and handling of dogs, cats, and other animals intended to be used for purposes of research or experimentation, and for other purposes; to the Committee on Agriculture.

By Mr. O'HARA of Michigan:

H.R. 12668. A bill to amend the Internal Revenue Code of 1954 to provide a credit against the Federal income tax for State and local income taxes paid by an individual during the taxable year; to the Committee on Ways and Means.

By Mr. OTTINGER:

H.R. 12669. A bill to establish a Redwood National Park in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RACE:

H.R. 12670. A bill to provide for the establishment of the Wolf National Scenic Waterway in the State of Wisconsin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. REUSS:

H.R. 12671. A bill to provide for the establishment of the Wolf National Scenic Waterway in the State of Wisconsin, and for other purposes; to the Committee on Interior and Insular Affairs.

By Mr. RIVERS of South Carolina:

H.R. 12672. A bill to amend title 37, United States Code, to insure equitable pay adjustments during 1966 for uniformed services personnel; to the Committee on Armed Services.

By Mr. ROONEY of Pennsylvania:

H.R. 12673. A bill to establish uniform dates throughout the United States for the commencing and ending of daylight saving time in those States and local jurisdictions where it is observed, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. ST GERMAIN:

H.R. 12674. A bill to amend Public Law 660, 86th Congress, to establish a National Traffic Safety Agency to provide national leadership to reduce traffic accident losses by means of intensive research and vigorous application of findings, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. WHITTEN:

H.R. 12675. A bill to permit the city of Senatobia, Miss., to count certain expenditures as a local grant-in-aid to the east Senatobia urban renewal project; to the Committee on Banking and Currency.

By Mr. MONAGAN:

H.R. 12676. A bill to amend the tariff schedules of the United States to provide that certain forms of copper be admitted free of duty; to the Committee on Ways and Means.

By Mr. ROSTENKOWSKI:

H.R. 12677. A bill to amend the tariff schedules of the United States to provide that certain forms of copper be admitted free of duty; to the Committee on Ways and Means.

By Mr. GIAIMO:

H.R. 12678. A bill to amend the tariff schedules of the United States to provide that certain forms of copper be admitted free of duty; to the Committee on Ways and Means.

By Mr. CEDERBERG:

H.R. 12679. A bill to amend the Merchant Marine Act, 1920, to prohibit transportation of articles to or from the United States aboard certain foreign vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. CONYERS:

H.R. 12680. A bill to establish a Redwood National Park in the State of California, and for other purposes; to the Committee on Interior and Insular Affairs.

H.R. 12681. A bill to amend the Social Security Amendments of 1965 to eliminate the provisions which deny hospital insurance benefits to uninsured individuals who are members of certain organizations or have been convicted of certain offenses, and to eliminate the provisions which deny supplementary medical insurance benefits to persons who have been convicted of certain offenses; to the Committee on Ways and Means.

By Mr. CORMAN:

H.R. 12682. A bill to amend section 3 of the Administrative Procedure Act, chapter 324, of the act of June 11, 1946 (60 Stat. 238), to clarify and protect the right of the public to information, and for other purposes; to the Committee on Government Operations.

H.R. 12683. A bill to amend section 4 of the Clayton Act (15 U.S.C. 15), and for other purposes; to the Committee on the Judiciary.

H.R. 12684. A bill to amend section 8 of the Clayton Act to prohibit certain corporate management interlocking relationships, and for other purposes; to the Committee on the Judiciary.

By Mr. GILBERT:

H.R. 12685. A bill to assist city demonstration programs for rebuilding slum and blighted areas and for providing the public facilities and services necessary to improve the general welfare of the people who live in these areas; to the Committee on Banking and Currency.

By Mr. HUTCHINSON:

H.R. 12686. A bill to amend the Merchant Marine Act, 1920, to prohibit transportation of articles to or from the United States aboard certain foreign vessels, and for other purposes; to the Committee on Merchant Marine and Fisheries.

By Mr. KEE:

H.R. 12687. A bill to amend section 201(c) of the Federal Property and Administrative Services Act of 1949 to permit further Federal use and donation of exchange sale property; to the Committee on Government Operations.

H.R. 12688. A bill to amend the House Employees Position Classification Act to revise and improve the classification system for certain positions under the House of Representatives, and for other purposes; to the Committee on House Administration.

By Mr. LONG of Maryland:

H.R. 12689. A bill relating to the establishment of parking facilities in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MATHIAS:

H.R. 12690. A bill to amend and extend the District of Columbia Election Act, and for other purposes; to the Committee on the District of Columbia.

By Mr. ROBERTS:

H.R. 12691. A bill to prohibit the Department of the Interior, the Department of the Army, or any other Federal agency from charging use fees on certain bodies of water and contiguous land areas; to the Committee on Interior and Insular Affairs.

By Mr. STALBAUM:

H.R. 12692. A bill granting the consent of Congress to a Great Lakes Basin compact, and for other purposes; to the Committee on Foreign Affairs.

By Mr. UDALL:

H.R. 12693. A bill to amend and extend the District of Columbia Election Act, and for other purposes; to the Committee on the District of Columbia.

By Mr. CHARLES H. WILSON:

H.R. 12694. A bill to authorize the disposal of bauxite from the national stockpile and the supplemental stockpile; to the Committee on Armed Services.

By Mr. GURNEY:

H.J. Res. 825. Joint resolution proposing an amendment to the Constitution of the United States relating to the qualifications of judges of the Supreme Court of the United States; to the Committee on the Judiciary.

By Mr. SIKES:

H.J. Res. 826. Joint resolution to require that reports on imports into the United States include the landed value of articles imported, and for other purposes; to the Committee on Ways and Means.

By Mr. THOMPSON of Texas:

H.J. Res. 827. Joint resolution granting the consent of Congress to the States of Texas, New Mexico, Arizona, and California to negotiate and enter into a compact to establish a multistate authority to modernize, coordinate, and foster passenger rail transportation within the area of such States and authorizing the multistate authority to request the President of the United States to enter into negotiations with the Government of Mexico to secure its participation with such authority; to the Committee on the Judiciary.

By Mr. DOLE:

H.J. Res. 828. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiicary.

By Mr. CONYERS:

H.J. Res. 829. Joint resolution proposing an amendment to the Constitution of the United States relative to equal rights for men and women; to the Committee on the Judiciary.

By Mr. JOELSON:

H. Con. Res. 581. Concurrent resolution authorizing the Joint Committee on the Library to procure a marble bust of Constantino Brumidi; to the Committee on House Administration.

PRIVATE BILLS AND RESOLUTIONS

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

By Mr. ADDABBO:

H.R. 12695. A bill for the relief of Enoch C. L. Lee; to the Committee on the Judiciary.

H.R. 12696. A bill for the relief of Pietro Schettini; to the Committee on the Judiciary.

H.R. 12697. A bill for the relief of Salvatore LoVerde; to the Committee on the Judiciary.

H.R. 12698. A bill for the relief of Stefano Liparoto; to the Committee on the Judiciary.

H.R. 12699. A bill for the relief of Arturo Cortina; to the Committee on the Judiciary.

By Mr. FEIGHAN:

H.R. 12700. A bill to adjust the status of an alien who is in the United States; to the Committee on the Judiciary.

By Mr. IRWIN:

H.R. 12701. A bill for the relief of Mrs. Chrysoula P. Vlamis; to the Committee on the Judiciary.

By Mr. MATTHEWS:

H.R. 12702. A bill for the relief of Dr. Habibolah Nathan; to the Committee on the Judiciary.

By Mr. O'NEAL of Georgia:
H.R. 12703. A bill for the relief of John J. McGrath; to the Committee on the Judiciary.
By Mr. OTTINGER:
H.R. 12704. A bill for the relief of Victor Manuel Valverde-Bracamonte, his wife, Carmen T. Rodriguez de Valverde, and their children, Victor Eddie Valverde Rodriguez and Angel Fernando Valverde Rodriguez; to the Committee on the Judiciary.
By Mr. POWELL:
H.R. 12705. A bill for the relief of Antonio Esposito; to the Committee on the Judiciary.
By Mr. ST GERMAIN:
H.R. 12706. A bill for the relief of Chan Wing Cheung (also known as Bill Woo); to the Committee on the Judiciary.

PETITIONS, ETC.

Under clause 1 of rule XXII,

324. The SPEAKER presented a petition of the United Original California Indians, Oroville, Calif., relative to an appropriation for payment of an award of the Indian Claims Commission, which was referred to the Committee on Appropriations.

SENATE

TUESDAY, FEBRUARY 8, 1966

(Legislative day of Wednesday, January 26, 1966)

The Senate met at 10 o'clock a.m., on the expiration of the recess, and was called to order by the President pro tempore.

Rabbi Maynard C. Hyman, Congregation Adas Yeshurun, Augusta, Ga., offered the following prayer:

Our Father in Heaven, Creator of the Universe, on this third day of the week we are reminded of Thy divine words recorded in the first chapter of the Book of Genesis. Twice was the third day of creation singled out and blessed with the words, "And God saw that it was good."

That day we are told merited such distinction because it represented not only creation but also unity. This teaches us the divine lesson that true goodness and creativity can only come about when the elements of unity and peace shall reign supreme.

O Lord, prosper the hands of our Nation's leaders who carry on Thy great work deliberating for the purpose of beneficial creativity and in the interest of unity and peace.

Bless, O Heavenly Father, all the people of our country. In our relations with one another, may we ever remember that we are all Thy children equally dependent upon Thee. Bring us together into an everlasting bond, regardless of color, race, or creed, so that we may best work for the welfare of all mankind.

Hasten the day when the millennial hope of universal peace will prevail throughout the world with justice and freedom for all people. Amen.

ATTENDANCE OF A SENATOR

GEORGE A. SMATHERS, a Senator from the State of Florida, attended the session of the Senate today.

PROPOSED REPEAL OF SECTION 14 (b) OF THE NATIONAL LABOR RELATIONS ACT, AS AMENDED

The Senate resumed the consideration of the motion of the Senator from Montana [Mr. MANSFIELD] that the Senate proceed to the consideration of the bill (H.R. 77) to repeal section 14(b) of the National Labor Relations Act, as amended, and section 703(b) of the Labor-Management Reporting Act of 1959 and to amend the first proviso of section 8(a)(3) of the National Labor Relations Act, as amended.

CLOTURE MOTION

The PRESIDENT pro tempore. Is it the sense of the Senate that the debate shall be brought to a close?

Mr. MANSFIELD. Mr. President, I suggest the absence of a quorum. With the concurrence of the minority leader, I ask unanimous consent that the time for the quorum call be charged equally to both sides.

The PRESIDENT pro tempore. Without objection, it is so ordered. The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. MANSFIELD. Mr. President, time is so precious that I feel I must ask unanimous consent that the order for the quorum call be rescinded.

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

Mr. MANSFIELD. I ask unanimous consent that I may proceed on my own time as long as necessary.

The PRESIDENT pro tempore. The Senator has that right.

Mr. MANSFIELD. Mr. President, in a few moments, the Senate will vote on cloture. In all frankness, the leadership does not expect to sway many—anyone—with its eloquence at the 11th hour. Nevertheless, a decent respect for the opinion of the Senate suggests that there should be set forth for the record the course of events which led to this attempt to close the debate.

It so happens that, as one Senator, I favor passage of H.R. 77. My position in this respect has been made clear not once but many times. As one Senator, I am prepared to vote for H.R. 77 now. I am prepared to vote for it tomorrow or the next day, or whenever a vote can be had. However, the Senate knows me well enough to know, too, that the efforts to bring H.R. 77 to a vote last year and again this year have had nothing to do with my personal position on 14(b).

I would like to add that the efforts also have had nothing to do with any pressure from any source.

I wish to emphasize that point, Mr. President. There has been no pressure of any kind or any sort on me, from any source. On the contrary, this measure was pursued last year by the leadership, on its own initiative, because H.R. 77 is an item in the President's program and the leadership feels that any matter which the President—any President—is constrained to recommend for the consideration of the Congress deserves the decent and respectful attention of the Congress. Furthermore, H.R. 77 is a matter of considerable importance to many millions of Americans who, whether as union members or not, labor for a living. Most important, H.R. 77 is a properly passed resolution of the House of Representatives, and, in the Senate, H.R. 77 has been considered by the responsible committee and properly and favorably referred to the Senate. Finally, H.R. 77 was considered by the majority policy committee and cleared for floor action after it had lodged upon the Senate Calendar for a considerable period of time.

On October 1, 1965, therefore, the leadership moved to lay down H.R. 77. In the circumstances just outlined, this action was the simplest and most routine of procedural motions.

Then the roof fell in. The leadership motion, which should have carried without debate, became instead the catchall for an attack, not only on a perfectly proper bill of the House of Representatives, but on the Senate committee which had had the temerity to report it; on the whole of organized labor which had had the effrontery to advocate it; and on the President who had had the gall to recommend its passage. Indeed, it was as though the heavens were accidentally opened by this simple procedural motion. Out poured the resentments, the irritations, the vendettas, and the whatevers against organized labor which were pent up over the decades.

For 2 weeks, the Senate hemmed and hawed and fumed and flamed over this question of whether or not to take up H.R. 77, a question which the Senate normally disposes of in less than 5 seconds when all is in the usual order, as it was in this case. Was this a filibuster, Mr. President? No. Mr. President, it was a prefilibuster, a hugger-mugger.

The leadership is sometimes generously credited with great patience. But it is not that patient. After 2 weeks of banter and banality, the leadership felt that the Senate ought to have an opportunity to express itself on the merits of continuing with the matter. Therefore, it offered, in preference to cloture, an unusual tabling motion to seek the sentiments of the Senate on the situation. This effort was promptly reduced to meaninglessness by a unanimous vote when those who were arguing against taking up H.R. 77, playfully urged by their votes that the leadership continue to try to take it up.

The leadership was in no mood for games, then, anymore than it is now. Therefore, the Senate was asked again to face up to its responsibility in a vote on cloture on the simple procedural motion of laying down H.R. 77. And on that vote, the Senate finally made it clear that it had no desire to pursue H.R. 77 in the last session.

There the matter stood at the opening of the 2d session of the 89th Congress. Nothing had changed in the status of H.R. 77. It was still a Presidential recommendation. It was still a duly passed House bill, duly considered, and duly reported by the appropriate Senate committee. It was still on the Senate Calendar. Nothing had changed except that the Senate had used up 2 weeks in